As filed with the Securities and Exchange Commission on October 16, 1998
Registration No. 333-[ ]

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
RENTERS CHOICE, INC.
RENT-A-CENTER, INC.
COLORTYME, INC.
(Exact name of co-registrants as specified in its charter)

DELAWARE	7359	48-1024367
DELAWARE	7359	48-0959188
TEXAS	6794	75-2651408
(State or other jurisdiction of incorporation or organization)	(Primary standard industrial classification code number)	(I.R.S. Employer Identification No.)

RENT-A-CENTER, INC. 8200 EAST THORN DRIVE WICHITA, KANSAS 67226 (316) 636-7368	RENTERS CHOICE, INC. 13800 MONTFORT DRIVE, SUITE 300 DALLAS, TEXAS 75240 (972) 701-0489	COLORTYME, INC. 1231 GREENWAY DRIVE, SUITE 900 IRVING, TEXAS 75038 (972) 751-1711

(Address, including zip code, and telephone number, including area code of each Registrant's principal executive offices)

J. ERNEST TALLEY
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER
RENTERS CHOICE, INC.
13800 MONTFORT DRIVE, SUITE 300
DALLAS, TEXAS 75240
(972) 701-0489
(Name, address, including zip code, and telephone number, including area code, of Agent for service)

With Copies To:
THOMAS W. HUGHES, ESQ.
BRUCE A. CHEATHAM, ESQ.
WINSTEAD SECHREST & MINICK P.C.
5400 RENAISSANCE TOWER
1201 ELM STREET
DALLAS, TEXAS 75270-2199
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [ ]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration number for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier, effective registration statement for the same offering. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH NOTE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED OFFERING PRICE PER NOTE(1)	PROPOSED AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
11% Senior Subordinated Notes due 2008.....	$175,000,000	100%	$175,000,000	$51,625.00
Guarantees of Senior Subordinated Notes(2).....	--	--	--	(3)

(1) In accordance with Rule 457(f)(2), the registration fee is calculated based on the book value, which has been computed as of October 13, 1998, of the outstanding 11% Senior Subordinated Notes due 2008 of Renters Choice, Inc. to be canceled in the exchange transaction hereunder.
(2) Rent-A-Center, Inc. and ColorTyme, Inc., each a direct, wholly owned subsidiary of the Registrant, have each guaranteed the Notes being registered pursuant hereto.
(3) Pursuant to Rule 457(n), no separate fee is payable with respect to the guarantees of the Notes being registered.

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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PRELIMINARY PROSPECTUS

[LOGO]

RENTERS CHOICE, INC.
Issuer

RENT-A-CENTER, INC.
COLORTYME, INC.
Guarantors

Offer to Exchange
11% Senior Subordinated Notes Due 2008
For All Outstanding 11% Senior Subordinated Notes Due 2008

THE EXCHANGE NOTES --

- - Identical in all material respects to the Old Notes, except for certain transfer restrictions, registration rights and liquidated damages provisions relating to the Old Notes

- - Interest accrues from the date of issuance at the rate of 11% per annum, payable semi-annually in arrears on each February 15 and August 15, commencing February 15, 1999

- - Unsecured and subordinated to all existing and future Senior Indebtedness

- - Rank without preference with all future Senior Subordinated Indebtedness and as senior to all future Subordinated Obligations

- - Fully and unconditionally guaranteed on an unsecured, senior subordinated basis by Rent-A-Center, Inc. and ColorTyme, Inc.

THE EXCHANGE OFFER --

- - For all of the Old Notes

- - Expires at 5:00 p.m., New York City time, on [ ], 1998

- - Subject to customary conditions

CONSIDER CAREFULLY THE RISK FACTORS BEGINNING ON PAGE 25 OF THIS PROSPECTUS.

You should rely only on the information contained in this Prospectus or that we have referred you to. We have not authorized anyone to provide you with information that is different. We are not offering to sell or asking you to buy anything other than the Exchange Notes. We are not offering to sell or asking you to buy anything in any jurisdiction where doing so would be against the law.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED THE EXCHANGE NOTES NOR DETERMINED THAT THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Subject to completion, dated October 16, 1998

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

AVAILABLE INFORMATION

We have filed with the Securities and Exchange Commission (the "SEC") a registration statement on Form S-4 (the "Registration Statement") with respect to the 11% Senior Subordinated Notes due 2008 (the "Exchange Notes"). This Prospectus, which is a part of the Registration Statement, omits certain information included in the Registration Statement. Information omitted from this Prospectus, but contained in the Registration Statement, may be inspected and copied at the SEC's Public Reference Room at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also obtain information about the Company from the following regional offices of the SEC: Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661; and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can be obtained by mail from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549 at prescribed rates. You may obtain our electronic filings filed through the SEC's Electronic Data Gathering, Analysis and Retrieval system ("EDGAR") through the SEC's home page on the Internet at http://www.sec.gov.

We file annual, quarterly, and special reports, proxy statements, and other information with the SEC. In the event that we are no longer required to do so, we have agreed to file with the SEC (unless the SEC will not accept such a filing) and provide to the Trustee and the holders of Notes annual reports and the information, documents and other reports otherwise required pursuant to Sections 13 and 15(d) of the Exchange Act. For additional information, please refer to the section entitled "Description of the Notes and Guarantees -- Certain Covenants -- Reporting Requirements" located elsewhere in this Prospectus.

FORWARD-LOOKING STATEMENTS

The statements, other than statements of historical facts included in this Prospectus, including statements set forth under the "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business" regarding the Company's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate" or "believe" or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements will prove to have been correct, we can give no assurance that such expectations will prove to have been correct. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Prospectus or to reflect the occurrence of unanticipated events. Important factors that could cause actual results to differ materially from our expectations (the "Cautionary Statements") are disclosed under "Risk Factors" and elsewhere in this Prospectus including in conjunction with some of the forward-looking statements included in this Prospectus. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on its behalf, are expressly qualified in their entirety by the Cautionary Statements.

PROSPECTUS SUMMARY

This summary highlights some information from this Prospectus, but does not contain all material features of the Exchange Offer. Please read the detailed information and consolidated financial statements and the notes thereto appearing elsewhere in this Prospectus. Except as otherwise required by the context, references in this Prospectus to "we," "us," "RCI," "Issuer," or the "Company" refer to (i) after August 5, 1998, the combined business of Renters Choice, Inc. ("Renters Choice") and its subsidiary, ColorTyme, Inc. ("ColorTyme") and Rent-A-Center, Inc. (formerly known as Thorn Americas, Inc.) and its subsidiaries ("Rent-A-Center" or "RAC") and (ii) prior to and including August 5, 1998, the businesses of Renters Choice and ColorTyme. The term "Guarantors" refers to ColorTyme and Rent-A-Center, both wholly owned subsidiaries of Renters Choice. The term "Old Notes" refers to the 11% Senior Subordinated Notes due 2008 that were issued on August 18, 1998. The term "Exchange Notes" refers to the 11% Senior Subordinated Notes due 2008. The term "Notes" refers to the Old Notes and the Exchange Notes collectively. The term "you" refers to prospective investors in the Exchange Notes.

THE COMPANY

We are the largest operator in the U.S. Rent-to-Own ("RTO") industry with approximately 25% market share of RTO stores. We currently operate 2,126 company-owned stores and franchise 307 stores in the United States and Puerto Rico. Our stores offer home electronics, appliances and furniture and accessories under flexible rental purchase agreements that allow our customers to obtain ownership of the merchandise at the conclusion of an agreed upon rental period.

RTO INDUSTRY

Overview. According to the Association of Progressive Rental Organizations, the RTO industry generated approximately $4.1 billion in revenue during 1996 through the rental of roughly 5.8 million products to approximately 3.0 million households. We estimate the RTO target market is greater than 20 million households, principally comprised of households with annual income from $15,000 to $50,000. The RTO industry appeals to a wide variety of consumers by allowing them to obtain merchandise that they might otherwise be (i) unable to purchase due to insufficient cash resources or a lack of access to credit, or (ii) unwilling to purchase due to a temporary, short-term need or desire to rent. The RTO industry provides consumers with

- - a means of obtaining merchandise without the burden of incurring debt or qualifying for credit,

- - the ability to return merchandise at any time without future obligations,

- - flexible payment terms,

- - delivery, repair and pick-up service, typically at no incremental charge, and

- - the potential for merchandise ownership after a predetermined number of payments.

The types of products rented by RTO customers include furniture and accessories (34.9% of total units rented), electronics (31.1%), appliances (22.4%), and other items including jewelry, pagers and personal computers (11.6%). We estimate that the RTO industry is comprised of approximately 8,300 stores. Although the five largest RTO companies operate approximately 38.5% of the industry's store base, the industry is highly fragmented as the majority of RTO competitors operate fewer than 20 stores. Our industry has experienced significant consolidation since 1993, when the five largest RTO companies operated approximately 26.6% of the industry's store base. The RTO industry is experiencing consolidation primarily because larger, multi-unit operators have significant competitive advantages compared to their smaller competitors. Larger operators enjoy greater purchasing power, which enables them to offer more competitively priced merchandise, and are able to operate more efficiently than smaller operators in areas such as management information systems, advertising and purchasing. Many smaller competitors lack the managerial resources necessary to operate larger RTO operations efficiently across multiple locations. We believe that these factors will continue to promote the trend toward consolidation and present an opportunity for well-capitalized operators to acquire additional stores on favorable terms.

RTO Transaction. In general, customers enter into weekly or monthly rental purchase agreements, which renew automatically upon receipt of each payment. Rental payments are made each week in advance, generally in cash. RTO companies retain ownership of rental merchandise during the term of the rental purchase agreement. Ownership of the merchandise typically transfers to the customer if the customer has continuously renewed the rental purchase agreement for a specified period of time or exercises a specified early purchase option. On average, however, customers satisfy the ownership requirements less than 25% of the time for items rented for the first time. We typically rent a product four to six times over a 24 month period, with the average time on rent to each customer lasting approximately four months. Virtually all rental items are ultimately rented to ownership in subsequent rental transactions. The RTO transaction bears an important distinction to a traditional retail transaction: RTO companies do not lend to customers or bear the associated credit risk because customers make all payments in advance. As a result, balance sheets of RTO companies have very few accounts receivable.

BUSINESS STRENGTHS

Over the past several years, we have experienced significant increases in sales and operating income through acquisitions and internal growth. During this period, we focused on achieving a position as a market-leading and profitable operator of RTO locations. As a result, we believe that we benefit from the following competitive advantages:

- - Industry Leader. We are the largest competitor in the RTO industry (based on store count) with market share of approximately 25%. We currently operate 2,126 company-owned stores and franchise 307 stores (including the largest RTO franchisor, ColorTyme) in the United States and Puerto Rico. Our stores operate under various brand names including Renters Choice and Rent-A-Center, the most widely recognized name in the RTO industry. As the only nationwide RTO competitor, we benefit from:

    - greater visibility among consumers,

    - geographic diversity,

    - increased opportunities to expand into contiguous markets,

    - certain efficiencies in areas such as advertising, purchasing and human resources, and

    - the ability to leverage our corporate overhead over a larger store base.

- - Consistent Revenue and Strong Cash Flow. Our loyal customer base, as well as our resilience to economic cycles, enables us to generate stable revenue. Historically, we have not experienced a meaningful correlation between economic conditions (as measured by GDP growth) and same store revenue growth. Consistently stable revenue and strong margins (combined with low levels of maintenance capital expenditures) provide resources that can be used to fund our growth strategy.

- - Superior Customer Service. We believe that providing superior customer service is a key element for our long-term success. We achieve a high level of customer satisfaction by providing:

    - appealing store environments,

    - premium quality, durable merchandise,

    - personal customer service, and

    - experienced, well-trained store personnel.

  We believe our high level of customer satisfaction allows us to maximize the number and length of rental agreements per store, leading to customer referrals and repeat business.

- - Premium Quality Product Offerings. We distinguish ourselves from our competitors by purchasing, marketing, and renting premium name brand products from manufacturers such as Sony, JVC and Magnavox for home electronics; La-Z-Boy, Sealy and Ashley for home furnishings and accessories; and Whirlpool, General Electric and Kenmore for appliances. In addition to satisfying customer demand, premium products reduce service

costs through increased reliability. We have developed strong relationships with our key vendors, enabling cost effective direct-to-store distribution.

- - Ability to Successfully Integrate Acquisitions. Since 1993, we have acquired 2,090 stores, giving us extensive experience in the integration of diverse RTO operations. Our management information systems facilitate acquisition integration by providing our management team with operating and financial information about each store location and region and every rental purchase transaction. As a result of our ability to implement our business practices, operating performance of the integrated stores has improved significantly. For example, in 1997 store operating margins (before field administration and corporate overhead) for all of our stores was 23.9%, while our 325 mature stores (in our system for at least two years) generated store operating margins of 26.8%. Our mature stores primarily consist of acquired stores.

- - Experienced and Committed Management Team. Our senior management team has an average of 17 years of RTO experience. J. Ernest Talley, our Chairman and Chief Executive Officer, is generally credited with founding the RTO industry in the early 1960's. Our management team has a significant personal economic interest in our performance, as evidenced by the fact that:

    - the senior management group collectively owns approximately 26.2% of the common stock of the Company on a fully diluted basis, and

    - store, regional and senior manager compensation is tied directly to store revenue and/or operating profit and such bonuses account for up to 30% of all compensation.

We believe that the de-centralized, entrepreneurial spirit of our field management, together with the guidance provided by senior management, will continue to be a key factor in our efforts to maximize revenue, improve margins and expand our store base.

RECENT DEVELOPMENTS

Rent-A-Center Acquisition. On August 5, 1998, we acquired Rent-A-Center pursuant to an agreement with Thorn plc dated June 16, 1998, for approximately $900 million in cash (including the repayment of certain debt of Rent-A-Center), subject to adjustment. Prior to this acquisition, Rent-A-Center was the largest RTO competitor with 1,404 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. Rent-A-Center operated stores under three brand names, "Rent-A-Center," "Remco" and "U-Can-Rent." Rent-A-Center operated 1,158 stores under the Rent-A-Center brand, the most widely recognized store name in the RTO industry.

We financed the acquisition of Rent-A-Center through certain financing arrangements, consisting of a senior credit facility and a senior subordinated facility. We also issued a total of $260 million in preferred stock to certain affiliates of Apollo Management IV, L.P. ("Apollo") and to an affiliate of Bear, Stearns & Co. Inc. to assist in the funding of the Rent-A-Center acquisition, to repurchase $25 million of the Company's common stock and to repay our prior credit facility. Following the acquisition of Rent-A-Center, we issued the Old Notes to repay the senior subordinated facility. In connection with the acquisition of Rent-A-Center, we assumed certain of Rent-A-Center's ongoing litigation, including an adverse New Jersey state court judgment currently on appeal. For additional information, please read the sections entitled "Risk Factors -- Legal Proceedings" and "Business -- Legal Proceedings" located elsewhere in this Prospectus. We are currently in the process of integrating the stores acquired in the Rent-A-Center acquisition and we believe that we will realize over $30 million in net annual cash cost savings upon completion of our integration plan.

We are well underway in our assimilation of the Rent-A-Center stores. During the first two months following the acquisition of Rent-A-Center, we have begun to implement the initiatives of our integration plan. Specifically, we have reduced the Wichita corporate staff from 560 to approximately 400 people and have planned and organized the physical shutdown of the Wichita facility and the move to Dallas of the Rent-A-Center corporate headquarters during the fourth quarter of 1998. Additionally, we decided to convert the Rent-A-Center store management information systems to our current system (High Touch) and will complete the conversion of all of the Rent-A-Center stores during the fourth quarter of 1998. We have also decided to eliminate the current Rent-A-Center product distribution network and replace it with our system of drop shipments to our stores by our vendors. We expect to close the Rent-A-Center warehouses during the fourth quarter of 1998 and to utilize all remaining excess inventory in the normal rental process in our stores during the first two quarters of 1999. We decided to retain the Rent-A-Center product repair network and to utilize it to provide product repair services to our customers in the Renters Choice stores, as well as the Rent-A-Center stores. In September 1998, we purchased 41 Rent-A-Center franchised stores and are currently converting them to Company owned and operated stores. Finally, we decided to operate all of our stores under the Rent-A-Center trade name and will have all Renters Choice, Remco and U-Can-Rent stores converted to the Rent-A-Center trade name by the first quarter of 1999. With the actions described above well underway, our original assumption of a transition period of up to 12 months for integrating the Rent-A-Center stores is progressing as planned and should be completed on schedule.

Central Rents Acquisition. In May 1998, we acquired substantially all of the assets of Central Rents, Inc., for approximately $100 million. Central Rents operated 176 stores located primarily in California, the Southwest, Midwest and South. This acquisition expanded our presence in a region of the country, the Southwest, which we strategically targeted for expansion. We expect to generate an additional $2.6 million in annual general and administrative cost savings as a result of this acquisition. These cost savings will be derived primarily from the elimination of duplicative corporate and administrative functions. In addition to these general and administrative cost reductions, we anticipate that we will gradually bring the store operating performance of Central Rents in line with our own store margins within 24-30 months.

We are well underway in our assimilation of the 176-store Central Rents chain. During the first 30 days following this acquisition, we converted all of the Central Rents stores to our management information system and began implementing our human resource, purchasing and advertising programs, as well as other processes that are essential in our system. Our immediate focus in these stores is to improve operations and continue to build strength in store management personnel.

BUSINESS STRATEGY

- - Integrate Rent-A-Center. We have developed a comprehensive program for the integration of the Rent-A-Center stores, which, as described above, is currently in process and which we expect to complete within 18-24 months. We believe we will realize over $30 million in net annual cash cost savings upon completion of the integration plan, primarily as a result of eliminating:

    - duplicative general and administrative expenses, and

    - Rent-A-Center's nationwide distribution network including seven distribution centers.

  Additional benefits and margin improvements are expected to be realized over time as we undertake initiatives to enhance the operations of the Rent-A-Center stores.

- - Continue to Enhance Store Operations. Our management endeavors to improve store performance through strategies intended to produce gains in operating efficiency and profitability. We believe we will achieve gains in revenues and operating margins in our stores by:

    - using focused advertising to increase store traffic,

    - expanding the offering of upscale, higher margin products (such as Sony wide screen televisions, La-Z-Boy recliners and JVC stereo systems) to increase the number of product rentals,

    - employing strict store-level cost control, and

    - closely monitoring each store's performance through the use of our management information system to ensure each store's adherence to established operating guidelines.

- - Pursue Strategic Expansion. Our management team has gained significant experience in the acquisition and integration of other RTO operators and believes the fragmented nature of the RTO industry will result in ongoing growth opportunities for us. Once our Rent-A-Center integration plan is substantially in place, we will again focus on strategic acquisition opportunities and new store development. We typically target underperforming and undercapitalized chains of RTO stores. These acquired stores benefit from our management expertise, administrative network, improved product mix, sophisticated management information system and purchasing power of the larger organization while strengthening their local market position. In addition, we have access to an expanding number of franchise locations, which we have the right of first refusal to purchase. We plan to continue opening new stores in our existing and new markets, and will focus our new market penetration in adjacent areas or regions which are underserved by the RTO industry. In evaluating a new market, we review demographic statistics, cost of advertising and the number and nature of competitors.

THE EXCHANGE OFFER

Exchange Notes.....	The forms and terms of the Exchange Notes are identical in all material respects to the terms of the Old Notes for which they may be exchanged pursuant to the Exchange Offer, except for certain transfer restrictions, registration rights and liquidated damages provisions relating to the Old Notes described elsewhere in this Prospectus under "Description of the Notes and Guarantees" and "Old Notes Exchange and Registration Rights Agreement."
The Exchange Offer.....	We are offering to exchange up to $175,000,000 aggregate principal amount of the Exchange Notes for up to $175,000,000 aggregate principal amount of Old Notes. Old Notes may be exchanged only in integral multiples of $1,000.
Expiration Date; Withdrawal of Tender.....	Unless we extend the Exchange Offer, it will expire at 5:00 p.m., New York City time, on [ ], 1998. We will not extend this time period to a date later than [ ], 1998. You may withdraw any Old Notes you tender pursuant to the Exchange Offer at any time prior to [ ], 1998. We will return, as promptly as practicable after the expiration or termination of the Exchange Offer, any Old Notes not accepted for exchange for any reason without expense to you.
Certain Conditions to the Exchange Offer.....	The Exchange Offer is subject to customary conditions, which may be waived by us.
Procedures for Tendering Old Notes.....	If you wish to accept the Exchange Offer, you must complete, sign and date the Letter of Transmittal in accordance with the instructions, and deliver the Letter of Transmittal, along with the Old Notes and any other required documentation, to the Exchange Agent. By executing the Letter of Transmittal, you will represent to us that, among other things: - any Exchange Notes you receive will be acquired in the ordinary course of your business, - you have no arrangement with any person to participate in the distribution of the Exchange Notes, and - you are not an "affiliate," as defined in Rule 405 of the Securities Act of 1933, as amended, of the

	Company or, if you are an affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable. If you hold your Old Notes through the Depository Trust Corporation ("DTC") and wish to participate in the Exchange Offer, you may do so through DTC's Automated Tender Offer Program ("ATOP"). By participating in the Exchange Offer, you will agree to be bound by the Letter of Transmittal as though you had executed such Letter of Transmittal.
Interest on the New Notes....	Interest on the Exchange Notes: - accrues from the date of issuance at the rate of 11% per annum, and - is payable semi-annually in arrears on each February 15 and August 15, commencing on February 15, 1999. On February 15, 1999, holders of the Exchange Notes will also receive an amount equal to the accrued interest on the Old Notes. Interest on the Old Notes accepted for exchange will stop accruing upon the issuance the Exchange Notes.
Special Procedures for Beneficial Owners.....	If you are a beneficial owner whose Old Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and wish to tender such Old Notes in the Exchange Offer, please contact the registered holder as soon as possible and instruct them to tender on your behalf and comply with our instructions set forth elsewhere in this Prospectus.
Guaranteed Delivery Procedure.....	If you wish to tender your Old Notes, you may, in certain instances, do so according to the guaranteed delivery procedures set forth elsewhere in this Prospectus under "The Exchange Offer -- Guaranteed Delivery Procedures."
Registration Rights Agreement.....	We sold the Old Notes and the related Guarantees to the Initial Purchasers in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, on August 18, 1998. At that time, the Company and the Initial Purchasers entered into a Registration Rights Agreement which grants the holders of the Old Notes certain exchange and registration

	rights. This Exchange Offer satisfies those rights, which terminate upon consummation of the Exchange Offer. You will not be entitled to any exchange or registration rights with respect to the Exchange Notes.
Certain Federal Tax Considerations.....	With respect to the exchange of the Old Notes for the Exchange Notes: - the exchange should not constitute a taxable exchange for U.S. federal income tax purposes, - you should not recognize gain or loss upon receipt of the Exchange Notes, - you must include interest in gross income to the same extent as the Old Notes, and - you should be able to tack the holding period of the Exchange Notes to the holding period of the Old Notes.
Use of Proceeds.....	We will not receive any proceeds from the exchange of Notes pursuant to the Exchange Offer.
Exchange Agent.....	We have appointed IBJ Schroder Bank & Trust Company as the Exchange Agent for the Exchange Offer. The address and telephone number of the Exchange Agent are IBJ Schroder Bank & Trust Company, P. O. Box 84, Bowling Green Station, New York, New York 10274-0084, telephone (212) 858-2103.

TERMS OF THE NOTES AND GUARANTEES

The form and terms of the Exchange Notes are substantially the same as the form and terms of the Old Notes, except that the Exchange Notes are registered under the Securities Act. As a result, the Exchange Notes will not bear legends restricting their transfer and will not contain the registration rights and liquidated damages provisions contained in the Old Notes.

Issuer.....	Renters Choice, Inc.
Guarantors.....	Rent-A-Center, Inc. and ColorTyme, Inc.
Securities Offered.....	$175,000,000 aggregate principal amount of 11% Senior Subordinated Notes due 2008.
Maturity.....	August 15, 2008
Interest Payment Dates.....	February 15 and August 15 of each year, commencing February 15, 1999.
Sinking Fund.....	None.
Optional Redemption.....	Except as described below and under "Change of Control," we may not redeem the Notes prior to August 15, 2003. After August 15, 2003, we may redeem any amount of the Notes at any time at the respective redemption prices, together with accrued and unpaid interest, if any, to the date of redemption. In addition, at any time prior to August 15, 2001, we may redeem up to 33.33% of the original aggregate principal amount of the Notes with the cash proceeds of one or more Equity Offerings (as defined) at a redemption price equal to 111% of the principal amount to be redeemed, together with accrued and unpaid interest, if any, to the date of redemption, as long as at least 66.67% of the original aggregate principal amount of the Notes remain outstanding after such redemption.
Change of Control.....	Upon the occurrence of a Change of Control (as defined), the holders of the Notes have the right to require us to repurchase the Notes at a price equal to 101% of the original aggregate principal amount, together with accrued and unpaid interest, if any, to the date of repurchase.
Ranking.....	The Notes will be unsecured and will be subordinated to all existing and future Senior Indebtedness of the Company. The Notes will rank without preference with all existing and future Senior Subordinated Indebtedness of the Company and will rank senior to all existing and future Subordinated Obligations of the Company.

Guarantees.....	The guarantees are general unsecured obligations of the Subsidiary Guarantors and are subordinated in right of payment to all existing and future Guarantor Senior Indebtedness.
Restrictive Covenants.....	The Indenture under which the Exchange Notes will be issued and the Old Notes were issued limits: - the incurrence of additional indebtedness by us and our subsidiaries, - the payment of dividends on, and redemption of, our capital stock and our subsidiaries' capital stock and the redemption of our and our subsidiaries' subordinated obligations, - investments, - sales of assets and subsidiary stock, - transactions with affiliates, - sale and leaseback transactions, and - liens. In addition, the Indenture limits our ability to engage in consolidations, mergers and transfers of substantially all of our assets and also contains certain restrictions on distributions from our subsidiaries. All of these limitations and prohibitions are subject to a number of important qualifications and exceptions.
Absence of a Public Market for the Exchange Notes.....	In general, you may freely transfer the Exchange Notes. However, there are exceptions to this general statement. Further, the Exchange Notes will be new securities for which there will not initially be a market. As a result, the development or liquidity of any market for the Exchange Notes may not occur. The Initial Purchasers have advised us that they currently intend to make a market in the Exchange Notes. However, you should be aware that the Initial Purchasers are not obligated to do so. In the event such a market may develop, the Initial Purchasers may discontinue it at any time without notice. We do not intend to apply for a listing of the Exchange Notes on any securities exchange or on any automated dealer quotation system.

RISK FACTORS

You should consider carefully the information set forth under the caption "Risk Factors" beginning on page 25 and all the other information set forth in this Prospectus before deciding whether to participate in the Exchange Offer.

SUMMARY UNAUDITED COMBINED PRO FORMA FINANCIAL DATA (DOLLARS IN THOUSANDS)

Our unaudited pro forma combined financial information presented here gives effect to the acquisition of Rent-A-Center and the offering of the Old Notes as if such transactions were consummated on June 30, 1998, in the case of the Unaudited Pro Forma Combined Balance Sheet, and as if such transactions and the acquisition of Central Rents were consummated on January 1, 1997, in the case of Unaudited Pro Forma Combined Statements of Operations for the year ended December 31, 1997 and the six months ended June 30, 1998. The Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 1997 includes the historical information of Rent-A-Center for the year ended March 31, 1998, which was its fiscal year end. The acquisition of Rent-A-Center was completed on August 5, 1998, and the acquisition of Central Rents was completed on May 28, 1998. These transactions and the related adjustments are described in the accompanying notes. In our opinion, all adjustments have been made that are necessary to present fairly the pro forma data.

The following unaudited pro forma combined financial information is presented for illustrative purposes only, does not purport to be indicative of our financial position or results of operations as of the date of this Prospectus, or as of or for any other future date, and is not necessarily indicative of what our actual financial position or results of operations would have been had the foregoing transactions been consummated on such dates. In addition, it does not give effect to (i) any transactions other than the foregoing transactions and those described in the accompanying Notes to Unaudited Pro Forma Combined Financial Information, or (ii) the Company's, Rent-A-Center's or Central Rents' results of operations since June 30, 1998. Although the following unaudited pro forma combined financial information gives effect to expected annual net savings from the elimination of duplicate general and administrative and field expenses as a result of the aforementioned acquisitions, it does not give effect to additional annual net savings expected to be achieved following consummation of these acquisitions (described in Note (3) to the Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 1997). Actual amounts could differ from those presented.

The following unaudited pro forma combined financial information is based upon the historical financial statements of the Company, Rent-A-Center, and Central Rents, and should be read in conjunction with such historical financial statements, the related notes, and the Notes to Unaudited Pro Forma Combined Financial Information. In the preparation of the unaudited pro forma combined financial information, we have generally assumed that the historical value of Rent-A-Center's assets and liabilities approximates the fair value thereof, except as described in the Notes to Unaudited Pro Forma Combined Financial Information, since an independent valuation has not been completed. We will be required to determine the fair value of Rent-A-Center's assets and liabilities as of August 5, 1998. Although such determination of fair value is not presently expected to result in values that are materially greater or less than the values assumed in the preparation of the following unaudited pro forma combined financial information, there can be no assurance to that effect.

SUMMARY UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATION

	COMBINED PRO FORMA	
	YEAR ENDED DECEMBER 31, 1997	SIX MONTHS ENDED JUNE 30, 1998
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)	
STATEMENTS OF OPERATIONS DATA:		
Revenue	$1,314,712	$ 686,022
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	328,000	168,911
Other(1)	715,457	372,452
	1,043,457	541,363
Franchise cost of merchandise sold	35,841	16,386
General and administrative expenses	52,512	30,401
Nonrecurring charges(2)	6,600	5,600
Amortization of intangibles(3)	24,174	12,445
Total operating expenses	1,162,584	606,195
Operating profit	152,128	79,827
Interest expense	85,821	42,876
Interest income	(392)	(238)
Earnings before income taxes	66,699	37,189
Income tax expense	33,191	18,132
Net earnings	33,508	19,057
Preferred dividends	9,888	4,898
Earnings allocable to common stockholders	$ 23,620	$ 14,159
OTHER FINANCIAL DATA:		
Basic earnings per share(4)	$ .99	$ .59
Diluted earnings per share(4)	$ .98	$ .57
Ratio of earnings to fixed charges(5)	1.6x	1.7x
BALANCE SHEET DATA (END OF PERIOD):		
Cash and cash equivalents		$ 50,918
Rental merchandise, net		452,114
Total assets		1,433,355
Total debt		895,735
Redeemable convertible preferred stock(6)		260,000
Total stockholders' equity		145,343
OPERATING DATA:		
Number of stores (end of period)	2,065	2,087
Revenue data:		
Store		
Rentals and fees	$1,204,971	$ 628,770
Merchandise sales	65,289	36,505
Other	793	281
Franchise		
Merchandise sales	37,385	17,061
Royalty income and fees	6,274	3,405
Total revenue	$1,314,712	$ 686,022

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(1) Represents cost of merchandise sold and salaries and other expenses.

(2) Represents (i) approximately $12.3 million of restructuring charges relating to certain of Rent-A-Center's discontinued Non-RTO Business such as credit retailing and check cashing, the closing of certain non-performing RTO stores, and the reorganization of certain administrative support functions and (ii) approximately $2.1 million related primarily to Rent-A-Center's writedown of cellular phone inventory.

(3) This amount is subject to adjustment for the final resolution of certain litigation, including Robinson v. Thorn Americas, Inc. which is currently on appeal in New Jersey. In the event we are unsuccessful on the appeal, intangibles will be increased for any damages required to be paid.

(4) Weighted average common shares outstanding for both basic and diluted earnings per share were decreased by 990,099 to give pro forma effect of the repurchase of $25 million of our common stock at $25.25 per share from our Chief Executive Officer. The assumed conversion of the redeemable convertible preferred stock would have had an anti-dilutive effect on diluted earnings per share for the year ended December 31, 1997, and therefore has been excluded from the computation thereof. For the six months ended June 30, 1998, the conversion of the redeemable convertible preferred stock is dilutive; therefore, the weighted average common shares outstanding for diluted earnings per share were increased by 9,350,957 to reflect the conversion of the redeemable preferred stock to our common stock at a conversion price of $27.935 per share, and preferred dividends of $4,898 were added to earnings allocable to common stockholders when computing diluted earnings per share.

(5) In calculating the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges (excluding capitalized interest). Fixed charges consist of interest expense (which includes amortization of deferred financing costs) whether expensed or capitalized and one-fourth of rental expense, deemed representative of that portion of rental expense estimated to be attributable to interest.

(6) Represents the total of the Apollo and Bear Stearns redeemable convertible preferred stock investments.

RENTERS CHOICE, INC.

SUMMARY HISTORICAL FINANCIAL DATA

Our summary historical financial data as of and for each of the five years in the period ended December 31, 1997, have been derived from our consolidated financial statements which have been audited and reported upon by Grant Thornton LLP. Our summary historical financial data as of and for the six months ended June 30, 1997 and 1998 have been derived from our unaudited consolidated financial statements which were prepared on the same basis as our audited financial statements and include, in the opinion of our management, all adjustments necessary to present fairly the information presented for such interim periods. Please read this information in conjunction with our audited consolidated financial statements and notes thereto included herein, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other financial information included elsewhere in this Prospectus. Because of our significant growth from acquisitions, the historical results of operations, the period-to-period comparisons of such results and certain financial data may not be comparable, meaningful or indicative of future results.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1993(1)	1994(1)	1995	1996	1997	1997	1998
	(DOLLARS IN THOUSANDS)						
STATEMENTS OF EARNINGS DATA:							
Total revenue	$53,212	$74,385	$133,289	$237,965	$331,541	$155,389	$193,546
Direct store expenses							
Depreciation of rental merchandise	11,626	15,614	29,640	42,978	57,223	27,510	33,839
Other store expenses	29,576	40,701	74,966	124,934	173,823	82,751	103,588
	41,202	56,315	104,606	167,912	231,046	110,261	137,427
Franchise operating expense(2)	--	--	--	24,010	35,841	14,726	16,386
General and administrative expenses	2,151	2,809	5,766	10,111	13,304	6,773	7,194
Amortization of intangibles	5,304	6,022	3,109	4,891	5,412	2,649	3,271
Total operating expenses	48,657	65,146	113,481	206,924	285,603	134,409	164,278
Operating profit	4,555	9,239	19,808	31,041	45,938	20,980	29,268
Interest expense	1,817	2,160	2,202	606	2,194	1,021	1,555
Interest income	--	--	(890)	(667)	(304)	(432)	(238)
Earnings before income taxes	2,738	7,079	18,496	31,102	44,048	20,391	27,951
Income tax expense	937	1,600	7,784	13,076	18,170	8,622	11,566
Net earnings	$ 1,801	$ 5,479	$ 10,712	$ 18,026	$ 25,878	$ 11,769	$ 16,385
Basic earnings per share			$ .52	$ .73	$ 1.04	$ .47	$ .66
Diluted earnings per share			$ .52	$ .72	$ 1.03	$ .47	$ .65

RENTERS CHOICE, INC.
SUMMARY HISTORICAL DATA -- (CONTINUED)

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1993(1)	1994(1)	1995	1996	1997	1997	1998
	(DOLLARS IN THOUSANDS)						
OTHER FINANCIAL DATA:							
Depreciation and amortization(3)	$ 6,164	$ 7,207	$ 5,239	$ 8,571	$ 11,013	$ 5,158	$ 6,547
Capital expenditures(4)	1,489	1,715	3,473	8,187	10,446	4,755	5,758
Ratio of earnings to fixed charges(5)	2.1x	3.2x	5.1x	7.9x	6.7x	6.6x	6.7x
BALANCE SHEET DATA (END OF PERIOD):							
Cash and cash equivalents	$ 1,359	$ 1,441	$ 35,321	$ 5,920	$ 4,744	$ 6,446	$ 23,347
Rental merchandise, net	20,672	28,096	64,240	95,110	112,759	110,260	148,432
Total assets	34,813	36,959	147,294	174,467	208,868	205,330	335,838
Total debt	27,592	23,383	40,850	18,993	27,172	39,086	128,235
Total stockholders' equity	4,168	9,286	96,484	125,503	152,753	137,676	170,343
OPERATING DATA:							
Number of stores (end of period)	112	114	325	423	504	503	717
Average annual revenue per store(6)	$ 591	$ 653	$ 626	$ 608	$ 610	$ 604	$ 653
Comparable store revenue growth(7)	11.1%	10.8%	18.1%	3.8%	8.1%	8.9%	9.3%
REVENUES:							
Store revenue							
Rentals and fees	$51,162	$70,590	$126,264	$198,486	$275,344	$130,150	$163,443
Merchandise sales	1,678	3,470	6,383	10,604	14,125	7,457	10,513
Other	372	325	642	687	679	339	28
Franchise revenue							
Merchandise sales	--	--	--	25,229	37,385	15,461	17,061
Royalty income and fees	--	--	--	2,959	4,008	1,982	2,248
Total revenue	$53,212	$74,385	$133,289	$237,965	$331,541	$155,389	$193,546

NOTES TO SUMMARY FINANCIAL DATA OF RENTERS CHOICE, INC.

(1) In each of the periods presented ending prior to January 1, 1995, we operated as an S corporation under Subchapter S of the Internal Revenue Code and comparable provisions of certain state tax laws. Accordingly, prior to January 1, 1995, we were not subject to federal income taxation. Earnings per share are not provided for periods prior to January 1, 1995, because operating results for those periods are not comparable.

(2) Prior to our acquisition of ColorTyme in May 1996, we conducted no franchise operations. Therefore, we presented franchise operation financial information for periods beginning with the year ended December 31, 1996.

(3) This amount excludes depreciation of rental merchandise.

(4) We exclude purchase of rental merchandise.

(5) In calculating the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges (excluding capitalized interest). Fixed charges consist of interest expense (which includes amortization of deferred financing costs) whether expensed or capitalized and one-fourth of rental expense, which we deem representative of that portion of rental expense estimated to be attributable to interest.

(6) We annualized the revenues for the six months ended June 30, 1997 and 1998.

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

RENT-A-CENTER, INC.

SUMMARY HISTORICAL FINANCIAL DATA

The summary historical financial data for Rent-A-Center as of and for each of the three years in the period ended March 31, 1998, have been derived from Rent-A-Center's audited consolidated financial statements. The summary historical financial data for Rent-A-Center as of and for the three months ended June 30, 1997 and 1998 have been derived from Rent-A-Center's unaudited consolidated financial statements which were prepared on the same basis as Rent-A-Center's audited financial statements and include, in the opinion of Rent-A-Center's management, all adjustments necessary to present fairly the information presented for such interim periods. Please read this information in conjunction with the consolidated financial statements of Rent-A-Center and notes thereto included herein, "Management's Discussion and Analysis of Financial Conditions and Results of Operations of Rent-A-Center," and the other financial information included elsewhere in this Prospectus.

	YEARS ENDED MARCH 31,			THREE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1997	1998
	(DOLLARS IN THOUSANDS)				
STATEMENTS OF OPERATIONS DATA:(1)					
Total revenue	$ 897,927	$ 926,871	$ 904,004	$ 225,641	$ 235,421
Cost of sales	43,345	39,793	45,574	8,524	12,503
Depreciation and amortization					
Rental merchandise	257,383	260,433	244,572	62,852	62,886
Other	52,236	59,085	56,869	14,598	14,532
Salaries, wages and fringe benefits	255,768	272,242	279,796	68,488	72,960
Other operating expenses	202,577	233,015	207,460	50,654	52,653
Nonrecurring charges(2)	12,600	--	14,392	--	--
Total operating expenses	823,909	864,568	848,663	205,116	215,534
Operating profit	74,018	62,303	55,341	20,525	19,887
Interest expense, net	80,207	52,651	46,184	10,825	11,191
Other (income) expense	101	(254)	(88)	(81)	72
Earnings (loss) before income taxes	(6,290)	9,906	9,245	9,781	8,624
Income tax expense	6,771	13,880	7,760	5,950	5,344
Net earnings (loss)	$ (13,061)	$ (3,974)	$ 1,485	$ 3,831	$ 3,280
RTO FINANCIAL DATA:(3)					
Depreciation and amortization(4)	$ 52,236	$ 59,085	$ 56,869	$ 14,598	$ 14,532
Capital expenditures(5)	44,642	32,306	38,077	6,574	16,887
BALANCE SHEET DATA (END OF PERIOD):					
Cash and cash equivalents	$ 19,225	$ 26,077	$ 23,755	$ 37,399	$ 27,486
Rental merchandise, net	304,164	276,012	292,965	268,564	303,682
Total assets	1,242,211	1,108,280	1,079,109	1,086,784	1,085,796
Total debt	1,042,729	714,235	714,223	714,827	714,663
Total stockholder's equity	88,529	239,026	236,483	242,857	239,763

RTO OPERATING DATA:					
Number of stores (end of period)	1,306	1,367	1,384	1,392	1,404
Average annual revenue per store(6)	$ 744	$ 694	$ 639	$ 652	$ 674
Revenues:					
Store revenue					
Rentals and fees	$ 827,935	$ 864,256	$ 831,025	$ 212,448	$ 219,720
Merchandise sales	64,628	60,249	46,337	12,611	15,141
Franchise royalty income	5,364	2,366	2,266	582	560
Total RTO revenue	$ 897,927	$ 926,871	$ 879,628	$ 225,641	$ 235,421

NOTES TO SUMMARY HISTORICAL FINANCIAL DATA OF RENT-A-CENTER

(1) As part of the acquisition of Rent-A-Center, we acquired several Non-RTO Businesses including used automobile retailing, credit retailing and check cashing businesses which began generating revenues in fiscal 1998. We sold AdvantEDGE Auto, Inc. in August 1998 for $4.0 million and intend to discontinue the operations of the remaining Non-RTO Businesses. For the fiscal year ended 1998, the Non-RTO Businesses generated revenue of $20.2 million and a net loss before income taxes of $5.2 million.

(2) Nonrecurring charges in 1996 relate to the consolidation of corporate and field offices and reductions in the number of employees. In 1998, nonrecurring charges represents (i) approximately $12.3 million in charges related to discontinued Non-RTO Businesses, closure of certain nonperforming RTO stores and reorganized administrative support functions, and (ii) approximately $2.1 million related primarily to Rent-A-Center's writedown of cellular phone inventory.

(3) We combined the RTO Financial Data from the historical financial results of Rent-A-Center with appropriate adjustments to eliminate the effect of Non-RTO Businesses.

(4) We excluded depreciation of rental merchandise.

(5) We excluded purchases of rental merchandise.

(6) Our revenues for the three months ended June 30, 1997 and 1998 have been annualized.

RISK FACTORS

You should carefully consider the information below in addition to everything else we have told you in this Prospectus in evaluating whether or not you should participate in the Exchange Offer.

RISKS ASSOCIATED WITH THE ACQUISITION OF RENT-A-CENTER

Expected Benefits of Combined Business May Not Be Achieved. We believe the combination of Renters Choice and Rent-A-Center will be of significant benefit to Renters Choice and its stockholders. However, you should be aware that these benefits may not be realized if combining Renters Choice's business and Rent-A-Center's business cannot be accomplished in an efficient and effective manner. This combination will require, among other things, the integration of management philosophies and personnel, arrangements with third party vendors, standardization of training programs, realization of operating efficiencies, and effective coordination of sales and marketing and financial reporting efforts. Additionally, you should be aware that acquisitions in general are subject to a number of special risks, including adverse short-term effects on our reported operating results, diversion of management's attention, and unanticipated problems or legal liabilities. Although we have a history of successful acquisitions, we cannot assure you that this acquisition and the integration of Rent-A-Center's operations into Renters Choice's will be successful or accomplished efficiently. You should be aware that if we fail to integrate Rent-A-Center's operations successfully with Renters Choice's, the Company could be affected, both materially and adversely. You should also carefully consider the information we have set forth in the "Business" section later in this Prospectus.

Increased Size of Company. Although we have successfully acquired many businesses since our initial public offering, we have never been this large of a company. Our operations more than doubled with the purchase of Rent-A-Center. Our future operations depend largely upon our ability to manage this sizeable and growing business profitably. We believe, with the implementation of our management philosophy, that we can accomplish this task. However, we cannot guarantee to you that we will. If we fail to manage the size and the growth of our business, a material adverse effect could result.

SIGNIFICANT LEVERAGE; ABILITY TO SERVICE INDEBTEDNESS

Because of the acquisition of Rent-A-Center, we have a significant amount of debt outstanding. You should be aware that this significant amount of debt could have important consequences to you as a holder of the Notes. Below we have identified for you many, but not all, of the consequences resulting from this significant amount of debt that we now owe.

- - We may be unable to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate purposes.

- - A significant portion of our cash flow from operations must be dedicated to the repayment of the indebtedness, thereby reducing the amount of cash we have available for other purposes.

- - We may be disadvantaged as compared to our competitors as a result of the significant amount of debt we now owe.

- - Our ability to adjust to changing market conditions and our ability to withstand competition may be hampered by the amount of debt we now owe. It may also make us more vulnerable in a downturned market.

You should be aware that our ability to repay or refinance our current debt depends on our successful financial and operating performance. Our ability to meet our payment obligations may depend on our ability to successfully implement our business strategy. Unfortunately, we cannot assure you that we will be successful in implementing our strategy or in realizing our anticipated financial results. You should also be aware that our financial and operational performance depends upon a number of factors, many of which are beyond our control. These factors include:

- - the current economic and competitive conditions in the RTO industry,

- - any operating difficulties, operating costs or pricing pressures we may experience,

- - the passage of legislation or other regulatory developments that affects us adversely, and

- - any delays in implementing any strategic projects we may have.

In the event that we are unable to repay our current debt, we may be forced to reduce or delay expansion, sell some of our assets, obtain additional equity capital or refinance or restructure our debt. We cannot assure you that our cash flow and capital resources will be sufficient to repay any indebtedness we may incur in the future, or that we will be successful in obtaining alternative financing. You should also read the information we have included under the captions "Description of Other Indebtedness," "Description of the Notes and Guarantees," and "Business -- Business Strategy" later in this Prospectus.

LEGAL PROCEEDINGS

The RTO industry is the subject of class action litigation involving claims that RTO contracts are in fact disguised installment sales contracts or involve undisclosed excessive interest charges. We are involved in such litigation in five states: New Jersey, Pennsylvania (with respect to RTO contracts entered into prior to Pennsylvania's enactment of an RTO statute), Wisconsin, New York and Minnesota.

We are involved in three class actions in New Jersey, one of which (Robinson v. Thorn Americas, Inc.) was originally filed against Rent-A-Center. In Robinson v. Thorn Americas, Inc., a New Jersey state court entered a judgment against Rent-A-Center and ordered Rent-A-Center to pay the class of plaintiffs an amount in excess of $140 million which will increase until this litigation is resolved. Rent-A-Center posted a $163 million supersedeas bond, which amount was derived from an accounting by the plaintiffs of the projected amount of judgment liability as of April 1999. Rent-A-Center is appealing the Robinson decision. The other two other class actions in New Jersey are entitled Gallagher v. Crown Leasing Corporation and Handy Boykin v. Renters Choice, Inc. In these cases, the plaintiffs allege we (or, in the Gallagher case, Renters Choice as the successor to Crown) violated the New Jersey Consumer Fraud Act and the New Jersey Retail Installment Sales Act. The claims arising from the Boykin and Gallagher cases are similar to the claims made against our subsidiary Rent-A-Center in Robinson v. Thorn Americas, Inc. Claims have also been made that Rent-A-Center violated RTO statutes in certain

other states. We intend to vigorously defend ourselves in all pending or asserted actions against us. You should read the sections entitled "-- Government Regulation," "Business -- Government Regulation" and "Business -- Legal Proceedings" located later in this Prospectus for additional information.

A class action entitled Fogie v. Thorn Americas, Inc. has been filed in Minnesota alleging Rent-A-Center's RTO contracts violated Minnesota's Consumer Credit Sales Act and the Minnesota General Usury Statute. Furthermore, a class action entitled Colon v. Thorn Americas, Inc. has been filed in New York State court, alleging that Rent-A-Center has a duty to disclose "effective interest" under New York consumer protection laws and seek damages for Rent-A-Center's failure to do so. An adverse ruling in any of these cases could have a material adverse effect on the Company. You should read the sections entitled "-- Government Regulation," "Business -- Government Regulation" and "Business -- Legal Proceedings" located later in this Prospectus for additional information.

Rent-A-Center was also named in a class action in Wisconsin entitled Burney v. Thorn Americas, Inc. In Burney v. Thorn Americas, Inc., a plaintiff filed a class action in Wisconsin state court alleging Rent-A-Center violated the Wisconsin Consumer Act. This matter was settled in principle for approximately $16.25 million. A claim was also filed against Rent-A-Center alleging discrimination against its African-American employees. This matter was settled in principle for approximately $6.75 million.

GOVERNMENT REGULATION

As is the case with most businesses, we are subject to certain governmental regulations, specifically with respect to RTO transactions. There are currently 45 states that have passed laws regulating rental purchase transactions and another state that has a retail installment sales statute that excludes RTO transactions from its coverage if certain criteria are met. These laws generally require certain contractual and advertising disclosures. They also provide varying levels of substantive consumer protection, such as requiring a grace period for late fees and contract reinstatement rights in the event the rental purchase agreement is terminated. The rental purchase laws of nine states limit the total amount of rentals that may be charged over the life of a rental purchase agreement. Certain states also effectively regulate rental purchase transactions under other consumer protection statutes. You should also be aware that we are currently subject to outstanding judgments and other litigation alleging that we, or our subsidiaries, have violated some of these statutory provisions. You should also read the information under the captions "-- Legal Proceedings" above and "Business -- Legal Proceedings" later in this Prospectus for a more complete discussion of these matters.

Although there is no comprehensive federal legislation regulating rental-purchase transactions, we cannot assure you that such legislation will not be enacted in the future. From time to time, legislation has been introduced in Congress seeking to regulate our business. In the event that legislation having a negative impact on our business is adopted, you should be aware that it could have a material adverse impact on us. In addition, we cannot assure you that the various legislators in the states where we currently do business will not adopt new legislation or amend existing legislation that negatively affects us. You should also read the section entitled "Business -- Government Regulation" appearing later in this Prospectus for additional discussions related to this matter.

DEPENDENCE UPON KEY PERSONNEL

As a holder of the Notes, you have no right to participate in the Company's management. The Company's continued success is highly dependent upon the personal efforts and abilities of our senior management, including J. Ernest Talley, our Chairman of the Board and Chief Executive Officer, Mark E. Speese, our President and Chief Operating Officer, and L. Dowell Arnette, our Executive Vice President. We do not have employment contracts with any of these officers and the loss of any one of them could impact the Company in a negative way. Please also read the "Management" section later in this Prospectus for additional information.

CONTROL BY PRINCIPAL STOCKHOLDERS

You should be aware that a total of approximately 42.0% of the Company's voting stock on a fully diluted basis is controlled by Messrs. Talley, Speese and by Apollo. As a result, in the event they act together, they have the ability to exercise practical control over the outcome of actions requiring the approval of our stockholders, including potential acquisitions, elections of the Company's Board of Directors and sales or changes in control of the Company. You should read the section entitled "Security Ownership of Certain Beneficial Owners and Management" later in this Prospectus for additional information.

RELIANCE ON INFORMATION SYSTEMS

As is common with large organizations, we rely extensively on our information systems to manage our operations. As a result, we regularly invest in various upgrades to our systems in order to achieve optimum performance compared to the costs involved. We are currently implementing our information systems in the stores we acquired in the Rent-A-Center acquisition and expect this process to be completed by early December 1998. However, you should be aware that any difficulties or delays that we may experience in implementing our system in the acquired stores, or any other disruption with respect to our information systems, could negatively impact our financial and operating results. Please read the sections entitled "-- Year 2000" next and "Business -- Management Information Systems" later in this Prospectus for additional information.

YEAR 2000

Year 2000 issues exist when dates are recorded in 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 our computer systems to perform inaccurate computations. We have received confirmation from our management information systems vendors that our system is Year 2000 compliant. You should be aware that Year 2000 issues relate not only to our systems, but also to those used by our suppliers. We anticipate that system replacements and modifications will resolve any Year 2000 issues that may exist with our suppliers or their suppliers. However, we cannot guarantee to you that such replacements or modifications will be completed successfully or on time and, as a result, any failure to complete such modifications on time could materially affect our financial and operating results in a negative way. Please read the section entitled "Business -- Management Information Systems" later in this Prospectus for additional information.

RESTRICTIVE DEBT COVENANTS

The Indenture and our Senior Credit Facilities (as defined below) impose significant operating and financial restrictions on us and our subsidiaries. These restrictions may significantly limit or prohibit us from engaging in certain transactions, including the following:

- borrowing additional money,
- paying dividends or other distributions to our stockholders,
- making certain investments,
- creating certain liens on our assets,
- selling certain assets currently held by us,
- entering into transactions with any of our affiliates, and
- engaging in certain mergers or consolidations involving the Company.

The senior credit facilities we entered into in financing the Rent-A-Center acquisition (the "Senior Credit Facilities") impose significant restrictive covenants and require the Company and certain of its subsidiaries to maintain specified financial ratios and satisfy certain financial tests. Our ability to meet these financial ratios and tests may be affected by events beyond our control and, as a result, we cannot guarantee to you that we will be able to meet such tests. In addition, the restrictions contained in the Senior Credit Facilities could limit our ability to obtain future financing, make needed capital expenditures, withstand a future downturn in our business or in the economy or otherwise conduct necessary corporate activities. Our failure to comply with the restrictions in the Indenture and the Senior Credit Facilities could lead to a default under the terms of those documents. In the event of such a default, the applicable lender could declare all amounts borrowed and all amounts due under other instruments that contain certain provisions for cross-acceleration or cross-default due and payable, including all interest that is accrued and unpaid. In addition, the lenders under such agreements could terminate their commitments to lend to us. If that does occur, we cannot assure you that we would be able to make the necessary payments to the lenders and we cannot give you any assurance that we would be able to find additional alternative financing. Even if we could obtain additional alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to the Company.

You should also be aware that the existing indebtedness under the Senior Credit Facilities is secured by substantially all of our and our subsidiaries' assets. Should a default or acceleration of such indebtedness occur, the holders of such indebtedness could seize these assets securing the indebtedness and sell the assets to satisfy all or a part of what is owed. The Senior Credit Facilities also contain provisions prohibiting the modification of the Exchange Notes (subject to certain exceptions favorable to the lenders under the Senior Credit Facilities) and that limit our ability to refinance the Exchange Notes without the consent of such lenders. Please refer to the sections in this Prospectus entitled "Description of the Notes and Guarantees -- Certain Covenants," and "Description of Other Indebtedness" later in this Prospectus for additional information.

COMPETITION

We operate in a highly competitive industry. Competition is based primarily on store location, product selection and availability, customer service and rental rates and terms. Several of our competitors operate on a regional basis and some may, in the future, have significantly greater financial and operating resources and name recognition than us. We also face competition from sources outside the RTO industry, such as department stores, discount stores and rental stores offering short-term rent-to-rent arrangements. Because barriers to entry in the RTO industry are relatively low, additional competition may arise from new sources. As a result of these competitive conditions, we may not be able to sustain past levels of revenue or continue our recent revenue growth or profitability. Please refer to the section entitled "Business -- Competition" later in this Prospectus for additional information.

FRAUDULENT TRANSFER CONSIDERATIONS

The incurrence of indebtedness by the Company, such as the Notes (and the related incurrence by the Subsidiary Guarantors of the Subsidiary Guarantees), may be subject to review under federal bankruptcy law or relevant state fraudulent conveyance or transfer laws if a bankruptcy case or lawsuit is commenced by or on behalf of unpaid creditors of the Company or a Subsidiary Guarantor. Under these laws, if, in such a case, a court were to find that, at the time the Company or such Subsidiary Guarantor incurred indebtedness (including indebtedness under the Notes and the Subsidiary Guarantees) (i) the Company or such Subsidiary Guarantor incurred such indebtedness with the intent of hindering, delaying or defrauding current or future creditors, or (ii)(a) the Company or such Subsidiary Guarantor received less than reasonably equivalent value or fair consideration for incurring such indebtedness, and (b) the Company or such Subsidiary Guarantor (1) was insolvent or was rendered insolvent by reason of any of the transactions, (2) was engaged, or about to engage, in a business or transaction for which its assets constituted unreasonably small capital, (3) intended to incur, or believed that it would incur, debts beyond its ability to pay as such debts matured (as all of the foregoing terms are defined in or interpreted under the relevant fraudulent transfer or conveyance statutes), or (4) was a defendant in an action for money damages, or had a judgment for money damages docketed against it (if, in either case, after final judgment the judgment is unsatisfied), then such court could avoid or subordinate the amounts owing under the Notes and/or the Subsidiary Guarantees to presently existing and future indebtedness of the Company or such Subsidiary Guarantor, as the case may be, and take other actions detrimental to the holders of the Notes.

The measure of insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied in any such proceeding. Generally, however, the Company or a Subsidiary Guarantor would be considered insolvent if, at the time it incurred the indebtedness, either (i) the sum of its debts (including contingent liabilities) is greater than its assets, at a fair valuation, or (ii) the present fair salable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured. We cannot give any assurance as to what standards a court would use to determine whether the Company or a Subsidiary Guarantor was solvent at the relevant

time, or whether, whatever standard was used, the Notes would not be avoided or further subordinated on another of the grounds set forth above.

We believe that at the time we incurred the indebtedness constituting the Notes and the Subsidiary Guarantees, we (i) were (a) not insolvent nor rendered insolvent as a result, (b) in possession of sufficient capital to run our businesses effectively, and (c) incurring debts within our ability to pay them as they become due, and (ii) had sufficient assets to satisfy any probable money judgment against us in any pending action. In reaching the foregoing conclusions, we have relied upon our analyses of internal cash flow projections and estimated values of our assets and liabilities. At the time we entered into our financing, Valuation Research Corporation rendered an opinion to such effect. We cannot assure you, however, that a court passing on the same questions would reach the same conclusions.

ABSENCE OF PUBLIC MARKET

Currently, there is no public market for the Exchange Notes or the Old Notes. We do not intend to apply for listing of the Notes on any securities exchange or on any automated dealer quotation system. Although the Initial Purchasers have informed the Company that they intend to make a market in the Notes, they are not obligated to do so and may discontinue any such market at any time without notice. In addition, such market making activity may be limited during this Exchange Offer or the effectiveness of a shelf registration statement in lieu thereof. As a result, we can make no assurances to you as to the development or liquidity of any market for the Notes, your ability to sell the Notes, or the price at which you may be able to sell the Notes. Future trading prices of the Notes will depend on many factors, including among other things, prevailing interest rates, the Company's operating results and the market for similar securities. Historically, the market for securities similar to the Notes, including non-investment grade debt, has been subject to disruptions that have caused substantial volatility in the prices of such securities. We cannot assure you that, if a market develops, it will not be subject to similar disruptions.

PROCEDURES FOR TENDER OF OLD NOTES

The Exchange Notes will be issued in exchange for the Old Notes only after timely receipt by the Exchange Agent of such Old Notes, a properly completed and duly executed Letter of Transmittal and all other required documentation. If you desire to tender such Old Notes in exchange for Exchange Notes, you should allow sufficient time to ensure timely delivery. Neither the Exchange Agent nor we are under any duty to give you notification of defects or irregularities with respect to tenders of Old Notes for exchange. Old Notes that are not tendered or are tendered but not accepted will, following the consummation of the Exchange Offer, continue to be subject to the existing transfer restrictions. In addition, if you tender the Old Notes in the Exchange Offer for the purpose of participating in a distribution of the Exchange Notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. For additional information, please refer to the sections entitled "The Exchange Offer" and "Plan of Distribution" later in this Prospectus.

CONSEQUENCES OF FAILURE TO EXCHANGE OLD NOTES

We have not registered the Old Notes under the Securities Act. As a result, the Old Notes are subject to substantial transfer restrictions. Old Notes that are not tendered in exchange for Exchange Notes or are tendered but not accepted will, following consummation of the Exchange Offer, continue to be subject to the existing transfer restrictions. We do not currently anticipate that we will register the Old Notes under the Securities Act. To the extent that Old Notes are tendered and accepted in the Exchange Offer, the trading market for untendered and tendered but unaccepted Old Notes could be adversely affected due to the limited amount, or "float," of the Old Notes that are expected to remain outstanding following the Exchange Offer. Generally, a lower "float" of a security could result in less demand to purchase such security and, as a result, could result in lower prices for such security. For the same reason, to the extent that a large amount of Old Notes are not tendered or are tendered and not accepted in the Exchange Offer, the trading market for the Exchange Notes could be adversely affected. For additional information, please refer to the sections entitled "The Exchange Offer" and "Plan of Distribution" later in this Prospectus.

USE OF PROCEEDS OF THE EXCHANGE NOTES

This Exchange Offer is intended to satisfy obligations of the Company under the Exchange and Registration Rights Agreement dated as of August 15, 1998 (the "Exchange and Registration Rights Agreement") by and between the Company and Chase Securities Inc., Bear, Stearns & Co. Inc., NationsBanc Montgomery Securities LLC, and Credit Suisse First Boston Corporation, as initial purchasers (each, an "Initial Purchaser," and, collectively, the "Initial Purchasers"). The Company will not receive any proceeds from the issuance of the Exchange Notes offered hereby. In consideration for issuing the Exchange Notes as contemplated in this Prospectus, the Company will receive, in exchange, Old Notes in like principal amount. The form and terms of the Exchange Notes are identical in all material respects to the form and terms of the Old Notes except as otherwise described herein under "The Exchange Offer -- Terms of the Exchange Offer." The Old Notes surrendered in exchange for the Exchange Notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the Exchange Notes will not result in any increase in the outstanding debt of the Company.

CAPITALIZATION

The following table sets forth (i) the unaudited capitalization of the Company as of June 30, 1998, (ii) such unaudited capitalization to give pro forma effect to the acquisition of Rent-A-Center, and (iii) such unaudited capitalization to give pro forma effect to the acquisition of Rent-A-Center and the offering of the Old Notes (the "Offering"). The information set forth below should be read in conjunction with the "Summary Historical Financial Data of the Company" and the notes thereto, "Unaudited Pro Forma Financial Information," "Selected Historical Financial Data of the Company," and notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of the Company and the notes thereto included elsewhere in this Prospectus.

	AS OF JUNE 30, 1998		
	ACTUAL	ACQUISITIONS COMBINED PRO FORMA	ACQUISITIONS AND OFFERING COMBINED PRO FORMA
	(DOLLARS IN MILLIONS)		
Prior Credit Facility	$127.5	$ --	$ --
Senior Revolving Credit Facility(1)	--	--	--
Letter of Credit/Multidraw Facility(2)	--	--	--
Senior Term Loan A(3)	--	120.0	120.0
Senior Term Loan B(4)	--	270.0	270.0
Senior Term Loan C(5)	--	330.0	330.0
Other debt outstanding	0.7	0.7	0.7
Senior Subordinated Facility(6)	--	175.0	--
Senior Subordinated Notes Due 2008(6)	--	--	175.0
Total debt	128.2	895.7	895.7
Convertible Preferred Stock(7)	--	260.0	260.0
Stockholders' equity	170.3	145.3	145.3
Total capitalization	$298.5	$1,301.0	$1,301.0

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(1) The Senior Revolving Credit Facility provides for borrowings of up to $120.0 million.

(2) The Letter of Credit/Multidraw Facility was initially used to post a letter of credit in the amount of $122.25 million to support a $163 million bond relating to certain New Jersey litigation. See "Business -- Legal Proceedings." Once the Letter of Credit has been terminated, the Company may borrow up to $85 million until 2004.

(3) Senior Term Loan A is a 6.0 year facility in an aggregate principal amount of $120 million.

(4) Senior Term Loan B is a 7.5 year facility in an aggregate principal amount of $270 million.

(5) Senior Term Loan C is a 8.5 year facility in an aggregate principal amount of $330 million.

(6) The proceeds from the sale of the Old Notes and available cash were used to repay $175 million outstanding under the Senior Subordinated Facility.

(7) In connection with financing a portion of the acquisition of Rent-A-Center, Apollo purchased $250 million, and an affiliate of Bear, Stearns & Co. Inc. purchased $10 million, of the Company's Convertible Preferred Stock. Dividends on the Convertible Preferred Stock are payable quarterly at an annual rate of 3.75% (subject to reduction based on the Company's stock price performance) in cash or in-kind at the Company's option (subject to restrictions under the Senior Credit Facilities and the Notes). The Convertible Preferred Stock is convertible into approximately 27.8% of the Company's common stock on a fully diluted basis. See "Description of Capital Stock -- Preferred Stock."

THE EXCHANGE OFFER

PURPOSE AND EFFECT OF THE EXCHANGE OFFER

Pursuant to the Exchange and Registration Rights Agreement, the Company has agreed to file a registration statement with respect to an offer to exchange the Old Notes for senior subordinated debt securities of the Company with terms substantially identical to the Old Notes (except that the Exchange Notes will not contain terms with respect to transfer restrictions, registration rights and liquidated damages) on or prior to 60 days after the Issue Date and to use its reasonable best efforts to cause such registration statement to become effective under the Securities Act within 150 days after the Issue Date. The Old Notes were issued on August 18, 1998 (the "Issue Date"). In the event that applicable interpretations of the staff of the SEC do not permit the Company to effect the Exchange Offer as contemplated thereby, or if certain holders of the Old Notes notify the Company that they are not eligible to participate in, or would not receive freely tradeable Exchange Notes in exchange for tendered Old Notes pursuant to, the Exchange Offer, the Company will use its reasonable best efforts to cause to become effective a shelf registration statement (the "Shelf Registration Statement") with respect to the resale of the Old Notes and to keep the Shelf Registration Statement effective until two years after the Issue Date. In the event that the Company is not in compliance with certain obligations under the Exchange and Registration Rights Agreement, the Company will be obligated to pay liquidated damages to holders of the Old Notes. See "Old Notes Exchange and Registration Rights Agreement."

Each holder of the Old Notes that wishes to exchange such Old Notes for Exchange Notes in the Exchange Offer will be required to make certain representations, including representations that (i) any Exchange Notes to be received by it will be acquired in the ordinary course of its business, (ii) it has no arrangement with any person to participate in the distribution of the Exchange Notes, and (iii) it is not an "affiliate," as defined in Rule 405 of the Securities Act, of the Company or if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

RESALE OF EXCHANGE NOTES

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third-parties, the Company believes that, except as described below, Exchange Notes issued pursuant to the Exchange Offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by any holder thereof (other than a holder which is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holder's business and such holder does not intend to participate and has no arrangement or understanding with any person to participate in the distribution of such Exchange Notes. Any holder who tenders in the Exchange Offer with the intention or for the purpose of participating in a distribution of the Exchange Notes cannot rely on such interpretation by the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. Unless an exemption from registration is otherwise available, any such

resale transaction should be covered by an effective registration statement containing the selling security holder's information required by Item 507 of Regulation S-K under the Securities Act. This Prospectus may be used for an offer to resell, resale or other retransfer of Exchange Notes only as specifically set forth herein. Only broker-dealers who acquired the Old Notes as a result of market-making activities or other trading activities may participate in the Exchange Offer. Each broker-dealer that receives Exchange Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See "Plan of Distribution."

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this Prospectus and in the Letter of Transmittal, the Company will accept for exchange any and all Old Notes properly tendered and not withdrawn prior to 5:00 p.m., New York City time, on [, 199] (the "Expiration Date"). The Company will issue $1,000 principal amount of Exchange Notes in exchange for each $1,000 principal amount of outstanding Old Notes surrendered pursuant to the Exchange Offer. Old Notes may be tendered only in integral multiples of $1,000.

The form and terms of the Exchange Notes will be the same as the form and terms of the Old Notes except that the Exchange Notes will be registered under the Securities Act and hence will not bear legends restricting the transfer thereof. The Exchange Notes will evidence the same debt as the Old Notes. The Exchange Notes will be issued under and entitled to the benefits of the Indenture, which also authorized the issuance of the Old Notes, such that both series will be treated as a single class of debt securities under the Indenture. See "Description of the Notes and Guarantees -- General."

The Exchange Offer is not conditioned upon any minimum aggregate principal amount of Old Notes being tendered for exchange.

As of the date of this Prospectus, $175.0 million aggregate principal amount of the Old Notes are outstanding. This Prospectus, together with the Letter of Transmittal, is being sent to all registered holders of Old Notes. There will be no fixed record date for determining registered holders of Old Notes entitled to participate in the Exchange Offer.

The Company intends to conduct the Exchange Offer in accordance with the provisions of the Exchange and Registration Rights Agreement and the applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the SEC thereunder. Old Notes which are not tendered for exchange in the Exchange Offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits such holders have under the Indenture and the Exchange and Registration Rights Agreement.

The Company shall be deemed to have accepted for exchange properly tendered Notes when, as and if the Company shall have given oral or written notice thereof to the Exchange Agent and complied with the provisions of Section 1 of the Exchange and Registration Rights Agreement. The Exchange Agent will act as agent for the tendering holders for the purposes of receiving the Exchange Notes from the Company. The

Company expressly reserves the right to amend or terminate the Exchange Offer, and not to accept for exchange any Old Notes not accepted for exchange, upon the occurrence of any of the conditions specified below under "-- Certain Conditions to the Exchange Offer."

Holders who tender Old Notes in the Exchange Offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the Letter of Transmittal, transfer taxes with respect to the exchange of Old Notes pursuant to the Exchange Offer. The Company will pay all charges and expenses, other than certain applicable taxes described below, in connection with the Exchange Offer. See "-- Fees and Expenses."

EXPIRATION DATE; EXTENSIONS; AMENDMENTS

The term "Expiration Date" shall mean 5:00 p.m., New York City time on [, 199 ,] unless the Company, in its sole discretion, extends the Exchange Offer, in which case the term "Expiration Date" shall mean the latest date and time to which the Exchange Offer is extended.

In order to extend the Exchange Offer, the Company will notify the Exchange Agent of any extension by oral or written notice and will mail to the registered holders of Old Notes an announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the Expiration Date.

The Company reserves the right, in its sole discretion, (i) to delay accepting any Old Notes for exchange, to extend the Exchange Offer or to terminate the Exchange Offer if any of the conditions set forth below under "-- Certain Conditions to the Exchange Offer" shall not have been satisfied, by giving oral or written notice of such delay, extension or termination to the Exchange Agent or (ii) to amend the terms of the Exchange Offer in any manner. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the registered holders of Old Notes. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendment by means of a prospectus supplement that will be distributed to the registered holders, and the Company will extend the Exchange Offer, depending upon the significance of the amendment and the manner of disclosure to the registered holders, if the Exchange Offer would otherwise expire during such period.

Without limiting the manner in which we may choose to make a public announcement of any delay, extension, amendment or termination of the Exchange Offer, we have no obligation to publish, advertise or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

If we extend the period of time during which the Exchange Offer is open, or if it is delayed in accepting for exchange of, or in issuing and exchanging the Exchange Notes for, any Old Notes, or is unable to accept for exchange of, or issue Exchange Notes for, any Old Notes pursuant to the Exchange Offer for any reason, then, without prejudice to our rights under the Exchange Offer, the Exchange Agent may, on our behalf, retain all Old Notes tendered, and such Old Notes may not be withdrawn except as otherwise provided below in "-- Withdrawal of Tenders." The right to delay acceptance for exchange of, or the issuance and the exchange of the Exchange Notes for, any Old Notes is subject

to applicable law, including Rule 14e-1(c) under the Exchange Act, which requires that we pay the consideration offered or return the Old Notes deposited by or on behalf of the holders thereof promptly after termination or withdrawal of the Exchange Offer.

INTEREST ON THE EXCHANGE NOTES

The Exchange Notes will bear interest at a rate of 11% per annum, payable semi-annually, on February 15 and August 15 of each year, commencing on February 15, 1999. Holders of Exchange Notes will receive interest on February 15, 1999 from the date of initial issuance of the Exchange Notes, plus an amount equal to the accrued interest on the Old Notes. Interest on the Old Notes accepted for exchange will cease to accrue upon issuance of the Exchange Notes.

CERTAIN CONDITIONS TO THE EXCHANGE OFFER

Notwithstanding any other term of the Exchange Offer, the Company will not be required to accept for exchange, or exchange any Exchange Notes for, any Old Notes, and may terminate the Exchange Offer as provided herein before the acceptance of any Old Notes for exchange, if:

(a) any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the Exchange Offer which, in the Company's reasonable judgment, might materially impair the ability of the Company to proceed with the Exchange Offer; or

(b) any law, statute, rule or regulation is proposed, adopted or enacted, or any existing law, statute, rule or regulation is interpreted by the staff of the SEC, which, in the Company's reasonable judgment, might materially impair the ability of the Company to proceed with the Exchange Offer; or

(c) any governmental approval has not been obtained, which approval the Company shall, in its reasonable discretion, deem necessary for the consummation of the Exchange Offer as contemplated hereby.

The Company expressly reserves the right, at any time or from time to time, to extend the period of time during which the Exchange Offer is open, and thereby delay acceptance for exchange of any Old Notes, by giving oral or written notice of such extension to the holders thereof. During any such extensions, all Old Notes previously tendered will remain subject to the Exchange Offer and may be accepted for exchange by the Company. Any Old Notes not accepted for exchange for any reason will be returned without expense to the tendering holder thereof as promptly as practicable after the expiration or termination of the Exchange Offer.

The Company expressly reserves the right to amend or terminate the Exchange Offer, and not to accept for exchange any Old Notes not accepted for exchange, upon the occurrence of any of the conditions of the Exchange Offer specified above under "-- Certain Conditions to the Exchange Offer." The Company will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the Old Notes as promptly as practicable, such notice in the case of any extension to be issued no later than

9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company regardless of the circumstances giving rise to any such condition or may be waived by the Company in whole or in part at any time and from time to time in its sole discretion. The failure by the Company at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

In addition, the Company will not accept for exchange any Old Notes tendered, and no Exchange Notes will be issued in exchange for any such Old Notes, if at such time any stop order shall be threatened or in effect with respect to the Registration Statement of which this Prospectus constitutes a part or the qualification of the Indenture under the Trust Indenture Act of 1939 (the "TIA").

PROCEDURES FOR TENDERING

Subject to the terms and conditions hereof and the Letter of Transmittal, only a holder of Old Notes may tender such Old Notes in the Exchange Offer. To tender in the Exchange Offer, a holder must complete, sign and date the Letter of Transmittal, or facsimile thereof, have the signature thereon guaranteed if required by the Letter of Transmittal, and mail or otherwise deliver such Letter of Transmittal or such facsimile to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date or, in the alternative, comply with DTC's ATOP procedures described below. In addition, either (i) Old Notes must be received by the Exchange Agent along with the Letter of Transmittal, or (ii) a timely confirmation of book-entry transfer (a "Book-Entry Confirmation") of such Old Notes, if such procedure is available, into the Exchange Agent's account at DTC (the "Book-Entry Transfer Facility") pursuant to the procedure for book-entry transfer described below or properly transmitted Agent's Message (as defined below) must be received by the Exchange Agent prior to the Expiration Date, or (iii) the holder must comply with the guaranteed delivery procedures described below. To be tendered effectively, the Letter of Transmittal and other required documents must be received by the Exchange Agent at the address set forth below under "-- Exchange Agent" prior to 5:00 p.m., New York City time, on the Expiration Date.

The tender by a holder which is not withdrawn prior to the Expiration Date will constitute an agreement between such holder and the Company in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

THE METHOD OF DELIVERY OF OLD NOTES, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS TO THE EXCHANGE AGENT IS AT THE ELECTION AND RISK OF THE HOLDER. INSTEAD OF DELIVERY BY MAIL, IT IS RECOMMENDED THAT HOLDERS USE AN OVERNIGHT OR HAND DELIVERY SERVICE. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY TO THE EXCHANGE AGENT BEFORE THE EXPIRATION DATE. NO LETTER OF TRANSMITTAL OR OLD NOTES SHOULD BE SENT TO THE COMPANY. HOLDERS MAY REQUEST THEIR RESPECTIVE BROKERS, DEALERS, COMMERCIAL BANKS,

TRUST COMPANIES OR OTHER NOMINEES TO EFFECT THE ABOVE TRANSACTIONS FOR SUCH HOLDERS.

Any beneficial owner whose Old Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct such registered holder of Old Notes to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on such owner's own behalf, such owner must, prior to completing and executing the Letter of Transmittal and delivering such owner's Old Notes, either make appropriate arrangements to register ownership of the Old Notes in such owner's name or obtain a properly completed bond power from the registered holder of Old Notes. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the Expiration Date.

Signatures on a Letter of Transmittal or a notice of withdrawal described below, as the case may be, must be guaranteed by an Eligible Institution (as defined below) unless the Old Notes tendered pursuant thereto are tendered (i) by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution. In the event that signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, such guarantor must be a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Exchange Act which is a member of one of the recognized signature guarantee programs identified in the Letter of Transmittal (an "Eligible Institution").

If the Letter of Transmittal is signed by a person other than the registered holder of any Old Notes listed therein, such Old Notes must be endorsed or accompanied by a properly completed bond power, signed by such registered holder as such registered holder's name appears on such Old Notes with the signature thereon guaranteed by an Eligible Institution.

If the Letter of Transmittal or any Old Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by the Company, provide evidence satisfactory to the Company of their authority to so act must be submitted with the Letter of Transmittal.

The Exchange Agent and DTC have confirmed that any financial institution that is a participant in DTC's system may utilize DTC's ATOP to tender. Accordingly, participants in DTC's ATOP may, in lieu of physically completing and signing the Letter of Transmittal and delivering it to the Exchange Agent, electronically transmit their acceptance of the Exchange Offer by causing DTC to transfer the Old Notes to the Exchange Agent in accordance with DTC's ATOP procedures for transfer. DTC will then send an Agent's Message to the Exchange Agent.

The term "Agent's Message" means a message transmitted by DTC received by the Exchange Agent and forming part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from a participant in DTC's ATOP that is tendering Old Notes which are the subject of such book entry confirmation, that such

participant has received and agrees to be bound by the terms of the Letter of Transmittal (or, in the case of an Agent's Message relating to guaranteed delivery, that such participant has received and agrees to be bound by the applicable Notice of Guaranteed Delivery), and that the agreement may be enforced against such participant.

All questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered Old Notes and withdrawal of tendered Old Notes will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Old Notes not properly tendered or any Old Notes the Company's acceptance of which would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the right to waive any defects, irregularities or conditions of tender as to particular Old Notes. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Notes must be cured within such time as the Company shall determine. Although the Company intends to notify holders of defects or irregularities with respect to tenders of Old Notes, neither the Company, the Exchange Agent nor any other person shall incur any liability for failure to give such notification. Tenders of Old Notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Old Notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering holder, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

In all cases, issuance of Exchange Notes for Old Notes that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of Old Notes or a timely Book-Entry Confirmation of such Old Notes into the Exchange Agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal and all other required documents. If any tendered Old Notes are not accepted for exchange for any reason set forth in the terms and conditions of the Exchange Offer or if Old Notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged Old Notes will be returned without expense to the tendering holder thereof (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described below, such non-exchanged Notes will be credited to an account maintained with such Book-Entry Transfer Facility) as promptly as practicable after the expiration or termination of the Exchange Offer.

BOOK-ENTRY TRANSFER

The Exchange Agent will make a request to establish an account with respect to the Old Notes at the Book-Entry Transfer Facility for purposes of the Exchange Offer within two business days after the date of this Prospectus, and any financial institution that is a participant in the Book-Entry Transfer Facility's system may make book-entry delivery of Old Notes by causing the Book-Entry Transfer Facility to transfer such Old Notes into the Exchange Agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of

Notes may be effected through book-entry transfer at the Book-Entry Transfer Facility, the Letter of Transmittal or facsimile thereof, with any required signature guarantees and any other required documents, must, in any case, be transmitted to and received by the Exchange Agent at the address set forth below under "-- Exchange Agent" on or prior to the Expiration Date or, if the guaranteed delivery procedures described below are to be complied with, within the time period provided under such procedures. Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

GUARANTEED DELIVERY PROCEDURES

Holders who wish to tender their Old Notes and (i) whose Old Notes are not immediately available, or (ii) who cannot deliver their Old Notes, the Letter of Transmittal or any other required documents to the Exchange Agent prior to the Expiration Date, may effect a tender if:

(a) The tender is made through an Eligible Institution;

(b) Prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by facsimile transmission, mail or hand delivery) setting forth the name and address of the holder, the registered number(s) of such Old Notes and the principal amount of Old Notes tendered, stating that the tender is being made thereby and guaranteeing that, within three (3) New York Stock Exchange trading days after the Expiration Date, the Letter of Transmittal (or facsimile thereof) together with the Old Notes or a Book-Entry Confirmation, as the case may be, and any other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and

(c) Such properly completed and executed Letter of Transmittal (or facsimile thereof), or properly transmitted Agent's Message as well as all tendered Old Notes in proper form for transfer or a Book-Entry Confirmation, as the case may be, and all other documents required by the Letter of Transmittal, are received by the Exchange Agent within three (3) New York Stock Exchange trading days after the Expiration Date.

Upon request to the Exchange Agent, a Notice of Guaranteed Delivery will be sent to holders who wish to tender their Old Notes according to the guaranteed delivery procedures set forth above.

WITHDRAWAL OF TENDERS

Except as otherwise provided herein, tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal to be effective, (i) a written notice of withdrawal must be received by the Exchange Agent at one of the addresses set forth below under "-- Exchange Agent" or (ii) holders must comply with the appropriate procedures of DTC's ATOP system. Any such notice of withdrawal must specify the name of the person having tendered the Old Notes to be withdrawn, identify the Old Notes to be withdrawn (including the principal

amount of such Old Notes), and (where certificates for Old Notes have been transmitted) specify the name in which such Old Notes were registered, if different from that of the withdrawing holder. If certificates for Old Notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless such holder is an Eligible Institution. If Old Notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Old Notes and otherwise comply with the procedures of such facility. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Old Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Old Notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described above, such Old Notes will be credited to an account maintained with such Book-Entry Transfer Facility for the Old Notes) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Old Notes may be retendered by following one of the procedures described under "-- Procedures for Tendering" above at any time on or prior to the Expiration Date.

EXCHANGE AGENT

IBJ Schroder Bank & Trust Company has been appointed as Exchange Agent for the Exchange Offer. Questions and requests for assistance, requests for additional copies of this Prospectus or the Letter of Transmittal and requests for Notice of Guaranteed Delivery should be directed to the Exchange Agent addressed as follows:

By Registered or Certified Mail or by Overnight Courier:	By Hand:
IBJ Schroder Bank & Trust Company	IBJ Schroder Bank & Trust Company
P. O. Box 84	One State Street
Bowling Green Station	New York, New York 10004
New York, New York 10274-0084	Attn: Securities Processing
Attn: Reorganization Operations Dept	Window, Subcellar One, (SC-1)

By Facsimile:

(212) 858-2611
(To confirm facsimile transmissions, call: (212) 858-2103)

FEES AND EXPENSES

The expenses of soliciting tenders will be borne by the Company. The principal solicitation is being made by mail. However, additional solicitation may be made by telegraph, telephone or in person by officers and regular employees of the Company and its affiliates.

The Company has not retained any dealer-manager in connection with the Exchange Offer and will not make any payments to broker-dealers or others soliciting acceptances of the Exchange Offer. The Company, however, will pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses in connection therewith.

The cash expenses to be incurred in connection with the Exchange Offer will be paid by the Company and are estimated in the aggregate to be approximately $300,000. Such expenses include registration fees, fees and expenses of the Exchange Agent and Trustee, accounting and legal fees and printing costs, and related fees and expenses.

TRANSFER TAXES

The Company will pay all transfer taxes, if any, applicable to the exchange of the Old Notes for Exchange Notes pursuant to the Exchange Offer. If, however, certificates representing Old Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of Notes tendered, or if tendered Notes are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

CONSEQUENCES OF FAILURE TO EXCHANGE

Holders of Old Notes who do not exchange their Old Notes for Exchange Notes pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Old Notes, as set forth (i) in the legend thereon as a consequence of the issuance of the Old Notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws, and (ii) otherwise set forth in the Offering Memorandum dated August 13, 1998, distributed in connection with the Offering. In general, the Old Notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. The Company does not currently anticipate that it will register the Old Notes under the Securities Act. Based on interpretations by the staff of the SEC, Exchange Notes issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than any such holder which is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holders' business and such holders have no arrangement or understanding with respect to the distribution of the Exchange Notes to be acquired pursuant to the Exchange Offer. Any holder who tenders in the Exchange Offer for the purpose of participating in a distribution of the Exchange Notes (i) could not rely on the applicable interpretations of the staff of the SEC, and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. In addition, to comply

with the securities laws of certain jurisdictions, if applicable, the Exchange Notes may not be offered or sold unless they have been registered or such securities laws have been complied with. The Company has agreed, pursuant to the Exchange and Registration Rights Agreement and subject to certain specified limitations therein, to register or qualify the Exchange Notes for offer or sale under the securities or blue sky laws of such jurisdictions as any holder of the Exchange Notes may request in writing.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
(DOLLARS IN THOUSANDS)

The following unaudited pro forma combined financial information of the Company gives effect to the acquisition of Rent-A-Center and the Offering as if such transactions were consummated on June 30, 1998, in the case of the Unaudited Pro Forma Combined Balance Sheet, and as if such transactions and the acquisition of Central Rents were consummated on January 1, 1997, in the case of Unaudited Pro Forma Combined Statements of Operations for the year ended December 31, 1997 and the six months ended June 30, 1998. The Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 1997 includes Rent-A-Center historical information for the year ended March 31, 1998, its fiscal year end. The acquisition of Rent-A-Center was completed on August 5, 1998 and the acquisition of Central Rents was completed on May 28, 1998. The aforementioned transactions and the related adjustments are described in the accompanying notes. In the opinion of management, all adjustments have been made that are necessary to present fairly the pro forma data.

The following unaudited pro forma combined financial information is presented for illustrative purposes only, does not purport to be indicative of the Company's financial position or results of operations as of the date hereof, or as of or for any other future date, and is not necessarily indicative of what the Company's actual financial position or results of operations would have been had the foregoing transactions been consummated on such dates, nor does it give effect to (i) any transactions other than the foregoing transactions and those described in the accompanying Notes to Unaudited Pro Forma Combined Financial Information or (ii) the Company's, Rent-A-Center's, or Central Rents' results of operations since June 30, 1998. Although the following unaudited pro forma combined financial information gives effect to expected annual net savings from the elimination of duplicate general and administrative and field expenses as a result of the aforementioned acquisitions, it does not give effect to additional annual net savings expected to be achieved following consummation of the acquisition of Rent-A-Center and the acquisition of Central Rents (described in Note (3) to the Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 1997). Actual amounts could differ from those presented.

The following unaudited pro forma combined financial information is based upon the historical financial statements of the Company, Rent-A-Center, and Central Rents, and should be read in conjunction with such historical financial statements, the related notes, and the Notes to Unaudited Pro Forma Combined Financial Information. In the preparation of the unaudited pro forma combined financial information, it has been generally assumed that the historical value of Rent-A-Center's assets and liabilities approximates the fair value thereof, except as described in the Notes to Unaudited Pro Forma Combined Financial Information, because an independent valuation has not been completed. The Company will be required to determine the fair value of Rent-A-Center's assets and liabilities as of the closing date of the acquisition of Rent-A-Center. Although such determination of fair value is not presently expected to result in values that are materially greater or less than the values assumed in the preparation of the following unaudited pro forma combined financial information, there can be no assurance with respect thereof.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
JUNE 30, 1998

	RCI HISTORICAL	RAC HISTORICAL	RAC PRO FORMA ADJUSTMENTS	ACQUISITION PRO FORMA	OFFERING ADJUSTMENTS	PRO FORMA COMBINED
			(DOLLARS IN THOUSANDS)			
ASSETS						
Cash and cash equivalents	$ 23,347	$ 27,486	$ 5,835(1)	$ 56,668	$(5,750)(5)	$ 50,918
Accounts receivable	1,799	23,024	(702)(2)	24,121	--	24,121
Rental merchandise, net	148,432	303,682	--	452,114	--	452,114
Merchandise and auto inventory	--	43,068	--	43,068	--	43,068
Prepaids and other assets	2,440	8,555	19,465(3)	30,460	5,750(5)	36,210
Property assets, net	21,479	130,152	--	151,631	--	151,631
Deferred income taxes	6,479	21,113	26,376(2)	53,968	--	53,968
Intangible assets, net	131,862	528,716	(39,253)(2)	621,325	--	621,325
Total assets	$335,838	$1,085,796	$ 11,721	$1,433,355	$ --	$1,433,355
LIABILITIES AND EQUITY						
Accounts payable	$ 14,193	$ 41,334	$ --	$ 55,527	$ --	$ 55,527
Accrued liabilities	23,067	90,036	(36,353)(2)	76,750	--	76,750
Debt	128,235	--	767,500(1)	895,735	--	895,735
Loans from Thorn plc	--	714,663	(714,663)(2)	--	--	--
Total liabilities	165,495	846,033	16,484	1,028,012	--	1,028,012
Redeemable convertible preferred stock	--	--	260,000(1)	260,000	--	260,000
Stockholders' equity	170,343	239,763	(264,763)(4)	145,343	--	145,343
Total liabilities and stockholders' equity	$335,838	$1,085,796	$ 11,721	$1,433,355	$ --	$1,433,355

NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET
JUNE 30, 1998
(DOLLARS IN THOUSANDS)

(1) Adjustment to record the debt and equity required to finance the acquisition of Rent-A-Center and the repurchase of common stock and use of related proceeds:

Sources:	
Senior Term Loan A	$ 120,000
Senior Term Loan B	270,000
Senior Term Loan C	330,000
Senior Subordinated Credit Facility	175,000
Redeemable convertible preferred stock	260,000
Total sources	$1,155,000
Uses:	
Purchase price of the acquisition of Rent-A-Center	$ 900,000(a)
Estimated purchase price adjustment per agreement	17,600(a)
Retirement of existing Renters Choice Debt	127,500
Repurchase of Renters Choice common stock	25,000(b)
Transition and integration costs related to the acquisition of Rent-A-Center	45,000(a)
Fees and expenses	34,065(a)
Cash and cash equivalents	5,835
Total uses	$1,155,000

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(a) Pro Forma adjustment reflected in Note (2) below. Fees and expenses are also reflected in Note (3).

(b) Pro Forma adjustment reflected in Note (4) below.

NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET -- (CONTINUED)
(DOLLARS IN THOUSANDS)

(2) The aggregate purchase price assumed to be paid by Renters Choice and the related purchase accounting for the acquisition of Rent-A-Center is as follows:

Aggregate purchase price		
Purchase price per agreement		$900,000
Estimated purchase price adjustment per agreement		17,600
Estimated legal, accounting and other advisory fees		14,600
Restructuring charge related to the acquisition of Rent-A-Center		45,000(a)
		$977,200
Allocation of purchase price		
Aggregate purchase price		$977,200
Less net book value of assets acquired		239,763
		737,437
Less adjustments to record assets and liabilities acquired at fair market value		
Existing goodwill	$(479,517)	
Other intangible assets	(48,067)(b)	
Existing loans from Thorn plc forgiven	714,663	
Existing Accounts receivable -- affiliated companies forgiven	(702)	
Accrued liabilities	36,353(c)	
Deferred income taxes	26,376(d)	249,106
Excess cost over fair market value of tangible net assets acquired		$488,331(e)

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(a) Reflects estimated transition and integration costs to be incurred in connection with the acquisition of Rent-A-Center in accordance with EITF 95-3 "Recognition of Liabilities in Connection with a Purchase Business Combination"

Severance payments and other compensation to employees	$24,500
Lease termination and store conversion costs	20,500
Total	$45,000

(b) Elimination of other assets such as territory rights and deferred software costs as a result of the acquisition of Rent-A-Center.

(c) Elimination of the $34,500 legal reserve for pending class action litigation indemnified by seller and the elimination of $1,853 of accrued incentive payments to employees which are being assumed by seller.

(d) Deferred tax asset related to the temporary differences between financial statement carrying amounts and tax basis of assets and liabilities acquired, as adjusted, at an assumed income tax rate of 40% for the years in which those differences are expected to be recovered or settled.

(e) Rent-A-Center has not accrued a liability for the Robinson v. Thorn Americas, Inc. litigation in which a New Jersey state court has entered a judgment against Rent-A-Center and has ordered Rent-A-Center to pay the class of plaintiffs an amount in excess of $140 million. Rent-A-Center has posted a $163 million supersedeas bond, which amount was derived from an accounting by the plaintiffs of the projected amount of judgment liability as of April 1999. Renters Choice intends to vigorously defend any actions still pending at the time of the consummation of the acquisition of Rent-A-Center and, accordingly, in its preliminary purchase accounting, Renters Choice has also not recorded an estimated liability related to this case. This will be treated as a preacquisition contingency by Renters Choice. In the event that Renters Choice is unsuccessful under the appeal, excess cost over fair market value of tangible net assets will be increased by any damages required to be paid.

(3) Represents debt issuance costs associated with the acquisition of Rent-A-Center.

(4) Reflects the following:

Elimination of equity	$(239,763)
Repurchase of Renters Choice common stock	(25,000)
Total	$(264,763)

(5) Adjustment to reflect the costs of the Offering.

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

	RCI AND CENTRAL RENTS HISTORICAL(1)	CENTRAL RENTS PRO FORMA ADJUSTMENTS	RCI AND CENTRAL RENTS PRO FORMA COMBINED	RAC HISTORICAL	RAC PRO FORMA ADJUSTMENTS: ELIMINATION NON-RTO BUSINESSES	RAC PRO FORMA ADJUSTMENTS: ACQUISITION
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					
Revenues						
Store						
Rentals and fees	$373,926	$ --	$373,926	$839,026	$ (3,779)(2)	$ (4,202)(3)
Merchandise sales	18,972	--	18,972	62,712	(16,395)(2)	--
Other	793	--	793	--	--	--
Franchise						
Merchandise sales	37,385	--	37,385	--	--	--
Royalty income and fees	4,008	--	4,008	2,266	--	--
Total revenues	435,084	--	435,084	904,004	(20,174)	(4,202)
Operating expenses						
Direct store expenses						
Depreciation of rental merchandise	87,630	--	87,630	244,572	--	(4,202)(3)
Cost of merchandise sold	14,885	--	14,885	45,574	(14,853)(2)	--
Salaries and other expenses	162,458	57,884(4)	220,342	--	--	449,509(3)
Franchise cost of merchandise sold	35,841	--	35,841	--	--	--
General and administrative expenses	77,559	(60,484)(4)	17,075	513,481	(10,535)(2)	(467,509)(3)
Indemnified litigation expenses	--	--	--	6,600	--	(6,600)(5)
Nonrecurring charges(14)	--	--	--	14,392	(7,792)(2)	--
Amortization of intangibles	6,957	939(6)	7,896	24,044	--	(7,766)(6)
Total operating expenses	385,330	(1,661)	383,669	848,663	(33,180)	(36,568)
Operating profit	49,754	1,661	51,415	55,341	13,006	32,366
Interest expense	10,043	(752)(7)	9,291	46,184	--	30,865(8)
Interest income and other	(304)	--	(304)	(88)	--	--
Earnings before income taxes	40,015	2,413	42,428	9,245	13,006	1,501
Income tax expense	17,044	965(10)	18,009	7,760	--	7,214(11)
Net earnings	22,971	1,448	24,419	1,485	13,006	(5,713)
Preferred dividends	--	--	--	--	--	9,888(13)
Earnings allocable to common stockholders	$ 22,971	$ 1,448	$ 24,419	$ 1,485	$ 13,006	$ (15,601)
Basic earnings per share(15):						
Earnings per share			$ 1.02			
Weighted average common shares outstanding			23,854			
Diluted earnings per share(15):						
Earnings per share			$ 1.01			
Weighted average common and common equivalent shares outstanding			24,204			
Ratio of earnings to fixed charges(16)			3.6x			

	ACQUISITIONS PRO FORMA	OFFERING ADJUSTMENTS	PRO FORMA COMBINED
Revenues			
Store			
Rentals and fees	$1,204,971	$ --	$1,204,971

Merchandise sales.....	65,289	--	65,289
Other.....	793	--	793
Franchise			
Merchandise sales.....	37,385	--	37,385
Royalty income and fees.....	6,274	--	6,274
Total revenues.....	1,314,712	--	1,314,712
Operating expenses			
Direct store expenses			
Depreciation of rental merchandise.....	328,000	--	328,000
Cost of merchandise sold.....	45,606	--	45,606
Salaries and other expenses.....	669,851	--	669,851
Franchise cost of merchandise sold.....	35,841	--	35,841
General and administrative expenses.....	52,512	--	52,512
Indemnified litigation expenses.....	--	--	--
Nonrecurring charges(14).....	6,600	--	6,600
Amortization of intangibles.....	24,174	--	24,174
Total operating expenses.....	1,162,584	--	1,162,584
Operating profit.....	152,128	--	152,128
Interest expense.....	86,340	(519)(9)	85,821
Interest income and other...	(392)	--	(392)
Earnings before income taxes.....	66,180	519	66,699
Income tax expense.....	32,983	208(12)	33,191
Net earnings.....	33,197	311	33,508
Preferred dividends.....	9,888	--	9,888
Earnings allocable to common stockholders.....	$ 23,309	$ 311	$ 23,620
Basic earnings per share(15):			
Earnings per share.....	$ .98		$ .99
Weighted average common shares outstanding.....	23,854		23,854
Diluted earnings per share(15):			
Earnings per share.....	$ .96		$ .98
Weighted average common and common equivalent shares outstanding.....	24,204		24,204
Ratio of earnings to fixed charges(16).....	1.6x		1.6x

See accompanying notes to Unaudited Pro Forma Combined Statement of Operations

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1997
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

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

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

(2) Reflects the elimination of Rent-A-Center's Non-RTO Businesses (including nonrecurring charges of $7,792 as discussed in Note (14), including used automobiles retailing, credit retailing and check cashing businesses, which had combined revenue of $20.2 million.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(3)	INCREASE (DECREASE)			
	RENTALS AND FEES REVENUE	STORE EXPENSES DEPRECIATION OF RENTAL MERCHANDISE	SALARIES AND OTHER	GENERAL AND ADMINISTRATIVE EXPENSES
Reclassification of Rent-A-Center store expenses to conform with RCI's presentation.....	$ --	$ --	$457,807	$(457,807)
Reclassification Rent-A-Center volume and cash discounts from purchases to conform with RCI's presentation.....	(4,202)	(4,202)	--	--
Reclassification of Rent-A-Center advertising rebates as a reduction in store expenses to conform with RCI's presentation...	--	--	(5,798)	5,798
Elimination of income related to a rebate of management fees from Thorn plc.....	--	--	--	2,900
Total.....	(4,202)	(4,202)	452,009	(449,109)
Elimination of duplicate corporate overhead and regional management expenses: (a)				
Corporate overhead				
Salaries and benefits.....	--	--	--	(17,400)
Administrative expenses.....	--	--	--	(1,000)
Regional management expenses.....	--	--	(2,500)	--
Total.....	--	--	(2,500)	(18,400)
	$(4,202)	$(4,202)	$449,509	$(467,509)

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(a) In addition to cost savings of $20.9 million from the acquisition of Rent-A-Center and $2.6 million from the acquisition of Central Rents, the Company is planning to implement certain other initiatives which are expected to generate an additional $9.9 million of annual cost savings. These include making changes to Rent-A-Center's product distribution network and utilizing Rent-A-Center's service and repair network which would result in estimated annual savings of $22.3 million and $4.6 million, respectively. In addition, the Company is considering other initiatives to increase Rent-A-Center's store efficiencies and

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

operating profit. These changes would result in estimated additional expenditures of approximately $17.0 million. Therefore, management believes it will achieve $30.8 million of total cost savings for the acquisition of Rent-A-Center, of which $20.9 million is included in Operating Income and $9.9 million of which reflects the net effect of these other initiatives.

(4)

	INCREASE (DECREASE)	
	STORE EXPENSES SALARIES AND OTHER	GENERAL AND ADMINISTRATIVE EXPENSES
Reclassification of Central Rents other store expenses to conform with RCI's presentation.....	$57,684	$(57,684)
Elimination of duplicate corporate overhead and additional field expenses as a result of the Central Rents acquisition.....	200	(2,800)
	$57,884	$(60,484)

(5) Elimination of litigation expense relating to Minnesota and Pennsylvania class action litigation indemnified by seller as part of the acquisition of Rent-A-Center.

(6) Reversal of historical intangible amortization and recording the pro forma intangible amortization required as a result of the Central Rents and Rent-A-Center acquisitions, using estimated useful lives of 5 years for the noncompete agreement (Central Rents), and 30 years for excess costs over fair market value of net assets acquired:

	CENTRAL RENTS	RAC
Reversal of historical intangible amortization.....	$(1,545)	$(24,044)
Pro forma intangible amortization.....	2,484	16,278
	$ 939	$ (7,766)

(7) Change in interest expense as a result of borrowings on the existing revolving credit agreement used to finance the Central Acquisition:

Borrowings of $101.4 million at 7% on the existing revolving credit agreement used to finance the Central Acquisition.....	$ 7,097
Elimination of historical interest expense for Central Rents.....	(7,849)
	$ (752)

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1997 -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(8) Net adjustment to interest expense as a result of the issuance of debt to complete the acquisition of Rent-A-Center:

Senior Credit Facilities:	
$120 million Term Loan A at an annual interest rate of 7.95%	$ 9,540
$270 million Term Loan B at an annual interest rate of 8.20%	22,140
$330 million Term Loan C at an annual interest rate of 8.45%	27,885
Annual commitment fee of 0.50% applied to the $120 million unused balance of the Revolving Credit Facility	600
Annual 2.50% fee applied to the Letter of Credit Facility	3,056
$175 million Senior Subordinated Facility at an annual interest rate of 11.625%	20,344
Cash interest expense	83,565
Amortization of deferred financing costs(a)	2,628
Pro forma interest expense for the acquisitions	86,193
Interest expense relating to existing Renters Choice debt not refinanced	147
Pre-Offering pro forma interest expense	86,340
Less: Renters Choice and Central Rents pro forma combined interest expense plus Rent-A-Center historical interest expense	(55,475)
Pre-Offering net interest expense adjustment	$ 30,865

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(a) Deferred financing costs are amortized over the term of the related debt (ten years for the Senior Subordinated Facility, six years for the Term Loan A, seven and one-half years for Term Loan B, eight and one-half years for Term Loan C, and six years for both the Revolving Credit and Letter of Credit Facilities).

A change of 0.125% in the assumed interest rates would result in a $1.1 million change in pro forma interest expense for the year.

(9) Net adjustments to interest expense as a result of the Offering:

Issuance of Senior Subordinated Notes due 2008 -- $175,000 at 11.0%	$ 19,250
Amortization of related deferred financing costs	575
Repayment of Senior Subordinated Facility -- $175,000 at 11.625%	(20,344)
	$ (519)

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

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1997 -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(11) Income tax expense adjustment related to the effects of the pro forma adjustments based upon an assumed composite income tax rate of 40% applied to combined pro forma earnings before income taxes, adjusted for nondeductible goodwill amortization of $16.3 million related to the acquisition of Rent-A-Center.

(12) Income tax expense adjustment related to the effects of the Offering adjustments, at a 40% effective tax rate.

(13) In-kind dividends at 3.75% per annum on the $260 million of redeemable convertible preferred stock issued to finance a portion of the acquisition of Rent-A-Center. For the first five years subsequent to issuance, Renters Choice has the option to pay the quarterly dividends in cash or in-kind with the issuance of additional redeemable convertible preferred stock. RCI's ability to pay the dividends in cash will be subject to restrictions under the Senior Credit Facilities and Senior Subordinated Notes. Dividends reflected herein are assumed to be paid in-kind with the issuance of additional redeemable convertible preferred stock.

(14) Nonrecurring charges relate to Rent-A-Center's discontinued Non-RTO Businesses, the closing of certain non-performing RTO stores, and reorganization of certain administrative support functions aggregating approximately $12.3 million and approximately $2.1 million related primarily to Rent-A-Center's writedown of cellular phone inventory.

(15) Weighted average common shares outstanding for both basic and diluted earnings per share were decreased by 990,099 to give pro forma effect of the repurchase of $25 million of Renters Choice common stock at $25.25 per share from RCI's Chief Executive Officer. The assumed conversion of the redeemable convertible preferred stock would have had an anti-dilutive effect on diluted earnings per share for the year ended December 31, 1997, and therefore has been excluded from the computation thereof.

(16) In calculating the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges (excluding capitalized interest). Fixed charges consist of interest expense (which includes amortization of deferred financing costs) whether expensed or capitalized and one-fourth of rental expense, deemed representative of that portion of rental expense estimated to be attributable to interest.

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 1998

	RCI AND CENTRAL RENTS HISTORICAL(1)	CENTRAL RENTS PRO FORMA ADJUSTMENTS	RCI AND CENTRAL RENTS PRO FORMA COMBINED	RAC HISTORICAL	RAC PRO FORMA ADJUSTMENTS	
					ELIMINATION NON-RTO BUSINESSES	ACQUISITION
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)					
Revenues						
Store						
Rentals and fees	$202,136	$ --	$202,136	$431,879	$ (3,847)(2)	$ (1,398)(3)
Merchandise sales	12,767	--	12,767	37,035	(13,297)(2)	--
Other	281	--	281	--	--	--
Franchise						
Merchandise sales	17,061	--	17,061	--	--	--
Royalty income and fees	2,248	--	2,248	1,157	--	--
Total revenues	234,493	--	234,493	470,071	(17,144)	(1,398)
Operating expenses						
Direct store expenses						
Depreciation of rental merchandise	45,261	--	45,261	125,048	--	(1,398)(3)
Cost of merchandise sold	10,275	--	10,275	28,636	(13,043)(2)	--
Salaries and other expenses	95,287	24,598(4)	119,885	--	--	226,699(3)
Franchise cost of merchandise sold	16,386	--	16,386	--	--	--
General and administrative expenses	35,039	(25,681)(4)	9,358	261,906	(6,614)(2)	(234,249)(3)
Indemnified litigation expenses	--	--	--	5,600	--	(5,600)(5)
Nonrecurring charges(14)	--	--	--	10,877	(5,277)(2)	--
Amortization of intangibles	3,378	928(6)	4,306	11,823	--	(3,684)(6)
Total operating expenses	205,626	(155)	205,471	443,890	(24,934)	(18,232)
Operating profit	28,867	155	29,022	26,181	7,790	16,834
Interest expense	9,677	(5,216)(7)	4,461	26,485	--	12,189(8)
Interest income and other	(238)	--	(238)	--	--	--
Earnings before income taxes	19,428	5,371	24,799	(304)	7,790	4,645
Income tax expense	8,327	2,148(10)	10,475	664	--	6,889(11)
Net earnings (loss)	11,101	3,223	14,324	(968)	7,790	(2,244)
Preferred dividends	--	--	--	--	--	4,898(13)
Earnings (loss) allocable to common stockholders	$ 11,101	$ 3,223	$ 14,324	$ (968)	$ 7,790	$ (7,142)
Basic earnings per share(15):						
Earnings per share			$ .60			
Weighted average common shares outstanding			23,964			
Diluted earnings per share(15):						
Earnings per share			$ .59			
Weighted average common and common equivalent shares outstanding			24,212			
Ratio of earnings to fixed charges(16)			3.9x			

	ACQUISITIONS PRO FORMA	OFFERING ADJUSTMENTS	PRO FORMA COMBINED
Revenues			
Store			
Rentals and fees	$628,770	$ --	$628,770
Merchandise sales	36,505	--	36,505
Other	281	--	281
Franchise			
Merchandise sales	17,061	--	17,061
Royalty income and fees	3,405	--	3,405
Total revenues	686,022	--	686,022
Operating expenses			
Direct store expenses			
Depreciation of rental merchandise	168,911	--	168,911
Cost of merchandise sold	25,868	--	25,868
Salaries and other expenses	346,584	--	346,584
Franchise cost of merchandise sold	16,386	--	16,386
General and administrative expenses	30,401	--	30,401
Indemnified litigation expenses	--	--	--
Nonrecurring charges(14)	5,600	--	5,600
Amortization of intangibles	12,445	--	12,445
Total operating expenses	606,195	--	606,195
Operating profit	79,827	--	79,827
Interest expense	43,135	(259)(9)	42,876
Interest income and other	(238)	--	(238)
Earnings before income taxes	36,930	259	37,189
Income tax expense	18,028	104(12)	18,132
Net earnings (loss)	18,902	155	19,057
Preferred dividends	4,898	--	4,898
Earnings (loss) allocable to common stockholders	$ 14,004	$ 155	$ 14,159
Basic earnings per share(15):			
Earnings per share	$ .58		$ .59
Weighted average common shares outstanding	23,964		23,964
Diluted earnings per share(15):			
Earnings per share	$ .56		$ .57
Weighted average common and common equivalent shares outstanding	33,563		33,563
Ratio of earnings to fixed charges(16)	1.7x		1.7x

See accompanying notes to Unaudited Pro Forma combined Statement of Operations

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 1998
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(1) The following historical combined statement of operations of Renters Choice and Central Rents for the six months ended June 30, 1998 has been derived from the unaudited financial statements of the respective entities:

	RCI	CENTRAL RENTS(A)	RCI AND CENTRAL RENTS HISTORICAL COMBINED
Revenues			
Store			
Rentals and fees	$163,443	$38,693	$202,136
Merchandise sales	10,513	2,254	12,767
Other	281	--	281
Franchise			
Merchandise sales	17,061	--	17,061
Royalty income and fees	2,248	--	2,248
Total revenues	193,546	40,947	234,493
Operating expenses			
Store expenses			
Depreciation of rental merchandise	33,839	11,422	45,261
Cost of merchandise sold	8,301	1,974	10,275
Salaries and other expenses	95,287	--	95,287
Franchise cost of merchandise sold	16,386	--	16,386
General and administrative expenses	7,194	27,845	35,039
Amortization of intangibles	3,271	107	3,378
Total operating expenses	164,278	41,348	205,626
Operating profit (loss)	29,268	(401)	28,867
Interest expense	1,555	8,122	9,677
Interest income	(238)	--	(238)
Earnings (loss) before income taxes	27,951	(8,523)	19,428
Income tax expense (benefit)	11,566	(3,239)	8,327
Net earnings (loss)	$ 16,385	$(5,284)	$ 11,101
Basic earnings per share:			
Earnings per share	$ .66		
Weighted average common shares outstanding	24,954		
Diluted earnings per share:			
Earnings per share	$ .65		
Weighted average common shares outstanding	25,202		

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(a) The Central Rents information above reflects their operations for the period (January 1, 1998 through May 28, 1998) prior to the acquisition by Renters Choice.

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT
OF OPERATIONS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(2) Reflects the elimination of Rent-A-Center's Non-RTO Businesses (including nonrecurring charges of $5,277 as discussed in Note (14)), including used automobiles retailing, credit retailing and check cashing businesses, which had combined revenue of $17.1 million.

	INCREASE (DECREASE)			
	RENTALS AND FEES REVENUE	DEPRECIATION OF RENTAL MERCHANDISE	STORE EXPENSES SALARIES AND OTHER	GENERAL AND ADMINISTRATIVE EXPENSES
Reclassification of Rent-A-Center store expenses to conform with RCI's presentation	$ --	$ --	$232,107	$(232,107)
Reclassification Rent-A-Center volume and cash discounts from purchases to conform with RCI's presentation	(1,398)	(1,398)	--	--
Reclassification of Rent-A-Center advertising rebates as a reduction in store expenses to conform with RCI's presentation	--	--	(4,158)	4,158
Elimination of income related to a rebate of management fees from Thorn plc	--	--	--	2,900
Total	(1,398)	(1,398)	227,949	(225,049)
Elimination of duplicate corporate overhead and regional management expenses:(a)				
Corporate overhead				
Salaries and benefits	--	--	--	(8,700)
Administrative expenses	--	--	--	(500)
Regional management expenses	--	--	(1,250)	--
Total	--	--	(1,250)	(9,200)
	$(1,398)	$(1,398)	$226,699	$(234,249)

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT
OF OPERATIONS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(3) Represents six months of the annual cost savings described in Note (3)(a) to the Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 1997.

(4)	INCREASE (DECREASE)	
	STORE EXPENSES SALARIES AND OTHER	GENERAL AND ADMINISTRATIVE EXPENSES
Reclassification of Central Rents other store expenses to conform with RCI's presentation.....	$24,514	$(24,514)
Elimination of duplicate corporate overhead and additional field expenses as a result of the Central Rents acquisition.....	84	(1,167)
	$24,598	$(25,681)

(5) Elimination of litigation expense relating to Minnesota and Pennsylvania class action litigation indemnified by seller as part of the acquisition of Rent-A-Center.

(6) Reversal of historical intangible amortization and recording of the pro forma intangible amortization required as a result of the acquisition of Central Rents and the acquisition of Rent-A-Center, using estimated useful lives of 5 years for the noncompete agreement (Central Rents), and 30 years for excess costs over fair market value of net assets acquired:

	CENTRAL RENTS	THORN
Reversal of historical intangible amortization recorded by respective entities.....	$ (107)	$(11,823)
Reversal of historical intangible amortization relating to the acquisition of Central Rents recorded by Renters Choice from the acquisition date through June 30, 1998.....	(207)	--
Pro forma intangible amortization for six months.....	1,242	8,139
	$ 928	$ (3,684)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(7) Change in interest expense for six months as a result of borrowings on the existing revolving credit agreement used to finance the acquisition of Central Rents:

Borrowings of $101.4 million at 7%, for six months, on the existing revolving credit agreement used to finance the acquisition of Central Rents	$ 3,548
Elimination of historical interest expense for Central Rents	(8,122)
Elimination of historical interest expense recorded by Renters Choice from the acquisition date through June 30, 1998, relating to the financing of Central Acquisition	(642)
	$(5,216)

(8) Net adjustment to interest expense for six months as a result of the issuance of debt to complete the acquisition of Rent-A-Center:

Senior Credit Facilities:	
$120 million Term Loan A at an annual interest rate of 7.95%	$ 4,770
$270 million Term Loan B at an annual interest rate of 8.20%	11,070
$330 million Term Loan C at an annual interest rate of 8.45%	13,943
Annual commitment fee of 0.50% applied to the $120 million unused balance of the Revolving Credit Facility	300
Annual 2.50% fee applied to the Letter of Credit Facility	1,528
$175 million Senior Subordinated Facility at an annual interest rate of 11.625%	10,172
Cash interest expense	41,783
Amortization of deferred financing costs(a)	1,314
Pro forma interest expense for the acquisitions	43,097
Interest expense relating to existing Renters Choice debt not refinanced	38
Pre-Offering pro forma interest expense	43,135
Less: Renters Choice and Central Rents pro forma combined interest expense plus Rent-A-Center historical interest expense	(30,946)
Pre-Offering net interest expense adjustment	$ 12,189

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(a) Deferred financing costs are amortized over the term of the related debt (ten years for the Senior Subordinated Facility, six years for the Term Loan A, seven and one-half years for Term Loan B, eight and one-half years for Term Loan C, and six years for both the Revolving Credit and Letter of Credit Facilities).

A change of 0.125% in the assumed interest rates would result in a $.6 million change in pro forma interest expense for the six months ended June 30, 1998.

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT
OF OPERATIONS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(9) Net adjustments to interest expense for six months as a result of the Offering:

Issuance of Senior Subordinated Notes due 2008 -- $175,000 at 11.0%	$ 9,625
Amortization of related deferred financing costs	288
Repayment of Senior Subordinated Facility -- $175,000 at 11.625%	(10,172)
	$ (259)

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

(11) Income tax expense adjustment related to the effects of the pro forma adjustments based upon an assumed composite income tax rate of 40% applied to combined pro forma earnings before income taxes, adjusted for nondeductible goodwill amortization of $8.1 million related to the acquisition of Rent-A-Center.

(12) Income tax expense adjustment related to the effects of the Offering adjustments, at a 40% effective tax rate.

(13) Six months of in-kind dividends at 3.75% per annum on the $260 million of redeemable convertible preferred stock issued to finance a portion of the acquisition of Rent-A-Center. For the first five years subsequent to issuance, Renters Choice has the option to pay the quarterly dividends in cash or in-kind with the issuance of additional redeemable convertible preferred stock. RCI's ability to pay the dividends in cash will be subject to restrictions under the Senior Credit Facilities and Senior Subordinated Notes. Dividends reflected herein are assumed to be paid in-kind with the issuance of additional redeemable convertible preferred stock.

(14) Nonrecurring charges relate to Rent-A-Center's discontinued Non-RTO Businesses, the closing of certain non-performing RTO stores, and reorganization of certain administrative support functions aggregating approximately $9.8 million and approximately $1.1 million related primarily to Rent-A-Center's writedown of cellular phone inventory.

(15) Weighted average common shares outstanding for both basic and diluted earnings per share were decreased by 990,099 to give pro forma effect of the repurchase of $25 million of Renters Choice common stock at $25.25 per share from RCI's Chief Executive Officer. Weighted average common shares outstanding for diluted earnings per share were increased by 9,350,957 to reflect the conversion of the redeemable convertible preferred stock to Renters Choice common stock at a conversion price of $27.935 per share. For the six months ended June 30, 1998, the conversion of the redeemable convertible preferred stock is dilutive; therefore, preferred dividends of $4,898 were added to earnings allocable to common stockholders when computing diluted earnings per share.

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT
OF OPERATIONS -- (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(16) In calculating the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges (excluding capitalized interest). Fixed charges consist of interest expense (which includes amortization of deferred financing costs) whether expensed or capitalized and one-fourth of rental expense, deemed representative of that portion of rental expense estimated to be attributable to interest.

RENTERS CHOICE, INC.

SELECTED HISTORICAL FINANCIAL DATA

The selected historical financial data for the Company as of and for each of the five years in the period ended December 31, 1997, have been derived from the Company's consolidated financial statements which have been audited and reported upon by Grant Thornton LLP. The selected historical financial data for the Company as of and for the six months ended June 30, 1997 and 1998 have been derived from the Company's unaudited consolidated financial statements which were prepared on the same basis as the Company's audited financial statements and include, in the opinion of the Company's management, all adjustments necessary to present fairly the information presented for such interim periods. This information should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included herein, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other financial information included elsewhere in this Prospectus. Because of the significant growth of the Company from acquisitions, the historical results of operations, its period-to-period comparisons of such results and certain financial data may not be comparable, meaningful or indicative of future results.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30, 1997	
	1993(1)	1994(1)	1995	1996	1997	1997	1998
	(DOLLARS IN THOUSANDS)						
STATEMENTS OF EARNINGS DATA:							
Total revenue	$53,212	$74,385	$133,289	$237,965	$331,541	$155,389	$193,546
Direct store expenses							
Depreciation of rental merchandise	11,626	15,614	29,640	42,978	57,223	27,510	33,839
Other store expenses	29,576	40,701	74,966	124,934	173,823	82,751	103,588
	41,202	56,315	104,606	167,912	231,046	110,261	137,427
Franchise operating expense(2)	--	--	--	24,010	35,841	14,726	16,386
General and administrative expenses	2,151	2,809	5,766	10,111	13,304	6,773	7,194
Amortization of intangibles	5,304	6,022	3,109	4,891	5,412	2,649	3,271
Total operating expenses	48,657	65,146	113,481	206,924	285,603	134,409	164,278
Operating profit	4,555	9,239	19,808	31,041	45,938	20,980	29,268
Interest expense	1,817	2,160	2,202	606	2,194	1,021	1,555
Interest income	--	--	(890)	(667)	(304)	(432)	(238)
Earnings before income taxes	2,738	7,079	18,496	31,102	44,048	20,391	27,951
Income tax expense	937	1,600	7,784	13,076	18,170	8,622	11,566
Net earnings	$ 1,801	$ 5,479	$ 10,712	$ 18,026	$ 25,878	$ 11,769	$ 16,385
Basic earnings per share			$ .52	$ .73	$ 1.04	$ .47	$ .66
Diluted earnings per share			$ .52	$ .72	$ 1.03	$ .47	$ .65
OTHER FINANCIAL DATA:							
Depreciation and amortization(3)	$ 6,164	$ 7,207	$ 5,239	$ 8,571	$ 11,013	$ 5,158	$ 6,547
Capital expenditures(4)	1,489	1,715	3,473	8,187	10,446	4,755	5,758
Ratio of earnings to fixed charges(5)	2.1x	3.2x	5.1x	7.9x	6.7x	6.6x	6.7x

RENTERS CHOICE, INC.

SELECTED HISTORICAL FINANCIAL DATA -- (CONTINUED)

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30, 1997	
	1993(1)	1994(1)	1995	1996	1997	1997	1998
	(DOLLARS IN THOUSANDS)						
BALANCE SHEET DATA (END OF PERIOD):							
Cash and cash equivalents.....	$ 1,359	$ 1,441	$ 35,321	$ 5,920	$ 4,744	$ 6,446	$ 23,347
Rental merchandise, net.....	20,672	28,096	64,240	95,110	112,759	110,260	148,432
Total assets.....	34,813	36,959	147,294	174,467	208,868	205,330	335,838
Total debt.....	27,592	23,383	40,850	18,993	27,172	39,086	128,235
Total stockholders' equity.....	4,168	9,286	96,484	125,503	152,753	137,676	170,343
OPERATING DATA:							
Number of stores (end of period).....	112	114	325	423	504	491	683
Average annual revenue per store(6).....	$ 591	$ 653	$ 626	$ 608	$ 610	$ 604	$ 653
Comparable store revenue growth(7).....	11.1%	10.8%	18.1%	3.8%	8.1%	8.9%	9.3%
Revenues:							
Store revenue							
Rentals and fees.....	$51,162	$70,590	$126,264	$198,486	$275,344	$130,150	$163,443
Merchandise sales.....	1,678	3,470	6,383	10,604	14,125	7,457	10,513
Other.....	372	325	642	687	679	339	28
Franchise revenue							
Merchandise sales.....	--	--	--	25,229	37,385	15,461	17,061
Royalty income and fees...	--	--	--	2,959	4,008	1,982	2,248
Total revenue.....	$53,212	$74,385	$133,289	$237,965	$331,541	$155,389	$193,546

NOTES TO SELECTED HISTORICAL FINANCIAL DATA OF RENTERS CHOICE, INC.

(1) In each of the periods presented ending prior to January 1, 1995, we operated as an S corporation under Subchapter S of the Internal Revenue Code and comparable provisions of certain state tax laws. Accordingly, prior to January 1, 1995, we were not subject to federal income taxation. Earnings per share are not provided for periods prior to January 1, 1995, because operating results for those periods are not comparable.

(2) Prior to our acquisition of ColorTyme in May 1996, we conducted no franchise operations. Therefore, we presented franchise operation financial information for periods beginning with the year ended December 31, 1996.

(3) This amount excludes depreciation of rental merchandise.

(4) We exclude purchase of rental merchandise.

(5) In calculating the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges (excluding capitalized interest). Fixed charges consist of interest expense (which includes amortization of deferred financing costs) whether expensed or capitalized and one-fourth of rental expense, which we deem representative of that portion of rental expense estimated to be attributable to interest.

(6) We annualized the revenues for the six months ended June 30, 1997 and 1998.

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

RENT-A-CENTER, INC.

SELECTED HISTORICAL FINANCIAL DATA

The selected historical financial data for Rent-A-Center as of and for each of the three years in the period ended March 31, 1998, have been derived from Rent-A-Center's audited consolidated financial statements. The summary historical financial data for Rent-A-Center as of and for the three months ended June 30, 1997 and 1998 have been derived from Rent-A-Center's unaudited consolidated financial statements which were prepared on the same basis as Rent-A-Center's audited financial statements and include, in the opinion of Rent-A-Center's management, all adjustments necessary to present fairly the information presented for such interim periods. This information should be read in conjunction with the consolidated financial statements of Rent-A-Center and notes thereto included herein, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the other financial information included elsewhere in this Prospectus.

	YEARS ENDED MARCH 31,			THREE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1997	1998
	(DOLLARS IN THOUSANDS)				
STATEMENTS OF OPERATIONS DATA:(1)					
Total revenue	$ 897,927	$ 926,871	$ 904,004	$ 225,641	$ 235,421
Cost of sales	43,345	39,793	45,574	8,524	12,503
Depreciation and amortization					
Rental merchandise	257,383	260,433	244,572	62,852	62,886
Other	52,236	59,085	56,869	14,598	14,532
Salaries, wages and fringe benefits	255,768	272,242	279,796	68,488	72,960
Other operating expenses	202,577	233,015	207,460	50,654	52,653
Nonrecurring charges(2)	12,600	--	14,392	--	--
Total operating expenses	823,909	864,568	848,663	205,116	215,534
Operating profit	74,018	62,303	55,341	20,525	19,887
Interest expense, net	80,207	52,651	46,184	10,825	11,191
Other (income) expense	101	(254)	(88)	(81)	72
Earnings (loss) before income taxes	(6,290)	9,906	9,245	9,781	8,624
Income tax expense	6,771	13,880	7,760	5,950	5,344
Net earnings (loss)	$ (13,061)	$ (3,974)	$ 1,485	$ 3,831	$ 3,280
RTO FINANCIAL DATA:(3)					
Depreciation and amortization(4)	$ 52,236	$ 59,085	$ 56,869	$ 14,598	$ 14,532
Capital expenditures(5)	44,642	32,306	38,077		

RENT-A-CENTER, INC.

SELECTED HISTORICAL FINANCIAL DATA -- (CONTINUED)

	YEARS ENDED MARCH 31,			THREE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1997	1998
	(DOLLARS IN THOUSANDS)				
BALANCE SHEET DATA (END OF PERIOD):					
Cash and cash equivalents	$ 19,225	$ 26,077	$ 23,755	$ 37,399	$ 27,486
Rental merchandise, net	304,164	276,012	292,965	268,564	303,682
Total assets	1,242,211	1,108,280	1,079,109	1,086,784	1,085,796
Total debt	1,042,729	714,235	714,223	714,827	714,663
Total stockholder's equity	88,529	239,026	236,483	242,857	239,763
RTO OPERATING DATA:					
Number of stores (end of period)	1,306	1,367	1,384	1,392	1,404
Average annual revenue per store(6)	$ 744	$ 694	$ 639	$ 652	$ 674
Revenues:					
Store revenue					
Rentals and fees	$ 827,935	$ 864,256	$ 831,025	$ 212,448	$ 219,720
Merchandise sales	64,628	60,249	46,337	12,611	15,141
Franchise royalty income	5,364	2,366	2,266	582	560
Total RTO revenue	$ 897,927	$ 926,871	$ 879,628	$ 225,641	$ 235,421

NOTES TO SELECTED HISTORICAL FINANCIAL DATA OF RENT-A-CENTER

(1) As part of the acquisition of Rent-A-Center, we acquired several Non-RTO Businesses including used automobile retailing, credit retailing and check cashing businesses which began generating revenues in fiscal 1998. We sold AdvantEDGE Auto, Inc. in August 1998 for $4.0 million and intend to discontinue the operations of the remaining Non-RTO Businesses. For the fiscal year ended 1998, the Non-RTO Businesses generated revenue of $20.2 million and a net loss before income taxes of $5.2 million.

(2) Nonrecurring charges in 1996 relate to the consolidation of corporate and field offices and reductions in the number of employees. In 1998, nonrecurring charges represents (i) approximately $12.3 million in charges related to discontinued Non-RTO Businesses, closure of certain nonperforming RTO stores and reorganized administrative support functions, and (ii) approximately $2.1 million related primarily to Rent-A-Center's writedown of cellular phone inventory.

(3) We combined the RTO financial data from the historical financial results of Rent-A-Center with appropriate adjustments to eliminate the effect of Non-RTO Businesses.

(4) We excluded depreciation of rental merchandise.

(5) We excluded purchases of rental merchandise.

(6) Our revenues for the three months ended June 30, 1997 and 1998 have been annualized.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations of each of the Company and Rent-A-Center covers a period before the consummation of the acquisition of Rent-A-Center, the issuance of the Preferred Stock and the Offering. Accordingly, the discussion and analysis of such periods does not reflect the significant impact the acquisition of Rent-A-Center, the issuance of the Preferred Stock and the Offering will have on the Company. See "Risk Factors," "Unaudited Pro Forma Combined Financial Information" and "-- Liquidity and Capital Resources of the Company Following the Exchange Offer" for further discussion relating to the impact on the Company. The following discussion should be read in conjunction with "Selected Historical Financial Information -- the Company," "Rent-A-Center, Inc. Selected Historical Financial Information" and the Financial Statements, including the notes thereto, incorporated by reference herein.

GENERAL

The Company is the largest operator in the United States RTO industry with approximately 25% market share (based on store count). In June 1998, the Company entered into an agreement to acquire Rent-A-Center, Inc. (f/k/a Thorn Americas, Inc.) with Thorn plc, a UK-based company, to purchase Rent-A-Center, an indirect wholly-owned subsidiary of Thorn plc (the "Rent-A-Center Acquisition"). Proceeds from the Senior Credit Facilities, Senior Subordinated Facility and the sale of the Convertible Preferred Stock were used to fund the Rent-A-Center Acquisition, refinance the Company's pre-Acquisition indebtedness and repurchase $25 million of the Company's common stock held by J. Ernest Talley. The Company's stores offer home electronics, appliances, and furniture and accessories under flexible rental purchase agreements that allow its customers to obtain ownership of the merchandise at the conclusion of the agreed upon rental period.

The Company has developed a plan to integrate the operations of Rent-A-Center with the Company's business practices. The main initiatives of this integration plan are to (i) eliminate duplicative general and administrative expenses, (ii) eliminate Rent-A-Center's distribution network, (iii) implement the Company's management practices into Rent-A-Center's stores, (iv) increase the number of higher margin products available for rent while eliminating lower margin products, and (v) divest non-core assets. The Company believes its integration plan will be fully implemented within 18-24 months and will yield net annual cost savings of $30 million. In addition to the anticipated net cost savings from its implementation plan, the Company anticipates additional improvement in sales and profitability as a direct result of the investment the Company intends to make in Rent-A-Center's stores.

As part of the Rent-A-Center Acquisition, the Company acquired the Non-RTO Businesses which began generating revenues in fiscal 1998. The Company intends to discontinue the operations of the Non-RTO Businesses. For the fiscal year ended March 31, 1998, the Non-RTO Businesses generated revenue of $20.2 million and a net loss before income taxes of $5.2 million. Subsequent to the Rent-A-Center Acquisition, the Company sold all of the outstanding stock of AdvantEDGE Auto, Inc. for approximately $4.0 million.

Since 1993, the Company's store count has grown from 27 to 2,126 through acquisitions and new store openings. In May 1998, the Company completed the acquisition of Central Rents, Inc. (the "Central Acquisition"), acquiring substantially all of the assets of an underperforming RTO operator which expanded the Company's presence in a region of the country, the Southwest, which the Company had strategically targeted for expansion. The Company expects to generate annual general and administrative cost savings as a result of the Central Acquisition of $2.6 million. These cost savings will be derived primarily from the closing of Central Rents' corporate headquarters and the elimination of duplicative corporate and administrative functions. In addition to these general and administrative cost reductions, the Company anticipates that it will gradually bring the store operating performance of Central Rents in line with its own store margins within 24-30 months.

The Company operates on a December 31 fiscal year end. Rent-A-Center's historical results of operations, which were based upon a March 31 fiscal year end, have not been restated to a December 31 year end for the purpose of any pro forma financial presentation of the Company's historical operations.

COMPONENTS OF INCOME

Revenue. The Company collects nonrefundable rental payments and fees in advance, generally on a weekly or monthly basis. This revenue is recognized when collected. Rental purchase agreements generally include a discounted early purchase option. Amounts received upon sales of merchandise pursuant to such options, and upon the sale of used merchandise, are recognized as revenue when the merchandise is sold.

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

Depreciation of Rental Merchandise. Except for tax purposes, the Company depreciates its rental merchandise using the income forecasting method. The income forecasting method of depreciation does not consider salvage value and does not allow the depreciation of rental merchandise during periods when it is not generating rental revenue. For periods prior to 1996, the Company used the income forecasting method to calculate depreciation of its rental merchandise for tax purposes. However, in 1996, the Company began using the MACRS method of depreciation using a five-year class life for its rental purchase merchandise. In August 1997, the Internal Revenue Service issued a revenue ruling requiring rental purchase companies to use MACRS, with a three year class life for all purchases after August 5, 1997. The Company began application of the ruling for all purchases effective August 5, 1997, and thereafter.

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

Salaries and Other Expenses. Salaries and other expenses include all salaries and wages paid to store level employees and regional management salaries, travel and occupancy, including any related benefits and taxes, as well as all store level general and administrative expenses and selling, advertising, occupancy, nonrental depreciation and other operating expenses.

General and Administrative Expenses. General and administrative expenses include all corporate overhead expenses related to the Company's headquarters such as salaries, taxes and benefits, occupancy, administrative and other operating expenses, as well as Regional Vice Presidents' salaries, travel and office expenses.

RESULTS OF OPERATIONS -- THE COMPANY

The following table sets forth, for the periods indicated, certain historical Statement of Earnings data as a percentage of total revenue from stores and total revenue from franchise operations.

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,		YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1995	1996	1997	1997	1998	1995	1996	1997	1997	1998
	(COMPANY OWNED STORES ONLY)					(FRANCHISE OPERATIONS)				
Revenue										
Rentals and fees	94.7%	94.7%	94.9%	93.3%	93.8%	--%	--%	--%	--%	--%
Merchandise Sales	4.8	5.0	4.9	6.4	6.0	--	89.6	90.3	88.4	88.4
Other/Royalties	0.5	0.3	0.2	0.3	0.2	--	10.4	9.7	11.6	11.6
	100.0%	100.0%	100.0%	100.0%	100.0%	--%	100.0%	100.0%	100.0%	100.0%
Operating Expenses										
Direct store expenses										
Depreciation of rental merchandise	22.2%	20.5%	19.7%	19.8%	19.3%	--%	--%	--%	--%	--%
Cost of merchandise sold	3.8	3.9	3.9	4.6	4.8	--	85.0	86.6	84.7	84.9
Salaries and other expenses	52.5	55.6	56.0	56.0	54.8	--	--	--	--	--
	78.5	80.0	79.6	80.4	78.9	--	85.0	86.6	84.7	84.9
General and administrative expenses	4.3	3.8	3.8	3.7	3.3	--	7.7	5.3	7.8	7.2
Amortization of intangibles	2.3	2.3	1.7	2.0	1.8	--	0.6	1.0	1.5	0.9
Total operating expenses	85.1	86.1	85.1	86.1	84.0	--	93.3	92.9	94.0	93.0
Operating profit	14.9	13.9	14.9	13.9	16.0	--	6.7	7.1	6.0	7.0
Interest expense/ (income)	1.0	0.1	0.8	0.7	0.9	--	(1.9)	(0.6)	(2.1)	(0.9)
Earnings before income taxes	13.9%	13.8%	14.1%	13.2%	15.1%	--%	8.6%	7.7%	8.1%	7.9%

The Company has increased the number of stores owned from 27 at the beginning of 1993 to 2,126 at October 7, 1998. The following table shows the number of stores opened, acquired and closed during 1993 through 1998.

	THE COMPANY				
FISCAL YEAR ENDED DECEMBER 31,	BEGINNING OF PERIOD STORE COUNT	NEW STORE OPENINGS	STORE ACQUISITIONS	STORE CLOSINGS	END OF PERIOD STORE COUNT
1993.....	27	1	84	--	112
1994.....	112	2	--	--	114
1995.....	114	4	209	(2)	325
1996.....	325	13	94	(9)	423
1997.....	423	10	76	(5)	504
1998(1).....	504	1	1,632	(11)	2,126

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(1) Through October 7, 1998.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997

Total revenue increased by $38.2 million, or 24.6%, to $193.5 million for 1998 from $155.4 million for 1997. The increase in total revenue was primarily attributable to the inclusion of the 71 stores purchased (net of consolidation) in 1997 as well as the Central Acquisition. Same store revenues increased by $12.1 million, or 9.3% to $143.1 million for 1998 from $131.0 million in 1997. Same store revenues represent those revenues earned in stores that were operated by the Company for the entire six-month periods ending June 30, 1998 and 1997. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent.

Depreciation of rental merchandise increased by $6.3 million, or 23.0%, to $33.8 million for 1998 from $27.5 million for 1997. Depreciation of rental merchandise expressed as a percent of total store rental and fee revenue decreased from 21.1% in 1997 to 20.7% in 1998. The decrease was primarily attributable to higher rental rates on rental merchandise purchased after the 1995 acquisitions and operational emphasis on increasing the rental life of inventory items.

Salaries and other expenses expressed as a percentage of total store revenue decreased to 54.7% for 1998 from 55.9% for 1997. This decrease was attributable to the increase in store revenues from the Central Acquisition, as well as the same store base, and the Company has experienced some efficiencies in spreading costs over a larger store base, in particular advertising costs and certain service costs. General and administrative expenses expressed as a percent of total revenue decreased from 4.4% in 1997 to 3.7% in 1998. This decrease was the result of increased revenues from the 1997 acquisitions and the Central Acquisition, allowing us to leverage our fixed and semi-fixed costs over the larger revenue base.

Operating profit increased by $8.3 million, or 39.5%, to $29.3 million for 1998 from $21.0 million for 1997. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent, both in stores

acquired before 1995 and in stores acquired in the 1996 and 1997 acquisitions. Net interest expense increased from $590,000 of interest expense in 1997 to $1.3 million of interest expense in 1998. The increased interest expense and debt level relate primarily to the acquisition of Central Rents in May 1998. Net earnings increased by $4.6 million, or 39.2%, to $16.4 million in 1998 from $11.8 million in 1997. The improvement was a result of the increase in operating profit described above.

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 1998 AND 1997

Total revenue increased by $22.5 million, or 27.9%, to $103.3 million for 1998 from $80.8 million for 1997. The increase in total revenue was primarily attributable to the inclusion of the 71 stores acquired in 1997 (net of consolidation), as well as the Central Acquisition. Same store revenues increased by 9.4%, from $70.2 million to $76.8 million. Same store revenues represents those revenues earned in stores that were operated by the Company for the entire three-month periods ending June 30, 1997 and 1998. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent.

Depreciation of rental merchandise increased by $3.9 million, or 27.3%, to $18.3 million for 1998 from $14.4 million for 1997. Depreciation of rental merchandise expressed as a percent of total store rental and fee revenue decreased from 21.1% in 1997 to 20.8% in 1998. The decrease was primarily attributable to higher rental rates on rental merchandise and operational emphasis on increasing the rental life of inventory items.

Salaries and other expenses expressed as a percentage of total store revenue decreased to 54.8% for 1998 from 55.8% for 1997 primarily as a result of increased revenues in our 1996 acquisitions and 1997 acquisitions, as well as the leveraging of our fixed and semi-fixed costs in these stores. General and administrative expenses expressed as a percent of total revenue decreased from 4.5% in 1997 to 3.8% in 1998. This decrease was primarily the result of increased revenues resulting from the Central Acquisition, allowing us to leverage our fixed and semi-fixed costs over the larger revenue base.

Operating profit increased by $4.2 million, or 37.1% to $15.5 million for 1998 from $11.3 million for 1997. This improvement was attributable to the efficiencies discussed above and the profit contribution from ColorTyme.

Net earnings increased by $2.2 million, or 34.2%, to $8.5 million in 1998 from $6.3 million in 1997. The improvement was a result of the increase in operating profit described above.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary requirements for capital are the acquisition of existing stores, the opening of new stores, the purchase of additional rental merchandise and the replacement of rental merchandise which has been sold, charged-off or is no longer suitable for rent. During the six months ended June 30, 1998, the Company acquired 182 stores for an aggregate purchase price of $101.6 million, all of which was paid in cash. The Company also opened 1 new store during the first two quarters of 1998.

The Company purchased $54.0 million and $47.9 million of rental merchandise during the six months ended June 30, 1998 and 1997, respectively.

For the six months ended June 30, 1998, cash provided by operating activities increased by $12.3 million, from $11.0 million in 1997 to $23.3 million in 1998, primarily due to increased net earnings and the timing of the payment of various operating expenses. Cash used in investing activities increased by $76.0 million from $31.0 million in 1997 to $107.0 million in 1998, principally related to the greater number of stores acquired in 1998 as compared to the number of stores acquired during the same period for 1997. Cash provided by financing activities was $102.3 million for the six months ended June 30, 1998.

At June 30, 1998, the Company had in place a $140 million credit facility (the "Prior Credit Facility") with a group of banks. Borrowings under the Prior Credit Facility bore interest at a rate equal to the designated prime rate (8 1/2% per annum at June 30, 1998) or 1.10% to 1.4% over LIBOR (5.625% at June 30, 1998) at the Company's option. At June 30, 1998, the average rate on outstanding borrowings was 7.1%, and for the quarter the weighted average interest rate under the Prior Credit Facility was 6.875%. Borrowings were collateralized by a lien on substantially all of the assets of the Company. A commitment fee equal to .20% to .30% of the unused portion of the term loan facility was payable quarterly. The Prior Credit Facility included 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. On June 30, 1998, the outstanding borrowings under this revolving credit agreement were $127.5 million.

As a result of the Rent-A-Center Acquisition, the Prior Credit Facility was replaced by the $962 million Senior Secured Credit Facility and a $175 million Senior Subordinated Credit Facility. The Company retired the Senior Subordinated Credit Facility with the proceeds from the issuance of the Old Notes. The Company believes that the Senior Credit Facility, the proceeds from the Preferred Stock issuance, the Senior Subordinated Credit Facility (or the proceeds from the Senior Subordinated Notes), along with its cash flows from operations, will adequately fund the Company's operations and expansion plans during 1998 and beyond.

During the next 18-24 months, the Company's central business strategy is to successfully integrate the Rent-A-Center Acquisition and the Central Acquisition into the Renters Choice system. Once completed, the Company intends to resume its strategy to increase its store base and annual revenues and profits through the opening of new stores, as well as opportunistic acquisitions. The Company anticipates ample opportunities to increase its store base through its continued participation in the industry consolidation and the possibility for increased penetration and expansion of its existing customer base.

After the assimilation of the Rent-A-Center Acquisition and Central Acquisition, the Company plans to accomplish its 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. Cumulatively, the store will achieve break-even profitability in the twelfth to fifteenth month after its initial opening. Total financing requirements of a typical new store approximates $350,000, with roughly 80 to 85% of that amount related to the purchase of rental merchandise inventory (both on-rent and idle). A newly opened store will achieve results consistent with the Company's other mature stores (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 the Company will be able to acquire any additional stores, or that any stores that are acquired will be or will become profitable, nor

is there any assurance that the Company will open any new stores in the future, or as to the number, location or profitability thereof.

COMPARISON OF YEARS ENDED DECEMBER 31, 1997 AND 1996

Between January 1, 1997 and December 31, 1997 the Company acquired 76 stores (five of which were subsequently consolidated with existing locations) in 18 separate transactions. The 1997 acquisitions were accounted for as purchases, and accordingly, the operating results of the acquired operations have been included in the results of operations of the Company since the respective dates of acquisition. Primarily as a result of the 1997 Acquisitions, comparisons of the Company's operating results for 1997 and 1996 may not be meaningful or indicative of future results.

Revenues. Total revenue increased by $93.5 million, or 39.3%, to $331.5 million for 1997 from $238.0 million for 1996. Store revenues increased $80.3 million, or 38.3% to $290.1 million in 1997 from $209.8 million in 1996. The increase in store revenue was primarily due to the inclusion of 76 stores acquired in 1997 and the full year impact of the 94 stores acquired in 1996. Store revenues also increased as a result of the increase in same store revenue growth of 8.1%. Same store revenues increased due to an increase in both the number of items on rent and in revenue earned per item on rent. Franchise revenues increased $13.2 million, or 46.9% to $41.4 million from $28.2 million in 1996. This increase was primarily due to the inclusion of the franchise operations for an entire year in 1997, compared to only eight months in 1996.

Depreciation of rental merchandise. Depreciation of rental merchandise increased $14.2 million, or 33.0%, to $57.2 million for 1997 from $43.0 million for 1996. Depreciation of rental merchandise as a percent of total store revenue decreased to 19.7% for 1997 from 20.5% for 1996. The decrease in depreciation of rental merchandise as a percent of revenue was primarily attributable to higher rental rates on rental merchandise.

Salaries and other expenses. Salaries and other expenses as a percentage of store revenue increased to 56.0% for 1997 from 55.6% for 1996. This increase was primarily 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 percent of total store revenue due to the relocation of certain stores acquired in 1996 and 1997 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. The average square footage per store was approximately 4,150 at December 31, 1996 as compared to 4,290 for 1997.

General and administrative expenses. General and administrative expenses expressed as a percentage of total revenue decreased to 4.0% for 1997 from 4.2% for 1996. Expressed as a percentage of store revenue only, general and administrative expenses, exclusive of expenses relative to ColorTyme, were 3.8% in both 1997 and 1996. Franchise general and administrative expenses as a percentage of franchise revenue totaled 5.3% in 1997, down significantly from 7.7% in 1996. This decrease was primarily attributable to streamlining efforts as overhead reductions were implemented in 1996 and 1997.

Operating profit. Operating profit increased by $14.9 million, or 48.1%, to $45.9 million for 1997 from $31.0 million for 1996.

Net earnings. Net earnings increased by $7.9 million, or 43.9%, to $25.9 million in 1997 from $18.0 million in 1996. The improvement was primarily attributable to the increase in operating profit described above.

COMPARISON OF YEARS ENDED DECEMBER 31, 1996 AND 1995

In May 1996, the Company completed the acquisition of ColorTyme, and between May 1996 and December 1996, the Company acquired a total of 94 additional stores. The 1996 acquisitions were accounted for as purchases, and accordingly, the operating results of the acquired operations have been included in the results of operations of the Company since the respective dates of acquisition. Primarily as a result of the 1996 Acquisitions on the Company's results of operations, comparisons of the Company's operating results for 1996 and 1995 may not be meaningful or indicative of future results.

Total revenues. Total revenue increased by $104.7 million, or 78.5%, to $238.0 million for 1996 from $133.3 million for 1995. Store revenues increased $76.5 million, 57.4% to $209.8 million in 1996 from $133.3 million in 1995. The increase in store revenue was primarily due to the inclusion of stores acquired in 1996 and the full year impact of the stores acquired in 1995. Store revenues also increased as a result of the increase in same store revenue growth of 3.8%. Some store revenues increased primarily due to an increase in both the number of items on rent and in revenue per rental. Franchise revenue was $28.2 million in 1996.

Depreciation of rental merchandise. Depreciation of rental merchandise increased by $13.4 million, or 45.3%, to $43.0 million for 1996 from $29.6 million for 1995. Depreciation of rental merchandise as a percent of total store revenue decreased to 20.5% for 1996 from 22.2% for 1995. The decrease in depreciation of rental merchandise as a percent of revenue was primarily attributable to higher rental rates on rental merchandise.

Salaries and other expenses. Salaries and other expenses as a percentage of store revenue increased to 55.6% for 1996 from 52.5% for 1995. This increase is primarily attributable to the increase in salaries for employees and other expenses of the acquired stores immediately following the acquisitions while store revenue has increased gradually. Additionally, the Company increased its advertising efforts during 1996 in the markets related to the stores acquired in 1996. Occupancy costs also increased as a percent of total store revenue due to the relocation of certain stores acquired in 1996 to stores that are larger in square footage. Revenue from these stores increased gradually while the additional occupancy costs are incurred immediately. The average square footage per store was approximately 3,800 at December 31, 1995 compared to 4,150 at December 31, 1996.

General and administrative expenses. General and administrative expenses expressed as a percentage of total revenue decreased to 4.2% for 1996 from 4.3% for 1995. This relatively small decrease was primarily attributable to the leveraging of corporate overhead expenses over a larger store and revenue base offset by franchise general and administrative expenses incurred in 1996 for the first year of operations. Franchise general and administrative expenses as a percentage of franchise revenue totaled 7.7% in 1996. This increase was

offset by the decrease in corporate overhead for store operations in 1996, which declined to 3.8% of store revenue in 1996 compared to 4.3% in 1995.

Operating profit. Operating profit increased by $11.2 million, or 56.6%, to $31.0 million for 1996 from $19.8 million for 1995.

Net earnings. Net earnings increased by $7.3 million, or 68.2%, to $18.0 million for 1996 from $10.7 million for 1995. The improvement was primarily attributable to the increase in operating profit described above, as well as a reduction in interest expense from 1995.

RESULTS OF OPERATIONS -- RENT-A-CENTER

The following table sets forth, for the periods indicated, certain historical Statement of Operations data as a percentage of total revenue.

	YEAR ENDED MARCH 31,			THREE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1997	1998
Revenue					
RTO revenue	100.0%	100.0%	97.3%	99.0%	96.6%
Non-RTO revenue	--	--	2.7	1.0	3.4
	100.0%	100.0%	100.0%	100.0%	100.0%
Operating Expenses					
Depreciation of rental merchandise	28.7%	28.1%	27.0%	27.9%	26.7%
Amortization of intangibles	2.1	2.5	2.7	2.7	2.5
Cost of merchandise sold	4.8	4.3	5.0	3.8	5.3
Salaries, wages and fringe benefits	28.5	29.4	31.0	30.4	31.0
Other	26.3	29.0	26.8	26.1	26.1
Restructuring charges	1.4	--	1.4	--	--
Total operating expenses	91.8	93.3	93.9	90.9	91.6
Operating profit	8.2	6.7	6.1	9.1	8.4
Interest expense/(income)	8.9	5.6	5.1	4.8	4.7
Earnings (loss) before income taxes	(0.7)%	1.1%	1.0%	4.3%	3.7%

Rent-A-Center increased its owned stores from 1,006 at fiscal year end 1993 to 1,384 at fiscal year end 1998. The following table sets forth the number of stores, opened, acquired and closed from 1994 through 1998.

	RAC				
FISCAL YEAR ENDED MARCH 31,	BEGINNING OF PERIOD STORE COUNT	NEW STORE OPENINGS	STORE ACQUISITIONS	STORE CLOSINGS	END OF PERIOD STORE COUNT
1994.....	1,006	54	27	(10)	1,077
1995.....	1,077	32	12	(12)	1,109
1996.....	1,109	12	200	(15)	1,306
1997.....	1,306	19	64	(22)	1,367
1998.....	1,367	34	25	(42)	1,384(1)

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(1) As of March 31, 1998, Rent-A-Center increased its store count by 25 to 1,409, the number of stores acquired by Renters Choice pursuant to the acquisition of Rent-A-Center.

COMPARISON OF THREE MONTHS ENDED JUNE 30, 1998 AND JUNE 30, 1997

Total revenue. Total revenues were $235.4 million for 1998 compared to $225.6 million for 1997, an increase of 4.3% or $9.8 million. The increase in revenues was primarily attributable to an increase in the total rental agreements outstanding, partially offset by a reduction in the average price charged per rental agreement. The increase in the total rental agreements outstanding was primarily the result of increases in the number of store locations, combined with increases in agreements outstanding in existing stores resulting from certain advertising promotions. Rent-A-Center ended the quarter ending June 30, 1998 with 1,404 store locations, up from 1,392 at June 30, 1997. The increase in the number of stores since June 30, 1997 was partially offset by the impact of the closing of 42 stores in the fourth quarter of fiscal 1998. The decrease in the average price charged per rental agreement was principally due to a shift in product mix toward less expensive items such as cellular phones and pagers, as well as promotional pricing programs.

Depreciation of rental merchandise. Depreciation of rental merchandise was approximately the same in terms of dollars for both periods, $62.9 million for 1998 and 1997. Depreciation of rental merchandise as a percent of revenues decreased to 26.7% for 1998 and from 27.9% in 1997. This decrease is primarily due to selected price increases in recent months on certain core products and an increasing emphasis on overall gross margin management.

Salaries, wages and fringe benefits. Salaries, wages and fringe benefits increased 6.6%, or $4.5 million, to $72.0 million for 1998 from $68.5 million for 1997. This increase was primarily related to the increase in the number of stores and rental agreements for fiscal 1998 as these salaries and wages were largely consistent with the number of rental contracts and stores.

Other operating expenses. Other operating expenses increased 4.0%, or $2.0 million, to $52.7 million for 1998 from $50.7 million for 1997. The increase was generally consistent with the revenue increase of 4.3% discussed above.

Net income. Net income decreased by $.5 million, to $3.3 million for 1998 from $3.8 million in 1997.

COMPARISON OF FISCAL YEAR ENDED MARCH 31, 1998 AND FISCAL YEAR ENDED MARCH 31, 1997

Total revenue. Total revenues were $904.0 million for fiscal 1998 compared to $926.9 million for fiscal 1997, a decrease of 2.5% or $22.9 million. Total RTO revenues decreased by 5.1%, or $47.3 million, to $879.6 million for fiscal 1998 from $926.9 million for fiscal 1997. RTO revenues are comprised of two principal components, rental revenues and other revenues. Rental revenues declined by 4.9%, or $37.8 million, from $764.0 million for fiscal 1997 to $726.2 million for fiscal 1998. The decline in rental revenues is primarily attributable to a reduction in the average price charged per rental agreement offset by an increase in total rental agreements outstanding. The reduction in the average price charged per rental agreement is principally due to a shift in product mix toward less expensive items such as cellular phones and pagers, as well as a promotional pricing program. The increase in the total rental agreements outstanding is primarily the result of promotional activities and an increase in the average number of stores open during the year. During the fiscal year, Rent-A-Center acquired and opened a total of 59 stores, but this was offset by the closing of 42 stores in the fourth quarter of fiscal 1998. Other revenues decreased slightly to $153.4 million for fiscal 1998 versus $162.9 million for fiscal 1997. This decrease was primarily attributable to decreased sales of used merchandise for fiscal 1998 due to stronger business conditions and better idle inventory management. This decrease was offset by increases in ancillary service fees and revenues associated with the rental of merchandise to commercial business. Ancillary services include the sale of product protection plans, cellular phones and pager airtime. The introduction of the Value Club program by Rent-A-Center for fiscal 1998, in particular, contributed positively to Other Revenues. The Value Club program provides customers loss damage waiver protection, extended service contracts, and other miscellaneous benefits such as dental savings, grocery coupons, discounts on auto service, entertainment discounts and emergency auto assistance. The balance of total revenues in 1998 of $24.4 million is due to Non-RTO Businesses ($20.2 million) including used car retailing, credit retailing and check cashing kiosks and conforming adjustments ($4.2 million). Non-RTO Businesses had no revenues in 1997.

Depreciation of rental merchandise. Depreciation of rental merchandise decreased by $15.8 million, or 6.1%, to $244.6 million for fiscal 1998 from $260.4 million for fiscal 1997. Depreciation of rental merchandise as a percent of RTO revenues decreased to 27.8% for 1998 and from 28.1% for 1997. This decrease was primarily due to results from the change in product mix discussed above and a reduction in the average quantity and cost of idle inventory held as available for rent in the stores. This reduction in idle inventory was largely due to the implementation of a new jewelry strategy in October 1997, which used alloy-based prototypes rather than actual jewelry for display in the stores.

Salaries, wages and fringe benefits. Salaries, wages and fringe benefits increased 2.8%, or $7.6 million, to $279.8 million for fiscal 1998 from $272.2 million for fiscal 1997. This

increase was primarily attributable to the increase in number of rental agreements for fiscal 1998 as these salaries and wages are largely consistent with the number of rental contracts.

Other operating expenses. Other operating expenses decreased 18.0%, or $25.9 million, to $117.6 million for fiscal 1998 from $143.5 million for fiscal 1997. The decrease was primarily a result of the impact of the field reorganization that occurred at the end of fiscal 1997. As part of the reorganization, field divisional offices were closed and consolidated into the corporate office. In addition, for fiscal 1998 Rent-A-Center eliminated store managers' meetings resulting in savings of $2.0 million.

Restructuring charges. Restructuring charges were $12.3 million for fiscal 1998, while fiscal 1997 had none. The restructuring charges related to the discontinuation of certain new concepts, certain nonperforming rental purchase stores and the reorganization of certain administrative support functions.

Operating income. Operating income decreased by $7.0 million, or 11.2%, to $55.3 million for fiscal 1998 from $62.3 million for fiscal 1997. This decrease was primarily attributable to the reasons stated above.

Net income. Net income increased by $5.5 million, or 137.5%, to $1.5 million for fiscal 1998 from a net loss of $4.0 million the fiscal 1997.

COMPARISON OF FISCAL YEAR ENDED MARCH 31, 1997 AND FISCAL YEAR ENDED MARCH 31, 1996

In August 1995, Rent-A-Center completed the U-Can-Rent acquisition, and in January 1996, Rent-A-Center completed the Advantage, Inc. acquisition. The financial results of these stores are included in Rent-A-Center's fiscal 1996 results from the dates of the respective acquisitions.

Total revenue. Total revenues were $926.9 million for fiscal 1997 compared to $897.9 million for fiscal 1996, an increase of $28.9 million, or 3.2%. Non-RTO Businesses had no revenues in 1997 and 1996. RTO revenues are comprised of two principal components, rental revenue and other revenue. Rental revenue increased 2.7%, or $19.9 million, during fiscal 1997 to $764.0 million from $744.1 million for fiscal 1996. The increase was primarily attributable to two acquisitions made during fiscal 1996. The increase in rental revenue experienced in fiscal 1997 as a result of these acquisitions was offset by soft results experienced by, Rent-A-Center overall., Rent-A-Center's net portfolio of agreements outstanding during fiscal 1997 declined by 55,400 primarily due to a disappointing holiday season. Other revenue increased 5.9%, or $9.1 million, during fiscal 1997 to $162.9 million from $153.8 million for fiscal 1996. The increase was primarily attributable to the impact of, Rent-A-Center's acquisitions made during fiscal 1996, as discussed above, as well as the increase in revenues associated with, Rent-A-Center's commercial rental business, which commenced operation in August 1995. In addition, during fiscal 1997, Rent-A-Center experienced a substantial increase in customer participation in its Value Club program which was introduced in fiscal 1996.

Restructuring charges. Restructuring charges were $12.6 million for fiscal 1996 while fiscal 1997 had none. The restructuring charges related to the consolidation of offices and reductions in the number of employees. These charges were primarily made up of employee separation costs.

Depreciation of rental merchandise. Depreciation of rental merchandise increased by $3.1 million, or 1.2%, to $260.4 million for fiscal 1997 from $257.4 million for fiscal 1996. Depreciation of rental merchandise as a percent of RTO revenues decreased to 28.1% for fiscal 1997 from 28.7% for fiscal 1996. This increase was primarily attributable to the result of the 1996 acquisitions and the associated increase in rental merchandise held as available for rent in the stores.

Salaries, wages and fringe benefits. Salaries, wages and fringe benefits increased 6.4% or $16.5 million, to $272.2 million for fiscal 1997 from $255.8 million for fiscal 1996. This increase was primarily attributable to the impact of the 1996 acquisitions and a reduction in average revenue per store for fiscal 1997 compared to fiscal 1996.

Other operating expenses. Other operating expenses increased $27.2 million, or 23.4%, to $143.5 million for fiscal 1997 from $116.3 million for fiscal 1996.

Operating income. Operating income decreased by $11.7 million, or 15.8%, to $62.3 million for fiscal 1997 from $74.0 million for fiscal 1996. This decrease was primarily attributable to the reasons stated above.

Net loss. The net loss decreased by $9.1 million, or 69.5% to a loss of $4.0 million for fiscal 1997 from a loss of $13.1 million for fiscal 1996.

HISTORICAL LIQUIDITY AND CAPITAL RESOURCES -- THE COMPANY

The Company's primary requirements for capital were the acquisition of existing stores, the opening of new stores, the purchase of additional rental merchandise and the replacement of rental merchandise which has been sold, charged-off or is no longer suitable for rent. During the year ended December 31, 1997, the Company acquired 71 stores (net of consolidation) for an aggregate purchase price of $30.5 million, all of which was paid in cash. The Company purchased rental merchandise in the amount of $85.9 million, $75.2 million and $44.5 million of rental merchandise during the years ended December 31, 1997, 1996 and 1995, respectively.

For 1997, cash provided by operating activities increased by $9.4 million from $19.4 million in 1996 to $28.8 million in 1997, primarily due to the $7.9 million increase in net earnings. Cash used in investing activities increased by $4.3 million from $36.3 million in 1996 to $40.6 million in 1997, primarily due to additional cash paid pursuant to the 1997 acquisitions. Additionally, the Company paid $2.3 million more in 1997 than 1996 for the purchase of property assets. The increase was attributable primarily to relocating and improving acquired stores. During 1997, cash provided by financing activities was $10.6 million, primarily from the Company's credit facility. During 1996, cash used in financing activities was $12.5 million, which relates primarily to repayment of debt to the Magic selling shareholders which was paid in full on January 2, 1996, offset by the net proceeds of the sale of the ColorTyme franchisee loan portfolio.

In connection with the acquisition of Magic Rent-to-Own, monthly payments of $33,333 were due under a consulting agreement through April 1, 2001, and monthly payments of $125,000 were due under a noncompetition agreement from February 1996 through January 1998. Pursuant to the settlement of the DEF litigation in January 1998, the Company was released from its obligations to make payments under such consulting and noncompetition agreements, in exchange for a final cash payment of $950,000.

In connection with the acquisition of Crown Leasing Corporation and certain of its affiliates, monthly payments of $16,667 were made under a consulting agreement that ended in October 1996, and in connection with the acquisition of Magic Rent-to-Own, monthly payments in the aggregate amount of $32,500 each are due under certain noncompetition agreements through August 2000.

HISTORICAL LIQUIDITY AND CAPITAL RESOURCES -- RENT-A-CENTER

RAC's primary capital requirements were the acquisition of existing stores, the opening of new stores, the purchase of additional rental merchandise and the purchase of replacement rental merchandise.

Capital spent on the purchase of new rental merchandise in 1998 was $306.8 million compared to $289.5 million and $299.7 million in 1997 and 1996, respectively. The cost of depreciation of rental merchandise was $244.6 million, $260.4 million and $257.4 million in 1998, 1997 and 1996, respectively.

In 1998, 1997 and 1996, Rent-A-Center acquired 25 new stores for cash consideration of $7.6 million, 64 new stores for cash consideration of $21.1 million, and 200 new stores for cash consideration of $124.6 million, respectively. Capital expenditures for property and equipment were $38.1 million, $32.3 million and $44.6 million in 1998, 1997 and 1996, respectively. Significant expenditures included (i) transportation equipment of $8.0 million, $10.9 million and $19.3 million in 1998, 1997 and 1996, respectively, (ii) computer furniture and equipment of $5.5 million, $3.8 million and $8.8 million in 1998, 1997 and 1996, respectively, (iii) leasehold improvements to open new stores and renovate and remodel existing stores of $12.1 million, $12.5 million and $4.4 million in 1998, 1997 and 1996, respectively, and (iv) store fixtures and equipment of $11.5 million, $4.9 million and $4.2 million in 1998, 1997 and 1996, respectively, and (v) buildings of $7.3 million in 1996.

LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY FOLLOWING THE EXCHANGE OFFER

The Company's primary liquidity requirements are for debt service under the Senior Credit Facilities, the Notes, other indebtedness outstanding, working capital and capital expenditures. As of June 30, 1998, the Company's consolidated indebtedness would have been approximately $895.7 million, consisting primarily of $720.0 million of the Senior Credit Facilities (excluding the unfunded Senior Revolving Credit Facility and outstanding letters of credit under the Letter of Credit/Multidraw Facility), $175.0 million of the Notes and $.7 million of other debt. In addition, the Company has raised $260 million through the sale of the Convertible Preferred Stock.

Capital expenditures are generally to maintain existing operations and for the acquisition and opening of stores. The Company expects to spend approximately $26.4 million in 1998 and $24.8 million in 1999 on capital expenditures, all of which are to maintain existing operations. Furthermore, the Company purchases new property and equipment in connection with a store acquisition or new store opening. The Company does not expect to open or acquire any additional stores other than franchised stores in 1998 or 1999.

In connection with the integration plan for Rent-A-Center, the Company expects to incur $45.0 million of nonrecurring cash costs within 24 months following the Rent-A-Center Acquisition.

Principal and interest payments under the Senior Credit Facilities and the Notes will represent significant liquidity requirements for the Company. Under the Term Loans, the Company 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 will bear interest at floating rates based upon the interest rate option selected by the Company. Under the terms of the Senior Credit Facilities, the Company is required to purchase and maintain interest rate protection with respect to 50% of the Term Loans for 3 years. During September 1998, the Company entered into a three-year interest rate swap for $250 million and a five-year interest rate swap for $250 million. These swaps fixed the interest rate plus the applicable spread for the applicable periods. The blended interest rate for the swaps is 5.59%. See "Description of Other Indebtedness."

The Company believes that cash flow from operations together with amounts available under the Revolving Credit Facility and Letter of Credit/Multidraw Facility will be sufficient to fund its debt service requirements, working capital needs, capital expenditures and litigation exposure. The Revolving Credit Facility provides the Company with revolving loans in an aggregate principal amount not exceeding $120.0 million and the Letter of Credit/Multidraw Facility will provide the Company with an additional $122.25 million of financing to support certain litigation assumed in connection with the Rent-A-Center Acquisition. Once the letter of credit is terminated, the Letter of Credit/ Multidraw Facility will convert to a $85 million term loan.

INFLATION

During the years ended December 31, 1997, 1996 and 1995, the cost of rental merchandise, lease expense and salaries and wages have increased modestly. The increases have not had a significant effect on the Company's results of operations because the Company has been able to charge commensurately higher rental rates for its merchandise.

QUARTERLY RESULTS -- THE COMPANY

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

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
	(DOLLARS IN THOUSANDS)			
Year ended December 31, 1997(1)				
Revenue	$74,587	$80,803	$83,864	$92,288
Operating profit	9,639	11,341	11,766	13,192
Year ended December 31, 1996(2)				
Revenue	$49,002	$57,756	$60,025	$71,182
Operating profit	6,344	7,558	7,957	9,183

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(1) During 1997, 28 stores were purchased during the first quarter; 39 stores were purchased during the second quarter; and nine stores were purchased during the third quarter. Of the 76 stores acquired, five were subsequently consolidated with existing store locations. In addition, two stores were opened during the first quarter; two stores were opened during the second quarter; four stores were opened during the third quarter; and two stores were opened during the fourth quarter.

(2) During 1996, 11 stores were purchased during the second quarter, 12 stores were purchased during the third quarter, and 71 stores were purchased during the fourth quarter of 1996. In addition, three stores were opened in the second quarter, four stores were opened in the third quarter, and six stores were opened in the fourth quarter of 1996.

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

In 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 addresses the manner in which certain items included in stockholders equity are displayed in the financial statements, but does not affect reported assets or net earnings. The Company adopted SFAS No. 130 effective January 1, 1998.

In 1997, the FASB issued SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information." See Note A to the consolidated financial statements of Renters Choice, Inc. and Subsidiaries for further discussion.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" effective for fiscal years beginning after June 15, 1998. The Company will account for the derivative transactions required under the terms of the Senior Credit Facilities in accordance with SFAS No. 133.

BUSINESS

THE COMPANY

The Company is the largest operator in the RTO industry with approximately 25% market share (based on the number of stores). The Company operates 2,126 company-owned stores, and franchises 307 stores, in 50 states, Puerto Rico and the District of Columbia. The Company's stores offer home electronics, appliances, and furniture and accessories under flexible rental purchase agreements that allow customers to obtain ownership of the merchandise at the conclusion of an agreed upon rental period. The RTO industry appeals to a wide variety of consumers by allowing them to obtain merchandise that they might otherwise be (i) unable to purchase due to insufficient cash resources or a lack of access to credit, or (ii) unwilling to purchase due to a temporary, short-term need or desire to rent.

Rent-A-Center Acquisition. On August 5, 1998, we acquired Rent-A-Center pursuant to an agreement with Thorn plc dated June 16, 1998, for approximately $900 million in cash (including the repayment of certain debt of Rent-A-Center), subject to adjustment. Prior to this acquisition, Rent-A-Center was the largest RTO competitor with 1,404 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. Rent-A-Center operated stores under three brand names, "Rent-A-Center," "Remco" and "U-Can-Rent." Rent-A-Center operated 1,158 stores under the Rent-A-Center brand, the most widely recognized store name in the RTO industry.

We financed the acquisition of Rent-A-Center through certain financing arrangements, consisting of a senior credit facility and a senior subordinated facility. We also issued a total of $260 million in preferred stock to certain affiliates of Apollo and to an affiliate of Bear Stearns to assist in the funding of the Rent-A-Center Acquisition, to repurchase $25 million of the Company's common stock and to repay our prior credit facility. Following the acquisition of Rent-A-Center, we issued the Old Notes to repay the senior subordinated facility. In connection with the acquisition of Rent-A-Center, we assumed certain of Rent-A-Center's ongoing litigation, including an adverse New Jersey state court judgment currently on appeal. In addition, Thorn plc has agreed to indemnify and hold harmless the Company and Rent-A-Center from two lawsuits and has deposited $40 million in escrow with respect to such claims and other indemnification claims the Company may have against Thorn plc. For additional information, please read the sections entitled "Risk Factors -- Legal Proceedings" and "-- Legal Proceedings" located elsewhere in this Prospectus.

Prior to the Rent-A-Center Acquisition, the Company was the second largest competitor in the RTO industry with 680 company-owned stores operating under the "Renters Choice" brand name in 35 states and Puerto Rico. In addition, its ColorTyme subsidiary was the largest RTO franchisor in the U.S. with 278 franchised stores in 37 states. The Company's management team has gained extensive experience in integrating acquisitions and is headed by J. Ernest Talley, the Chairman and Chief Executive Officer of the Company, who is generally credited with founding the RTO industry in the early 1960's. Since 1993, the Company's store count grew from 27 to 2,126 through acquisitions and new store openings.

Prior to the Rent-A-Center Acquisition, Rent-A-Center was the largest RTO competitor with 1,404 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. Rent-A-Center operated stores under three brand names, "Rent-A-Center," "Remco" and "U-Can-Rent." Rent-A-Center was Rent-A-Center's largest brand, with 1,158 stores, and is the most widely recognized store name in the RTO industry. Founded in 1973 and purchased by Thorn EMI plc in 1987, Rent-A-Center grew through both new store openings and acquisitions from 1,006 stores at fiscal year-end 1993 to 1,404 stores through June 30, 1998.

RTO INDUSTRY

Overview. According to APRO, an industry trade association, the RTO industry generated approximately $4.1 billion in revenue during 1996 through the rental of roughly 5.8 million products to approximately 3.0 million households. The Company estimates the RTO target market is greater than 20 million households, principally comprised of households with annual income from $15,000 to $50,000. The types of products rented by RTO customers include: furniture and accessories (34.9% of total units rented), electronics (31.1%), appliances (22.4%), and other items including jewelry, pagers and personal computers (11.6%). Management estimates that the RTO industry is comprised of approximately 8,300 stores. Although the five largest RTO companies operate approximately 38.5% of the industry's store base, the industry is highly fragmented as the majority of RTO competitors operate fewer than 20 stores. The industry has experienced significant consolidation since 1993, when the five largest RTO companies operated approximately 26.6% of the industry's store base. The RTO industry is experiencing consolidation primarily because larger, multi-unit operators have significant competitive advantages compared to their smaller competitors. Larger operators enjoy greater purchasing power, which enables them to offer more competitively priced merchandise and are able to operate more efficiently than smaller operators in areas such as management information systems, advertising and purchasing. Many smaller competitors lack the managerial resources necessary to operate larger RTO operations efficiently across multiple locations. Management believes that these factors will continue to promote the trend toward consolidation and present an opportunity for well-capitalized operators to acquire additional stores on favorable terms.

RTO Transaction. The RTO industry provides consumers with: (i) a means of obtaining merchandise without the burden of incurring debt or qualifying for credit, (ii) the ability to return merchandise at any time without future obligations, (iii) flexible payment terms, (iv) delivery, repair and pick-up service typically at no incremental charge, and (v) the potential for merchandise ownership after a predetermined number of payments. Customers enter into weekly or monthly rental purchase agreements, which renew automatically upon receipt of each payment. Rental payments are made each week in advance generally in cash. RTO companies retain title to rental merchandise during the term of the rental purchase agreement. Ownership of the merchandise typically transfers to the customer if the customer has continuously renewed the rental purchase agreement for a specified period of time or exercises a specified early purchase option. On average, however, ownership requirements are met on less than 25% of items being rented for the first time. Products are typically rented four to six times over a 24 month period with the average time on rent to each customer lasting approximately four months. Virtually all rental items are ultimately rented to ownership in subsequent rental transactions. The RTO transaction bears an important distinction to a traditional retail transaction: RTO

companies do not lend to customers or bear the associated credit risk because customers make all payments in advance. As a result, balance sheets of RTO companies have very few accounts receivable.

BUSINESS STRENGTHS

Over the past several years, the Company experienced significant increases in sales and operating income through acquisitions and internal growth. During this period, the Company focused on achieving a position as a market-leading operator of RTO locations. As a result, the Company believes that it benefits from the following competitive advantages.

Industry Leader. The Company is the largest competitor in the RTO industry (based on the number of stores) with market share of approximately 25%. The next largest operator has a market share of less than 5.5%. The Company operates 2,126 company-owned stores, and franchises 307 stores (including the largest RTO franchisor, ColorTyme) in 50 states, Puerto Rico and the District of Columbia. The Company's stores operate under various brand names including Renters Choice and Rent-A-Center, the most widely recognized name in the RTO industry. In 1997, the Company and Rent-A-Center together served over 1 million customers. As the only nationwide RTO competitor, the Company benefits from (i) greater visibility among consumers, (ii) geographic diversity, (iii) increased opportunities to expand into contiguous markets, (iv) certain efficiencies in areas such as advertising, purchasing and human resources, and (v) the ability to leverage its corporate overhead over a larger store base.

Consistent Revenue and Strong Cash Flow. The Company's loyal customer base, as well as its resilience to economic cycles, enables it to generate stable revenue. In 1997, repeat customers accounted for approximately 50% of the Company's revenues. Historically, the Company has not experienced a meaningful correlation between economic conditions (as measured by GDP growth) and same store revenue growth. Through the successful integration of Rent-A-Center into the Company's operating system, management expects to substantially increase the profit margins and cash flows at the combined company. Consistently stable revenue and strong margins (combined with low levels of maintenance capital expenditures) provide resources that can be used to fund the Company's growth strategy.

Superior Customer Service. Management believes that providing superior customer service is a key element for its long-term success. The Company achieves a high level of customer satisfaction by providing: (i) appealing store environments, (ii) premium quality, durable merchandise, (iii) personal customer service, and (iv) experienced, well-trained store personnel. The Company believes its high level of customer satisfaction allows the Company to maximize the number and length of rental agreements per store, leading to customer referrals and repeat business.

Premium Quality Product Offerings. The Company distinguishes itself from its competitors by purchasing, marketing, and renting premium name brand products from manufacturers such as Sony, JVC and Magnavox for home electronics; La-Z-Boy, Sealy and Ashley for home furnishings and accessories; and Whirlpool, General Electric and Kenmore for appliances. In addition to satisfying customer demand, premium products reduce service costs through increased reliability. Furthermore, the Company has

developed strong relationships with its key vendors, enabling cost effective direct-to-store distribution from its vendors.

Ability to Successfully Integrate Acquisitions. Since 1993, the Company acquired 2,090 stores, giving management extensive experience in the integration of diverse RTO operations. The Company's information systems facilitate acquisition integration by providing management with operating and financial information about each store location and region and every rental purchase transaction. As a result of management's ability to implement the Company's business practices, operating performance of the integrated stores has improved significantly. For example, in 1997, store operating margins (before field administration and corporate overhead) for all of the Company's stores was 23.9%, while its 325 mature stores (in the Company's system for at least two years) generated store operating margins of 26.8%. The Company's mature stores primarily consist of acquired stores. The average store operating margin for Rent-A-Center's stores for fiscal 1998 was 20.9%.

Experienced and Committed Management Team. The Company has a senior management team with an average of 17 years of RTO experience. J. Ernest Talley, Chairman and Chief Executive Officer of the Company, is generally credited with founding the RTO industry in the early 1960's. The Company's management team has a significant personal economic interest in the Company's performance: (i) the senior management group collectively owns approximately 26.2% of the Company on a fully-diluted basis, and (ii) store, regional and senior manager compensation is tied directly to store revenue and/or operating profit and such bonuses account for up to 30% of all compensation. The Company believes that the de-centralized, entrepreneurial spirit of its field management, together with the guidance provided by senior management, will continue to be a key factor in the Company's efforts to maximize revenue, improve margins and expand the Company's store base.

BUSINESS STRATEGY

The Company is focusing its strategic efforts on (i) the implementation of its integration plan, (ii) continued efforts to improve store operations, and (iii) the pursuit of strategic expansion once the integration plan is substantially in place.

Implement the Integration Plan. The Company management has developed a comprehensive program for the integration of Rent-A-Center, which it expects will be completed within 18-24 months. The Company believes it will experience over $30 million in net annual cash cost savings upon completion of the integration plan, primarily as a result of eliminating (i) duplicative general and administrative expenses, and (ii) Rent-A-Center's nationwide distribution network including seven distribution centers. Additional benefit and margin improvement is expected to be realized over time as management undertakes initiatives to enhance operations in Rent-A-Center stores. These cost savings represent less than 2.5% of the Company's latest twelve months revenues. In addition, the Company is continuing the process of integrating Central Rents, from which it expects to realize an additional $2.6 million of annual general and administrative cost savings.

Continue to Enhance Store Operations. Management seeks to improve store performance through strategies intended to produce gains in operating efficiency and profitability. The Company believes it will achieve these gains in revenues and operating margins in its

stores by: (i) using focused advertising to increase store traffic, (ii) expanding the offering of upscale, higher margin products (such as Sony wide screen televisions, La-Z-Boy recliners and JVC stereo systems) to increase the number of product rentals, (iii) employing strict store-level cost control, and (iv) closely monitoring each store's performance through the use of its management information system to ensure each store's adherence to established operating guidelines.

Pursue Strategic Expansion. Management has gained significant experience in the acquisition and integration of other RTO operators and believes the fragmented nature of the RTO industry will result in ongoing growth opportunities. Once the integration plan is substantially in place, the Company will again focus on strategic acquisition opportunities and new store development. The Company typically targets underperforming and undercapitalized chains of RTO stores. The acquired stores benefit from the administrative network, improved product mix, sophisticated management information system and purchasing power of the larger organization while strengthening their local market position. In addition, the Company has access to an expanding number of franchise locations, which it has the right of first refusal to purchase. The Company believes the RTO market is significantly under-penetrated and plans to continue opening new stores in current and new markets. The Company will focus its new market penetration in adjacent areas or regions which are underserved by the RTO industry. In evaluating a new market, the Company reviews demographic statistics, cost of advertising and the number and nature of competitors.

STORES

Store sizes range from approximately 1,500 to 8,200 square feet, and average approximately 3,600 square feet. Approximately 80% of each store's space is generally used for showroom space and 20% for offices and storage space. The Company operates approximately 2,126 Company-owned stores and 307 franchised stores in 50 states, Puerto Rico and the District of Columbia, as illustrated by the following table:

	NUMBER OF STORES			NUMBER OF STORES	
LOCATION	COMPANY OWNED	FRANCHISE	LOCATION	COMPANY OWNED	FRANCHISE
Alabama	46	--	Nebraska	4	--
Alaska	1	--	Nevada	16	4
Arizona	54	10	New Hampshire	15	2
Arkansas	23	2	New Jersey	40	9
California	119	8	New Mexico	10	10
Colorado	26	2	New York	100	19
Connecticut	17	6	North Carolina	95	9
Delaware	15	1	North Dakota	1	--
District of Columbia	4	--	Ohio	128	9
Florida	135	8	Oklahoma	37	13
Georgia	95	4	Oregon	6	4
Hawaii	11	1	Pennsylvania	76	6
Idaho	1	1	Puerto Rico	17	--
Illinois	115	--	Rhode Island	7	3
Indiana	75	17	South Carolina	28	1
Iowa	19	--	South Dakota	2	--
Kansas	28	17	Tennessee	78	8
Kentucky	40	6	Texas	225	58
Louisiana	35	4	Utah	16	1
Maine	--	13	Vermont	6	--
Maryland	46	6	Virginia	39	--
Massachusetts	40	11	Washington	27	3
Michigan	95	14	West Virginia	14	1
Minnesota	7	--	Wisconsin	29	2
Mississippi	12	4	Wyoming	1	--
Missouri	49	7			
Montana	1	3	Total	2,126	307

The Company has increased its owned stores from 27 at the beginning of 1993 to 2,126 at October 7, 1998 (including the acquisition of 1,409 Rent-A-Center stores). The following table shows the number of stores opened, acquired and closed during 1993 through 1998.

THE COMPANY

FISCAL YEARS ENDED DECEMBER 31,	BEGINNING OF PERIOD STORE COUNT	NEW STORE OPENINGS	STORE ACQUISITIONS	STORE CLOSINGS(1)	END OF PERIOD STORE COUNT
1993	27	1	84	--	112
1994	112	2	--	--	114
1995	114	4	209	(2)	325
1996	325	13	94	(9)	423
1997	423	10	76	(5)	504
1998(2)	504	1	1,632	(11)	2,126

(1) Historically the Company has only closed stores in connection with acquiring stores.

(2) Through October 7, 1998.

The Company focuses on expansion by making acquisitions and opening new stores. With respect to store acquisitions, the Company typically targets underperforming and undercapitalized chains of RTO stores. The acquired stores benefit from the management expertise, administrative network, improved product mix, sophisticated management information system and purchasing power of the larger organization allowing them to strengthen their local market position. In addition, the Company's information systems facilitate acquisition integration by providing management with access to operating and financial information about any store location or region in which the Company operates and generates management reports on a daily, weekly, month-to-date and year-to-date basis for each store and every rental purchase transaction.

Store leases typically range from three to five years and contain one to two renewal options. Before a new site is selected, management reviews demographic information regarding the median income, housing and other factors that affect the buying patterns for potential rental purchase customers primarily within a five mile radius for urban locations and up to 30 miles for rural locations of a potential site. Store locations are selected based upon management's analysis of such demographic information, location of competitors, customer traffic for the site, accessibility and cost. Stores are typically located in or near low to middle income neighborhoods, usually in strip shopping centers which contain a large anchor tenant and other suitable tenants. The Company estimates that the average investment with respect to opening a new store is approximately $350,000 of which rental merchandise comprises approximately 80% of the investment. The remaining investment consists of leasehold improvements, furnishings and fixtures, computer equipment, store signs and start-up costs. Newly opened stores generally become profitable after approximately six months. The Company does not intend to open new store locations until the plan for the integration of Rent-A-Center is substantially in place. Management believes that suitable store space is generally available for lease and that the Company would be able to relocate any of its stores without significant difficulty should it be unable to renew a particular lease. Management also expects that additional space will be readily available at competitive rates in the event the Company desires to open new stores.

PRODUCT SELECTION

The Company's stores offer merchandise from three basic product categories: home electronics, appliances and furniture and accessories. Management's policy is to ensure that its stores maintain sufficient inventory to provide a wide variety of high quality merchandise to its customers and emphasizes products from a core group of brand-name manufacturers. Choices of merchandise reflect management's belief that customers want to rent the same quality of merchandise that is available from more traditional retailers and that customers are willing to pay for value and quality. In addition, by focusing on its manufacturers' premium quality products, the Company seeks to avoid frequent service problems associated with inferior products. During 1997, home electronic products accounted for approximately 46%, appliances for 24% and furniture and accessories for 30% of the Company's store revenue. Management believes the effect of this product mix and its focus on "higher end" products results in its favorable profit margin relative to its competitors.

The general product mix in the Company's stores is determined by senior management, based on an analysis of customer rental patterns and the introduction of new products on a test basis. Individual store managers are responsible for determining the particular product selection for their store from the list of products approved by senior management. Customers may request either new merchandise or previously rented merchandise. Previously rented merchandise is offered at the same weekly or monthly rental rate as is offered for new merchandise, but with an opportunity to obtain ownership of the merchandise after fewer rental payments. In order to achieve gross margins consistent with its mature stores, the Company standardizes inventory in each of its acquired stores.

On average, Rent-A-Center's stores offer approximately 1,000 SKUs, as compared to approximately 100 SKUs offered by the Renters Choice stores. This greater number of product offerings is achieved in part through the use of an in-store catalog. Merchandise is offered from the same three basic product categories: home electronics (40.7% of total Rent-A-Center sales), appliances (16.6%) and furniture and accessories (27.5%), as well as computers, pagers, cellular phones and jewelry (15.2%). Historically, the Company has elected not to rent certain of these merchandise categories, such as pagers, cellular phones and jewelry. Management believes these products do not produce enough volume to justify their relatively lower margins. Moreover, with pagers and cellular phones, revenue is generated primarily from the sale of air time (which is not a part of the Company's business) rather than from the rental of the hardware. As part of the integration process, the Company intends to standardize the inventory in each of the Rent-A-Center stores.

Home Electronics. Home electronic products offered by the Company's stores include televisions, video cassette recorders and stereos. The Company offers home electronics merchandise from top brand manufacturers such as Magnavox, Sony, JVC and Technics. The Company's weekly rental prices in this product category currently range from approximately $9.99 to $45.99 per item.

Appliances. The Company rents major appliances manufactured by Whirlpool, General Electric and Kenmore, including refrigerators, washing machines, dryers, microwave ovens, freezers and ranges. The Company's weekly rental prices in this product category currently range from approximately $9.99 to $29.99 per item.

Furniture and Accessories. The Company offers a variety of furniture products, including dining room, living room and bedroom furniture featuring a number of styles, materials and colors. Showroom displays enable customers to visualize how the product will look in their homes and provide a showcase for accessories. The Company offers furniture made by Ashley, England-Corsair, La-Z-Boy and other top brand manufacturers. The Company's weekly rental prices in this product category currently range from approximately $5.99 to $35.99. Accessories such as pictures, plants, lamps and tables are typically rented as part of a package of items to furnish a complete room. Rental rates for accessories vary widely and are often determined based upon the rental rates of the other items in the package.

Computers. Rent-A-Center began the rental of computers in 1993 and the Company is considering adding computers to its product offering. As new generations of computers become available, Rent-A-Center reduced the rental rates and/or rental terms on older models. This makes the computers affordable to a customer base that would otherwise be unwilling or unable to afford the higher rates for the new units. Store associates receive training in marketing personal computers. Major computer brands in this category include Packard Bell and Epson. Weekly rental rates for computers range from $34.99 to $39.99.

PURCHASING AND DISTRIBUTION

Specific purchasing decisions for the Company's stores are made by store managers, subject to review by headquarters management. Other than the warehouses previously utilized by Rent-A-Center, the Company does not maintain any warehouse space. All merchandise is shipped by vendors directly to each store, typically within two to six days for electronics and appliances and one to two weeks for furniture, where it is held for rental. The Company purchases the majority of its merchandise directly from manufacturers. The Company's largest suppliers include Magnavox and Whirlpool, which accounted for approximately 21.7% and 21.6%, respectively, of merchandise purchased for the Company's stores in 1997. No other supplier accounted for more than 10% of merchandise purchased by the Company during such period. The Company generally does not enter into written contracts with its suppliers. Although the Company currently expects to continue relationships with its existing suppliers, management believes there are numerous sources of products available to the Company, and does not believe that the success of the Company's operations is dependent on any one or more of its present suppliers.

In contrast to the Company's strategy of direct-to-store delivery, Rent-A-Center previously maintained a nationwide network of seven distribution centers. These distribution centers consisted of warehouses, all of which were leased, ranging in size from 87,000 to 215,000 square feet (averaging approximately 135,000 square feet) and had the capacity to distribute to an average of approximately 300 stores each. Rent-A-Center utilized a fleet of 171 trucks to distribute its products through its distribution system, delivering merchandise to its stores once a week in the holiday season and once every two weeks in the off-peak season. Expenses incurred to operate this distribution network were $23.5 million for the fiscal year ended March 31, 1998. The Company is in the process of closing down 's distribution system as part of the integration process.

THE RENTAL PROCESS

Marketing. The Company uses advertising to introduce and reinforce the benefits of its rental-purchase program to existing and potential customers as well as to make such customers aware of new products and special promotions. The Company's advertisements emphasize such features as product and brand name selection, prompt delivery and the absence of any initial deposit, credit investigation or long-term obligation. The Company focuses on direct mail advertising, and to a lesser extent television, radio and secondary print advertising. Direct mail is used extensively because it allows the Company to target specific zip codes near its stores and those areas where potential customers reside. On average, the Company distributes approximately 8 million color flyers per month by direct mail. As a percentage of store revenues, the Company spent 4.7% ($13.7 million) in its most recent fiscal year on advertising. As the Company acquires or opens new stores in its existing market areas, it realizes certain efficiencies by listing all stores in the same market-wide advertisement.

Rental-Purchase Agreement. In general, the Company and Rent-A-Center utilized substantially similar rental purchase agreements and screening processes. The Company retains title to the merchandise during the term of the rental purchase agreement. The term required for ownership of new products on initial rental is 12 to 36 months depending on the product category. The contract also provides the customer with an early purchase option. On average, however, ownership requirements are met on less than 25% of items being rented for the first time. During 1997, the average actual term of the Company's rental purchase agreements was approximately 4.3 months. Actual rental periods vary based on the type of merchandise rented: consumer electronics products have an average actual rental period of 3.8 months, while appliances and furniture are generally rented for longer periods with an average actual rental period of 5.2 and 4.6 months, respectively.

The Company strives to make the rental-purchase transaction as simple and as accessible as possible for the customer. An agreement is intended to be straightforward and understandable and includes the total amount required to be paid for ownership of the merchandise, as well as all other required disclosures. If a customer elects to continue to rent the merchandise, the customer pays the next period's rental. If a customer elects to terminate an agreement, the Company will pick up the merchandise or the merchandise will be returned by the customer and in either case, will be held by the Company for re-rental. A customer may purchase a rented product at any time for a price based on a predetermined formula.

Approval Process. Although the Company does not conduct a formal credit review, the Company's order approval process provides a mechanism for qualifying a customer. This process is designed to verify a customer's financial ability to meet weekly or monthly payments and to ensure store personnel will be able to locate the merchandise should the customer's account become past due. The Company's qualification process consists of obtaining the customer's name, address, landlord or mortgage holder, source of income and personal references. Information is verified over the telephone by store personnel contacting the personal references and other sources. Generally, the Company will verify employment and residence status. Since merchandise is rented rather than purchased, the Company focuses on a customer's credibility, not the customer's credit history. If a customer does not pay promptly, the RTO merchandise is simply returned or picked up. The approval process is designed to be completed within an hour.

Product Delivery. The Company offers same day or 24-hour delivery and installation of its merchandise at no additional cost to the customer. While providing value to the customers, delivery of the merchandise provides the Company with further confirmation of the information provided in the customer's rental order and better inventory control. As an additional service to the customer, the Company provides free pick-up should the customer wish to terminate the rental agreement.

Repair. Through the network of 22 service centers previously utilized by Rent-A-Center and acquired pursuant to the Rent-A-Center Acquisition, the Company also provides any required service or repair of merchandise without additional charge, except for damage in excess of normal wear and tear. If the product cannot be repaired at the customer's residence, the Company provides a temporary replacement while the product is being repaired. The customer is fully liable for damage, loss or destruction of the merchandise, unless the customer purchases an optional loss/damage waiver. Most of the products offered by the Company are covered by a manufacturer's warranty for varying periods, which, subject to the terms of the warranty, is transferred to the customer in the event that the customer obtains ownership.

Collections. Management believes that good collections practices are critical to the Company's success in the RTO industry. Management believes its strict and disciplined approach to collections results in increased collected revenue and ultimately enhances its long term relationships with its customers. Once a customer accepts delivery of merchandise, the next priority is to encourage the customer to continue renting the merchandise while making all payments in a timely manner. The goal is to treat each customer with respect and dignity. Store managers use a computerized management information system to track cash collections on a daily basis. Most rental-purchase payments are made on or near the due date, with little or no collection efforts by the Company and are made in cash and in person. Having customers deliver payments in person affords the Company an opportunity to further develop its customer relationships and market additional merchandise. On average, 93.5% of all the Company's accounts are collected within seven days of their respective due dates.

In the event a customer fails to make a rental payment when due, store management will attempt to contact the customer to obtain payment and reinstate the contract or will terminate the account and arrange to regain possession of the merchandise. The Company attempts to recover the rental items by the seventh to tenth day following termination or default of a rental purchase agreement. Depending on state regulatory requirements, the Company charges for the reinstatement of terminated accounts or collects a delinquent account fee. It also collects loss/damage waiver fees from customers desiring such product protection in the case of theft and certain natural disasters. Such fees are standard in the industry and may be subject to government-specified limits. See "-- Government Regulation." The Company's policy is to charge-off accounts within 90 days of becoming past due. The Company's charge-offs due to lost or stolen merchandise, expressed as a percentage of store revenues, were approximately 2.1% in 1997, as compared to approximately 2.3% in 1996. Rent-A-Center's charge-offs were approximately 2.3% in 1997, as compared to approximately 2.4% in 1996. These percentages compare to an industry average of 2.9% in 1997 for chains of 20 stores or more.

STORE OPERATIONS

The Company employs a decentralized management organization, delegating significant responsibility to its store and field managers and emphasizing results-oriented compensation directly tied to store profitability and/or growth in store revenue. A typical mature store has a store manager, an assistant manager, and two or three account executives. Each store is responsible for its operations including customer relations, credit management, delivery and pickup of merchandise, inventory management, staffing and certain marketing efforts. Account executives make deliveries, monitor accounts, secure timely rental payments and pick up rental merchandise, as necessary.

The Company's philosophy is to treat store managers as "owners" of their stores. At the end of each year, store managers prepare projections for the upcoming year that must be approved by executive officers and senior management. Each month actual results are compared to projected results, and managers must be able to explain significant discrepancies. Because up to 30% of the compensation of the managers of mature stores is based on profitability, store managers are attentive to their store's financial statements and play an active role in the analysis of store performance.

The latitude granted to the Company's store managers is a key to manager accountability. Unless inventory units not rented within the last 90 days exceed acceptable levels, no approval by the Company's senior management is required to order merchandise from the Company's approved vendor list. The Company has idle inventory standards that are closely monitored and designed to provide for adequate display merchandise without building up excess inventory. All of these factors help keep store inventory as low as possible while maintaining sufficient quantities for store displays and customer deliveries.

As part of the integration process, the Company is currently reallocating its existing resources to add the assistant manager position in the Rent-A-Center stores. Management believes the assistant manager is a critical position in increasing store depth as it adds additional support for the store manager and develops management backup. In addition, starting pay for entry level positions in the Company's stores is greater than in Rent-A-Center stores. In addition, the Company intends to transition the salaries of Rent-A-Center's entry level employees to those of the Company as it believes the higher wages allow it to attract and retain stronger, more efficient employees.

REGIONAL MANAGEMENT

Each store manager reports to a market manager who typically oversees seven to nine stores. Market managers are primarily responsible for monitoring individual store performance and inventory levels within their respective regions. The Company's approximately 265 market managers, in turn, report to 41 regional directors, who monitor the operations of approximately six regions, and, through the market managers, individual store performance. The regional directors report to the Company's senior management and together, the regional directors and senior management direct and coordinate purchasing, financial planning and controls, employee training, personnel matters and new store site selection. Despite the Company's decentralized structure, senior management closely monitors operations by examining store-level performance on a daily basis through the Company's management information system and frequent on-site reviews. As part of the integration process, the Company is in the process of reorganizing Rent-A-Center's field

reporting structure and aligning its compensation plans to conform to the structure employed by the Company. Up to 30% of all market manager compensation at the Company is tied directly to store revenue and/or operating profit.

RECRUITMENT, RETENTION AND TRAINING

The Company places great importance on recruiting and training quality personnel and believes that its managers are among the best in the industry. As part of its recruiting process, each prospective store employee is administered an examination to determine his or her managerial abilities. In order to attract and retain quality personnel, the Company generally pays its entry level employees more than the industry average and provides competitive benefits packages. In order to become a store manager, a candidate must have experience working in the Company system and be selected by regional and senior management and complete the management training program. In order to be promoted to regional manager, a candidate must have previously served as a store manager.

The Company conducts an annual managers' meeting at a central location attended by store managers, regional managers, regional vice presidents and executive management. At such sessions, prior performance is critiqued, operating procedures are reviewed and revised, new merchandise is showcased and managers receive classroom training in the areas of financial management, product information, inventory management, customer service, credit management and other areas of store operations.

MANAGEMENT INFORMATION SYSTEMS

Utilizing the Company's management information system, executive management, regional managers and store managers can closely monitor the productivity of stores under their supervision as compared to prescribed guidelines. This system provides the Company's management with access to operating and financial information about each store location and region, and generates management reports on a daily, weekly, month-to-date and year-to-date basis for each unit of merchandise and every rental purchase transaction. The reports for all stores are reviewed daily by senior management and any irregularities are addressed the following business day. Each store is equipped with a computer system that tracks individual components of revenue, each item in idle and rented inventory, total items on rent, delinquent accounts and other account information. In addition, the Company's computer system maintains all standard agreements, which are printed off the system on an as-needed basis at each store. All documents including standard agreements, sales material and collection material have been pre-formatted. The Company has only four employees in its management information system department as it outsources the maintenance and software development to an outside vendor.

COMPETITION

The RTO industry is highly competitive. The Company is the largest RTO operator with 2,126 stores as well as the largest franchisor with 307 stores. The five largest industry participants account for only 38.5% of the approximately 8,300 RTO stores in the United States. The Company's stores will compete with other RTO businesses, as well as with rental stores that do not offer their customers a purchase option. With respect to customers desiring to purchase merchandise for cash or on credit, the Company will also compete

with department stores and discount stores. Competition is based primarily on store location, product selection and availability, customer service and rental rates and terms.

FRANCHISE OPERATIONS

ColorTyme is the largest nationwide RTO franchisor with 284 stores in 37 states. In addition, Rent-A-Center has 23 franchise stores.

All ColorTyme franchised stores use ColorTyme's trade names, service marks, trademarks, logos, emblems and indicia of origin and operate under distinctive operating procedures and standards specified by ColorTyme. ColorTyme's primary source of revenue is the sale of rental equipment to its franchisees, who, in turn, offer the equipment to the general public for rent or purchase under a RTO program. As franchisor, ColorTyme receives royalties of 2.3% to 4.0% of the franchisees' rental income and, generally, an initial fee of $7,500 per location for existing franchisees and up to $25,000 per location for new franchisees.

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

RAC has 23 franchised locations operating under the Rent-A-Center name. As franchisor, Rent-A-Center receives royalties of up to 3% of gross receipts and a fee of $25,000 per location. Additionally, franchisees can purchase merchandise through Rent-A-Center with no mark-up. Rent-A-Center franchisees pay substantially the same amount for advertising as the ColorTyme stores.

EMPLOYEES

As of September 30, 1998, the Company had approximately 11,795 employees, of whom approximately 427 were assigned to the Company's headquarters and the remainder of whom were directly involved in the management and operation of the Company's stores. As of the same date, ColorTyme had approximately 18 employees, all of which were employed full-time. None of the Company's employees are covered by a collective bargaining agreement.

PROPERTIES

The Company. The Company leases space for all of its retail stores, as well as its corporate and regional offices, under operating leases. Most of these leases are for terms of 3 to 5 years and contain renewal options for an additional one or two terms at rental rates adjusted according to agreed upon formulas. The Company's headquarters are currently located at 13800 Montfort Drive, Dallas, Texas, and consist of approximately 19,450 square feet. The Company has entered into a new lease located at 5700 Tennyson Parkway, Plano, Texas (the "New Headquarters"). The New Headquarters consist of approximately 82,274 square feet and will be the home office for all of the Company's

operations beginning in November 1998. The Company intends to dispose of the former headquarters of Rent-A-Center located in Wichita, Kansas.

ColorTyme. ColorTyme's headquarters are located at 1231 Greenway Drive in Irving, Texas, and consist of approximately 9,600 square feet. It is anticipated that ColorTyme will relocate to the New Headquarters in January 1999.

GOVERNMENT REGULATION

State Regulation

There are currently 45 states that have legislation regulating rental purchase transactions. With some variations in individual states, most state legislation requires the lessor to make prescribed disclosures to customers about the rental purchase agreement and transaction, and provides time periods during which customers may reinstate agreements. Some state rental purchase laws prescribe grace periods for nonpayment, prohibit or limit certain types of collection or other practices, and limit certain fees that may be charged. Nine states limit the total rental payments that can be charged. Such limitations, however, do not become applicable in general unless the total rental payments required under agreements exceed 2 times to 2.4 times of the "disclosed cash price" or the retail value.

Minnesota and, more recently, Wisconsin and New Jersey have had lower court decisions which treat rental purchase transactions as credit sales subject to consumer lending restrictions. In response, the Company has developed and utilizes rent-to-rent agreements similar to RTO agreements in both Wisconsin and Minnesota.

Three other states (Alaska, Montana and North Carolina), Puerto Rico and the District of Columbia have no rental purchase legislation. However, the retail installment sales statute in North Carolina recognizes that rental purchase transactions which provide for more than a nominal purchase price at the end of the agreed rental period are not credit sales under such statute. The Company operates 23 stores in the remaining jurisdictions which have no rental purchase legislation.

There can be no assurance that new or revised rental purchase laws will not be enacted or, if enacted, that such laws would not have a material adverse effect on the Company. See "Risk Factors -- Government Regulation."

Federal Legislation

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

LEGAL PROCEEDINGS

From time to time, the Company, along with its subsidiaries, is 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 (i) in states that do not have RTO legislation, (ii) that RTO transactions are disguised installment sales in violation of applicable state installment statutes and (iii) that allege greater damages. Statutory compliance claims generally involve claims (i) in states that have RTO legislation, (ii) that the operator failed to comply with applicable state rental purchase statutes (e.g., notices and late fees) and (iii) that allege lesser damages. Except as described below, the Company is not currently a party to any material litigation.

The following litigation matters were acquired from Rent-A-Center pursuant to the Rent-A-Center Acquisition. In connection with accounting for the Rent-A-Center Acquisition, the Company made appropriate purchase accounting adjustments for 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 Rent-A-Center RTO contracts since April 19, 1988. During this period, Rent-A-Center 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 Rent-A-Center and ordered Rent-A-Center to pay the plaintiffs the amount equal to (i) all reinstatement fees collected by Rent-A-Center since April 29, 1988 and (ii) 40% of all rental revenue collected by Rent-A-Center 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 Rent-A-Center 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. Rent-A-Center filed its notice of appeal on January 26, 1998 and filed its appellate brief on May 5, 1998. The Company is vigorously defending this action. However, there can be no assurance that the Company will be successful on appeal.

Burney v. Thorn Americas, Inc. The plaintiffs originally filed a class action in federal court in Wisconsin alleging Rent-A-Center's RTO 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. The court then withdrew that decision and dismissed the action for lack of federal subject matter jurisdiction once the plaintiffs withdrew their truth-in-lending 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 RTO contracts with Rent-A-Center in Wisconsin after October 19, 1988 and who have paid RAC an amount equal to or greater than the value of the merchandise. During this period, Rent-A-Center 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 are currently in settlement negotiations with respect to this matter.

Colon v. Thorn Americas, Inc. The plaintiffs filed this class action in November 1997 in New York state court. Rent-A-Center 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 RTO 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 Rent-A-Center immunity from suit for other statutory violations. Plaintiffs allege Rent-A-Center has a duty to disclose "effective interest" under New York consumer protection laws, and seek damages for Rent-A-Center's failure to do so. This suit also alleges violations relating to late fees, harassment, undisclosed charges, and the ease of use and accuracy of its payment records. No damages theory was specified in the complaint. The proposed class includes all New York residents who were party to Rent-A-Center RTO contracts from November 26, 1991 through November 26, 1997. The Company is vigorously defending this action and on September 24, 1998, filed motions to deny class certification and dismiss the complaint. However, there can be no assurance that such motions will be granted or that Rent-A-Center 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 RTO contracts constitute "consumer leases" under Massachusetts' RTO statute, but contend that Rent-A-Center failed to comply with certain statutory provisions and Rent-A-Center failed to provide certain disclosures. Plaintiffs seek actual and statutory damages and an injunction to prohibit Rent-A-Center from engaging in the acts complained of. The proposed class includes all Massachusetts residents who were parties to Rent-A-Center RTO contracts in the four-year period prior to the January 6, 1998 filing. The Company is vigorously defending this action. However, there can be no assurance that Rent-A-Center will be found not to have any liability.

Allen v. Thorn Americas, Inc. The plaintiffs filed August 15, 1997 a putative nationwide class action suit in federal court in Missouri, alleging that Rent-A-Center has discriminated against African-Americans in its hiring, compensation, promotional and termination policies. The Company has settled this matter in principle for approximately $6.75 million.

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. This case has been dormant since 1994. The Company intends to vigorously defend its subsidiary in this action should it once again become active. However, there can be no assurance that Rent-A-Center will be found not to have any liability.

In connection with the Rent-A-Center Acquisition, Thorn plc agreed to indemnify and hold harmless the Company and Rent-A-Center from the following two lawsuits and deposited $40 million in escrow in respect of these two lawsuits and other indemnification claims that the Company 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 Rent-A-Center from August 1, 1990 through November 30, 1996. The plaintiffs alleged that Rent-A-Center's RTO 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 Rent-A-Center and ordered it to pay approximately $30 million to the plaintiffs. Under certain provisions of the judgment, Rent-A-Center may receive certain credits against the judgment. On May 15, 1998, Rent-A-Center filed a notice of appeal from the damages finding only.

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 RTO legislation, Rent-A-Center's RTO contracts were actual installment sales contracts in violation of Pennsylvania law. Rent-A-Center entered into a settlement agreement with the plaintiffs whereby Rent-A-Center agreed to pay $9,350,000. On July 8, 1998, the court approved the settlement.

The following litigation matters against the Company are also pending:

Gallagher v. Crown Leasing Corporation. On January 3, 1996, Renters Choice was served with a class action complaint adding it 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 RTO contracts with Crown between April 25, 1988 and April 20, 1995. During this period, Crown operated approximately 5 stores in New Jersey. The lawsuit alleges, among other things, that under certain RTO contracts entered into between the plaintiff class and Crown, some of which were purportedly acquired by Renters Choice pursuant to the acquisition of Crown and certain of its affiliates (the "Crown Acquisition"), 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 Renters Choice in connection with the Crown Acquisition, Renters Choice did not contractually assume any liabilities pertaining to Crown's RTO 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 has allowed the lawsuit to proceed in New Jersey, where the state court recently 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. Although the plaintiffs were unsuccessful in their attempt to certify a class against Renters Choice, the plaintiffs have attempted to assert a theory of successor liability against Renters Choice. Management believes there is no basis for a claim of successor liability against Renters Choice. The Company will take appropriate steps to defend the successor liability issues at trial. Due to the uncertainties associated with any litigation, the ultimate outcome of this matter cannot presently be determined.

Michelle Newhouse v. Renters Choice, Inc./Handy Boykin v. Renters Choice, Inc. On November 26, 1997 a class action complaint was filed against the Company by Michelle Newhouse in New Jersey state court alleging, among other things, that under certain RTO contracts entered into between the plaintiffs and the Company, the Company 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 RTO merchandise from the Company within the past six years. During this period, the Company operated approximately 17 stores in New Jersey.

The Company removed the case to federal court on January 21, 1998, and was 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 the Company 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. Management anticipated such a replacement and intends to defend this matter vigorously. The Company removed the Boykin case to federal court, where Boykin's motion to remand to New Jersey state court is now pending. No motion for class certification has been made; however, due to the uncertainties associated with any litigation, the ultimate outcome of this matter cannot presently be determined. An adverse decision in this case could have a material effect on the Company.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the executive officers and directors of the Company:

NAME	AGE	POSITION
J. Ernest Talley	63	Chairman of the Board of Directors and Chief Executive Officer
Mark E. Speese	41	President, Chief Operating Officer and Director
Danny Z. Wilbanks	42	Senior Vice President -- Finance and Chief Financial Officer
L. Dowell Arnette	51	Executive Vice President
Joseph V. Mariner, Jr	78	Director
J.V. Lentell	60	Director
Rex W. Thompson	48	Director
Laurence M. Berg	32	Director
Peter P. Copses	40	Director

J. Ernest Talley. Mr. Talley has served as Chairman of the Board of Directors of the Company since May 1989 and Chief Executive Officer since November 1994. Mr. Talley operated an RTO business from 1963 to 1974 in Wichita, Kansas, which he sold to Remco (later acquired by Rent-A-Center and acquired as part of the Rent-A-Center Acquisition) in 1974. From 1974 to 1988, he was involved in the commercial real estate business in Dallas, Texas. Mr. Talley co-founded Talley Lease to Own, Inc. with his son, Michael C. Talley, in 1987 and served as a director and Chief Executive Officer of that company from 1988 until its merger with Renters Choice on January 1, 1995.

Mark E. Speese. Mr. Speese has served as President and a director of Renters Choice since 1990, and as Chief Operating Officer since November 1994. From the Company's inception in 1986 until 1990, Mr. Speese served as a Vice President responsible for the Company's New Jersey operations. Prior to joining Renters Choice, Mr. Speese was a regional manager for Rent-A-Center from 1979 to 1986.

Danny Z. Wilbanks. Mr. Wilbanks was appointed Senior Vice President -- Finance and Chief Financial Officer of Renters Choice in April 1997. From January 1995 to April 1997, Mr. Wilbanks served as President and Chief Executive Officer of Trans Texas Capital, L.L.C., a rental purchase company, the assets of which were acquired by Renters Choice in February 1997. Between August 1993 and January 1995, Mr. Wilbanks was a self-employed consultant in the RTO industry. From January 1986 to August 1993, Mr. Wilbanks, who is a certified public accountant, served as Chief Financial Officer of Remco.

L. Dowell Arnette. Mr. Arnette has served as an Executive Vice President of Renters Choice since September 1996. From May 1995 to September 1996, Mr. Arnette served as Senior Vice President of Renters Choice. From November 1994 to May 1995, he served as

Regional Vice President of Renters Choice. From 1993 to November 1994, he served as a regional manager of Renters Choice responsible for the southeastern region. From 1975 until 1993, Mr. Arnette was an Executive Vice President of DEF Investments, Inc. ("DEF"), an operator of RTO stores. The Company acquired substantially all of the assets of DEF and its subsidiaries in April 1993. Mr. Arnette is the brother of Joe T. Arnette, Vice President -- Training & Personnel of Renters Choice.

Joseph V. Mariner, Jr. Mr. Mariner has served as a director of Renters Choice since February 1995. Until his retirement in 1978, Mr. Mariner served as Chairman of the Board of Directors and Chief Executive Officer of Hydrometals, Inc., a large conglomerate with subsidiaries engaged in the manufacture of retail plumbing supplies, nonpowered hand tools and electronic components. Mr. Mariner currently serves as a director of Temtex Industries, Inc., a manufacturer of energy efficient fireplaces and gas logs, Peerless Mfg. Co., a manufacturer of heavy oil and gas filtration equipment and Dyson Kissner Moran Corp., a New York based private investment company engaged in acquiring and operating a multitude of manufacturing companies with additional holdings in real estate.

J.V. Lentell. Mr. Lentell has served as a director of Renters Choice since February 1995. Mr. Lentell was employed by Kansas State Bank & Trust Co., Wichita, Kansas, from 1966 through July 1993, serving as Chairman of the Board from 1981 through July 1993. Since July 1993, he has served as a director and Vice Chairman of the Board of Directors of Intrust Bank, N.A., successor by merger to Kansas State Bank & Trust Co.

Rex W. Thompson. Mr. Thompson has served as a director of Renters Choice since February 1995. Since 1988, Mr. Thompson has served as a Professor of Finance at the Edwin L. Cox School of Business, Southern Methodist University, Dallas, Texas, where he is the Collins Professor of Finance. Mr. Thompson previously served as department chair, and as an associate professor at the University of British Columbia and the Wharton School of Business.

Laurence M. Berg. Mr. Berg was appointed a director of Renters Choice on August 5, 1998. Mr. Berg has been associated since 1992 and a principal since 1995 with Apollo Advisors, L.P., which together with its affiliates, acts as managing general partner of Apollo Investment Fund, L.P., AIF II, L.P., Apollo Investment Fund III, L.P., and Apollo Investment Fund IV, L.P. Mr. Berg is also a director of Paragon Health Network, Inc., Continental Graphics Holdings, Inc., CWT Specialty Stores, Inc. and Communications Corp. of America. Mr. Berg serves as one of Apollo's designees on the Company's Board.

Peter P. Copses. Mr. Copses was appointed a director of Renters Choice on August 5, 1998. Mr. Copses has been a principal since 1990 of Apollo Advisors, L.P., which, together with its affiliates, acts as managing general partner of Apollo Investment Fund, L.P., AIF II, L.P., Apollo Investment Fund III, L.P. and Apollo Investment Fund IV, L.P. Mr. Copses is also a director of Paragon Health Network, Inc., Dominick Supermarkets, Inc., and Zale Corporation. Mr. Copses serves as one of Apollo's designees on the Company's Board.

TERM AND COMPENSATION OF DIRECTORS

The Company's Board of Directors is divided into three separate classes (Class I, Class II and Class III), with one class of directors elected at each annual meeting to serve a three year term. Each director elected serves in such capacity until the next annual meeting of the stockholders of Renters Choice were that class re-elected or until their successors are duly elected and qualified. Directors that are not employees of Renters Choice (the "Outside Directors") each receive $3,000 for each meeting of the Board of Directors that they attend and $1,000 for attending a meeting of a committee of the Board of Directors. Automatic annual awards of fully-vested options to purchase 3,000 shares of common stock at the market price on the date of grant are made to each Outside Director on the first business day of each year. Each of the Company's directors is reimbursed for any expenses incurred by such director in connection with such director's attendance at a meeting of the Board of Directors, or committee thereof. Directors receive no other compensation from Renters Choice for serving on the Board of Directors.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has appointed (i) a Compensation Committee which consists of Messrs. Thompson, Lentell and Mariner, (ii) an Audit Committee comprising Messrs. Mariner, Lentell and Thompson and (iii) a Finance Committee comprising Messrs. Talley, Lentell and Copses. Either Mr. Copses or Mr. Berg will serve on the Compensation Committee and the Audit Committee.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

J.V. Lentell, a director of the Company, serves as Vice Chairman of the Board of Directors of Intrust Bank, N.A., one of the Company's lenders. Intrust Bank, N.A. was an $18,000,000 participant in the Prior Credit Facility and is a $20,000,000 participant in the Senior Credit Facilities. The Prior Credit Facility was replaced by the Senior Credit Facilities. In addition, Intrust Bank, N.A. serves as trustee of Company's 401(k) plan.

No executive officer of the Company served as a member of the compensation or similar committee or Board of Directors of any other entity of which an executive officer served on the Compensation Committee or Board of Directors of the Company.

LIMITATION OF LIABILITY AND INDEMNIFICATION

As permitted by the Delaware General Corporation Law, the Company has adopted provisions in its Certificate of Incorporation and Bylaws which provide for the indemnification of directors and officers of the Company to the fullest extent permitted by applicable law. These provisions, among other things, indemnify each of the Company's directors for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by such director in any action or proceeding, including any action by or in the right of the Company, on account of such director's service as a director of the Company. In addition, the Company maintains a customary directors' and officers' liability insurance policy covering its directors and officers. The Company believes that these indemnification provisions are necessary to attract and retain qualified persons as directors.

EXECUTIVE COMPENSATION

The following table summarizes the compensation for fiscal 1997, 1996 and 1995 for the Company's Chief Executive Officer and each of its four other most highly compensated executive officers in fiscal 1997 (the Chief Executive Officer and such other officers, collectively, the "Named Executive Officers"):

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION		ANNUAL COMPENSATION(1) SALARY($)	BONUS($)	LONG-TERM COMPENSATION SECURITIES UNDERLYING OPTIONS(#)	ALL OTHER COMPENSATION ($)
J. Ernest Talley.....	1997	$250,000	$ --	--	--
Chairman of the Board and Chief Executive Officer	1996	240,000	--	--	--
	1995	240,000	--	--	--
Mark E. Speese.....	1997	$170,000	$21,000	--	--
President and Chief Operating Officer	1996	160,000	16,000	--	--
	1995	150,000	10,000	--	--
Mitchell E. Fadel(2).....	1997	$210,000	$96,000	10,000(3)	--
President -- ColorTyme, Inc.	1996	105,000(2)	96,000	--	--
	1995	--	--	--	--
L. Dowell Arnette.....	1997	$160,000	$25,000	--	--
Executive Vice President	1996	150,000	16,000	--	--
	1995	132,000	23,000	15,000(4)	--
Dana F. Goble.....	1997	$120,000	$14,000	5,000(5)	--
Senior Vice President	1996	82,000	22,000	--	--
	1995	60,000	12,000	15,000(6)	--

(1) The Named Executive Officers did not receive any annual compensation not properly categorized as salary or bonus, except for certain perquisites or other benefits the aggregate cost of which did not exceed the lesser of $50,000 or 10% of the total of annual salary and bonus for each such officer.

(2) Mr. Fadel is President of ColorTyme, which was acquired by the Company in May 1996. The amount presented for 1996 reflects the portion of his $210,000 annual salary received in 1996.

(3) These amounts represent options to purchase the Company's Common Stock that were granted to Mr. Fadel in July 1996 and were outstanding as of December 31, 1996 (the "1996 Options"). Effective January 2, 1997, the 1996 Options were canceled and Mr. Fadel was granted 10,000 new options (the "New Options") to replace the 1996 Options. The New Options vest at 25% per year, beginning January 2, 1998.

(4) In May 1995, Mr. Arnette was granted 15,000 options to purchase the Company's Common Stock on a one-for-one basis, pursuant to the Company's Long-Term Incentive Plan. The options vest over four years and expire 10 years from the date of the grant.

(5) In January 1997, Mr. Goble was granted 5,000 options to purchase the Company's Common Stock on a one-for-one basis, pursuant to the Company's Long-Term Incentive Plan. The options vest over four years and expire 10 years from the date of the grant.

(6) In May 1995, Mr. Goble was granted 15,000 options to purchase the Company's Common Stock on a one-for-one basis, pursuant to the Company's Long-Term Incentive Plan. The options vest over four years and expire 10 years from the date of the grant.

OPTIONS GRANTED IN LAST FISCAL YEAR

The following table sets forth information concerning options granted during fiscal 1997 to each of the Named Executive Officers. To date, no such options have been exercised.

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED(2)	% OF TOTAL GRANTED IN FISCAL 1997	EXERCISE PRICE(3)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL STOCK PRICE APPRECIATION FOR OPTION TERM(1) 5%	10%
J. Ernest Talley.....	0	0	N/A	N/A	N/A	N/A
Mark E. Speese.....	0	0	N/A	N/A	N/A	N/A
Mitchell E. Fadel....	10,000(4)	1.16%	$14.38	1/2/07	90,450	229,217
L. Dowell Arnette....	0	0	N/A	N/A	N/A	N/A
Dana F. Goble.....	5,000	0.58%	$14.38	1/2/07	45,225	114,609

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(1) These amounts represent certain assumed rates of appreciation only. Actual gains, if any, on stock option exercises are dependent on the future performance of the Company's Common Stock and overall market conditions. There can be no assurance that the amounts reflected in this table will be achieved.

(2) Options are exercisable at 25% per year, beginning one year from the date of grant.

(3) The exercise price was fixed at the date of the grant and represented the fair market value per share of common stock on such date.

(4) These amounts represent the 1996 Options that were granted to Mr. Fadel in July 1996 and were outstanding as of December 31, 1996. Effective January 2, 1997, the 1996 Options were canceled and Mr. Fadel was granted 10,000 new options to replace the 1996 Options. The New Options vest at 25% per year, beginning January 2, 1998, have an exercise price of $14.38 per share and expire on January 2, 2007.

EMPLOYMENT AGREEMENTS

The Company entered into an employment agreement with Danny Z. Wilbanks dated March 28, 1997, pursuant to which Mr. Wilbanks became the Senior Vice President -- Finance and Chief Financial Officer of the Company effective April 1, 1997. The employment agreement provides for Mr. Wilbanks' employment by the Company for a two-year period commencing April 1, 1997, subject to earlier termination by the Company or Mr. Wilbanks at any time for any reason, and for an annual salary of $140,000 for the first year, with annual increases thereafter as authorized by the Company's Board of Directors. The Company and Mr. Wilbanks also entered into a stock option agreement pursuant to which Mr. Wilbanks received an option to purchase 60,000 shares of the Company's Common Stock, par value $0.01 per share, under the Company's Long-Term Incentive Plan, at an exercise price of $14.00 per share. Of the 60,000 options granted, 20,000 are currently exercisable, with the remaining options vesting over the remaining four-year period through the year 2002 on each anniversary date of the agreement.

The Company does not have employment agreements with any other executive officers or other members of management.

LONG-TERM INCENTIVE AND OTHER PLANS FOR EMPLOYEES

Long-Term Incentive Plan. Under the Company's Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan (the "Long-Term Incentive Plan") designated officers, employees and directors of the Company are eligible to receive awards in the form of stock options, stock appreciation rights, restricted stock grants and cash awards. An aggregate of 4,500,000 shares of Common Stock is currently reserved for issuance under the Long-Term Incentive Plan, subject to adjustment in the event of a stock split, stock dividend or other change in the Common Stock or the capital structure of the Company.

401(k) Savings Plan. The Company maintains a defined contribution plan (the "401(k) Plan") whereby after one year of service substantially all employees of the Company may defer a portion of their current salary, on a pre-tax basis, to the 401(k) Plan. The Company may make discretionary matching contributions to the 401(k) Plan in an amount equal to a certain percentage of each participant's salary reduction contribution for the plan year. The Company may also make a discretionary profit sharing contribution to the 401(k) Plan that is allocated to the participants based on a formula defined by the 401(k) Plan. Matching contributions made by the Company for the plan year ended December 31, 1997 were twenty-five cents (25c) for every one dollar ($1.00) contributed through the first four percent (4%) of employee compensation. Discretionary contributions made by the Company for the plan year ended December 31, 1997 were $61,824. The trustee of the 401(k) Plan is Intrust Bank, N.A.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the voting securities of the Company as of September 18, 1998, by (i) each person who is known to the Company to be the beneficial owner of more than 5% or more of the outstanding voting securities of the Company, (ii) each director of the Company, (iii) each Named Executive Officer, and (iv) all executive officers and directors of the company as a group. Unless otherwise indicated, the persons named below have the sole power to vote and dispose of the shares of voting securities beneficially owned by them, subject to community property laws, where applicable.

	SHARES OF COMMON STOCK BENEFICIALLY OWNED		SHARES OF SERIES A PREFERRED STOCK BENEFICIALLY OWNED	
NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER	PERCENT OF CLASS	NUMBER	PERCENT OF CLASS
J. Ernest Talley(1)	4,903,166(2)	20.38%	--	--
Mark E. Speese(1)	2,288,432	9.51%	--	--
Montgomery Asset Management, LLC(3)	1,553,600(4)	6.46%	--	--
L. Dowell Arnette	416,164(5)	1.73%	--	--
Mitchell E. Fadel	87,023(6)	*	--	--
Dana F. Goble	21,563(7)	*	--	--
J.V. Lentell	13,000(8)	*	--	--
Rex W. Thompson	12,000(8)	*	--	--
Joseph V. Mariner, Jr	5,842	*	--	--
Lawrence M. Berg(9)	0	*	--	--
Peter P. Copses(9)	0	*	--	--
Apollo(10)	5,004,152	17.23%	139,791	100.0%
All officers and directors as a group (21 total)	7,827,073	32.40%	139,791	100.0%

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* Less than 1%.

(1) The address of J. Ernest Talley and Mark E. Speese is 13800 Montfort Drive, Suite 300, Dallas, Texas 75240.

(2) Does not include an aggregate of 326,184 shares owned by two of Mr. Talley's children, as to which Mr. Talley disclaims beneficial ownership.

(3) The address of Montgomery Asset Management, LLC is 101 California Street, San Francisco, California 94111.

(4) As of September 15, 1998.

(5) Includes 11,250 shares issuable pursuant to options granted under the Long-Term Incentive Plan, all of which are currently exercisable.

(6) Includes 2,500 shares issuable pursuant to options granted under the Long-Term Incentive Plan, all of which are currently exercisable.

(7) Includes 12,500 shares issuable pursuant to options granted under the Long-Term Incentive Plan, all of which are currently exercisable.

(8) These shares are issuable pursuant to options granted under the Long-Term Incentive Plan, all of which are currently exercisable.

(9) Messrs. Berg and Copses are each principals and officers of certain affiliates of Apollo. Accordingly, each of Messrs. Berg and Copses may be deemed to beneficially own shares owned by Apollo. Messrs. Berg and Copses disclaim beneficial ownership with respect to any such shares owned by Apollo.

(10) The address of Apollo is 1999 Avenue of the Stars, Suite 1900, Los Angeles, California 90067. The 5,004,152 shares of Common Stock represent the shares of Common Stock into which the Series A Preferred Stock is convertible (which is equal to the number of votes it will be entitled to cast at the Special Meeting). Apollo owns 134,414 shares of the Series A Preferred Stock and 115,586 shares of the Series B Preferred Stock, which represents in excess of 96% of each of the outstanding shares of the Series A Preferred Stock and Series B Preferred Stock. Apollo also has the right to vote RCAC's 5,377 shares of Series A Preferred Stock. Apollo disclaims any beneficial ownership in these 5,377 shares other than its right to vote these shares. The Series B Preferred Stock is not entitled to vote.

CERTAIN TRANSACTIONS OF THE COMPANY

CERTAIN BUSINESS RELATIONSHIPS

J.V. Lentell, a director of the Company, serves as Vice Chairman of the Board of Directors of Intrust Bank, N.A., one of the Company's lenders. Intrust Bank, N.A. was an $18.0 million participant in the Company's prior credit facility and is a $20.0 million participant in the Senior Credit Facilities. This credit facility was replaced by the Senior Credit Facilities. In addition, Intrust Bank, N.A. serves as trustee of the Company's 401(k) plan.

Mitchell E. Fadel, President of ColorTyme, owns approximately 13.5% of each of Portland II RAC, Inc. ("Portland") and Wilson Enterprises of Maine, Inc. ("Wilson"), both of which are franchisees of Rent-A-Center. As of October 13, 1998, Portland and Wilson collectively were indebted to Rent-A-Center for approximately $31,000.

On August 5, 1998, Apollo purchased $250 million of the Company's Preferred Stock. Pursuant to the Stock Purchase Agreement the Company entered into with Apollo, Apollo is entitled to designate two individuals on the Company's Board. Messrs. Berg and Copses currently serve as Apollo's designees on the Company's Board.

ACQUISITION OF TRANS TEXAS CAPITAL, L.L.C.

In February 1997, the Company acquired fourteen stores in Texas from Trans Texas Capital, L.L.C. ("Trans Texas") for approximately $7.3 million in cash (the "Trans Texas Acquisition"). Danny Z. Wilbanks, Senior Vice President -- Finance and Chief Financial Officer of the Company was the managing member of Trans Texas. At the time of the Trans Texas Acquisition, Mr. Wilbanks was not an executive officer of the Company.

REPURCHASE OF $25 MILLION OF THE COMPANY'S COMMON STOCK

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

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of the Company and certain provisions of the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and the Company's Amended and Restated By-Laws (the "By-Laws") is a summary and is qualified in its entirety by the provisions of the Certificate of Incorporation and By-Laws, copies of which have been filed as exhibits to the Company's filings, from time to time, with the SEC.

As of September 18, 1998, the authorized capital stock of the Company consisted of (i) 50,000,000 shares of Common Stock, par value $.01 per share, of which 24,055,209 shares were outstanding, and (ii) 5,000,000 shares of Preferred Stock, par value $.01 per share, of which 260,000 shares were outstanding.

COMMON STOCK

As of September 18, 1998, there were 24,055,209 shares of Common Stock outstanding held by approximately 75 record holders. The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders. Cumulative voting of shares of Common Stock is prohibited. The holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by the Board of Directors out of assets legally available therefor, subject to the payment of any preferential dividends and the setting aside of sinking funds or redemption accounts, if any, with respect to any Preferred Stock that from time to time may be outstanding. In the event of liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of the holders of any outstanding Preferred Stock. The holders of Common Stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the Common Stock. All of the outstanding shares of Common Stock are fully paid and nonassessable, and all of the shares of Common Stock offered hereby, when issued, will be fully paid and nonassessable.

PREFERRED STOCK

The Board of Directors of the Company, without further action by the stockholders, is authorized to issue up to 5,000,000 shares of Preferred Stock (the "Preferred Stock") in one or more series and to fix and determine as to any series any and all of the relative rights and preferences of shares in such series, including, without limitation, preferences, limitations or relative rights with respect to redemption rights, conversion rights, voting rights, dividend rights and preferences on liquidation.

Convertible Preferred Stock

To finance a portion of the cost of the Rent-A-Center Acquisition, the Company issued to Apollo 250,000 shares of Convertible Preferred Stock at $1,000 per share, resulting in aggregate proceeds to the Company of $250 million. In addition, the Company issued to an affiliate of Bear, Stearns & Co. Inc. ("Bear Stearns") 10,000 shares of Convertible Preferred Stock at $1,000 per share contemporaneously with the Offering, resulting in

aggregate proceeds to the Company of $10 million. The terms of the Convertible Preferred Stock are summarized below.

Series A and Series B Preferred Stock. The Company issued to Apollo 134,414 shares of Series A Preferred Stock ("Series A Preferred Stock") and 115,586 shares of Series B Preferred Stock ("Series B Preferred Stock" and, together with the Series A Preferred Stock, the "Convertible Preferred Stock"). The Company issued to Bear Stearns 5,377 shares of Series A Preferred Stock and 4,623 of Series B Preferred Stock. Series B Preferred Stock is convertible into Series A Preferred Stock if the stockholders of the Company approve such conversion (the "Conversion") in accordance with the following schedule and terms: if the stockholders approve the Conversion on or before December 3, 1998, then each outstanding share of Series B Preferred Stock shall be automatically converted into one fully-paid and non-assessable share of Series A Preferred Stock; if the stockholders approve the Conversion during the period commencing on December 4, 1998 and continuing up to and including January 2, 1999, then each outstanding share shall be automatically converted into 1.15 fully-paid and non-assessable shares of Series A Preferred Stock; and, if the stockholders shall approve the Conversion on or after January 3, 1999, then each outstanding share of Series B Preferred Stock shall be convertible into 1.2 fully-paid and non-assessable shares of Series A Preferred Stock at the sole option and discretion of each holder of Series B Preferred Stock.

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

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

the average stock price for the fifteen consecutive trading days immediately preceding the payment date is equal to or greater than the Conversion Price accumulated forward to the payment date at a compound annual growth rate of 25% per annum, compounded quarterly.

Conversion Price. Holders of Series A Preferred Stock may convert their shares of Series A Preferred Stock at any time into shares of the Company's voting common stock at a price equal to $27.935 per share (the "Conversion Price"). The Series B Preferred Stock shall initially not be convertible into any other class or series of stock of the Company (except with respect to the Conversion to Series A Preferred Stock as set forth above). After the earlier of December 4, 1998 or the date of the first stockholders' meeting after August 5, 1998, holders of the Series B Preferred Stock may convert their shares of Series B Preferred Stock into shares of the Company's non-voting common stock. The number of shares of non-voting common stock issuable upon conversion for each share of Series B Preferred Stock shall be determined by dividing (i) the number of shares of common stock issuable as if the Series B Preferred Stock had been first converted into Series A Preferred Stock by (ii)(A) 1.00, in the event the shares of Series B are converted during the period commencing on December 4, 1998 and continuing up to and including January 2, 1999 or (B) .75, in the event the shares of Series B Preferred Stock are converted on or after January 3, 1999. If it is determined that the Company cannot issue non-voting common stock upon a conversion election by a holder of Series B Preferred Stock, such holder shall be entitled to receive common stock in lieu of non-voting common stock.

Optional Redemption. The Series A Preferred Stock is not redeemable for four years; thereafter, the Company may redeem all but one share of the Series A Preferred Stock at any time at 105% of the liquidation preference plus accrued and unpaid dividends. Apollo may reserve from redemption one share of Series A Preferred Stock until such time as it and its Permitted Transferees (as defined in the Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.) shall own less than 33 1/3% of the Shares (as defined immediately below) initially issued to Apollo. "Shares" is defined as shares of the common stock (voting and non-voting), the Series A Preferred Stock and the Series B Preferred Stock, and the preceding percentage shall be calculated as if each of the Shares had been exchanged or converted into shares of common stock immediately prior to the calculation regardless of the existence of any restrictions on such exchange or conversion. The Series B Preferred Stock is not redeemable by the Company.

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

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

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

CERTAIN ANTI-TAKEOVER MATTERS

The Company's Amended and Restated By-Laws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors to be brought before meetings of stockholders of the Company. These procedures provide that notice of such stockholder proposals must be timely given in writing to the Secretary of the Company prior to the meeting at which action is to be taken. Generally, to be timely, notice must be received at the principal executive offices of the Company not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. Such notice must also contain certain information specified in the Company's Amended and Restated By-Laws.

There are currently 5,000,000 authorized shares of Preferred Stock, of which 260,000 shares were outstanding as of September 18, 1998. The existence of authorized but unissued Preferred Stock may enable the Board of Directors to render more difficult or to discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy consent or otherwise. For example, if in the due exercise of its fiduciary obligations, the Board of Directors were to determine that a takeover proposal is not in the Company's best interests, the Board of Directors could cause shares of Preferred Stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group or create a substantial voting block in institutional or other hands that might undertake to support the position of the incumbent Board of Directors. In this regard, the Amended and Restated Certificate of Incorporation grants the Board of Directors broad power to establish the rights and preferences of authorized and unissued Preferred Stock. The issuance of shares of Preferred Stock pursuant to the Board of Directors' authority described above could decrease the amount of earnings and assets available for distribution to holders of Common Stock and adversely affect the rights and powers, including voting rights, of such holders and may have the effect of delaying, deterring or preventing a change in control of the Company. The Board of Directors does not currently intend to seek stockholder approval prior to any issuance of Preferred Stock, unless otherwise required by law.

The Company is a Delaware corporation and is subject to Section 203 of the Delaware General Corporation Law (the "DGCL"). In general, subject to certain exceptions, Section 203 prohibits a Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date that such stockholder became an interested stockholder, unless (i) prior to such date the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, or (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding for purposes of determining the number of shares outstanding those shares owned by (x) persons who are

directors and also officers and (y) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer), or (iii) on or subsequent to such date the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder. Section 203 defines a "business combination" to include certain mergers, consolidations, asset sales and stock issuances and certain other transactions resulting in a financial benefit to an "interested stockholder." In addition, Section 203 defines an "interested stockholder" to include any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with such an entity or person.

LIMITATION OF LIABILITY

The DGCL allows a Delaware corporation to limit a director's personal liability for monetary damages for breaches of certain fiduciary duties owed to the corporation and its stockholders. The Amended and Restated Certificate of Incorporation contains a provision that limits the liability of its directors for monetary damages for any breach of fiduciary duty as a director to the maximum extent permitted by the DGCL. This provision, however, does not eliminate a director's liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for a transaction from which the director derived an improper personal benefit, or (iv) in respect of certain unlawful dividend payments or stock purchases or redemptions. The inclusion of this provision in the Amended and Restated Certificate of Incorporation may reduce the likelihood of derivative litigation against directors and may discourage or deter stockholders or management from bringing a lawsuit against directors for breaches of their fiduciary duties, even though such an action, if successful, might otherwise have benefited the Company and its stockholders. This provision does not prevent the Company or its stockholders from seeking injunctive relief or other equitable remedies against its directors under applicable state law, although there can be no assurance that such remedies, if sought, would be obtained.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock and the Preferred Stock is ChaseMellon Shareholder Services, L.L.C.

DESCRIPTION OF OTHER INDEBTEDNESS

The description set forth below does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions (including all of the definitions therein of terms not defined in this Prospectus) of certain agreements setting forth the principal terms and conditions of the Company's Senior Credit Facility which is available upon request from the Company.

SENIOR SECURED CREDIT FACILITY

To assist in financing the Rent-A-Center Acquisition, the Company obtained $962.3 million in senior secured credit facilities, for which The Chase Manhattan Bank serves as Administrative Agent. Chase Securities Inc. acted as Arranger. Comerica Bank serves as Documentation Agent. NationsBank, N.A. serves as Syndication Agent. The Senior Credit Facilities consist of the following:

SENIOR FACILITIES	AMOUNT	TENOR	LIBOR SPREAD(1)
	(DOLLARS IN MILLIONS)		
Senior Revolving Credit Facility.....	$120.0	6.0 years	225 bps
Letter of Credit/Multidraw Facility(2).....	122.3	6.0 years	225 bps
Senior Term Loan A Facility.....	120.0	6.0 years	225 bps
Senior Term Loan B Facility.....	270.0	7.5 years	250 bps
Senior Term Loan C Facility.....	330.0	8.5 years	275 bps
Total Facilities.....	$962.3		

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(1) Pricing subject to a leverage-based pricing grid.

(2) The Letter of Credit/Multidraw Facility are included in funded debt for purposes of calculating covenants and the pricing grid.

The $120.0 million 6.0 year Revolving Credit Facility will be made available to the Company for working capital and general corporate purposes, including acquisitions. The $122.3 million 6.0 year Letter of Credit/Multidraw Facility has been initially used to post a letter of credit to support a $163 million bond relating to certain New Jersey litigation. Once the Letter of Credit has been terminated, the Company will be permitted to borrow up to $85 million under the multidraw term loan facility. The $720.0 million in Term Loan Facilities, comprised of a $120.0 million 6.0 year Tranche A facility, a $270.0 million 7.5 year Tranche B facility, and a $330.0 million 8.5 year Tranche C facility, was drawn at the closing of the Rent-A-Center Acquisition to fund the Company's purchase of Rent-A-Center's stock, refinance existing debt held by the Company and to pay certain other costs associated with the Rent-A-Center Acquisition.

The Senior Credit Facilities are secured by a perfected first priority security interest in substantially all of the Company's tangible and intangible assets including, without limitation, intellectual property, real property, and the capital stock of the Company's direct and indirect subsidiaries. The Senior Credit Facilities are unconditionally guaranteed by each of the Company's direct and indirect domestic subsidiaries. In addition, the Senior Credit Facilities will be subject to several financial covenants, including (i) a maximum leverage ratio, (ii) a minimum interest coverage ratio, and (iii) a minimum fixed charge coverage ratio.

DESCRIPTION OF THE NOTES AND GUARANTEES

GENERAL

The Exchange Notes will be issued, and the Old Notes were issued, under the Indenture among the Company, the Subsidiary Guarantors and IBJ Schroder Bank & Trust Company, as trustee (the "Trustee"), a copy of which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part.

The following summary of certain provisions of the Indenture and the Notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture, including the definitions of certain terms therein and those terms made a part thereof by the TIA. Capitalized terms defined in "-- Certain Definitions" below are used in this "Description of the Notes and Guarantees" as so defined. For purposes of this Section, any reference to a "Holder" means a Holder of the Notes.

The Notes are unsecured obligations of the Company ranking subordinate in right of payment to all Senior Indebtedness of the Company. The Notes are fully and unconditionally guaranteed on an unsecured senior subordinated basis by the Company's existing and future Restricted Subsidiaries.

MATURITY, INTEREST AND PRINCIPAL

The Notes are limited to $175 million aggregate principal amount and will mature on August 15, 2008. Each Note will bear interest at 11% per annum from the date of issuance, or from the most recent date to which interest has been paid or provided for, payable semiannually in cash and in arrears to Holders of record at the close of business on the February 1 or August 1 immediately preceding the interest payment date on February 15 and August 15 of each year, commencing February 15, 1999.

Interest is computed on the basis of a 360-day year comprised of twelve 30-day months. Principal of, premium, if any, and interest on the Notes is payable, and the Notes may be exchanged or transferred, at the office or agency of the Company in the Borough of Manhattan, The City of New York (which initially shall be the principal corporate trust office of the Trustee, at One State Street, New York, New York), except that, at the option of the Company, payment of interest may be made by check mailed to the addresses of the Holders of the Notes as such addresses appear in the Note Register. Any Old Notes that remain outstanding after the completion of the Exchange Offer, together with the Exchange Notes issued in connection with the Exchange Offer, will be treated as a single class of securities under the Indenture. See "The Exchange Offer" and "Old Notes Exchange and Registration Rights Agreement."

The Notes will be issued only in fully registered form, without coupons, in denominations of $1,000 and integral multiples thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

OPTIONAL REDEMPTION

The Notes are redeemable, at the Company's option, in whole or in part, at any time and from time to time on and after August 15, 2003 and prior to maturity, upon not less than 30 nor more than 90 days' prior notice mailed by first-class mail to each Holder's registered address, at the following redemption prices (expressed as a percentage of principal amount), plus accrued interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on August 15 of the years set forth below:

PERIOD	REDEMPTION PRICE
2003	105.500%
2004	103.667%
2005	101.833%
2006 and thereafter	100.000%

In addition, at any time and from time to time prior to August 15, 2001, the Company may redeem in the aggregate up to 33.33% of the original aggregate principal amount of the Notes with the proceeds of one or more Equity Offerings by the Company at a redemption price (expressed as a percentage of principal amount thereof) of 111% plus accrued interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that at least 66.67% of the original aggregate principal amount of the Notes must remain outstanding after each such redemption and that any such redemption occurs within 90 days following the closing of any such Equity Offering.

SELECTION AND NOTICE OF REDEMPTION

In the event that less than all of the Notes are to be redeemed at any time pursuant to an optional redemption, selection of the Notes for redemption will be made by the Trustee on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate; provided that no Notes of a principal amount or principal amount at maturity, as the case may be, of $1,000 or less shall be redeemed in part. Notice of redemption shall be mailed by first-class mail at least 30 but not more than 90 days before the redemption date to each Holder of Notes to be redeemed at its registered address. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount or principal amount at maturity, as the case may be, thereof to be redeemed. A new Note in a principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions thereof called for redemption as long as the Company has deposited with the paying agent for the Notes funds in satisfaction of the applicable redemption price pursuant to the Indenture.

RANKING

The indebtedness evidenced by the Notes (i) is unsecured Senior Subordinated Indebtedness of the Company, (ii) is subordinated in right of payment, as set forth in the Indenture, to the payment when due of all existing and future Senior Indebtedness of the Company, including the Company's Obligations under the Senior Credit Facility, (iii) ranks pari passu in right of payment with all existing and future Senior Subordinated Indebtedness of the Company and (iv) is senior in right of payment to all existing and future Subordinated Obligations of the Company. The Notes are also effectively subordinated to any Secured Indebtedness of the Company and its Subsidiaries to the extent of the value of the assets securing such Indebtedness. However, payment from the money or the proceeds of U.S. Government Obligations held in any defeasance trust described under "-- Defeasance" below is not subordinated to any Senior Indebtedness or subject to the restrictions described herein.

At June 30, 1998, after giving effect to the Transactions and the application of the proceeds therefrom as described herein under "Use of Proceeds," the outstanding Senior Indebtedness of the Company would have been approximately $720.0 million (excluding the unfunded Senior Revolving Credit Facility and outstanding letters of credit under the Letter of Credit/Multidraw Facility). Although the Indenture contains limitations on the amount of additional Indebtedness which the Company may Incur, under certain circumstances the amount of such Indebtedness could be substantial and, in any case, such Indebtedness may be Senior Indebtedness. See "-- Certain Covenants -- Limitation on Indebtedness" below.

Only Indebtedness of the Company that is Senior Indebtedness will rank senior to the Notes in accordance with the provisions of the Indenture. The Notes will in all respects rank pari passu with all other Senior Subordinated Indebtedness of the Company. The Company has agreed in the Indenture that it will not Incur, directly or indirectly, any Indebtedness that is subordinate or junior in ranking in any respect to Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is expressly subordinated in right of payment to Senior Subordinated Indebtedness. Unsecured Indebtedness is not deemed to be subordinate or junior to Secured Indebtedness merely because it is unsecured.

The Company may not pay principal of, premium (if any) or interest on, the Notes or make any deposit pursuant to the provisions described under "Defeasance" below and may not otherwise purchase, redeem or otherwise retire any Notes (collectively, "pay the Notes") if (i) any Senior Indebtedness is not paid when due in cash or Cash Equivalents or (ii) any other default on Senior Indebtedness occurs and the maturity of such Senior Indebtedness is accelerated in accordance with its terms unless, in either case, (x) the default has been cured or waived and any such acceleration has been rescinded in writing or (y) such Senior Indebtedness has been paid in full in cash or Cash Equivalents. However, the Company may pay the Notes without regard to the foregoing if the Company and the Trustee receive written notice approving such payment from the Representative of the Designated Senior Indebtedness with respect to which either of the events set forth in clause (i) or (ii) of the immediately preceding sentence has occurred and is continuing.

In addition, during the continuance of any default (other than a default described in clause (i) or (ii) of the first sentence of the immediately preceding paragraph) with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, the Company may not pay the Notes for a period (a "Payment Blockage Period") commencing upon the receipt by the Trustee (with a copy to the Company) of written notice (a "Blockage Notice") of such default from the Representative of the Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and ending on the date 179 days thereafter (or earlier if such Payment Blockage Period is terminated (i) by written notice to the Trustee and the Company from the Person or Persons who gave such Blockage Notice, (ii) because such Designated Senior Indebtedness has been discharged or repaid in full or (iii) because the default giving rise to such Blockage Notice is no longer continuing). Notwithstanding the provisions described in the immediately preceding sentence (but subject to the provisions contained in the first sentence of the immediately preceding paragraph), unless the holders of such Designated Senior Indebtedness or the Representative of such holders have accelerated the maturity of such Designated Senior Indebtedness, the Company may resume payments on the Notes after the end of such Payment Blockage Period. Not more than one Blockage Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period. However, if any Blockage Notice within such 360-day period is given by or on behalf of any holders of Designated Senior Indebtedness other than Bank Indebtedness, a Representative of Bank Indebtedness may give another Blockage Notice within such period. In no event, however, may the total number of days during which any Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any 360 consecutive day period.

Upon any payment or distribution of the assets of the Company upon a total or partial liquidation or dissolution or reorganization of or similar proceeding relating to the Company or its property, or in a bankruptcy, insolvency, receivership or similar proceeding relating to the Company or its property, the holders of Senior Indebtedness will be entitled to receive payment in full of the Senior Indebtedness before the Noteholders are entitled to receive any payment and until the Senior Indebtedness is paid in full, any payment or distribution to which Noteholders would be entitled but for the subordination provisions of the Indenture will be made to holders of the Senior Indebtedness as their interests may appear. If a distribution is made to Noteholders that due to the subordination provisions should not have been made to them, such Noteholders are required to hold it in trust for the holders of Senior Indebtedness and pay it over to them as their interests may appear.

If payment of the Notes is accelerated because of an Event of Default, the Company or the Trustee shall promptly notify the holders of the Designated Senior Indebtedness or the Representative of such holders of the acceleration. The Company may not pay the Notes until five Business Days after such holders or the Representative of the Designated Senior Indebtedness receive notice of such acceleration and, thereafter, may pay the Notes only if the subordination provisions of the Indenture otherwise permit payment at that time.

By reason of such subordination provisions contained in the Indenture, in the event of insolvency, creditors of the Company who are holders of Senior Indebtedness may recover more, ratably, than the Noteholders.

GUARANTEES

Each Subsidiary Guarantor will unconditionally guarantee, jointly and severally, to each holder and the Trustee, on an unsecured, senior subordinated basis, the full and prompt payment of principal of, premium, if any, and interest on the Notes, and of all other obligations under the Indenture.

The indebtedness evidenced by each Subsidiary Guarantee (including the payment of principal of, premium, if any, and interest on the Notes and other obligations with respect to the Notes) will be subordinated to all Guarantor Senior Indebtedness of such Subsidiary Guarantor on the same basis as the Notes are subordinated to Senior Indebtedness of the Company. Each Subsidiary Guarantee will in all respects rank pari passu with all other Senior Subordinated Indebtedness of such Subsidiary Guarantor. In addition, a Subsidiary Guarantor may not incur any Indebtedness if such Indebtedness is subordinate or junior in ranking in any respect to any Guarantor Senior Indebtedness of such Subsidiary Guarantor unless such Indebtedness is Guarantor Senior Subordinated Indebtedness of such Subsidiary Guarantor or is expressly subordinated in right of payment to Guarantor Senior Subordinated Indebtedness of such Subsidiary Guarantor. As of June 30, 1998, on a pro forma basis after giving effect to the Transactions, there would have been no Guarantor Senior Indebtedness of Subsidiary Guarantors other than the Guarantees of the Senior Credit Facility. See "Description of Other Indebtedness." Although the Indenture contains limitations on the amount of additional Indebtedness that the Company's Restricted Subsidiaries may incur, under certain circumstances the amount of such Indebtedness could be substantial and, in any case, such Indebtedness may be Guarantor Senior Indebtedness. See "-- Certain Covenants -- Limitation on Indebtedness" and "-- Ranking."

The obligations of each Subsidiary Guarantor is limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Subsidiary Guarantor (including without limitation, any Guarantees under the Senior Credit Facility) and after giving effect to any collections from or payments made by or on behalf of any other Subsidiary Guarantor in respect of the obligations of such other Subsidiary Guarantor under its Subsidiary Guarantee or pursuant to its contribution obligations under the Indenture, result in the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law.

Each Subsidiary Guarantor may consolidate with or merge into or sell its assets to the Company or another Wholly-Owned Subsidiary Guarantor without limitation. Each Subsidiary Guarantor may consolidate with or merge into or sell all or substantially all its assets to a corporation, partnership, trust, limited partnership, limited liability company or other similar entity other than the Company or a Wholly Owned-Subsidiary Guarantor (whether or not affiliated with the Subsidiary Guarantor); provided, that (i) any sale or disposition of a Subsidiary Guarantor (by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets) to a Person (whether or not an Affiliate of the Subsidiary Guarantor) other than the Company or a Wholly-Owned Subsidiary Guarantor, must comply with the Indenture (including the covenant described under "-- Certain Covenants -- Limitation on Sales of Assets"), and (ii) such Subsidiary Guarantor will be deemed released from all of its obligations under the Indenture and its Subsidiary Guarantee and such Subsidiary Guarantee will terminate; provided, however,

that any such termination will occur only to the extent that all obligations of such Subsidiary Guarantor under the Senior Credit Facility and all of its Guarantees of, and under all of its pledges of assets or other security interests which secure, any other Indebtedness of the Company will also terminate upon such release, sale or disposition.

CHANGE OF CONTROL

Upon the occurrence of a Change of Control (as defined below), each Holder will have the right to require the Company to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that notwithstanding the occurrence of a Change of Control, the Company shall not be obligated to purchase the Notes pursuant to this covenant in the event that it has exercised its right to redeem all of the Notes as described under "-- Optional Redemption." "Change of Control" means (i) any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have "beneficial ownership" of all shares that any such Person has the right to acquire within one year), directly or indirectly, of more than 50% of the Voting Stock of the Company or a Successor Company (as defined below) (including, without limitation, through a merger or consolidation or purchase of Voting Stock of the Company); provided that the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; (iii) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to any Person or group of related Persons (a "Group") (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder; or (iv) the adoption of a plan relating to the liquidation or dissolution of the Company.

Unless the Company has exercised its right to redeem all the Notes as described under "-- Optional Redemption," the Company shall within 30 days following any Change of Control (or at the Company's option, prior to such Change of Control but after the public announcement thereof) mail a notice to each Holder with a copy to the Trustee stating: (1) that a Change of Control has occurred or will occur and that such Holder has (or upon such occurrence will have) the right to require the Company to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date); (2) the circumstances and relevant facts and financial information regarding such

Change of Control; (3) the date of purchase (which shall be no earlier than 30 days nor later than 90 days from the date such notice is mailed); (4) the instructions determined by the Company, consistent with this covenant, that a Holder must follow in order to have its Notes purchased; and (5) that, if such offer is made prior to such Change of Control, payment is conditioned on the occurrence of such Change of Control.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this paragraph by virtue thereof.

The Change of Control purchase feature is a result of negotiations between the Company and the Initial Purchasers. The Company has no present plans to engage in a transaction involving a Change of Control, although it is possible that the Company would decide to do so in the future. Subject to the limitations discussed below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the Company's capital structure or credit ratings.

The occurrence of a Change of Control would constitute a default under the Senior Credit Agreement. Future Senior Indebtedness of the Company may contain prohibitions of certain events which would constitute a Change of Control or require such Senior Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes could cause a default under such Senior Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. Finally, the Company's ability to pay cash to the Holders upon a repurchase may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The Change of Control provisions described above may deter certain mergers, tender offers and other takeover attempts involving the Company by increasing the capital required to effectuate such transactions. The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Company and its Subsidiaries. With respect to the disposition of property or assets, the phrase "all or substantially all" as used in the Indentures varies according to the facts and circumstances of the subject transaction, has no clearly established meaning under New York law and is subject to judicial interpretation. Accordingly, in certain circumstances there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person, and therefore it may be unclear as to whether a Change of Control has occurred and whether the Company is required to make an offer to repurchase the Notes as described above.

CERTAIN COVENANTS

The Indenture contains covenants including, among others, the following:

Limitation on Indebtedness. (a) The Company shall not, and shall not permit any Restricted Subsidiary to, Incur any Indebtedness; provided, however, that the Company and any Restricted Subsidiary which is a Subsidiary Guarantor may Incur Indebtedness if on the date of the Incurrence of such Indebtedness the Consolidated Coverage Ratio would be greater than (i) 2.25 to 1.00 if such Indebtedness is Incurred on or prior to the second anniversary of the Issue Date and (ii) 2.50 to 1.00 if such Indebtedness is Incurred thereafter.

(b) Notwithstanding the foregoing paragraph (a), the Company and its Restricted Subsidiaries may Incur the following Indebtedness: (i) Indebtedness Incurred pursuant to the Senior Credit Facility (or any refinancing thereof) in a maximum principal amount not to exceed $962.25 million; (ii) the Subsidiary Guarantees and Guarantees of Indebtedness Incurred pursuant to paragraph (a) or clause (i) of this paragraph (b); (iii) Indebtedness (A) of the Company to any Restricted Subsidiary and (B) of any Wholly Owned Subsidiary to the Company or any Restricted Subsidiary; provided, however, that any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Wholly Owned Subsidiary ceasing to be a Wholly Owned Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Company or a Wholly Owned Subsidiary) will be deemed, in each case, an Incurrence of Indebtedness by the Company or such Restricted Subsidiary, as the case may be, in the amount that remains outstanding following such issuance or transfer of such securities; (iv) Indebtedness represented by the Notes, any Indebtedness (other than the Indebtedness described in clauses (i), (ii) or (iii) above) outstanding on the date of the Indenture and any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (iv) or paragraph(a); (v) Indebtedness of the Company or any Restricted Subsidiary in the form of Capitalized Lease Obligations, Purchase Money Obligations or Attributable Debt, and any Refinancing Indebtedness with respect thereto, in an aggregate amount not in excess of 2.5% of Consolidated Tangible Assets at any one time outstanding; (vi) Indebtedness under Hedging Obligations; provided, however, that such Hedging Obligations are entered into for bona fide hedging purposes of the Company or any Restricted Subsidiary and are in the ordinary course of business or are required by the Senior Credit Facility; (vii) Indebtedness evidenced by letters of credit assumed in the Transactions or issued in the ordinary course of business of the Company to secure workers' compensation and other insurance coverages; (viii) Guarantees of the Company in respect of Indebtedness of franchisees not to exceed $50 million at any one time outstanding; and (ix) Indebtedness (which may comprise Bank Indebtedness) in an aggregate principal amount at any one time outstanding not in excess of $25 million.

(c) Notwithstanding the foregoing, neither the Company nor any Restricted Subsidiary shall Incur any Indebtedness pursuant to the foregoing paragraph (b) that permits Refinancing Indebtedness in respect of Indebtedness constituting Subordinated Obligations if the proceeds of such Refinancing Indebtedness are used, directly or indirectly, to Refinance such Subordinated Obligations, unless such Refinancing Indebtedness will be subordinated to the Notes at least to the same extent as such Subordinated Obligations. No Subsidiary Guarantor will incur any Indebtedness pursuant to the foregoing paragraph (b) that permits Refinancing Indebtedness in respect of Indebtedness constituting

Guarantor Subordinated Obligations if the proceeds of such Refinancing Indebtedness are used, directly or indirectly, to Refinance such Guarantor Subordinated Obligations of such Subsidiary Guarantor unless such Refinancing Indebtedness will be subordinated to the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee to at least the same extent as such Guarantor Subordinated Obligations.

(d) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness incurred pursuant to and in compliance with, this covenant, (i) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in paragraph (b) above, the Company, in its sole discretion, shall classify such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of such clauses; and (ii) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

(e) The Company will not permit any Unrestricted Subsidiary to incur any Indebtedness other than Non-Recourse Debt; provided, however, if any such Indebtedness ceases to be Non-Recourse Debt, such event shall be deemed to constitute an incurrence of Indebtedness by the Company or a Restricted Subsidiary.

Limitation on Layering. The Company shall not incur any Indebtedness that is expressly subordinate in right of payment to any Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is contractually subordinated in right of payment to Senior Subordinated Indebtedness. No Subsidiary Guarantor will incur any Indebtedness that is expressly subordinate in right of payment to any Guarantor Senior Indebtedness of such Subsidiary Guarantor unless such Indebtedness is Guarantor Senior Subordinated Indebtedness of such Subsidiary Guarantor or is contractually subordinated in right of payment to Guarantor Senior Subordinated Indebtedness of such Subsidiary Guarantor. Unsecured indebtedness is not deemed to be subordinate or junior to Secured Indebtedness merely because it is unsecured, and Indebtedness that is not guaranteed by a particular person is not deemed to be subordinate or junior to Indebtedness that is so guaranteed merely because it is not so guaranteed.

Limitation on Restricted Payments. (a) The Company shall not, and shall not permit any Restricted Subsidiary, directly or indirectly, to (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving the Company) except (1) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and (2) dividends or distributions payable to the Company or any Restricted Subsidiary (and, if such Restricted Subsidiary is not a Wholly Owned Subsidiary, to its other shareholders on no more than a pro rata basis, measured by value), (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or another Restricted Subsidiary, (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than the purchase, repurchase, redemption or other acquisition of Subordinated Obligations in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition) or (iv) make any Investment (other than a Permitted Investment) in any Person (any such dividend, distribution, purchase, redemption, repurchase, defeasance,

other acquisition, retirement or Investment being herein referred to as a "Restricted Payment") if at the time the Company or such Restricted Subsidiary makes such Restricted Payment: (1) a Default shall have occurred and be continuing (or would result therefrom); (2) the Company could not incur at least an additional $1.00 of Indebtedness under paragraph (a) of the covenant described under "-- Limitation on Indebtedness;" or (3) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other than in cash, to be determined in good faith by the Company's Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Company's Board of Directors) declared or made subsequent to the date of the Indenture would exceed the sum of: (A) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the end of the most recent fiscal quarter ending prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which consolidated financial statements of the Company are available (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit); (B) the aggregate Net Cash Proceeds received by the Company from the issuance or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Issue Date (other than an issuance or sale to a Restricted Subsidiary of the Company, provided that in the event such issuance or sale is to an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries for the benefit of their employees, to the extent the purchase by such plan or trust is financed by Indebtedness of such plan or trust and for which the Company is liable as a guarantor or otherwise, such aggregate amount of Net Cash Proceeds shall be limited to the aggregate amount of principal payments made by such plan or trust with respect to such Indebtedness); and (C) in the case of the disposition or repayment of any Investment constituting a Restricted Payment (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), an amount equal to the lesser of (x) the return of capital or similar repayment with respect to such Investment and (y) the initial amount of such Investment, in either case, less the cost of the disposition of such Investment.

(b) The provisions of the foregoing paragraph (a) will not prohibit: (i) any purchase, redemption, repurchase, defeasance, retirement or other acquisition of Capital Stock of the Company or Subordinated Obligations made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries); provided, however, that (A) such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments and (B) the Net Cash Proceeds or reduction of Indebtedness from such sale shall be excluded in calculations under clause (B) and (C) of paragraph (a); (ii) any purchase, redemption, repurchase, defeasance, retirement or other acquisition of Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of the Company that is permitted to be Incurred pursuant to the covenant described under "-- Limitation on Indebtedness;" provided, however, that such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments; (iii) any purchase, redemption, repurchase, defeasance, retirement or other

acquisition of Subordinated Obligations from Net Available Cash to the extent permitted by the covenant described under "-- Limitation on Sales of Assets;" provided, however, that such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments; (iv) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with paragraph (a); provided, however, that such dividend shall be included in subsequent calculations of the amount of Restricted Payments; (v) any purchase or redemption of any shares of Capital Stock of the Company from employees of the Company and its Subsidiaries pursuant to the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees in an aggregate amount after the date of the Indenture not in excess of $2.5 million in any fiscal year, plus any unused amounts under this clause (v) from prior fiscal years; provided, however, that such purchases or redemptions shall be excluded in subsequent calculations of the amount of Restricted Payments; or (vi) the repurchase of the Company's common stock in an aggregate amount not to exceed the amount by which the proceeds from the issuance of the Convertible Preferred Stock exceeds $235 million; provided, however, the aggregate amount of repurchases made pursuant to this clause (vi) shall not exceed $25 million.

Designation of Unrestricted Subsidiaries. The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a default. For purposes of making such determination, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid in cash) in the Subsidiary so designated will be deemed to be Restricted Payments at the time of such designation and will reduce the amount available for Restricted Payments under clause (3) of paragraph (a) of the covenant "-- Limitation on Restricted Payments." All such outstanding Investments will be deemed to constitute Investments in an amount equal to the greater of the fair market value or the book value of such Subsidiary at the time of such designation. Such designation will only be permitted if such Restricted Payment would be permitted at such time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Limitation on Restrictions on Distributions from Restricted Subsidiaries. The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company, (ii) make any loans or advances to the Company or (iii) transfer any of its property or assets to the Company, except (1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the date of the Indentures (including, without limitation, the Senior Credit Facility); (2) any encumbrance or restriction with respect to a Restricted Subsidiary (x) pursuant to an agreement relating to any Indebtedness Incurred by a Restricted Subsidiary prior to the date on which such Restricted Subsidiary was acquired by the Company, or of another Person that is assumed by the Company or a Restricted Subsidiary in connection with the acquisition of assets from, or merger or consolidation with, such Person (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company, or such acquisition of

assets, merger or consolidation) and outstanding on the date of such acquisition, merger or consolidation or (y) pursuant to any agreement (not relating to any Indebtedness) in existence when a Person becomes a Subsidiary of the Company or when such agreement is acquired by the Company or any Subsidiary thereof, that is not created in contemplation of such Person becoming such a Subsidiary or such acquisition (for purposes of this clause (2), if another Person is the Successor Company, any Subsidiary or agreement thereof shall be deemed acquired or assumed, as the case may be, by the Company when such Person becomes the Successor Company); (3) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement (a "Refinancing Agreement") effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refinances or replaces, an agreement referred to in clause (1) or (2)of this covenant or this clause (3) or contained in any amendment to an agreement referred to in clause (1) or (2) of this covenant or this clause (3) (an "Initial Agreement") or contained in any amendment to an Initial Agreement; provided, however, that the encumbrances and restrictions contained in any such Refinancing Agreement or amendment are no less favorable to the Holders of the Notes taken as a whole than encumbrances and restrictions contained in the Initial Agreement or Agreements to which such Refinancing Agreement or amendment relates; (4) any encumbrance or restriction (A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract, (B) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture, (C) contained in mortgages, pledges or other security agreements securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements or (D) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary; (5) any restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition; and (6) any encumbrance or restriction on the transfer of property or assets required by any regulatory authority having jurisdiction over the Company or any Restricted Subsidiary or any of their businesses.

Limitation on Sales of Assets. (a) The Company will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless (i) the Company or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming sole responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the fair market value of the shares and assets subject to such Asset Disposition as such fair market value shall be determined in good faith by the Board of Directors, whose determination shall be conclusive (including as to the value of all non-cash consideration), (ii) at least 75% of the consideration therefor (excluding, in the case of an Asset Disposition of assets, any consideration by way of relief from, or by any other person assuming responsibility for, any liabilities, contingent or otherwise, which are not Indebtedness) received by the Company or such Restricted Subsidiary is in the form of cash, (iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company (or such Restricted

Subsidiary, as the case may be) (A) first, to the extent the Company elects (or is required by the terms of any Senior Indebtedness or Indebtedness (other than Preferred Stock) of a Restricted Subsidiary), to prepay, repay or purchase Senior Indebtedness or such Indebtedness of a Restricted Subsidiary (in each case other than Indebtedness owed to the Company or a Restricted Subsidiary of the Company) within 365 days after the date of such Asset Disposition; (B) second, to the extent of the balance of Net Available Cash after application in accordance with clause (A), to the extent the Company or such Restricted Subsidiary elects, to reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the date of such Asset Disposition or, if such reinvestment in Additional Assets is a project authorized by the Board of Directors that will take longer than 365 days to complete, the period of time necessary to complete such project; (C) third, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A) and (B) (such balance, the "Excess Proceeds"), to make an offer to purchase Notes at a price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the purchase date, and (to the extent required by the terms thereof) any other Senior Subordinated Indebtedness pursuant and subject to the conditions of the agreements governing such other Indebtedness at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest to the purchase date and (D) fourth, to the extent of the balance of such Excess Proceeds after application in accordance with clauses (A), (B) and (C) above, to fund (to the extent consistent with any other applicable provision of the Indentures) any general corporate purpose (including the repayment of Subordinated Obligations); provided, however, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (A) or (C) above, the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased. Notwithstanding the foregoing provisions of this covenant, the Company and the Restricted Subsidiaries shall not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this covenant exceeds $10.0 million.

To the extent that the aggregate principal amount of the Notes and other Senior Subordinated Indebtedness tendered pursuant to an offer to purchase made in accordance with clause (C) above exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Senior Subordinated Indebtedness to be purchased on a pro rata basis, based on the aggregate principal amount thereof surrendered in such offer to purchase. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset to zero.

For the purposes of this covenant, the following are deemed to be cash: (v) Cash Equivalents, (w) the assumption of Indebtedness of the Company (other than Disqualified Stock of the Company) or any Restricted Subsidiary and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition, (x) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary is released from any Guarantee of such Indebtedness in connection with such Asset Disposition, (y) securities received by the Company or any Restricted Subsidiary from the transferee that are promptly converted by the Company or

such Restricted Subsidiary into cash, and (z) consideration consisting of Indebtedness of the Company or any Restricted Subsidiary.

(b) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Limitation on Transactions with Affiliates. (a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service with any Affiliate of the Company (an "Affiliate Transaction") on terms (i) that taken as a whole are less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time of such transaction in arm's-length dealings with a Person who is not such an Affiliate and (ii) that, in the event such Affiliate Transaction involves an aggregate amount in excess of $10.0 million, are not in writing and have not been approved by a majority of the members of the Board of Directors having no material personal financial interest in such Affiliate Transaction or, in the event there are no such members, as to which the Company has not obtained a Fairness Opinion (as hereinafter defined). In addition, any transaction involving aggregate payments or other transfers by the Company and its Restricted Subsidiaries in excess of $20.0 million will also require an opinion (a "Fairness Opinion") from an independent investment banking firm or appraiser, as appropriate, of national prominence, to the effect that the terms of such transaction are fair to the Company or such Restricted Subsidiary, as the case may be, from a financial point of view.

(b) The provisions of the foregoing paragraph (a) shall not prohibit (i) any Restricted Payment permitted by the covenant described under "-- Limitation on Restricted Payments," or any Permitted Investment, (ii) the performance of the Company's or Restricted Subsidiary's obligations under any employment contract, collective bargaining agreement, agreement for the provision of services, employee benefit plan, related trust agreement or any other similar arrangement heretofore or hereafter entered into in the ordinary course of business, (iii) payment of compensation, performance of indemnification or contribution obligations, or any issuance, grant or award of stock, options or other securities, to employees, officers or directors in the ordinary course of business, (iv) any transaction between the Company and a Restricted Subsidiary or between Restricted Subsidiaries, (v) the Transactions and the incurrence and payment of all fees and expenses payable in connection therewith as described in or contemplated by the Prospectus, (vi) any other transaction arising out of agreements in existence on the Issue Date, and (vii) transactions with suppliers or other purchasers or sellers of goods or services, in each case in the ordinary course of business and on terms no less favorable to the Company or the Restricted Subsidiary, as the case may be, than those that could be obtained at such time in arm's length dealings with a Person which is not an Affiliate.

Limitation on the Sale or Issuance of Preferred Stock of Restricted Subsidiaries. The Company shall not sell any shares of Preferred Stock of a Restricted Subsidiary, and shall

not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of its Preferred Stock to any Person (other than to the Company or a Restricted Subsidiary).

Limitation on Liens. The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist any Lien (other than Permitted Liens) on any of its property or assets (including Capital Stock), whether owned on the date of the Indenture or thereafter acquired, securing any Indebtedness that is not Senior Indebtedness (the "Initial Lien"), unless contemporaneously therewith effective provision is made to secure the obligations due under the Indenture and the Notes or, in respect of Liens on any Restricted Subsidiary's property or assets, equally and ratably with such obligation for so long as such obligation is secured by such Initial Lien. Any such Lien thereby created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, or (ii) any sale, exchange or transfer to any Person not an Affiliate of the Company of the property or assets secured by such Initial Lien, or of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien.

Reporting Requirements. As long as any of the Notes are outstanding, the Company will file with the SEC (unless the SEC will not accept such a filing) the annual reports, quarterly reports and other documents required to be filed with the SEC pursuant to Sections 13 and 15 of the Exchange Act, whether or not the Company is then obligated to file reports pursuant to such sections. The Company will be required to file with the Trustee and provide to each holder of Notes within 15 days after filing with the SEC (or if any such filing is not permitted under the Exchange Act, 15 days after the Company would have been required to make such filing) copies of such reports and documents.

Future Subsidiary Guarantors. After the Issue Date, the Company will cause each Restricted Subsidiary created or acquired by the Company to execute and deliver to the Trustee a Subsidiary Guarantee pursuant to which such Restricted Subsidiary will unconditionally Guarantee, on a joint and several basis, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior unsecured basis.

Limitation on Sale/Leaseback Transactions. The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless: (i) the Company or such Restricted Subsidiary would be entitled to Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to the covenant described under "Limitation on Indebtedness;" (ii) the net proceeds received by the Company or any Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the fair value (as determined by the Board of Directors) of such property; and (iii) the transfer of such property as permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described under "Limitation on Sales of Assets."

MERGER AND CONSOLIDATION

The Company will not, in a single transaction or a series of related transactions, consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless: (i) the resulting, surviving or transferee Person (the

"Successor Company") will be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Company) will expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Notes and the Indenture; (ii) immediately before and after giving effect to such transaction or series of transactions no Default or Event of Default exists; (iii) the Company or the Successor Company (if the Company is not the continuing obligor under the Indenture) will, at the time of such transaction or series of transactions and after giving proforma effect thereto as if such transaction or series of transactions had occurred at the beginning of the applicable four-quarter period, be permitted to Incur at least an additional $1.00 of Indebtedness pursuant to paragraph (a) of "-- Limitation on Indebtedness;" and (iv) the Company will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture, provided that (x) in giving such opinion such counsel may rely on such Officer's Certificate as to any matters of fact (including without limitation as to compliance with the foregoing clauses (ii)and (iii)), and (y) no Opinion of Counsel will be required for a consolidation, merger or transfer described in the last paragraph of this covenant.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture, and thereafter the predecessor Company shall be relieved of all obligations and covenants under the Indenture, except that, in the case of a conveyance, transfer or lease of all or substantially all its assets, the predecessor Company will not be released from the obligation to pay the principal of and interest on the Notes.

Notwithstanding the foregoing clauses (ii) and (iii), (1) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company and (2) the Company may merge with an Affiliate incorporated or organized for the purpose of reincorporating or reorganizing the Company in another jurisdiction to realize tax or other benefits.

DEFAULTS

An Event of Default is defined under the Indenture as (i) a default in any payment of interest on any Note when due (whether or not such payment is prohibited by the provisions described under "-- Ranking" above), continued for 30 days, (ii) a default in the payment of principal of any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise, whether or not such payment is prohibited by the provisions described under "-- Ranking" above, (iii) the failure by the Company to comply with its obligations under the covenant described under "-- Merger and Consolidation" above, (iv) the failure by the Company to comply for 30 days after written notice with any of its obligations under the covenants described under "-- Change of Control" or "-- Certain Covenants" above (in each case, other than a failure to purchase Notes), (v) the failure by the Company to comply for 60 days after notice with its other agreements contained in the Notes or the Indenture, (vi) the failure by the Company or any Significant Subsidiary to pay any Indebtedness within any applicable grace period after final maturity or the acceleration of any such Indebtedness by

the holders thereof because of a default if the total amount of such Indebtedness unpaid or accelerated exceeds $25 million (the "cross acceleration provision"), (vii) certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary (the "bankruptcy provisions"), (viii) the rendering of any judgment or decree for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof shall be unsuccessful) in excess of $25 million against the Company or a Significant Subsidiary that is not discharged, bonded or insured by a third Person if (A) an enforcement proceeding thereon is commenced or (B) such judgment or decree remains outstanding for a period of 90 days following such judgment or decree and is not discharged, waived or stayed (the "judgment default provision") or (ix) the failure of any Guarantee of the Notes by a Subsidiary Guarantor to be in full force and effect (except as contemplated by the terms thereof or of the Indenture) or the denial or disaffirmation in writing by any such Subsidiary Guarantor of its obligations under the Indenture or any such Guarantee if such Default continues for 10 days.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

However, a Default under clause (iv) or (v) will not constitute an Event of Default until the applicable Trustee or the Holders of at least 25% of the aggregate principal amount of the outstanding applicable Notes notify the Company of the Default and the Company does not cure such Default within the time specified in clauses (iv) and (v) hereof after receipt of such notice.

If an Event of Default (other than a Default relating to certain events of bankruptcy, insolvency or reorganization of the Company) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least a majority in principal amount of the outstanding Notes, by notice to the Company and the Trustee, may declare the principal of and accrued but unpaid interest on all of such Notes to be due and payable. Upon such a declaration, such principal and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company occurs and is continuing, the principal of and interest on all the Notes will become immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless (i) such Holder has previously given the Trustee notice that an Event of Default is continuing, (ii) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue

the remedy, (iii) such Holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense, (iv) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity and (v) the Holders of a majority in principal amount of the applicable Notes have not given the Trustee a direction inconsistent with such request within such 60-day period. Subject to certain restrictions, the Holders of a majority in principal amount of the Notes outstanding are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The Indenture provides that if a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each Holder notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium (if any) or interest on any Note, the Trustee may withhold notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Noteholders. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company also is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

AMENDMENTS AND WAIVERS

Subject to certain exceptions, the Indenture may be amended with the consent of the Holders of a majority in principal amount of the Notes then outstanding and any past default or compliance with any provisions may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding. However, without the consent of each Holder, no amendment may, among other things, (i) reduce the principal amount of Notes whose Holders must consent to an amendment, (ii) reduce the rate of or extend the time for payment of interest on any Note, (iii) reduce the principal amount of or extend the Stated Maturity of any Note, (iv) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed as described under "-- Optional Redemption" above, (v) make any Note payable in money other than that stated in the Note, (vi) make any change to the subordination provisions of the Indenture that adversely affects the rights of any Holder, (vii) impair the right of any Holder to receive payment of principal of and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes, or (viii) make any change in the amendment provisions which require each Holder's consent or in the waiver provisions.

Without the consent of any Holder, the Company, the Subsidiary Guarantors and the Trustee may amend the Indenture to cure any ambiguity, omission, defect or inconsistency, to provide for the assumption by a successor corporation of the obligations of the Company

under the Indenture, to provide for uncertificated Notes in addition to or in place of certificated Notes (provided, however, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code), to add Guarantees with respect to the Notes, to secure the Notes, to add to the covenants of the Company for the benefit of the Noteholders or to surrender any right or power conferred upon the Company, to make any change that does not adversely affect the rights of any Holder, or to comply with any requirement of the SEC in connection with the qualification of the Indenture under the TIA. However, no amendment may be made to the subordination provisions of the Indenture that adversely affects the rights of any holder of Senior Indebtedness then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

The consent of the Noteholders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment under the Indenture becomes effective, the Company is required to mail to the applicable Noteholders a notice briefly describing such amendment. However, the failure to give such notice to all such Noteholders, or any defect therein, will not impair or affect the validity of the amendment.

DEFEASANCE

The Company at any time may terminate all its obligations under the Notes and the Indenture ("legal defeasance"), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes. The Company at any time may terminate its obligations under the covenants described under "-- Certain Covenants," the operation of the cross acceleration provision, the bankruptcy provisions with respect to Subsidiaries and the judgment default provision described under "-- Defaults" above and the limitations contained in clauses (iii) and (iv) under "-- Merger and Consolidation" above ("covenant defeasance").

The Company may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect thereto. If the Company exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clause (iv), (vi), (vii), (but only with respect to certain bankruptcy events of a Significant Subsidiary), (viii) or (ix) under "-- Defaults" above or because of the failure of the Company to comply with clause (iii) or (iv) under "-- Merger and Consolidation" above.

Either defeasance option may be exercised prior to any redemption date or to the maturity date for the Notes. In order to exercise either defeasance option, the Company must irrevocably deposit in trust (the "defeasance trust") with the Trustee money or U.S. Government Obligations, or a combination thereof, for the payment of principal of, and premium (if any) and interest on, the applicable Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel to the effect that Holders of the Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit

and defeasance and will be subject to Federal income tax in the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and, in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable Federal income tax law since the date of the Indenture).

CONCERNING THE TRUSTEE

IBJ Schroder Bank & Trust Company serves as the Trustee for the Notes. The Trustee has been appointed by the Company as Registrar and Paying Agent with regard to the Notes.

GOVERNING LAW

The Indenture provides that it and the Notes will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

CERTAIN DEFINITIONS

"Additional Assets" means (i) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Related Business; (ii) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; (iii) Capital Stock of any Person that at such time is a Restricted Subsidiary, acquired from a third party; provided, however, that, in the case of clauses (ii) and (iii), such Restricted Subsidiary is primarily engaged in a Related Business; or (iv) Capital Stock of any Person which is primarily engaged in a Related Business; provided, however, for purposes of the covenant described under "-- Certain Covenants -- Limitation on Sales of Assets," the aggregate amount of Net Available Cash permitted to be invested pursuant to this clause (iv) shall not exceed at any one time outstanding 5% of Consolidated Tangible Assets.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. The Chase Manhattan Bank and its Affiliates shall not be deemed an Affiliate of the Company.

"Apollo" means Apollo Management IV, L.P. and its Affiliates or any entity controlled thereby or any of the partners thereof.

"Asset Disposition" means any sale, lease, transfer or other disposition of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries (including any disposition by means of a

merger, consolidation or similar transaction) other than (i) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary, (ii) a disposition of inventory, equipment, obsolete assets or surplus personal property in the ordinary course of business, (iii) the sale of Temporary Cash Investments or Cash Equivalents in the ordinary course of business, (iv) a transaction or a series of related transactions in which either (x) the fair market value of the assets disposed of, in the aggregate, does not exceed 2.5% of the Consolidated Tangible Assets of the Company or (y) the EBITDA related to such assets does not, in the aggregate, exceed 2.5% of the Company's EBITDA, (v) the sale or discount (with or without recourse, and on commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable, (vi) the licensing of intellectual property in the ordinary course of business, (vii) an RTO Facility Swap, (viii) for purposes of the covenant described under "-- Certain Covenants -- Limitation on Sales of Assets" only, a disposition subject to the covenant described under "-- Certain Covenants -- Limitation on Restricted Payments," or (ix) a disposition of property or assets that is governed by the provisions described under "-- Merger and Consolidation."

"Attributable Debt" in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate assumed in making calculations in accordance with FAS 13) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (i) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Indebtedness or Preferred Stock multiplied by the amount of such payment by (ii) the sum of all such payments.

"Bank Indebtedness" means any and all amounts, whether outstanding on the Issue Date or thereafter incurred, payable under or in respect of the Senior Credit Facility, including, without limitation, principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or any Restricted Subsidiary whether or not a claim for postfiling interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of such Board.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorized or required by law to close in New York City.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligations" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease.

"Cash Equivalents" means any of the following: (a) securities issued or fully guaranteed or insured by the United States Government or any agency or instrumentality thereof, (b) time deposits, certificates of deposit or bankers' acceptances of (i) any lender under the Senior Credit Agreement or (ii) any commercial bank having capital and surplus in excess of $500,000,000 and the commercial paper of the holding company of which is rated at least "A-2" or the equivalent thereof by S&P or at least "P-2" or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (c) commercial paper rated at least "A1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (d) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act, (e) repurchase obligations of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government, (f) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least "A" by S&P or "A" by Moody's and (g) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any commercial bank satisfying the requirements of clause (b) of this definition.

"Central Acquisition" means the Company's acquisition of substantially all of the assets of Central Rents, Inc.

"Chase" means The Chase Manhattan Bank.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means Renters Choice, Inc. after giving effect to the Rent-A-Center Acquisition.

"Consolidated Coverage Ratio" as of any date of determination means the ratio of (i) the aggregate amount of EBITDA of the Company and its Restricted Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Company are available to (ii) Consolidated Interest Expense for such four fiscal quarters (in each of clauses (i) and (ii), determined, for each fiscal quarter (or portion thereof) of the four fiscal quarters ending prior to the Issue Date, on a pro forma basis to give effect to the Central Acquisition and the Transactions (including the anticipated disposition of any non-rent-to-own businesses under contract for sale or held for sale following the Issue Date) as if they had occurred at the beginning of such four-quarter period); provided,

however, that: (1) if the Company or any Restricted Subsidiary (x) has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation shall be computed based on (A) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (B) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation) and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period, or (y) has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of the period that is no longer outstanding on such date of determination, or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid), EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such discharge had occurred on the first day of such period; (2) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition of any company or any business or any group of assets, the EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Company and its continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (and, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale); (3) if since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company or any business or any group of assets, including any such acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness and including the pro forma expenses and cost reductions calculated on a basis consistent with Regulation S-X of the Securities Act) as if such Investment or acquisition occurred on the first day of such period; and (4) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made any Asset

Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (2) or (3) above if made by the Company or a Restricted Subsidiary during such period, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to an Asset Disposition, Investment or acquisition of assets, or any transaction governed by the provisions described under "-- Merger and Consolidation," or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, defeased or otherwise discharged in connection therewith, the pro forma calculations in respect thereof shall be as determined in good faith by a responsible financial or accounting officer of the Company, based on reasonable assumptions. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated at a fixed rate as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of 12 months). If any Indebtedness bears, at the option of the Company or a Restricted Subsidiary, a fixed or floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be computed by applying, at the option of the Company or such Restricted Subsidiary, either a fixed or floating rate. If any Indebtedness which is being given pro forma effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

"Consolidated Interest Expense" means, as to any Person, for any period, the total consolidated interest expense of such Person and its Subsidiaries determined in accordance with GAAP, minus, to the extent included in such interest expense, amortization or write-off of financing costs plus, to the extent incurred by such Person and its Subsidiaries in such period but not included in such interest expense, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and the interest component of rent expense associated with Attributable Debt in respect of the relevant lease giving rise thereto, determined as if such lease were a capitalized lease, in accordance with GAAP, (ii) amortization of debt discount, (iii) interest in respect of Indebtedness of any other Person that has been Guaranteed by such Person or any Subsidiary, but only to the extent that such interest is actually paid by such Person or any Restricted Subsidiary, (iv) non-cash interest expense, (v) net costs associated with Hedging Obligations, (vi) the product of (A) mandatory Preferred Stock cash dividends in respect of all Preferred Stock of Subsidiaries of such Person and Disqualified Stock of such Person held by Persons other than such Person or a Subsidiary multiplied by (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; and (vii) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest to any Person (other than the referent Person or any Subsidiary thereof) in connection with Indebtedness Incurred by such plan or trust; provided, however, that as to the Company, there shall be excluded therefrom any such interest expense of any Unrestricted Subsidiary to the extent the

related Indebtedness is not Guaranteed or paid by the Company or any Restricted Subsidiary. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received by such Person and its Subsidiaries with respect to Interest Rate Agreements.

"Consolidated Net Income" means, as to any Person, for any period, the consolidated net income (loss) of such Person and its Subsidiaries before preferred stock dividends, determined in accordance with GAAP; provided, however, that there shall not be included in such Consolidated Net Income: (i) any net income (loss) of any Person if such Person is not (as to the Company) a Restricted Subsidiary and (as to any other Person) an unconsolidated Person, except that (A) subject to the limitations contained in clause (iv) below, the referent Person's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the referent Person or a Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Subsidiary, to the limitations contained in clause (iii) below) and (B) the net loss of such Person shall be included to the extent of the aggregate Investment of the referent Person or any of its Subsidiaries in such Person; (ii) any net income (loss) of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition; (iii) any net income (loss) of any Restricted Subsidiary (as to the Company) or of any Subsidiary (as to any other Person) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Subsidiary, directly or indirectly, to the Company, except that (A) subject to the limitations contained in (iv) below, such Person's equity in the net income of any such Subsidiary for such period shall be included in Consolidated Net Income up to the aggregate amount of cash that could have been distributed by such Subsidiary during such period to such Person or another Subsidiary as a dividend (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause) and (B) the net loss of such Subsidiary shall be included in determining Consolidated Net Income; (iv) any charges for costs and expenses associated with the Transactions; (v) any extraordinary gain or loss; and (vi) the cumulative effect of a change in accounting principles.

"Consolidated Tangible Assets" means, as of any date of determination, the total assets, less goodwill and other intangibles (other than patents, trademarks, copyrights, licenses and other intellectual property), shown on the balance sheet of the Company and its Restricted Subsidiaries as of the most recent date for which such a balance sheet is available, determined on a consolidated basis in accordance with GAAP less all write-ups (other than write-ups in connection with acquisitions) subsequent to the date of the Indenture in the book value of any asset (except any such intangible assets) owned by the Company or any of its Restricted Subsidiaries.

"Consolidation" means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Company in accordance with GAAP; provided, however, that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company in any Unrestricted Subsidiary will be accounted for as an investment. The term "Consolidated" has a correlative meaning.

"Convertible Preferred Stock" means (i) the convertible preferred stock of the Company issued to Apollo, resulting in gross proceeds to the Company of $250 million, and (ii) the

convertible preferred stock of the Company which will be issued to an Affiliate of Bear, Stearns & Co. concurrently with the issuance of the Old Notes, resulting in gross proceeds to the Company of $10 million.

"Currency Agreement" means in respect of a Person any foreign exchange contract, currency swap agreement or other similar agreement or arrangement (including derivative agreements or arrangements) as to which such Person is a party or a beneficiary.

"Default" means any event or condition that is, or after notice or passage of time or both would be, an Event of Default.

"Designated Senior Indebtedness" means (i) the Bank Indebtedness and (ii) any other Senior Indebtedness which, at the date of determination, has an aggregate principal amount of, or under which, at the date of determination, the holders thereof are committed to lend up to, at least $25.0 million and is specifically designated by the Company in the instrument evidencing or governing such Senior Indebtedness as "Designated Senior Indebtedness" for purposes of the Indentures.

"Disqualified Stock" means, with respect to any Person, any Capital Stock (excluding the Convertible Preferred Stock) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part, in the case of clauses (i), (ii) and (iii), on or prior to the 91st day after the Stated Maturity of the Notes.

"EBITDA" means, as to any Person, for any period, the Consolidated Net Income for such period, plus the following to the extent included in calculating such Consolidated Net Income: (i) income tax expense, (ii) Consolidated Interest Expense, (iii) depreciation expense (other than depreciation expense relating to rental merchandise), (iv) amortization expense and (v) other non-cash charges or non-cash losses, and minus any gain (but not loss) realized upon the sale or other disposition of any asset of the Company or its Restricted Subsidiaries (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business.

"Equity Offering" means a primary public or private offering or sale of common stock of the Company, the proceeds of which shall be at least $25.0 million.

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

"GAAP" means generally accepted accounting principles in the United States of America as in effect on the Issue Date (for purposes of the definitions of the terms "Consolidated Coverage Ratio," "Consolidated Interest Expense," "Consolidated Net Income" and "EBITDA," all defined terms in the Indenture to the extent used in or relating to any of the foregoing definitions, and all ratios and computations based on any of the foregoing definitions) and as in effect from time to time (for all other purposes of the Indenture), including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession. All

ratios and computations based on GAAP contained in the Indenture shall be computed in conformity with GAAP.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other nonfinancial obligation of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or such other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning.

"Guarantor Senior Indebtedness" means, with respect to a Subsidiary Guarantor, the following obligations, whether outstanding on the date of the Indenture or thereafter issued, without duplication: (i) any Guarantee of the Senior Credit Facility by such Subsidiary Guarantor and all other Guarantees by such Subsidiary Guarantor of Senior Indebtedness of the Company or Guarantor Indebtedness for any other Subsidiary Guarantor; and (ii) all obligations consisting of the principal of and premium, if any, and accrued and unpaid interest (including interest accruing on or after the filling of any petition in bankruptcy or for reorganization relating to the Subsidiary Guarantor regardless of whether post filing interest is allowed in such proceeding) on, and fees and other amounts owing in respect of, all other Indebtedness of the Subsidiary Guarantor, unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is expressly provided that the obligations in respect of such Indebtedness are not senior in right of payment to the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee; provided, however, that Guarantor Senior Indebtedness will not include (1) any obligations of such Subsidiary Guarantor to another Subsidiary Guarantor or any other Affiliate of the Subsidiary Guarantor or any such Affiliate's Subsidiaries, (2) any liability for Federal, state, local, foreign or other taxes owed or owing by such Subsidiary Guarantor, (3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities) or other current liabilities (other than current liabilities which constitute Bank Indebtedness or the current portion of any long-term Indebtedness which would constitute Senior Indebtedness but for the operation of this clause (3), (4) any Indebtedness, Guarantee or obligation of such Subsidiary Guarantor that is expressly subordinate or junior to any other Indebtedness, Guarantee or obligation of such Subsidiary Guarantor, including any Guarantor Senior Subordinated Indebtedness and Guarantor Subordinated Obligations of such Subsidiary Guarantor (5) Indebtedness which is represented by redeemable Capital Stock or (6) that portion of any Indebtedness that is incurred in violation of the Indenture. If any Designated Senior Indebtedness is disallowed, avoided or subordinated pursuant to the provisions of Section 548 of Title 11 of the United States Code or any applicable state fraudulent conveyance law, such Designated Senior Indebtedness nevertheless will constitute Senior Indebtedness.

"Guarantor Senior Subordinated Indebtedness" means with respect to a Subsidiary Guarantor, the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee and any other Indebtedness of such Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter incurred) that specifically provides that such Indebtedness is to rank pari passu in right of payment with the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee and is not expressly subordinated by its terms in right of payment to any Indebtedness of such Subsidiary Guarantor which is not Guarantor Senior Indebtedness of such Subsidiary Guarantor.

"Guarantor Subordinated Obligation" means, with respect to a Subsidiary Guarantor, any Indebtedness of such Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter incurred) which is expressly subordinate in right of payment to the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee pursuant to a written agreement.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Holder" or "Noteholder" means the Person in whose name a Note is registered in the Register.

"Incur" means issue, assume, enter into any Guarantee of, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication): (i) the principal of Indebtedness of such Person for borrowed money, (ii) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all reimbursement obligations of such Person, including reimbursement obligations in respect of letters of credit or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed), (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto or the completion of such services, (v) all Capitalized Lease Obligations and Attributable Debt of such Person, (vi) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock or (if such Person is a Subsidiary of the Company) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if such Capital Stock has no fixed price, to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the fair market value of such

Capital Stock, such fair market value shall be as determined in good faith by the Board of Directors or the board of directors of the issuer of such Capital Stock), (vii) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Persons, (viii) all Indebtedness of other Persons to the extent Guaranteed by such Person, and (ix) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, or otherwise in accordance with GAAP.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement (including derivative agreements or arrangements) as to which such Person is party or a beneficiary; provided, however, any such agreements entered into in connection with the Notes shall not be included.

"Investment" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, directors, officers or employees of any Person in the ordinary course of business) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such entity is no longer a Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of.

"Issue Date" means the date on which the Old Notes were originally issued (August 18, 1998).

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Moody's" means Moody's Investors Service, Inc., and its successors.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other noncash form) therefrom, in each case net of (i) all legal, title and recording tax expenses, commissions and other fees and expenses incurred

(including, without limitation, fees and expenses of legal counsel, accountants and financial advisors), and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP, as a consequence of such Asset Disposition, (ii) all payments made on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or that must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition, (iii) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition or to any other Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition and (iv) appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds" means, with respect to any issuance or sale of any securities of the Company or any Subsidiary by the Company or any Subsidiary, or any capital contribution, the cash proceeds of such issuance, sale or contribution net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance, sale or contribution and net of taxes paid or payable as a result thereof.

"Non-Recourse Debt" means Indebtedness (i) as to which neither the Company nor any Restricted Subsidiary (a) provides any Guarantee or credit support of any kind (including any undertaking, Guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as a guarantor or otherwise) and (ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity.

"Officer" means the Chief Executive Officer, President, Chief Financial Officer, any Vice President, Controller, Secretary or Treasurer of the Company.

"Officer's Certificate" means a certificate signed by one Officer.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Permitted Holders" means Apollo, J. Ernest Talley and Mark E. Speese, their respective Affiliates and successors or assigns and any Person acting in the capacity of an underwriter in connection with a public or private offering of the Company's Capital Stock.

"Permitted Investment" means an Investment by the Company or any Restricted Subsidiary in any of the following: (i) a Restricted Subsidiary, the Company or a Person that will, upon the making of such Investment, become a Restricted Subsidiary; (ii) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary; (iii) Temporary Cash Investments or Cash Equivalents; (iv) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in

accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances; (v) securities or other Investments received as consideration in connection with RTO Facility Swaps or in sales or other dispositions of property or assets made in compliance with the covenant described under "Certain Covenants -- Limitation on Sales of Assets;" (vi) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person; (vii) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date; (viii) Currency Agreements, Interest Rate Agreements and related Hedging Obligations, which obligations are Incurred in compliance with the covenant described under "-- Certain Covenants -- Limitations on Indebtedness;" (ix) pledges or deposits (A) with respect to leases or utilities provided to third parties in the ordinary course of business or (B) otherwise described in the definition of "Permitted Liens;" (x) Investments in a Related Business in an amount not to exceed $10 million in the aggregate; and (xi) other Investments in an aggregate amount not to exceed the sum of $10 million and the aggregate non-cash net proceeds received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Issue Date (other than non-cash proceeds from an issuance or sale of such Capital Stock to a Subsidiary of the Company or an employee stock ownership plan or similar trust); provided, however, that the value of such non-cash net proceeds shall be as conclusively determined by the Board of Directors in good faith, except that in the event the value of any non-cash net proceeds shall be $25 million or more, the value shall be as determined in writing by an independent investment banking firm of nationally recognized standing.

"Permitted Liens" means: (i) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not be reasonably expected to have a material adverse effect on the Company and its Restricted Subsidiaries, or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or such Subsidiary, as the case may be, in accordance with GAAP; (ii) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings; (iii) pledges, deposits or liens in connection with workers' compensation, unemployment insurance and other social security legislation and/or similar legislation or other insurance-related obligations (including, without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements); (iv) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for or under or in respect of utilities, leases, licenses, statutory obligations, surety, judgment and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business; (v) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, changes, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of

the business of the Company and its Subsidiaries, taken as a whole; (vi) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or (in the case of any such Liens securing Indebtedness of the Company or any of its Subsidiaries existing or arising under written arrangements existing on the Issue Date) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness; (vii) Liens securing Hedging Obligations incurred in compliance with the covenant described under "-- Certain Covenants -- Limitation on Indebtedness;" (viii) Liens arising out of judgments, decrees, orders or awards in respect of which the Company shall in good faith be prosecuting an appeal or proceedings for review which appeal or proceedings shall not have been finally terminated, or the period within which such appeal or proceedings may be initiated shall not have expired; (ix) Liens securing (A) Indebtedness incurred in compliance with clause (b)(i), (b)(ii) or (b)(v) of the covenant described under "-- Certain Covenants -- Limitation on Indebtedness," or clause (b)(iv) thereof (other than Refinancing Indebtedness Incurred in respect of Indebtedness described in paragraph (a) thereof) or (B) Bank Indebtedness; (x) Liens on properties or assets of the Company securing Senior Indebtedness; (xi) Liens existing on property or assets of a Person at the time such Person becomes a Subsidiary of the Company (or at the time the Company or a Restricted Subsidiary acquires such property or assets); provided, however, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate; (xii) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary; (xiii) Liens securing the Notes; and (xiv) Liens securing Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, provided that any such new Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate.

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

"Preferred Stock" as applied to the Capital Stock of any corporation means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Purchase Money Obligations" means any Indebtedness of the Company or any Restricted Subsidiary incurred to finance the acquisition, construction or capital improvement of any

property or business (including Indebtedness incurred within 90 days following such acquisition or construction), including Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or assumed by the Company or a Restricted Subsidiary in connection with the acquisition of assets from such Person; provided, however, that any Lien on such Indebtedness shall not extend to any property other than the property so acquired or constructed.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, "refinances," and "refinanced" shall have a correlative meaning) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in the Indenture) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that (i) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced, (ii) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced and (iii) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness; provided further, however, that Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Company or (y) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"Related Business" means those businesses, other than the car rental business, in which the Company or any of its Subsidiaries is engaged on the date of the Indenture or that are reasonably related or incidental thereto.

"Rent-A-Center Acquisition" means the acquisition of Rent-A-Center by the Company.

"Representative" means the trustee, agent or representative (if any) for an issue of Senior Indebtedness.

"Restricted Subsidiary" means Rent-A-Center, Inc. and ColorTyme, Inc.

"Revolving Credit Facility" means the revolving credit facility under the Senior Credit Facility (which may include any swing line or letter of credit facility or subfacility thereunder).

"RTO Facility" means any facility through which the Company or any of its Restricted Subsidiaries conducts the business of renting merchandise to its customers and any facility through which a franchise of the Company or any of its Subsidiaries conducts the business of renting merchandise to customers.

"RTO Facility Swap" means an exchange of assets (including Capital Stock of a Subsidiary or the Company) of substantially equivalent fair market value, as conclusively

determined in good faith by the Board of Directors, by the Company or a Restricted Subsidiary for one or more RTO Facilities or for cash, Capital Stock, Indebtedness or other securities of any Person owning or operating one or more RTO Facilities and primarily engaged in a Related Business; provided, however, that any Net Cash Proceeds received by the Company or any Restricted Subsidiary in connection with any such transaction must be applied in accordance with the covenant described under "-- Certain Covenants -- Limitation on Sale of Assets."

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Company or a Restricted Subsidiary whereby the Company or such Restricted Subsidiary transfers such property to a Person and the Company or such Restricted Subsidiary leases it from such Person, other than leases (x) between the Company and a Restricted Subsidiary or (y) required to be classified and accounted for as capitalized leases for financial reporting purposes in accordance with GAAP.

"SEC" means the Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness of the Company secured by a Lien.

"Senior Credit Agreement" means the credit agreement dated as of August 5, 1998, among the Company, the banks and other financial institutions party thereto from time to time, Comerica, N.A. as the documentation agent, NationsBank, N.A. as syndication agent and Chase, as administrative agent, as such agreement may be assumed by any successor in interest, and as such agreement may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Credit Agreement or otherwise).

"Senior Credit Facility" means the collective reference to the Senior Credit Agreement, any Loan Documents (as defined therein), any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, letter of credit applications and other security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Credit Agreement or otherwise). Without limiting the generality of the foregoing, the term "Senior Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (iii) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"Senior Indebtedness" means the following obligations, whether outstanding on the date of the Indenture or thereafter issued, without duplication: (i) all obligations consisting of Bank Indebtedness; and (ii) all obligations consisting of the principal of and premium, if any, and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company regardless of

whether postfiling interest is allowed in such proceeding) on, and fees and other amounts owing in respect of, all other Indebtedness of the Company, unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that the obligations in respect of such Indebtedness are not superior in right of payment to the Notes; provided, however, that Senior Indebtedness shall not include (1) any obligation of the Company to any Subsidiary or any other Affiliate of the Company, or any such Affiliate's Subsidiaries, (2) any liability for Federal, state, foreign, local or other taxes owed or owing by the Company, (3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities) or other current liabilities (other than current liabilities which constitute Bank Indebtedness or the current portion of any long-term Indebtedness which would constitute Senior Indebtedness but for the operation of this clause (3)), (4) any Indebtedness, Guarantee or obligations of the Company that is expressly subordinate or junior to any other Indebtedness, Guarantee or obligation of the Company, (5) Indebtedness which is represented by redeemable Capital Stock or (6) that portion of any Indebtedness that is incurred in violation of the Indentures. If any Designated Senior Indebtedness is disallowed, avoided or subordinated pursuant to the provisions of Section 548 of Title 11 of the United States Code or any applicable state fraudulent conveyance law, such Designated Senior Indebtedness nevertheless will constitute Senior Indebtedness.

"Senior Subordinated Indebtedness" means the Notes and any other Indebtedness of the Company that (i) specifically provides that such Indebtedness is to rank pari passu with the Notes or is otherwise entitled Senior Subordinated Indebtedness and (ii) is not subordinated by its terms to any Indebtedness or other obligation of the Company that is not Senior Indebtedness.

"Significant Subsidiary" means (i) each Subsidiary that for the most recent fiscal year of such Subsidiary had consolidated revenues greater than $10.0 million or as at the end of such fiscal year had assets or liabilities greater than $10.0 million and (ii) any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary.

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc., and its successors.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Obligation" means any Indebtedness of the Company (whether outstanding on the date of the Indenture or thereafter Incurred) which is subordinate or junior in right of payment to the Notes pursuant to a written agreement.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees

thereof is at the time owned or controlled, directly or indirectly, by (i) such Person or (ii) one or more Subsidiaries of such Person.

"Subsidiary Guarantee" means, individually, any Guarantee of payment of the Notes by a Subsidiary Guarantor pursuant to the terms of the Indenture, and, collectively, all such Guarantees. Each such Subsidiary Guarantee will be in the form prescribed in the Indenture.

"Subsidiary Guarantor" means (i) Rent-A-Center, Inc. and ColorTyme, Inc. and (ii) any Restricted Subsidiary created or acquired by the Company after the Issue Date.

"Successor Company" shall have the meaning assigned thereto in clause (i) under "-- Merger and Consolidation."

"Temporary Cash Investments" means any of the following: (i) any investment in direct obligations (x) of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof or (y) of any foreign country recognized by the United States of America rated at least "A" by S&P or "A1" by Moody's, (ii) investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital and surplus aggregating in excess of $250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" by S&P or "A-1" by Moody's, (iii) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 180 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any Investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, (v) Investments in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's, (vi) any money market deposit accounts issued or offered by a domestic commercial bank or a commercial bank organized and located in a country recognized by the United States of America, in each case, having capital and surplus in excess of $250 million (or the foreign currency equivalent thereof), or investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any short-term successor rule) of the SEC, under the Investment Company Act of 1940, as amended, and (vii) similar short-term investments approved by the Board of Directors in the ordinary course of business.

"Term Loan Facility" means the term loan facilities provided under the Senior Credit Facility.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. sec.sec.77aaa-77bbbb) as in effect on the date of the Indenture.

"Trade Payables" means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transactions," means collectively the Rent-A-Center Acquisition, the offering of the Notes, the initial borrowings under the Senior Credit Facility, and all other transactions relating to the Rent-A-Center Acquisition or the financing thereof.

"Trustee" means the party named as such in the Indenture until a successor replaces it and, thereafter, means the successor.

"Trust Officer" means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either (A) the Subsidiary to be so designated has total consolidated assets of $10,000 or less or (B) if such Subsidiary has consolidated assets greater than $10,000, then such designation would be permitted under "-- Certain Covenants -- Limitation on Restricted Payments." The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (x) the Company could incur at least $1.00 of additional Indebtedness under paragraph (a) in the covenant described under "-- Certain Covenants -- Limitation on Indebtedness" and (y) no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Company's Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"Voting Stock" of an entity means all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of directors or all interests in such entity with the ability to control the management or actions of such entity.

"Wholly Owned Subsidiary" means a Restricted Subsidiary of the Company all the Capital Stock of which (other than directors' qualifying shares) is owned by the Company or another Wholly Owned Subsidiary.

CERTAIN BOOK-ENTRY PROCEDURES FOR THE GLOBAL NOTES

Except as set forth below, the Exchange Notes will be represented by one permanent global registered note in global form, without interest coupons (the "Global Note"). The Global Note will be deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC, or will remain

in the custody of the Trustee pursuant to the FAST Balance Certificate Agreement between DTC and the Trustee.

The descriptions of the operations and procedures of DTC, Euroclear and Cedel set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither the Company nor the Initial Purchasers takes any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised the Company that it is (i) a limited purpose trust company organized under the laws of the State of New York, (ii) a "banking organization" within the meaning of the New York Banking Law, (iii) a member of the Federal Reserve System, (iv) a "clearing corporation" within the meaning of the Uniform Commercial Code, as amended, and (v) a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants (collectively, the "Participants") and facilitates the clearance and settlement of securities transactions between Participants through electronic book-entry changes to the accounts of its Participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC's Participants include securities brokers and dealers (including the Initial Purchasers), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies (collectively, the "Indirect Participants") that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. Investors who are not Participants may beneficially own securities held by or on behalf of DTC only through Participants or Indirect Participants.

The Company expects that pursuant to procedures established by DTC (i) upon deposit of each Global Note, DTC will credit the accounts of Participants designated by the Initial Purchasers with an interest in the Global Note and (ii) ownership of the Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of Participants) and the records of Participants and the Indirect Participants (with respect to the interests of persons other than Participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the Notes represented by a Global Note to such persons may be limited. In addition, because DTC can act only on behalf of its Participants, who in turn act on behalf of persons who hold interests through Participants, the ability of a person having an interest in Notes represented by a Global Note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note will not be entitled to have Notes represented by such Global Note registered in their names, will not receive or be entitled

to receive physical delivery of Certificated Notes, and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee thereunder. Accordingly, each holder owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if such holder is not a Participant or an Indirect Participant, on the procedures of the Participant through which such holder owns its interest, to exercise any rights of a holder of Notes under the Indenture or such Global Note. The Company understands that under existing industry practice, in the event that the Company requests any action of holders of Notes, or a holder that is an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of such Global Note, is entitled to take, DTC would authorize the Participants to take such action and the Participants would authorize holders owning through such Participants to take such action or would otherwise act upon the instruction of such holders. Neither the Company nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such Notes.

Payments with respect to the principal of, and premium, if any, Liquidated Damages, if any, and interest on, any Notes represented by a Global Note registered in the name of DTC or its nominee on the applicable record date will be payable by the Trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the Global Note representing such Notes under the Indenture. Under the terms of the Indenture, the Company and the Trustee may treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither the Company nor the Trustee has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in a Global Note (including principal, premium, if any, Liquidated Damages, if any, and interest). Payments by the Participants and the Indirect Participants to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of the Participants or the Indirect Participants and DTC.

Transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Cedel will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Cedel participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Cedel, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Cedel, as the case may be, by the counter party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Cedel, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-

day funds settlement applicable to DTC. Euroclear participants and Cedel participants may not deliver instructions directly to the depositaries for Euroclear or Cedel.

Because of time zone differences, the securities account of a Euroclear or Cedel participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Cedel participant, during the securities settlement processing day (which must be a business day for Euroclear and Cedel) immediately following the settlement date of DTC. Cash received in Euroclear or Cedel as a result of sales of interest in a Global Security by or through a Euroclear or Cedel participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Cedel cash account only as of the business day for Euroclear or Cedel following DTC's settlement date.

Although DTC, Euroclear and Cedel have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Cedel, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Company nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Cedel or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

CERTIFICATED NOTES

If (i) the Company notifies the Trustee in writing that DTC is no longer willing or able to act as a depositary or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days of such notice or cessation, (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of Notes in definitive form under the Indenture or (iii) upon the occurrence of certain other events as provided in the Indenture, then, upon surrender by DTC of the Global Notes, Certificated Notes will be issued to each person that DTC identifies as the beneficial owner of the Notes represented by the Global Notes. Upon any such issuance, the Trustee is required to register such Certificated Notes in the name of such person or persons (or the nominee of any thereof) and cause the same to be delivered thereto.

Neither the Company nor the Trustee shall be liable for any delay by DTC or any Participant or Indirect Participant in identifying the beneficial owners of the related Notes and each such person may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Notes to be issued).

OLD NOTES EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

The Company and the Initial Purchasers entered into the Exchange and Registration Rights Agreement on August 18, 1998. Pursuant to the Exchange and Registration Rights Agreement, the Company agreed to (i) file with the SEC on or prior to 60 days after the Issue Date a registration statement (the "Exchange Offer Registration Statement"), relating to the Exchange Offer for the Old Notes under the Securities Act and (ii) use its reasonable efforts to cause the Exchange Offer Registration Statement to be declared effective under the Securities Act within 150 days after the Issue Date. As soon as practicable after the effectiveness of the Exchange Offer Registration Statement, the Company will offer to the holders of Transfer Restricted Securities (as defined below), who are not prohibited by any law or policy of the SEC from participating in the Exchange Offer, the opportunity to exchange their Transfer Restricted Securities for an issue of the Exchange Notes which are identical in all material respects to the Old Notes (except that the Exchange Notes will not contain terms with respect to transfer restrictions) and that would be registered under the Securities Act. The Company will keep the Exchange Offer open for not less than 30 days (or longer, if required by applicable law) after the date on which notice of the Exchange Offer is mailed to the holders of the Notes.

If (i) because of any change in law or applicable interpretations thereof by the staff of the SEC, the Company is not permitted to effect the Exchange Offer as contemplated hereby; (ii) any Old Notes validly tendered pursuant to the Exchange Offer are not exchanged for Exchange Notes within 180 days after the Issue Date; (iii) any Initial Purchaser so requests with respect to Old Notes not eligible to be exchanged for Exchange Notes in the Exchange Offer; (iv) any applicable law or interpretations do not permit any Holder of Old Notes to participate in the Exchange Offer; (v) any Holder of Old Notes that participates in the Exchange Offer does not receive freely transferable Exchange Notes in exchange for tendered Old Notes; or (vi) the Company so elects, then the Company will file with the SEC the Shelf Registration Statement to cover resales of Transfer Restricted Securities by such Holders who satisfy certain conditions relating to the provision of information in connection with the Shelf Registration Statement. For purposes of the foregoing, "Transfer Restricted Securities" means each Old Note until (i) the date on which such Old Note has been exchanged for a freely transferable Exchange Note in the Exchange Offer; (ii) the date on which such Old Note has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement, or (iii) the date on which such Old Note is distributed to the public pursuant to Rule 144 under the Securities Act or is salable pursuant to Rule 144(k) under the Securities Act.

The Company will use its reasonable efforts to have the Exchange Offer Registration Statement or, if applicable, the Shelf Registration Statement declared effective by the SEC as promptly as practicable after the filing thereof. Unless the Exchange Offer would not be permitted by a policy of the SEC, the Company will commence the Exchange Offer and use its reasonable efforts to consummate the Exchange Offer as promptly as practicable, but in any event prior to 180 days after the Issue Date. If necessary, the Company will use its commercially reasonable efforts to keep the Shelf Registration Statement effective for a period of two years after the Issue Date.

If (i) the applicable Exchange Offer Registration Statement or, if applicable, the Shelf Registration Statement, is not filed with the SEC on or prior to 60 days after the Issue Date; (ii) the applicable Exchange Offer Registration Statement or, if applicable, the Shelf Registration Statement, is not declared effective within 150 days after the Issue Date; (iii) the Exchange Offer is not consummated on or prior to 180 days after the Issue Date; or (iv) the Shelf Registration Statement is filed and declared effective within 150 days after the Issue Date but shall thereafter cease to be effective (at any time that the Company is obligated to maintain the effectiveness thereof) without being succeeded within 45 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Company will be obligated to pay liquidated damages to each Holder of Transfer Restricted Securities, during the period of one or more such Registration Defaults, in an amount equal to $0.192 per week per $1,000 principal amount of the Notes constituting Transfer Restricted Securities held by such Holder until the applicable Registration Statement is filed, the Exchange Offer Registration Statement is declared effective and the Exchange Offer is consummated or the Shelf Registration Statement is declared effective or again becomes effective, as the case may be. All accrued liquidated damages shall be paid to Holders in the same manner as interest payments on the Notes on semi-annual payment dates which correspond to interest payment dates for the Notes. The accrual of liquidated damages will cease on the day on which all Registration Defaults are cured.

The Exchange and Registration Rights Agreement also provides that the Company shall (i) make available for a period of 180 days after the consummation of the Exchange Offer a prospectus meeting the requirements of the Securities Act to any broker-dealer for use in connection with any resale of any such Exchange Notes and (ii) pay all expenses incident to the Exchange Offer (including the expense of one counsel to the Holders of the Notes) and will indemnify certain Holders of the Notes (including any broker-dealer) against certain liabilities, including liabilities under the Securities Act. A broker-dealer that delivers such a prospectus to purchasers in connection with such resales will be subject to certain of the civil liability provisions under the Securities Act and will be bound by the provisions of the Exchange and Registration Rights Agreement (including certain indemnification rights and obligations).

Each Holder of Old Notes who wishes to exchange such Old Notes for Exchange Notes in the Exchange Offer will be required to make certain representations, including representations that (i) any Exchange Notes to be received by it will be acquired in the ordinary course of its business; (ii) it has no arrangement or understanding with any person to participate in the distribution of the Exchange Notes; and (iii) it is not an "affiliate" (as defined in Rule 405 under the Securities Act) of the Company, or if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

If the Holder is not a broker-dealer, it will be required to represent that it is not engaged in, and does not intend to engage in, the distribution of the Exchange Notes. If the Holder is a broker-dealer that will receive Exchange Notes for its own account in exchange for Notes that were acquired as a result of market-making activities or other trading activities (an "Exchanging Dealer"), it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes.

Holders of the Old Notes will be required to make certain representations to the Company (as described above) in order to participate in the Exchange Offer and will be required to deliver information to be used in connection with the Shelf Registration Statement and benefit from the provisions regarding liquidated damages set forth in the preceding paragraphs. A Holder who sells Old Notes pursuant to the Shelf Registration Statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the Exchange and Registration Rights Agreement which are applicable to such a Holder (including certain indemnification obligations).

For so long as the Old Notes are outstanding, the Company will continue to provide to Holders of the Old Notes and to prospective purchasers of the Old Notes the information required by Rule 144A(d)(4) under the Securities Act.

The foregoing description of the Exchange and Registration Rights Agreement is a summary only, does not purport to be complete and is qualified in its entirety by reference to all provisions of the Exchange and Registration Rights Agreement which is filed as an exhibit to the Registration Statement of which this Prospectus is a part.

CERTAIN U. S. FEDERAL INCOME TAX CONSEQUENCES

GENERAL

The following is a summary of certain U. S. federal income tax consequences associated with the exchange of Old Notes for Exchange Notes pursuant to the Exchange Offer, and does not purport to be a complete analysis of all potential tax effects. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed regulations thereunder, published rulings and court decisions, all as in effect and existing on the date hereof and all of which are subject to change at any time, which change may be retroactive. This summary is not binding on the Internal Revenue Service or on the courts, and no ruling will be requested from the Internal Revenue Service on any issues described below. There can be no assurance that the Internal Revenue Service will not take a different position concerning the matters discussed below.

This summary applies only to those persons who are the initial holders of Old Notes, who acquired Old Notes for cash and who hold Old Notes as capital assets, and assumes that the Old Notes were not issued with "original issue discount," as defined in the Code. It does not address the tax consequences to taxpayers who are subject to special rules (such as financial institutions, tax-exempt organizations, insurance companies and persons who are not "U.S. Holders"), or the effect of any applicable U.S. federal estate and gift tax laws or state, local or foreign tax laws. For purposes of this summary, a "U.S. Holder" means a beneficial owner of a Note who purchased the Notes pursuant to the Offering that is for U.S. federal income tax purposes (i) a citizen or resident of the United States; (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (A) a court within the United States is able to exercise primary supervision over the administration of the trust and (B) one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust.

EXCHANGE OFFER

The exchange of Old Notes for Exchange Notes pursuant to the Exchange Offer should not constitute a taxable exchange for U.S. federal income tax purposes. Accordingly, a U.S. Holder should not recognize gain or loss upon the receipt of Exchange Notes pursuant to the Exchange Offer, and a U.S. Holder should be required to include interest on the Exchange Notes in gross income in the manner and to the extent interest income was includible under the Old Notes. A U.S. Holder's holding period for the Exchange Notes should include the holding period of the Old Notes exchanged therefor, and such holder's adjusted basis in the Exchange Notes should be the same as the basis of the Old Notes exchanged therefor immediately before the exchange.

THE FOREGOING DISCUSSION IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY. ACCORDINGLY, EACH HOLDER SHOULD CONSULT WITH ITS OWN TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THE EXCHANGE OFFER WITH RESPECT TO ITS PARTICULAR SITUATION, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS.

PLAN OF DISTRIBUTION

Based on interpretations by the SEC set forth in no-action letters issued to third parties, the Company believes that Exchange Notes issued pursuant to the Exchange Offer in exchange for the Old Notes may be offered for resale, resold and otherwise transferred by holders thereof (other than any holder which is (i) an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act, (ii) a broker-dealer who acquired Notes directly from the Company or (iii) broker-dealers who acquired Notes as a result of market-making or other trading activities) without compliance with the registration and prospectus delivery provisions of the Securities Act provided that such Exchange Notes are acquired in the ordinary course of such holders' business, and such holders are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of such Exchange Notes; provided that broker-dealers ("Participating Broker-Dealers") receiving Exchange Notes in the Exchange Offer will be subject to a prospectus delivery requirement with respect to resales of such Exchange Notes. To date, the SEC has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to transactions involving an exchange of securities such as the exchange pursuant to the Exchange Offer (other than a resale of an unsold allotment from the sale of the Old Notes to the Initial Purchasers) with the Prospectus contained in the Exchange Offer Registration Statement. Pursuant to the Exchange and Registration Rights Agreement, the Company has agreed to permit Participating Broker-Dealers to use this Prospectus in connection with the resale of such Exchange Notes. The Company has agreed that, for a period of 180 days after the Expiration Date, it will make this Prospectus, and any amendment or supplement to this Prospectus, available to any broker-dealer that requests such documents in the Letter of Transmittal.

Each holder of the Old Notes who wishes to exchange its Old Notes for Exchange Notes in the Exchange Offer will be required to make certain representations to the Company as set forth in "The Exchange Offer -- Purpose and Effect of the Exchange Offer."

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Old Notes where such Old Notes were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the consummation of the Exchange Offer, it will use its commercially reasonable efforts to make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until [, 199 ,] all dealers effecting transactions in the Exchange Notes may be required to deliver a prospectus.

The Company will not receive any proceeds from any sale of Exchange Notes by broker-dealers. Exchange Notes received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers

who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 90 days after the consummation of the Exchange Offer, the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the Holders of the Notes) other than commissions or concessions of any broker-dealers and will indemnify the Holders of the Securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

EXPERTS

The audited financial statements of the Company included in this Prospectus for the years ended December 31, 1995, 1996 and 1997 have been audited by Grant Thornton LLP, independent certified public accountants, as stated in their reports included herein.

The consolidated financial statements of THORN Americas, Inc. and subsidiaries at March 31, 1998 and 1997, and for each of the three years in the period ended March 31, 1998, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

The audited financial statements of Central Rents included in this Prospectus for the years ended December 31, 1995, 1996 and 1994 have been audited by Arthur Andersen LLP, independent public accountants, as stated in their reports included herein.

LEGAL MATTERS

The validity of the Exchange Notes offered hereby will be passed upon for the Company by Winstead Sechrest & Minick P.C., Dallas, Texas.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders
Renters Choice, Inc.

We have audited the accompanying consolidated balance sheets of Renters Choice, Inc. and Subsidiary as of December 31, 1997 and 1996, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Renters Choice, Inc. and Subsidiary as of December 31, 1997 and 1996, and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

GRANT THORNTON LLP

Dallas, Texas
February 12, 1998

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,		JUNE 30,
	1996	1997	1998
			(UNAUDITED)
	(IN THOUSANDS OF DOLLARS)		
ASSETS			
Cash and cash equivalents	$ 5,920	$ 4,744	$ 23,347
Rental merchandise, net			
On rent	71,620	89,007	116,659
Held for rent	23,490	23,752	31,773
Accounts receivable -- trade	3,021	2,839	1,799
Prepaid expenses and other assets	4,369	3,164	2,440
Property assets, net	12,716	17,700	21,479
Deferred income taxes	6,138	6,479	6,479
Intangible assets, net	47,193	61,183	131,862
	$174,467	$208,868	$335,838
LIABILITIES			
Revolving credit agreement	$ 14,435	$ 26,280	$127,500
Accounts payable -- trade	17,047	11,935	14,193
Accrued liabilities	12,924	17,008	23,067
Other debt	4,558	892	735
	48,964	56,115	165,495
COMMITMENTS AND CONTINGENCIES	--	--	--
STOCKHOLDERS' EQUITY			
Preferred stock, $.01 par value; 5,000,000 shares authorized; none issued	--	--	--
Common stock, $.01 par value; 50,000,000 shares authorized; 24,904,721 and 24,791,085 shares issued and outstanding in 1997 and 1996, respectively	248	249	250
Additional paid-in capital	98,010	99,381	100,585
Retained earnings	27,245	53,123	69,508
	125,503	152,753	170,343
	$174,467	$208,868	$335,838

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
	(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)				
Revenue					
Store					
Rentals and fees	$126,264	$198,486	$275,344	$130,150	$163,443
Merchandise sales	6,383	10,604	14,125	7,457	10,513
Other	642	687	679	339	281
Franchise					
Merchandise sales	--	25,229	37,385	15,461	17,061
Royalty income and fees	--	2,959	4,008	1,982	2,248
	133,289	237,965	331,541	155,389	193,546
Operating expenses					
Direct store expenses					
Depreciation of rental merchandise	29,640	42,978	57,223	27,510	33,839
Cost of merchandise sold	4,954	8,357	11,365	5,607	8,301
Salaries and other expenses	70,012	116,577	162,458	77,144	95,287
Franchise operating expense					
Cost of merchandise sales	--	24,010	35,841	14,726	16,386
	104,606	191,922	266,887	124,987	153,813
General and administrative expenses	5,766	10,111	13,304	6,773	7,194
Amortization of intangibles	3,109	4,891	5,412	2,649	3,271
Total operating expenses	113,481	206,924	285,603	134,409	164,278
Operating profit	19,808	31,041	45,938	20,980	29,268
Interest expense	2,202	606	2,194	1,021	1,555
Interest income	(890)	(667)	(304)	(432)	(238)
Earnings before income taxes	18,496	31,102	44,048	20,391	27,951
Income tax expense	7,784	13,076	18,170	8,622	11,566
NET EARNINGS	$ 10,712	$ 18,026	$ 25,878	$ 11,769	$ 16,385
Basic earnings per share	$ 0.52	$ 0.73	$ 1.04	$ 0.47	$ 0.66
Diluted earnings per share	$ 0.52	$ 0.72	$ 1.03	$ 0.47	$ 0.65

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 1997
AND SIX MONTHS ENDED JUNE 30, 1998

	RENTERS CHOICE, INC. COMMON STOCK		ADDITIONAL PAID-IN	RETAINED	UNAMORTIZED VALUE OF STOCK	
	SHARES	AMOUNT	CAPITAL	EARNINGS	AWARD	TOTAL
			(IN THOUSANDS OF DOLLARS)			
Balance at January 1, 1995	4,300	$ 43	$ 116	$ 9,126	$ --	$ 9,285
Net earnings	--	--	--	10,712	--	10,712
Dividends paid	--	--	--	(1,493)	--	(1,493)
Contribution of undistributed S corporation earnings	--	--	9,126	(9,126)	--	--
Initial public offering of common stock	2,587	26	23,370	--	--	23,396
Issuance of common stock under stock option plan	1	--	10	--	--	10
Three-for-two common stock split effected in the form of a dividend	3,444	34	(34)	--	--	--
Two-for-one common stock split effected in the form of a dividend	10,333	103	(103)	--	--	--
Stock award	63	1	960	--	(961)	--
Amortization of stock award	--	--	--	--	63	63
Public offering of common stock	3,650	37	54,474	--	--	54,511
Balance at December 31, 1995	24,378	244	87,919	9,219	(898)	96,484
Net earnings	--	--	--	18,026	--	18,026
Amortization of stock award	--	--	--	--	322	322
Termination of stock award	(37)	--	(576)	--	576	--
Exercise of stock options	107	1	695	--	--	696
Tax benefits related to exercise of stock options	--	--	460	--	--	460
Acquisition of ColorTyme, Inc	343	3	9,512	--	--	9,515
Balance at December 31, 1996	24,791	248	98,010	27,245	--	125,503
Net earnings	--	--	--	25,878	--	25,878
Exercise of stock options	114	1	950	--	--	951
Tax benefits related to exercise of stock options	--	--	421	--	--	421
Balance at December 31, 1997	24,905	249	99,381	53,123	--	152,753
Net earnings	--	--	--	16,385	--	16,385
Exercise of stock options	116	1	1,204	--	--	1,205
Balance at June 30, 1998 (Unaudited)	25,021	$250	$100,585	$69,508	$ --	$170,343

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
	(IN THOUSANDS OF DOLLARS)				
Cash flows from operating activities					
Net earnings	$ 10,712	$ 18,026	$ 25,878	$ 11,769	$ 16,385
Adjustments to reconcile net earnings to net cash provided by operating activities					
Depreciation of rental merchandise	29,640	42,978	57,223	27,510	33,839
Depreciation of property assets	2,130	3,680	5,601	2,509	3,276
Amortization of intangibles	3,109	4,891	5,412	2,649	3,271
Deferred income taxes	1,406	4,961	(341)	--	--
Other	(91)	24	--	(5)	--
Changes in operating assets and liabilities, net of effects of acquisitions					
Rental merchandise	(39,220)	(64,927)	(64,346)	(35,682)	(43,549)
Accounts receivable -- trade	--	(602)	182	1,325	1,040
Prepaid expenses and other assets	(2,636)	524	1,252	242	728
Accounts payable -- trade	(28)	10,745	(5,112)	(5,056)	2,258
Accrued liabilities	183	(939)	3,033	5,737	6,059
Net cash provided by operating activities	5,205	19,361	28,782	10,998	23,307
Cash flows from investing activities					
Purchase of property assets	(3,473)	(8,187)	(10,446)	(4,755)	(5,758)
Proceeds from sale of property assets	414	303	376	129	408
Acquisitions of businesses	(21,680)	(28,367)	(30,491)	(26,349)	(101,616)
Net cash used in investing activities	(24,739)	(36,251)	(40,561)	(30,975)	(106,966)
Cash flows from financing activities					
Proceeds from public stock offerings	77,907	--	--	--	--
Exercise of stock options	10	696	951	410	1,205
Distributions to stockholders	(1,493)	--	--	--	--
Proceeds from debt	33,083	37,733	80,656	48,132	162,222
Repayments of debt	(49,843)	(72,278)	(71,004)	(28,039)	(61,165)
Repayments of note payable to stockholder	(6,250)	--	--	--	--
Sale of notes receivable	--	21,338	--	--	--
Net cash provided by (used in) financing activities	53,414	(12,511)	10,603	20,503	102,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,880	(29,401)	(1,176)	526	18,603
Cash and cash equivalents at beginning of year	1,441	35,321	5,920	5,920	4,744
Cash and cash equivalents at end of year	$ 35,321	$ 5,920	$ 4,744	$ 6,446	$ 23,347

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS -- CONTINUED

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
	(IN THOUSANDS OF DOLLARS)				
SUPPLEMENTAL CASH FLOW INFORMATION					
Cash paid during the year for:					
Interest	$1,711	$ 929	$ 1,962	$1,021	$ 955
Income taxes	$7,764	$8,426	$13,983	$5,128	$9,470

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING ACTIVITIES

In conjunction with the businesses acquired, liabilities were assumed as follows:

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JULY 30,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
	(IN THOUSANDS OF DOLLARS)				
Fair value of assets acquired	$ 68,285	$ 57,223	$ 30,491	$ 26,349	$ 101,616
Stock and options issued	--	(9,515)	--	--	--
Cash paid	(21,680)	(28,367)	(30,491)	(26,349)	(101,616)
Liabilities assumed	$ 46,605	$ 19,341	$ --	$ --	$ --

The accompanying notes are an integral part of these statements.

RENTERS CHOICE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

Principles of Consolidation and Nature of Operations

The accompanying financial statements include the accounts of Renters Choice, Inc. (Renters Choice) and its franchise subsidiaries ColorTyme, Inc. (ColorTyme) (collectively, the Company). All significant intercompany accounts and transactions have been eliminated. Renters Choice leases household durable goods to customers on a rent-to-own basis. At December 31, 1997, the Company operated 504 stores which were located throughout the United States and the Commonwealth of Puerto Rico (sixteen stores).

ColorTyme is a nationwide franchisor of television, stereo and furniture rental centers. ColorTyme's primary source of revenues is the sale of rental equipment to its franchisees, who, in turn, offer the equipment to the general public for rent or purchase under a rent-to-own program. The balance of ColorTyme's revenues are generated primarily from royalties based on the franchisee's monthly gross revenues. At December 31, 1997, there were approximately 262 franchised rental centers operating in 37 states.

Segment Disclosures

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). SFAS 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. The Company adopted SFAS 131 in 1998. The Company's only segments which require separate disclosure under the reporting guidelines of SFAS 131 are its rent-to-own and franchise operations.

Rental Merchandise

Rental merchandise is carried at the lower of cost or net realizable value. Depreciation is provided using the income forecasting method which is intended to match as closely as practicable the recognition of depreciation expense with the consumption of the rental merchandise. The consumption of rental merchandise occurs during periods of rental and directly coincides with the receipt of rental revenue over the rental-purchase agreement period, generally 18 to 24 months. Under the income forecasting method, merchandise held for rent is not depreciated, and merchandise on rent is depreciated in the proportion of rents received to total rents provided in the rental contract, which is an activity based method similar to the units of production method.

NOTE A -- SUMMARY OF ACCOUNTING POLICIES AND NATURE OF OPERATIONS -- (CONTINUED)

Cash Equivalents

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

Rental Revenue and Fees

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

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

Property Assets and Related Depreciation

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

Intangible Assets and Amortization

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

Accounting for Impairment of Long-Lived Assets

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

Income Taxes

Effective January 1, 1995, the Company terminated its S corporation status and became a C corporation and, therefore, is subject to Federal income taxes. The Company provides deferred taxes for temporary differences between the tax and financial reporting bases of assets and liabilities at the rate expected to be in effect when taxes become payable.

NOTE A -- SUMMARY OF ACCOUNTING POLICIES AND NATURE OF OPERATIONS -- (CONTINUED)

Earnings Per Share and Stock Splits

Effective for the fourth quarter of 1997, the Company adopted Statement of Financial Accounting Standard No. 128, "Earnings Per Share" (SFAS 128), which requires the computation of basic and diluted earnings per share. The provisions of SFAS 128 have been applied retroactively to all periods presented herein. Basic earnings per share are based upon the weighted average number of common shares outstanding during each period presented. Diluted earnings per share are based upon the weighted average number of common shares outstanding during the period, plus the assumed exercise of stock options at the beginning of the year.

In June 1995, the Company effected a 3-for-2 split of its common stock through the distribution of one-half additional share of common stock as a dividend with respect to each outstanding share of common stock.

On September 11, 1995, the Board of Directors approved a 2-for-1 stock split, to be effected as a 100% stock dividend for shareholders of record as of September 29, 1995.

All share and per share data has been retroactively restated to reflect these transactions.

Advertising Costs

Costs incurred for producing and communicating advertising are expensed when incurred. Advertising expense was $6.4 million, $10.6 million and $13.7 million in 1995, 1996 and 1997, respectively; and $6.7 million (unaudited) and $7.9 million (unaudited) for the six months ended June 30, 1997 and 1998, respectively.

Stock-Based Compensation

Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation," encourages, but does not require companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees," and related Interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire that stock.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and

NOTE A -- SUMMARY OF ACCOUNTING POLICIES AND NATURE OF OPERATIONS -- (CONTINUED)
liabilities at the date of the financial statements and revenues during the reporting period. Actual results could differ from those estimates.

Interim Financial Statements

In the opinion of management, the unaudited interim financial statements as of June 30, 1998 and for the six months ended June 30, 1997 and 1998 include all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly the Company's financial position as of June 30, 1998 and the results of its operations and cash flows for the six months periods ended June 30, 1997 and 1998. The results of operations for the six months ended June 30, 1998 are not necessarily indicative of the results to be expected for the full year.

Comprehensive Income

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income". This Statement establishes standards for reporting and display of comprehensive income and its components. The only component of comprehensive income for the three years in the period ended December 31, 1997 and the six month periods ended June 30, 1997 and 1998, was net earnings as reported in the Consolidated Statements of Earnings.

Reclassifications

Certain reclassifications have been made to conform to the 1997 presentation.

NOTE B -- ACQUISITIONS

On May 28, 1998, the Company completed its acquisition of the assets of 176 Central Rents, Inc. stores for approximately $100 million (Unaudited).

During 1997, the Company acquired the assets of 76 stores in eighteen separate transactions for approximately $30.5 million in cash.

On May 15, 1996 the Company acquired all the outstanding common stock of ColorTyme for $14.5 million, including acquisition costs, comprised of cash of $4.7 million and 343,175 shares of the Company's common stock and 314,000 options for the Company's common stock valued at $3.0 million.

Immediately following the purchase of ColorTyme by the Company, ColorTyme sold its loan portfolio (with certain recourse provisions) to a third party for approximately $21.7 million. No gain or loss was recognized on the sale. ColorTyme simultaneously paid off notes payable owed to a finance company of approximately $13.2 million.

NOTE B -- ACQUISITIONS -- (CONTINUED)
The Company acquired the assets of an additional ninety-four stores in twenty-three transactions during 1996, for approximately $25.6 million in cash and $1.8 million in notes.

In April 1995, the Company acquired 72 stores from Crown Leasing Corporation and certain of its affiliates (Crown) for a cash purchase price of approximately $20.6 million.

In September 1995, the Company completed the acquisition of 135 rent-to-own stores through the purchase of the common stock of Pro Rental, doing business as Magic Rent-to-Own and Kelway Rent-to-Own. The total purchase price was approximately $38.4 million, which was paid in cash and notes.

All acquisitions have been accounted for as purchases and the operating results of the acquired stores have been included in the financial statements of the Company since their acquisition.

The following unaudited pro forma information combines the results of operations as if the acquisitions had been consummated as of the beginning of the period in which the acquisition occurred, and as of the beginning of the immediately preceding period, after including the impact of adjustments for amortization of intangibles and interest expense on acquisition borrowings:

	YEARS ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1996	1997	1997	1998
	(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)			
Revenue	$291,555	$339,809	$216,344	$234,493
Net earnings	$ 18,833	$ 25,866	$ 12,019	$ 14,772
Basic earnings per common share	$ 0.76	$ 1.04	$ .48	$ .59
Diluted earnings per common share	$ 0.75	$ 1.03	$ .48	$ .59

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 acquisition been consummated as of the above dates, nor are they necessarily indicative of future operating results.

Unaudited Acquisition Subsequent to June 30, 1998

On August 5, 1998, the Company acquired all of the outstanding common stock of THORN Americas, Inc. (1404 company-owned stores) for approximately $900 million in cash. The acquisition was financed via $720 million in variable rate senior debt maturing in 6 to 8 1/2 years, $175 million of 11% senior subordinated debt maturing in 11 years, and $235 million of redeemable, convertible preferred stock.

NOTE C -- RENTAL MERCHANDISE

	DECEMBER 31,		JUNE 30,
	1996	1997	1998
			(UNAUDITED)
	(IN THOUSANDS OF DOLLARS)		
On rent			
Cost	$109,663	$142,408	$177,334
Less accumulated depreciation	38,043	53,401	60,675
	$ 71,620	$ 89,007	$116,659
Held for rent			
Cost	$ 27,805	$ 29,975	$ 38,742
Less accumulated depreciation	4,315	6,223	6,969
	$ 23,490	$ 23,752	$ 31,773

NOTE D -- PROPERTY ASSETS

	DECEMBER 31,		JUNE 30,
	1996	1997	1998
			(UNAUDITED)
	(IN THOUSANDS OF DOLLARS)		
Furniture and equipment	$ 9,259	$ 13,115	$ 14,930
Delivery vehicles	2,711	2,608	2,413
Leasehold improvements	8,542	14,499	18,954
Construction in progress	236	547	443
	20,748	30,769	36,740
Accumulated depreciation	(8,032)	(13,069)	(15,261)
	$12,716	$ 17,700	$ 21,479

NOTE E -- INTANGIBLE ASSETS

	AMORTIZATION PERIOD	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998 (UNAUDITED)
		(IN THOUSANDS OF DOLLARS)		
Customer rental agreements	18 months	$ 2,537	$ 1,773	$ 1,853
Noncompete agreements	2-5 years	2,892	3,652	4,402
Consulting agreement	4 years	2,918	--	--
Franchise network	10 years	3,000	3,000	3,000
Goodwill	20 years	43,933	61,228	132,444
		55,280	69,653	141,699
Less accumulated amortization		8,087	8,470	9,837
		$47,193	$61,183	$131,862

Customer rental agreements represent the projected cash flows less servicing costs from open customer contracts of acquired stores at acquisition date and are amortized over the average stated term of the customer contract, 18 months. Noncompete agreements and the consulting agreement are amortized over the life of the respective agreements.

NOTE F -- REVOLVING CREDIT AGREEMENT

On November 27, 1996, the Company entered into a $90 million three-year revolving credit agreement with a group of banks. Borrowings under the facility bear interest at a rate equal to a designated prime rate (8.50% at December 31, 1997) or 1.10% to 1.65% over LIBOR (5.75% at December 31, 1997) at the Company's option. Borrowings are collateralized by a lien on substantially all of the Company's assets. A commitment fee equal to .30% to .50% of the unused portion of the term loan facility is payable quarterly. The weighted average interest rate under this facility was 6.7% and 7.0% for the years ended December 31, 1996 and 1997, respectively. The 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. At December 31, 1997, the Company has $64.5 million available under the agreement.

NOTE G -- ACCRUED LIABILITIES

	DECEMBER 31,		JUNE 30,
	1996	1997	1998
			(UNAUDITED)
	(IN THOUSANDS OF DOLLARS)		
Taxes other than income	$ 2,872	$ 3,700	$ 5,335
Income taxes payable	--	1,762	3,793
Accrued litigation costs	4,114	4,038	3,347
Accrued insurance costs	1,859	3,033	3,586
Accrued compensation and other	4,079	4,475	7,006
	$12,924	$17,008	$23,067

NOTE H -- OTHER DEBT

	DECEMBER 31,		JUNE 30,
	1996	1997	1998
			(UNAUDITED)
	(IN THOUSANDS OF DOLLARS)		
Obligation payable under noncompete agreement, due in 24 monthly installments of $125 commencing April 1, 1996, with interest imputed at 5.32%	$1,826	$ --	$ --
Obligation payable under consulting agreement, in 96 monthly installments of $33.3 commencing May 1, 1993, with interest imputed at 5.32%	1,545	--	--
Obligations under noncompete agreements, due in 60 monthly installments of $32.5 commencing September 1, 1995 with interest imputed at 8.75%	1,187	892	735
	$4,558	$892	$735

The following are scheduled maturities of debt at December 31, 1997

YEAR ENDING DECEMBER 31,	
1998	$289
1999	351
2000	252
	$892

NOTE I -- INCOME TAXES

The components of the income tax provision are as follows:

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	(IN THOUSANDS OF DOLLARS)		
Current			
Federal	$3,837	$ 5,262	$15,028
State	1,227	1,297	1,911
Foreign	1,314	1,556	1,572
Total current	6,378	8,115	18,511
Deferred			
Federal	1,238	3,866	(351)
State	168	1,095	10
Total deferred	1,406	4,961	(341)
Total	$7,784	$13,076	$18,170

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

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
Tax at statutory rate	34.0%	34.0%	35.0%
State income taxes, net of federal benefit	4.9	5.1	4.6
Effect of foreign operations, net of foreign tax credits	1.0	0.5	0.4
Goodwill amortization	0.7	1.8	1.1
Other, net	1.5	0.6	0.2
Total	42.1%	42.0%	41.3%

[CAPTION]

NOTE I -- INCOME TAXES -- (CONTINUED)

	DECEMBER 31,	
	1996	1997
Deferred tax assets		
Net operating loss carryforwards		
Federal	$4,595	$4,202
State	3,103	2,614
Accrued expenses	1,957	4,267
Intangible assets	835	1,079
Property assets	166	783
Alternative minimum tax carryforward	463	463
Other	676	124
	11,795	13,532
Less valuation allowance	3,418	2,930
	8,377	10,602
Deferred tax liability		
Rental merchandise	2,239	4,123
Net deferred tax asset	$6,138	$6,479

The Company has Federal net operating loss carryforwards of approximately $10.8 million at December 31, 1997 which were acquired in connection with purchased companies. The use of Federal carryforwards which expire between 2005 and 2010 are limited to approximately $3.5 million per year. Because of uncertainties with respect to allocation of future taxable income to the various states, a valuation allowance has been provided against these carryforwards. If utilized, the tax benefit will reduce goodwill.

NOTE J -- COMMITMENTS AND CONTINGENCIES

The Company leases its office and store facilities and certain delivery vehicles. Rental expense was $9.4 million, $15.7 million and $22.0 million for 1995, 1996 and 1997, respectively; and $10.4 million (unaudited) and $13.5 million (unaudited) for the six months ended June 30, 1997 and 1998, respectively. Future minimum rental payments under operating leases with remaining noncancellable lease terms in excess of one year at December 31, 1997 are as follows:

YEAR ENDING DECEMBER 31,	(IN THOUSANDS OF DOLLARS)
1998	$15,026
1999	12,592
2000	9,699
2001	6,797
2002	2,833
Thereafter	1,235
	$48,182

The Company has agreed to indemnify its original stockholders against any additional income tax liabilities incurred by them attributable to the Company's operations during taxable periods in which the Company was an S Corporation.

The Company is one of the defendants in a class action lawsuit which alleges that certain rent-to-own contracts entered into between Crown and the plaintiffs included fees and expenses that violated the New Jersey Consumer Fraud Act and the New Jersey Retail Installment Sales Act. The plaintiffs have obtained summary judgment against Crown, reserving damages for trial. Crown and its controlling shareholders have agreed to indemnify the Company against any losses it may incur relating to the litigation under the terms of the Asset Purchase Agreement between Crown and the Company. Although the Company believes it has taken appropriate steps to defend itself, the ultimate outcome of this lawsuit cannot presently be determined.

At December 31, 1997, the Company was a defendant in another class action lawsuit in New Jersey alleging violations of the New Jersey Consumer Fraud Act, Retail Installment Sales Act and usury laws, among other things. The litigation sought treble the amount of damages, if any, incurred by the plaintiff class, punitive damages, interest, attorneys fees and certain injunctive relief. The Company removed the case to federal court on January 21, 1998, and was then advised by the plaintiffs' attorney that the plaintiff no longer wished to serve as class representative. Papers were filed seeking in January 1998 seeking court approval for the withdrawal of the complaint. Management believes that it is probable that plaintiffs' attorney will file a similar complaint on behalf of a new class representative. The ultimate outcome of this lawsuit cannot presently be determined.

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

NOTE K -- STOCK BASED COMPENSATION

In November 1994, the Company established a long-term incentive plan (the Plan) for the benefit of certain key employees and directors. Under the plan, up to 2,000,000 shares of the Company's shares are reserved for issuance under stock options, stock appreciation rights or restricted stock grants. Options granted to employees under the plan become exercisable over a period of one to five years from the date of grant and may be exercised up to a maximum of 10 years from date of grant. Options granted to directors are exercisable immediately. In 1995, the Company granted a stock award to an employee for 62,500 shares of common stock subject to forfeiture on termination of employment in certain circumstances. At the date of grant, the fair value of such shares was $960,938. Compensation charged to earnings was $63,000 and $320,000 in 1995 and 1996, respectively. Upon termination of employment in 1996, 37,500 shares were forfeitured in a negotiated settlement with the Company. There have been no grants of stock appreciation rights and all options had been granted with fixed prices. At December 31, 1997, there were 443,125 shares reserved for issuance under the Plan.

The Company has adopted only the disclosure provisions of SFAS 123 for employee stock options and continues to apply APB 25 for stock options granted under the Plan. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. Compensation costs for all other stock-based compensation is accounted for under SFAS 123. If the Company had elected to recognize compensation expense based upon the fair value at the grant date for options under the Plan consistent with the methodology prescribed by SFAS 123, the Company's 1997, 1996

NOTE K -- STOCK BASED COMPENSATION -- (CONTINUED)
and 1995 net earnings and earnings per share would be reduced to the pro forma amounts indicated as follows:

	1995	1996	1997
	(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)		
Net earnings			
As reported	$10,712	$18,026	$25,878
Pro forma	$10,494	$16,469	$23,967
Basic earnings per common share			
As reported	$ 0.52	$ 0.73	$ 1.04
Pro forma	$ 0.51	$ 0.67	$ 0.96
Diluted earnings per common share			
As reported	$ 0.52	$ 0.72	$ 1.03
Pro forma	$ 0.51	$ 0.66	$ 0.95

The fair value of these options was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: expected volatility of 50 percent; risk-free interest rates ranging from 5.75 to 6.92 percent; no dividend yield; and expected lives of seven years.

NOTE K -- STOCK BASED COMPENSATION -- (CONTINUED)
Additional information with respect to options outstanding under the Plan at December 31, 1997, and changes for each of the three years in the period then ended was as follows:

	1995		1996		1997	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	--	$ --	906,000	$ 7.10	1,142,050	$15.74
Granted	1,204,500	8.75	695,000	22.22	859,000	16.54
Exercised	(3,000)	3.34	(109,700)	7.45	(113,925)	8.39
Forfeited	(295,500)	8.00	(349,250)	13.81	(562,875)	17.13
Outstanding at end of year	906,000	$9.02	1,142,050	$15.74	1,324,250	$16.39
Options exercisable at end of year	24,000	$3.34	127,800	$ 9.64	282,375	$14.53
Weighted average fair value per share of options granted during 1995, 1996 and 1997, all of which were granted at market		$5.25		$13.35		$ 9.93

Information about stock options outstanding at December 31, 1997 is summarized as follows:

	OPTIONS OUTSTANDING		
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE
$3.34 to $6.67	293,625	7.35 years	$ 6.47
$6.68 to $18.50	523,125	8.76 years	$14.70
$18.51 to $26.75	507,500	9.05 years	$23.88
	1,324,250		

NOTE K -- STOCK BASED COMPENSATION -- (CONTINUED)

RANGE OF EXERCISE PRICES	OPTIONS EXERCISABLE	
	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$3.34 to $6.67	94,125	$ 6.03
$6.68 to $18.50	126,000	$14.83
$18.51 to $26.75	62,250	$26.75
	282,375	

NOTE L -- FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents and debt. For variable rate debt that reprices frequently and entails no significant change in credit risk, fair values are based on the carrying values. The fair values of other debt 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 carrying amount of cash and cash equivalents and debt approximates fair value at December 31, 1996 and 1997, and June 30, 1998 (unaudited).

NOTE M -- EARNINGS PER SHARE

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

	YEAR ENDED DECEMBER 31, 1995		
	NET EARNINGS	SHARES	PER SHARE AMOUNT
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Basic earnings per common share	$10,712	20,583	$0.52
Effect of dilutive stock options	--	211	
Diluted earnings per common share	$10,712	20,794	$0.52

	YEAR ENDED DECEMBER 31, 1996		
	NET EARNINGS	SHARES	PER SHARE AMOUNT
Basic earnings per common share	$18,026	24,656	$0.73
Effect of dilutive stock options	--	409	
Diluted earnings per common share	$18,026	25,065	$0.72

NOTE M -- EARNINGS PER SHARE -- (CONTINUED)

	YEAR ENDED DECEMBER 31, 1997		
	NET EARNINGS	SHARES	PER SHARE AMOUNT
Basic earnings per common share.....	$25,878	24,844	$1.04
Effect of dilutive stock options.....	--	350	
Diluted earnings per common share.....	$25,878	25,194	$1.03

	SIX MONTHS ENDED JUNE 30, 1997		
	NET EARNINGS	SHARES	PER SHARE AMOUNT
Basic earnings per common share.....	$11,769	24,805	$0.47
Effect of dilutive stock options.....	--	287	
Diluted earnings per common share.....	$11,769	25,092	$0.47

	SIX MONTHS ENDED JUNE 30, 1998		
	NET EARNINGS	SHARES	PER SHARE AMOUNT
Basic earnings per common share.....	$16,385	24,954	$0.66
Effect of dilutive stock options.....	--	248	
Diluted earnings per common share.....	$16,385	25,202	$0.65

NOTE N -- UNAUDITED QUARTERLY DATA

Summarized quarterly financial data for 1997 and 1996 is as follows:

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
	(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)			
Year ended December 31, 1996				
Revenue	$49,002	$57,756	$60,025	$71,182
Operating profit	6,344	7,558	7,957	9,183
Net earnings	3,617	4,369	4,729	5,311
Basic earnings per share	0.15	0.18	0.19	0.21
Diluted earnings per share	$ 0.15	$ 0.17	$ 0.19	$ 0.21

	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
	(IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE DATA)			
Year ended December 31, 1997				
Revenue	$74,587	$80,803	$83,864	$92,288
Operating profit	9,639	11,341	11,766	13,192
Net earnings	5,412	6,357	6,724	7,385
Basic earnings per share	0.22	0.25	0.27	0.30
Diluted earnings per share	$ 0.22	$ 0.25	$ 0.27	$ 0.29

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
THORN Americas, Inc.

We have audited the accompanying consolidated balance sheets of THORN Americas, Inc. and subsidiaries as of March 31, 1997 and 1998, and the related consolidated statements of operations, stockholder's equity and cash flows for each of the three years in the period ended March 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of THORN Americas, Inc. and subsidiaries at March 31, 1997 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 1998, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

April 24, 1998
except for Note 14, as to which
the date is June 25, 1998
Wichita, Kansas

THORN AMERICAS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	MARCH 31		JUNE 30
	1997	1998	1998
			(UNAUDITED)
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AMOUNTS)		
Cash	$ 26,077	$ 23,755	$ 27,486
Accounts receivable -- other	10,339	26,937	22,322
Accounts receivable -- affiliated companies, net	62,101	15,024	702
Prepaid expenses	9,169	8,114	8,555
Deferred income taxes	21,209	21,113	21,113
Merchandise and auto inventory	38,231	39,443	43,068
Rental merchandise, at cost	509,183	521,482	539,539
Less accumulated depreciation	233,171	228,517	235,857
Net rental merchandise	276,012	292,965	303,682
Property and equipment, at cost			
Land and building	19,810	22,855	22,971
Furniture and equipment	84,083	95,594	98,189
Transportation and equipment	86,140	87,494	87,851
Leasehold improvements	59,206	63,593	73,616
	249,239	269,536	282,627
Less accumulated depreciation and amortization	130,736	146,016	152,475
Net property and equipment	118,503	123,520	130,152
Goodwill, less accumulated amortization	499,471	479,636	479,517
Other assets, less accumulated amortization	47,168	48,602	49,199
	$1,108,280	$1,079,109	$1,085,796

See accompanying notes.

	MARCH 31		JUNE 30
	1997	1998	1998
			(UNAUDITED)
Liabilities and Stockholder's Equity			
Accounts payable	$ 62,222	$ 31,717	$ 1,334
Accrued expenses:			
Salaries, wages and fringe benefits	31,523	32,492	31,305
Other	18,948	9,047	9,495
Other liabilities	40,776	52,986	47,383
Accrued incentives	1,550	2,161	1,853
Long term loans from affiliates	714,235	714,223	714,663
Total liabilities	869,254	842,626	846,033
Stockholder's equity:			
Common stock of $1 par value; 1,000 shares authorized, issued and outstanding	1	1	1
Additional paid-in capital	334,681	334,681	334,681
Retained deficit	(95,656)	(98,199)	(94,919)
Total stockholder's equity	239,026	236,483	239,763
	$1,108,280	$1,079,109	$1,085,796

See accompanying notes.

THORN AMERICAS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED MARCH 31			THREE MONTHS ENDED JUNE 30	
	1996	1997	1998	1997	1998
				(UNAUDITED)	
	(DOLLARS IN THOUSANDS)				
Revenues:					
Rental revenues and fees	$819,452	$850,773	$819,949	$208,444	$214,514
Sale of merchandise and autos	64,628	60,249	62,712	12,611	15,141
Franchise income	5,364	2,366	2,266	582	560
Other income	8,483	13,483	19,077	4,004	5,206
Total revenues	897,927	926,871	904,004	225,641	235,421
Costs and operating expenses:					
Cost of sales	43,345	39,793	45,574	8,524	12,503
Depreciation and amortization:					
Rental merchandise	257,383	260,433	244,572	62,852	62,886
Goodwill	19,097	23,164	24,044	6,014	5,884
Other	33,139	35,921	32,825	8,584	8,648
Salaries, wages and fringe benefits	255,768	272,242	279,796	68,488	72,960
Advertising	33,895	30,284	30,320	8,059	8,188
Property costs	52,393	59,244	61,643	15,054	14,886
Other operating expenses	116,289	143,487	117,597	27,541	29,579
Restructuring charges	12,600	--	12,292	--	--
Total costs and operating expenses	823,909	864,568	848,663	205,116	215,534
Operating income	74,018	62,303	55,341	20,525	19,887
Other (income) expense:					
Interest:					
Related parties, net	79,692	53,078	45,961	10,888	11,271
Other interest, net	515	(427)	223	(63)	(80)
Other	101	(254)	(88)	(81)	72
	80,308	52,397	46,096	10,744	11,263
Income (loss) before income taxes	(6,290)	9,906	9,245	9,781	8,624
Income taxes	6,771	13,880	7,760	5,950	5,344
Net income (loss)	$(13,061)	$ (3,974)	$ 1,485	$ 3,831	$ 3,280

See accompanying notes.

THORN AMERICAS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED MARCH 31, 1996, 1997 AND 1998

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED DEFICIT	TOTAL STOCKHOLDER'S EQUITY
		(DOLLARS IN THOUSANDS)		
Balance at March 31, 1995				
As previously reported	$1	$180,210	$(75,636)	$104,575
Adjustment for reorganization/ demerger	--	--	(2,985)	(2,985)
Adjusted balance	1	180,210	(78,621)	101,590
Net loss	--	--	(13,061)	(13,061)
Balance at March 31, 1996	1	180,210	(91,682)	88,529
Net loss	--	--	(3,974)	(3,974)
Capital contributed by Parent	--	154,471	--	154,471
Balance at March 31, 1997	1	334,681	(95,656)	239,026
Net income	--	--	1,485	1,485
Advance to unconsolidated New Zealand division	--	--	(4,028)	(4,028)
Balance at March 31, 1998	1	334,681	(98,199)	236,483
Net income (unaudited)	--	--	3,280	3,280
Balance at June 30, 1998 (unaudited)	$1	$334,681	$(94,919)	$239,763

See accompanying notes to consolidated financial statements.

THORN AMERICAS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED MARCH 31			THREE MONTHS ENDED JUNE 30	
	1996	1997	1998	1997	1998
				(UNAUDITED)	
	(DOLLARS IN THOUSANDS)				
Cash flows from operating activities:					
Net income (loss)	$ (13,061)	$ (3,974)	$ 1,485	$ 3,831	$ 3,280
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Rental merchandise losses	9,463	11,152	10,126	1,054	2,656
Depreciation and amortization	309,619	319,518	301,441	77,450	77,418
Interest added to principal balance, loan from affiliates	88,891	34,468	--	--	--
Deferred income taxes	(5,341)	(10,277)	96	--	--
Restructuring charges	7,814	--	6,851	--	--
Changes in operating assets and liabilities net of effects from business combinations:					
Accounts receivable -- other	(407)	(3,930)	(16,598)	8,297	4,615
Accounts receivable -- affiliated companies	21,826	480	(480)	--	--
Prepaid expenses	(3,697)	1,604	1,055	316	(441)
Merchandise and auto inventory	(6,622)	(9,443)	(1,212)	7,682	(3,625)
Accounts payable	12,748	11,112	(30,505)	(22,860)	9,617
Accrued expenses, other liabilities and accrued incentives	4,968	32,954	(3,100)	(3,059)	(6,650)
Net cash provided by operating activities	426,201	383,664	269,159	72,711	86,870
Cash flows from investing activities:					
Proceeds from sale of rental merchandise	43,858	50,998	39,474	9,441	8,040
Net funds received from affiliated company	17,427	141,672	47,557	914	14,322
Advance to unconsolidated New Zealand division	--	--	(4,028)	--	--
Acquisition of rental merchandise	(299,704)	(289,483)	(306,792)	(64,506)	(83,320)
Acquisition of property and equipment	(44,642)	(32,306)	(38,077)	(5,630)	(15,454)
Acquisition of rental companies, net of cash acquired	(124,577)	(21,073)	(7,626)	(1,448)	(4,040)
Decrease in undistributed IRB funds	2,250	--	--	--	--
Purchase of Minority Interest	--	--	--	--	(3,000)
Other	(10,330)	(10,658)	(1,977)	(752)	(127)
Net cash used by investing activities	$(415,718)	$(160,850)	$(271,469)	$(61,981)	$(83,579)

Continued on following page.

THORN AMERICAS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED

	YEARS ENDED MARCH 31,			THREE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1997	1998
				(UNAUDITED)	
	(DOLLARS IN THOUSANDS)				
Cash flows from financing activities:					
Advances from parent	$ --	$ --	$ --	$ 592	$ 440
Repayment of bond obligations	(1,740)	(7,322)	--	--	--
Repayments of loan from parent	--	(208,640)	(12)	--	--
Net cash used by financing activities	(1,740)	(215,962)	(12)	592	440
Net increase (decrease) in cash	8,743	6,852	(2,322)	11,322	3,731
Cash at beginning of year	10,482	19,225	26,077	26,077	23,755
Cash at end of year	$19,225	$ 26,077	$23,755	$37,399	$27,486
Supplemental disclosure of cash flow information					
Cash paid during the year for:					
Interest	$ 4,862	$ 30,431	$48,709	$11,476	$11,502
Income taxes	4,295	17,102	23,991	9,265	252

Supplemental schedule of noncash financing activities

During fiscal 1997, as part of the demerger transaction, the Company received a capital contribution of $154,471 related to a reduction of affiliated indebtedness.

Disclosure of accounting policies

For purposes of the statement of cash flows, the Company considers cash and cash equivalents to include currency on hand, demand deposits and short-term investments with a maturity of three months or less with banks or other financial institutions.

THORN AMERICAS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)
MARCH 31, 1996, 1997 AND 1998
(INFORMATION AS OF JUNE 30, 1998 AND FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 1997 AND 1998 IS UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Principles of Consolidated Financial Statements

Prior to April 1996, THORN Americas, Inc. (TA) was a wholly-owned subsidiary of THORN EMI North America Holdings, Inc. (TEMINAH) and TEMINAH was an indirectly wholly-owned subsidiary of THORN EMI plc., a United Kingdom limited liability company. Effective August 19, 1996, the demerger and reorganization of the THORN EMI group was completed and the rental, rental-purchase and related businesses of THORN EMI group were transferred to THORN plc. (THORN), a newly formed United Kingdom limited liability company. As a result of this demerger and reorganization, TA became a wholly owned subsidiary of THORN International BV, (hereinafter referred to as the "Parent"). The Parent is an indirectly wholly-owned subsidiary of THORN. The consolidated financial statements include the accounts of THORN Americas, Inc. and its wholly-owned subsidiaries, except for the net assets and operations of its New Zealand division, which had net assets at March 31, 1997 and 1998 of $7,608 and $10,242, respectively, hereinafter referred to collectively as the Company. All significant intercompany balances and transactions have been eliminated in consolidation.

THORN Americas, Inc., dba Rent-A-Center, Remco America, Inc. (Remco), U-Can Rent, and THORN Services International (TSI) operate approximately 1,400 rent-to-own stores throughout the United States. Rent-A-Center, Remco and U-Can Rent principally rent consumer electronics, appliances and furniture on a short or long term basis. Ownership of the merchandise may be transferred to the consumer when rented on a long term basis, usually 6 to 30 months. TSI services the rental merchandise and provides warehouse and merchandise distribution services to the Rent-A-Center, Remco and U-Can Rent stores.

During fiscal 1998, the Company began testing a used auto sales business, under the tradename AdvantEDGE Quality Cars. This proposition offers a retail transaction on the sale of used autos with installment financing available through the Company.

Certain reclassifications have been made in the 1996 and 1997 consolidated financial statements to conform with the 1998 format.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

Merchandise and Auto Inventory

Merchandise inventory consists primarily of rental merchandise which is temporarily stored in distribution centers awaiting assignment to a store. Rental merchandise inventory is stated at average cost. In fiscal 1998, merchandise and auto inventory also includes inventory associated with the Company's auto business. Auto inventory is stated at actual cost.

Rental Merchandise, Related Rental Revenues and Depreciation

Rental merchandise is rented to customers pursuant to rental agreements which generally provide for either weekly or monthly rental terms, with rental payments collected in advance. The rental agreements may be terminated at any time by the customers, and if terminated, the rental merchandise is returned to the Company. Rental revenue is recognized as collected.

Merchandise rented to customers or available for rent is classified in the consolidated balance sheets as rental merchandise and is being depreciated on a straight-line basis over various periods ranging from 6 to 30 months (a majority of rental merchandise is depreciated over 18 to 24 month periods).

Depreciation and Amortization

Depreciation of furniture and equipment, transportation equipment and buildings is computed on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the term of the related leases.

Goodwill

Goodwill represents the excess of cost over the fair value of the net assets of businesses acquired and is amortized on the straight-line method over periods ranging from 2 to 40 years. Accumulated amortization of goodwill was $149,210 and $173,254 at March 31, 1997 and 1998, respectively.

Other Assets

Other assets consist of territory rights, covenants not to compete, deferred software costs, and other tangible and intangible amounts. Other assets, which are amortizable, are amortized using the straight-line method over periods ranging from 3 to 25 years. Accumulated amortization of these assets was $14,797 and $17,091 at March 31, 1997 and 1998, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

Sale of Merchandise and Autos

Sale of merchandise and autos consists primarily of sales of used rental merchandise, including proceeds from early payoffs of rental purchase contracts, and automobile sales in connection with the Company's auto business which opened in fiscal 1998.

Accounting for Impairment of Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment is recognized when the carrying amounts of such assets cannot be recovered by the undiscounted future net cash flows likely to be generated.

Advertising Costs

Costs incurred for communicating and producing advertising are expensed the first time the advertising occurs. During fiscal 1996, 1997 and 1998, advertising expense was $33,895, $30,284 and $30,320, respectively.

Stock-based Compensation

The Company participates in stock option and share rights plans sponsored by THORN that provide for the granting of stock options (Thorn Share Option Plan) to exempt level employees and share rights (Share Appreciation Rights Plan) to certain key executives of the Company. The stock options and share rights, which are associated with THORN stock, are typically issued annually and vest over a three year period, subject to certain performance criteria. Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-based Compensation," encourages, but does not require companies to record compensation cost for stock-based employee compensation plans at fair value. The Company applies APB Opinion 25 "Accounting for Stock Issued to Employees" in accounting for stock options.

Concentration of Credit Risk

The Company's financial instruments that were exposed to concentrations of credit risk consist primarily of cash. The Company places its funds into high credit quality financial institutions and, at times, such funds may be in excess of the Federal Depository insurance limit.

Unaudited Interim Financial Data

The interim financial data at June 30, 1998, and for the three-month periods ended June 30, 1997 and 1998, included herein, are unaudited and, in the opinion of management, reflect all adjustments (consisting of only normal recurring adjustments)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)
necessary for a fair presentation of financial position and the results of operations and cash flows for such interim periods.

2. ACQUISITIONS AND MERGERS

The Company maintains an ongoing program to acquire selected rental operations. During fiscal 1998, the Company acquired in purchase transactions eight rental operations for an aggregate $7,626 net of cash acquired, of which $4,209 was accounted for as goodwill. During fiscal 1997, the Company acquired in purchase transactions twelve rental operations for an aggregate $21,073 net of cash acquired, of which $15,292 was accounted for as goodwill. During fiscal 1996, the Company acquired in purchase transactions seven rental operations for an aggregate $124,577 net of cash acquired, of which $85,363 was accounted for as goodwill. The operations of the stores are included in the Company's consolidated financial statements beginning on the date of acquisition. The Company is continuing to consider the acquisition of additional rental operations.

On August 19, 1996 the demerger of the THORN EMI group was completed and the rental, rental-purchase and related businesses of the THORN EMI group were transferred to THORN plc. This resulted in, among other things, the Company acquiring 100 percent of the common stock of Remco Americas, Inc. in exchange for the Company's twelve percent investment interest in the common stock of an affiliated company, Thorn EMI North America, Inc. (TENA). The Company's investment in TENA was accounted for under the cost method of accounting and had a net book carrying value of $50,000. The affiliates from which this common stock and these net assets were purchased were under the common control of the Company's indirect parent at the time of the transaction and accordingly, the assets and liabilities were recorded at their historical cost in a manner similar to that of a pooling of interest. The accompanying financial statements include the accounts and operations of these affiliates as if they were a part of the Company at the beginning of fiscal 1996.

3. LOANS FROM AFFILIATES

Prior to the demerger, the Company had entered into a loan agreement with TEMINAH which required the Company to pay to TEMINAH $2,129,280 on July 2, 2004. This amount consisted of principal plus interest compounded at ten percent (10%) per year. As a part of the demerger transaction the Company and an affiliated company, Thorn Finance, plc. (TFP), refinanced the loan agreement, requiring the Company to pay TFP $710,818 together with all accrued and unpaid interest on the unpaid balance on July 2, 2010. In connection with this refinancing the Company paid $200,000 on the original note. In addition, $50,000 of this note was forgiven by TEMINAH and recorded as a contribution of capital in the accompanying statement of stockholders' equity.

During fiscal 1998, interest accrues at a variable rate equal to 120% of the "Applicable Federal Rate" (AFR), designated as "Compounding Monthly," for debt instruments with

(DOLLARS IN THOUSANDS)

3. LOANS FROM AFFILIATES -- (CONTINUED)
a maturity of less than three years (6.3% at March 31, 1998). During fiscal 1997, the interest rate was equal to fifty (50) basis points above the AFR (6.18% at March 31, 1997). The terms of the agreement allow the Company to prepay the note in part or in full, without premium or penalty. The balance on the note payable to TFP, at March 31, 1997 and 1998 was $714,235 and $714,223, respectively.

4. ACCOUNTS RECEIVABLE -- AFFILIATED COMPANIES

Accounts receivable from affiliated companies includes income taxes payable to Parent of $480 at March 31, 1997 (see Note 9). These balances are not subject to interest. The Company has short term loans receivable outstanding from TFP totaling $65,000 and $15,000 as of March 31, 1997 and 1998, respectively. Other intercompany receivables/ (payables) with affiliated companies totaled $(2,419) and $24 as of March 31, 1997 and 1998, respectively. The year-end net receivable balances are not subject to specified settlement terms.

Prior to the demerger transaction, advances to or from affiliated companies were made as working capital was available or needed. The Company received interest at 125% of the monthly applicable federal rate on the deposited funds. After the demerger transaction the Company continues to earn interest on its excess cash invested with THORN at rates commensurate with short term interest rates available in major U.S. banking markets.

5. COMMITMENTS

The Company leases its store and distribution facilities. Management expects, in the normal course of business, that leases which expire will be renewed or replaced by other leases. At March 31, 1998, the approximate future annual minimum rental payments required under these noncancelable operating leases were as follows:

1999	$39,886
2000	28,625
2001	14,344
2002	6,114
2003	2,475
Thereafter	2,327
Total minimum payments required	$93,771

Rent expense under noncancelable operating leases for fiscal 1996, 1997, and 1998 was approximately $41,197, $45,973 and $47,590, respectively.

6. INCENTIVE PLANS

The Company has long-term incentive plans for key executives. Payments are contingent upon the Company meeting long-term financial objectives based upon three-year operating cycles. Expense associated with such plans during fiscal 1996, 1997 and 1998 totaled $440, $797 and $1,072, respectively. The expected obligations under these plans at March 31, 1997 and 1998 were $1,550 and $2,161, respectively.

7. SAVINGS PLANS

The Company has a trusteed savings plan for the benefit of eligible employees. The plan provides for the participants to make voluntary contributions to the plan ranging from 1% to 20% of their gross compensation which is matched by the Company at a rate each year as determined by the Company's Board of Directors. The Company may, at its sole discretion, match 100% of the amount contributed by the participant up to 4% of the employee's annual gross compensation.

Effective January 1, 1998, the Company offered a nonqualified saving plan (NSP) for certain designated employees who are within a select group of key management or highly compensated employees. Employees eligible to participate in the NSP may elect to defer up to a maximum of 80% of their salary and up to a maximum of 100% of incentive bonuses. The Company will make a matching deferred contribution of up to 15% of the employee's contribution, not to exceed $15 per employee per plan year.

During fiscal 1996, 1997, and 1998 the expense related to these plans, net of forfeitures, amounted to $3,554, $3,359 and $3,295, respectively.

8. STOCK-BASED COMPENSATION PLANS

In fiscal 1997, the Company adopted the disclosure-only provisions of SFAS 123. SFAS 123 encourages entities to adopt a fair value-based method of accounting for employee stock compensation plans, but allows companies to continue to account for those plans using the accounting proscribed by APB 25. The Company has elected to account for stock based compensation using APB 25, while making the required pro forma disclosures of net earnings as if the fair value-based method had been applied.

Accordingly, no compensation expense has been recorded for the stock option or share rights plans. Had the compensation cost for stock based compensation plans been determined using the fair value method of accounting consistent with SFAS 123, there would have been no significant effect on the Company's net income. The Black-Scholes option-pricing model was used to determine the fair value on the date of grant for the stock options and share rights. As of March 31, 1998 there were awards for 9,961,904 shares outstanding.

SFAS 123 requires certain disclosures to be made about the pricing model assumptions used, exercisable options, option activity, weighted average price per option and option

(DOLLARS IN THOUSANDS)

8. STOCK-BASED COMPENSATION PLANS -- (CONTINUED)
exercise price range for each income statement period. Since the stock option and share rights activity relates only to THORN's stockholders' equity, this information is not presented for the Company.

9. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the provision for income taxes attributable to continuing operations are as follows:

	1996	1997	1998
Current:			
Federal	$ 8,576	$ 17,487	$7,050
State	3,536	6,670	614
Total current	12,112	24,157	7,664
Deferred:			
Federal	(4,384)	(7,998)	(532)
State	(957)	(2,279)	628
Total deferred	(5,341)	(10,277)	96
	$ 6,771	$ 13,880	$7,760

Prior to the demerger, the Company filed a consolidated federal tax return with TEMINAH and calculated its tax provision in accordance with TEMINAH's tax allocation policy, which provides for calculations on a stand-alone basis with any tax liability or benefit recorded as a payable to or receivable from TEMINAH. Post-demerger, the Company files a consolidated federal tax return with its U.S. subsidiaries and calculates its tax liability based upon income for the applicable periods. During fiscal 1997 in connection with the demerger, TEMINAH forgave $8,721 in tax liability owed to them from the Company. This reduction in liability was treated as a capital contribution by TEMINAH and recorded as an increase in paid-in capital by the Company.

(DOLLARS IN THOUSANDS)

9. INCOME TAXES -- (CONTINUED)
The income tax provision differed from the amount computed by applying the U.S. federal income tax rate of 35% for fiscal 1997 and 1998 to income before income taxes as a result of the following:

	1996	1997	1998
Computed "expected" tax expense.....	$(2,202)	$ 3,466	$ 3,236
Increase (reduction) in income taxes resulting from:			
Amortization of non-deductible goodwill....	5,336	6,149	6,123
State and local income tax, net of federal income tax benefit.....	2,298	4,336	807
Reduction of valuation allowance.....	--	--	(1,400)
Other, net.....	1,339	(71)	(1,006)
	$ 6,771	$13,880	$ 7,760

Significant components of the Company's deferred tax assets and liabilities are as follows:

	1997	1998
Deferred tax assets:		
Reserves for contingencies and restructuring.....	$10,836	$19,704
Reserves for self-insurance and accrued liabilities...	9,997	11,378
Alternative minimum tax credit carryforward.....	--	6,674
Property and equipment.....	5,146	10,377
Other.....	4,324	5,520
Total deferred tax assets.....	30,303	53,653
Deferred tax liabilities:		
Rental assets.....	$ 4,875	$26,811
Other.....	4,219	5,729
Total deferred tax liabilities.....	9,094	32,540
Net deferred tax assets.....	$21,209	$21,113

The alternative minimum tax credit carryforward has no expiration date.

10. CONTINGENCIES

The Company is a defendant in a number of class or alleged class action cases relating to Rent-A-Center's rental-purchase or rent-to-rent agreements as detailed below. Each claim is being adjudicated in the context of the relevant state law which is different in each

10. CONTINGENCIES -- (CONTINUED)
state. The first five cases referred to below, which seek to recharacterize the transaction from a lease to a credit sale, were filed prior to 1995. Of the remaining four cases, two, filed in late 1997 and early 1998, seek to challenge compliance with the relevant rental-purchase statutes. The remaining two cases, filed in early 1998, seek to challenge the reinstatement fee and in addition, one of the cases alleges that the Liability Damage Waiver (LDW) charge is excessive.

The Company is a defendant in a class action alleging that Rent-A-Center's rental-purchase agreements are credit sales and do not comply with the requirements of the Minnesota Consumer Protection Statutes and Usury Law. Summary judgment was entered as to liability and was affirmed by the U.S. Eighth Circuit Court of Appeals. The District Court found that the remedy available to the class members would be full recovery of all amounts paid for customers who returned their property and recovery of only the alleged interest for those customers who did not return their property.

Final Judgment as to damages was issued April 15, 1998, in the amount of $29,898 plus interest, although the court is considering the plaintiffs' request for an additional $1,630. The Company will appeal such award of damages and will be required to post a bond in connection therewith. The Company no longer offers its rental-purchase transaction in this state.

The Company and five of its present or former officers are defendants in a Pennsylvania alleged class action resulting from the consolidation of two existing proposed class actions. A third class action lawsuit in Pennsylvania has been stayed pending the outcome of the consolidated action and is incorporated into the settlement relating to that consolidated action. The consolidated action alleges that Rent-A-Center's rental agreements violate the Pennsylvania Goods and Services Installment Sales Act and the federal Racketeer Influenced and Corrupt Organization Act (RICO). A motion for a nationwide class certification has been denied by the court with the provision that plaintiffs may attempt to amend their complaint. A settlement in the amount of $9,350 has been reached with the plaintiffs. A final hearing to obtain the Court's approval was held June 17, 1998, and the Court approved the settlement July 8, 1998.

The class action filed in 1994 in Federal Court in Wisconsin was dismissed for lack of jurisdiction on October 20, 1997. The plaintiffs have re-filed the case in a Wisconsin state court. The new complaint alleges that Rent-A-Center's rental purchase agreements should be deemed consumer credit sales under the Wisconsin Consumer Act, violated Wisconsin's Usury law and violated the Wisconsin Deceptive Practices Act. The Court entered an order July 7, 1998 granting the plaintiff's motion for class certification and denying the Company's motion for partial summary judgment. A pre-trial conference is scheduled August 26, 1998. The Company will defend the new claim vigorously.

The Company is a defendant in a class action alleging that Rent-A-Center's rental-purchase agreements are credit sales and do not comply with the requirements of

10. CONTINGENCIES -- (CONTINUED)
the New Jersey Retail Installment Sales Act and violate the New Jersey Consumer Fraud Act and Usury law. In January 1997, summary judgment was granted in favor of the plaintiffs in this case as to violation of the Retail Installment Sales Act and the Consumer Fraud Act; the Court denied the plaintiff's motion on the usury count. However, in September 1997, the Court granted the plaintiff's motion for summary judgment on damages for breach of the Retail Installment Sales Act and the Consumer Fraud Act, adopting the plaintiff's formula of 40% of all rental payments, being the time differential interest equivalent, plus reinstatement fees. This amount was trebled pursuant to the Consumer Fraud Act. Judgment has now been entered for an amount of $100,000 subject to further accounting. Initially, a bond was posted for this amount, and pursuant to further accounting was increased by $63,000 to cover potential damages through April, 1999. The injunction to prevent Rent-A-Center from continuing to trade has been stayed pending the appeal. The Company is appealing this decision to the New Jersey Court of Appeals and intends to pursue all further legal proceedings as appropriate.

The Company is a defendant in a class action alleging that Rent-A-Center violated the Texas Usury Law, the Texas Insurance Law and the Texas Deceptive and Unfair Trade Practices Act. Texas law presently provides that rental purchase agreements are not credit sales. There have been no developments in this case since 1994 and damages are unspecified.

The following information relates to those claims not seeking recharacterization:

The Company is a defendant in an alleged class action in New York. The case has been removed to Federal Court. The complaint alleges that Rent-A-Center engaged in deceptive or unfair acts in contravention of the New York Personal Property Law (the Rent-to-Own Program Law), as well as provisions of the General Business Law relating to consumer protection for deceptive acts and practices and false advertising. The plaintiffs seek both compensatory and punitive damages.

The Company is a defendant in an alleged class action filed in Massachusetts. This claim alleges that Rent-A-Center's transactions and advertising failed to comply with the Massachusetts rental purchase statute and are deceptive under the Massachusetts Consumer Protection Act. The plaintiffs seek both compensatory and punitive damages.

The Company is a defendant in two alleged class actions filed in the State of Alabama which were filed in January and March, 1998. These claims allege that Rent-A-Center's reinstatement fee constitutes an illegal penalty and that charging such fee constitutes breach of contract. A second claim was added to the second class action alleging the LDW charge is excessive. The plaintiffs seek compensatory damages only.

The claims described above, where not concluded, are being vigorously defended. However, management believes that a loss will be incurred in some of the cases and although a specific amount cannot be estimated due to an inability to reasonably estimate potential losses and potential appellate decisions reversing in whole or in part outstanding lower

10. CONTINGENCIES -- (CONTINUED)
court judgments, the Company has accrued $34,500 in the accompanying financial statements. If the courts in these actions were to hold that the Company's rental or rental-purchase transactions constitute credit sales, the Company would seek to adapt its agreements, where this has not already occurred, so that they would not be so treated under relevant state laws. Management believes that a final unfavorable outcome in any one of these actions, except for that in Texas, would not have a material adverse effect on the Company's ongoing business. There can be no assurance, however, that final unfavorable outcomes in any of these actions would not have a material effect on the Company's financial condition or results of operations in the year of final adjudication.

The Company is a defendant in an action filed in the Federal District Court in Missouri alleging a policy of racial discrimination against a nationwide class of African-Americans who applied for employment, are currently employed or were formerly employed. The Company denies the allegations and will vigorously oppose certification of a nationwide class. Attempts to certify a nationwide class in a racial discrimination case filed in the Federal District Court in Kansas were dismissed last year.

The Company's management is not aware of any additional legal or arbitration proceedings pending or threatened against the Company which may have any liability significantly in excess of provisions in the accounts.

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of the Company's financial instruments at March 31, 1998 are as follows:

Loans from affiliated company: It was not practicable to estimate the fair value of the Company's loans from its affiliates because no quoted market prices exist for these unique instruments and there is no intent by management to retire the debts.

12. OFF-BALANCE SHEET RISK

Letters of credit are issued by the Company during the ordinary course of business through banks as required by certain vendor contracts. As of March 31, 1997 and 1998, the Company had outstanding irrevocable stand-by letters of credit for $27,336 and $66,842, respectively.

Subsequent to March 31, 1998, the Company secured a bond in the amount of $32,786 and canceled its previously outstanding stand-by letter of credit in the amount of $4,000, in connection with a class action lawsuit in Minnesota (see Note 10). The Company and THORN are both guarantors of the bond.

The Company has secured a bond in the amount of $100,000 in connection with a class action lawsuit in New Jersey (See Note 10). The Company and THORN are both guarantors of the bond.

12. OFF-BALANCE SHEET RISK -- (CONTINUED)
The Company has a $20,000 unused line of credit with a financial institution.

13. RESTRUCTURING CHARGES

During fiscal 1998, the Company discontinued its new concept tests related to its credit retail and check-cashing businesses, closed certain nonperforming rental purchase stores and reorganized certain administrative support functions resulting in a charge to operating income of $12,292. Such restructuring charges include asset valuation reductions of approximately $3,750, future rent obligations of approximately $2,250, employee severance costs of approximately $5,250 and other costs of approximately $1,042. As of March 31, 1998, $6,851 of total restructuring charges remained in accrued liabilities.

During 1996, the Company recorded restructuring charges of $12,600 related to consolidation of offices and reductions in the number of employees. These charges were primarily made up of the expected costs of employee separations. There was no remaining liability at March 31, 1998.

14. MERGER TRANSACTION

On June 17, 1998 THORN announced that it has entered into an agreement to sell the Company to Renters Choice, Inc., a publicly held rent-to-own company for approximately $900,000 subject to shareholder and Federal Trade Commission approval. A closing date for the transaction has not yet been determined.

15. SUBSEQUENT EVENT (UNAUDITED)

In August 1998, subsequent to its change of control, the Company reached a tentative settlement with the plaintiffs in Wisconsin, in the amount of $16.25 million. Such amount is not accrued in the June 30, 1998 financial statements.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Board of Directors of
Central Rents, Inc.

We have audited the accompanying balance sheets of Central Rents, Inc. (a Delaware corporation) as of December 31, 1997 and 1996, and the related statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 1997, 1996 and 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Rents, Inc. as of December 31, 1997 and 1996, and the results of its operations and its cash flows for the years ended December 31, 1997, 1996 and 1995 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Los Angeles, California
March 19, 1998

CENTRAL RENTS, INC.

BALANCE SHEETS
DECEMBER 31, 1996, 1997 AND MARCH 31, 1998 (UNAUDITED)

	DECEMBER 31,		MARCH 31,
	1996	1997	1998
			(UNAUDITED)
	(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)		
ASSETS			
Cash and Cash Equivalents	$ 12,808	$ 5,739	$ 11,526
Receivables and Prepaid Expenses	2,348	2,396	2,016
Due from Related Parties	--	115	--
Income Tax Receivable -- Related Party	1,871	--	--
Rental Merchandise, at cost	66,289	68,205	63,344
Less -- Accumulated depreciation	(31,908)	(31,461)	(31,621)
	34,381	36,744	31,723
Property and Equipment, at cost			
Leasehold improvements	3,355	4,905	5,880
Furniture and equipment	2,037	2,981	4,256
Vehicles	134	73	57
	5,526	7,959	10,193
Less -- Accumulated depreciation	(2,834)	(4,127)	(6,622)
	2,692	3,832	3,571
Deferred Financing Costs, net	1,957	1,603	1,535
Noncompete Agreement, net	1,275	--	--
Excess of Cost over Net Assets Acquired, net	6,861	6,611	6,549
Deferred Income Taxes	8,156	10,595	11,045
Other Assets	114	125	131
Total Assets	$ 72,463	$ 67,760	$ 68,096
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Liabilities:			
Accounts Payable	$ 5,332	$ 4,688	$ 2,715
Accrued Expenses	5,682	6,058	7,380
Due to Related Parties	237	--	--
Income Tax Payable -- Related Party	--	434	249
Accrued Interest	322	322	2,253
Long-term Notes	58,094	58,368	58,437
Total liabilities	69,667	69,870	71,034
Commitments and Contingencies	--	--	--
STOCKHOLDERS' EQUITY (DEFICIT):			
Preferred stock, $.01 par value, 100 shares authorized; no shares issued	--	--	--
Common stock, $.01 par value, 2,000,000 shares authorized; 551,045, 617,045 and 617,045 shares issued and outstanding in 1996, 1997 and 1998 (unaudited), respectively	6	7	7
Additional paid-in capital	22,944	22,944	22,944
Retained deficit	(20,154)	(25,061)	(25,889)
Total stockholders' equity (deficit)	2,796	(2,110)	(2,938)
Total liabilities and stockholders' equity (deficit)	$ 72,463	$ 67,760	$ 68,096

The accompanying notes are an integral part of these financial statements.

CENTRAL RENTS, INC.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997
AND FOR THE UNAUDITED PERIODS ENDED MARCH 31, 1997 AND 1998

	DECEMBER 31,			MARCH 31,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)				
Revenues:					
Rental revenues	$112,243	$103,382	$98,582	$ 23,528	$21,935
Sales of merchandise	5,736	5,243	4,847	1,146	1,484
Other revenue	65	152	114	2,062	1,782
	118,044	108,777	103,543	26,736	25,201
Costs and Expenses:					
Selling, general and administrative	61,991	61,475	62,544	15,682	15,196
Cost of merchandise sold	3,658	3,852	3,520	1,098	1,058
Depreciation and amortization					
Rental merchandise	36,694	32,045	30,407	7,660	7,664
Property and equipment	1,541	1,538	1,711	367	517
	103,884	98,910	98,182	24,807	24,435
Income before interest, taxes and amortization of intangibles	14,160	9,867	5,361	1,929	766
Amortization of intangibles	19,601	5,192	1,545	818	65
Income (loss) from operations	(5,441)	4,675	3,816	1,111	701
Interest expense, net	(7,464)	(7,555)	(7,849)	(1,914)	(1,979)
Loss before income tax benefit	(12,905)	(2,880)	(4,033)	(803)	(1,278)
Income tax benefit	3,750	1,040	1,126	289	450
Net loss	$ (9,155)	$ (1,840)	$(2,907)	$ (514)	$ (828)
Per share data:					
Basic net loss per common share	$ (16.89)	$ (3.34)	$ (4.79)	$ (0.89)	$ (1.34)
Diluted net loss per common share	$ (16.89)	$ (3.34)	$ (4.79)	$ (0.89)	$ (1.34)
Weighted average common shares outstanding	541,985	551,045	606,557	575,000	617,045

The accompanying notes are an integral part of these financial statements.

CENTRAL RENTS, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997 AND
FOR THE PERIOD ENDED MARCH 31, 1998 (UNAUDITED)

	COMMON STOCK				
	SHARES	PAR VALUE	PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)				
BALANCE, December 31, 1994....	534,000	$ 5	$22,195	$ (9,159)	$13,041
Issuance of common stock....	17,045	1	749	--	750
Net loss for the year ended December 31, 1995.....	--	--	--	(9,155)	(9,155)
BALANCE, December 31, 1995.....	551,045	6	22,944	(18,314)	4,636
Net loss for the year ended December 31, 1996.....	--	--	--	(1,840)	(1,840)
BALANCE, December 31, 1996....	551,045	6	22,944	(20,154)	2,796
Dividends paid.....	--		--	(2,000)	(2,000)
Exercise of stock warrants.....	66,000	1	--	--	1
Net loss for the year ended December 31, 1997.....	--	--	--	(2,907)	(2,907)
BALANCE, December 31, 1997....	617,045	7	22,944	(25,061)	(2,110)
Net loss for the unaudited period ended March 31, 1998.....	--	--	--	(828)	(828)
BALANCE, March 31, 1998 (unaudited).....	617,045	$ 7	$22,944	$(25,889)	$(2,938)

The accompanying notes are an integral part of these financial statements.

CENTRAL RENTS, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997
AND FOR THE UNAUDITED PERIODS ENDED MARCH 31, 1997 AND 1998

	DECEMBER 31,			MARCH 31,	
	1995	1996	1997	1997	1998
				(UNAUDITED)	
	(DOLLARS IN THOUSANDS)				
Cash flows from operating activities:					
Net loss	$ (9,155)	$ (1,840)	$ (2,907)	$ (514)	$ (828)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:					
Depreciation of rental merchandise	36,694	32,045	30,407	7,660	7,664
Depreciation of property and equipment	1,541	1,538	1,711	367	517
Deferred income tax benefit	(3,950)	(26)	(1,286)	(289)	(450)
Amortization of intangibles	19,601	5,192	1,545	818	65
Amortization of debt discount	274	274	274	68	69
Amortization of deferred financing costs	316	330	163	83	68
Changes in operating assets and liabilities, net of the effect of businesses acquired:					
Decrease (increase) in receivables, prepaid expenses and other assets	742	(354)	(59)	608	371
Decrease (increase) in due from related parties	--	--	(115)	--	115
Decrease (increase) in income tax receivable -- related party	(1,050)	(821)	1,871	(2)	--
Increase in rental merchandise, (purchases and retirement), net	(41,095)	(31,561)	(32,865)	(6,900)	(2,643)
Decrease in deferred financing costs	--	--	191	--	--
Increase (decrease) in accounts payable	1,677	(4,891)	(644)	(2,813)	(1,973)
Increase (decrease) in accrued expenses	(856)	(494)	377	266	1,322
Increase in accrued interest	--	--	--	1,931	1,931
(Decrease) increase in due to related parties	(136)	(523)	(237)	116	(185)
Decrease in income taxes payable -- related party	--	--	(715)	--	--
Increase in income taxes payable	--	419	--	--	--
Net cash (used) provided by operating activities	4,603	(712)	(2,289)	1,399	6,043
Cash flows from investing activities:					
Proceeds from store sales	515	--	95	--	--
Purchase of property and equipment	(2,114)	(1,032)	(2,851)	(1,094)	(256)
Purchase of rental agreements and stores	(1,110)	--	(24)	(24)	--
Purchase of RTO and WBC, net of cash acquired	(3,669)	--	--	--	--
Net cash (used) provided by investing activities	(6,378)	(1,032)	(2,780)	(1,118)	(256)
Cash flows from financing activities:					
Dividends paid	--	--	(2,000)	(2,000)	--
Proceeds from issuance of common stock	750	--	--	--	--
Debt issuance costs	(176)	--	--	--	--
Net cash (used) provided by financing activities	574	--	(2,000)	(2,000)	--
Net decrease in cash and cash equivalents	(1,201)	(1,744)	(7,069)	(1,719)	5,787
Cash and cash equivalents, beginning of year	15,753	14,552	12,808	12,808	5,739
Cash and cash equivalents, end of year	$ 14,552	$ 12,808	$ 5,739	$11,089	$11,526
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Income taxes	$ 1,271	$ 1,190	$ 160	$ 22	$ 3
Interest	$ 7,725	$ 7,852	$ 7,784	$ 430	$ 436

The accompanying notes are an integral part of these financial statements.

CENTRAL RENTS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. HISTORY AND BUSINESS ACTIVITY

Central Rents, Inc. (the "Company") was incorporated in the State of Delaware on March 17, 1994 to acquire RTO Enterprises, Inc. ("RTO") and WBC Holdings, Inc. ("WBC"). The Company is a wholly-owned subsidiary of Central Rents Holding, Inc. which is a wholly-owned subsidiary of Banner Holdings, Inc. ("Banner"), its ultimate parent company. All activity of the Company prior to the acquisition of RTO and WBC ("Acquisition") related to its formation, including an infusion of $20,000,000 of cash equity in exchange for the issuance of 534,000 shares of common stock. On April 28, 1995, RTO and WBC were merged into the Company pursuant to a statutory merger effected in accordance with the provisions of the Delaware General Corporation Laws.

The Company's predecessors have been engaged in the rental-purchase industry since 1968. As of December 31, 1997, the Company operated 175 rental-purchase stores in 20 states throughout the United States. The stores rent a broad range of consumer products, including electronics, major appliances, jewelry and furniture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rental Merchandise, Depreciation and Revenue Recognition

Rental merchandise is rented by customers through rental-purchase agreements providing for weekly or monthly payments. The agreements automatically renew with each payment. Rent is collected in advance at the beginning of each rental period, is nonrefundable and is recognized as revenue when collected. Ownership of the rental items passes to the customer when the customer makes the requisite number of rental payments stipulated by the agreement, generally 12 to 30 monthly payments. In the accompanying statements of operations, sales of merchandise primarily includes cash received for outright sales of previously rented merchandise and final rental payments immediately preceding the passage of title to the respective customers. Cost of merchandise sold represents the undepreciated cost of merchandise on the date of sale.

Rental merchandise is recorded at cost. The Company has determined that the estimated useful lives of its rental merchandise averaged approximately 22 months and such period is used for depreciation purposes.

Property and Equipment

Property and equipment, including leasehold improvements, are recorded at cost. Additions, improvements and renewals which significantly add to the asset value or extend the life of the asset are capitalized. Expenditures for maintenance and repairs are expensed as such costs are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)
The Company uses the straight-line method for recording depreciation. The estimated useful lives used in computing depreciation for financial reporting purposes are as follows:

Leasehold improvements	Life of lease
Furniture and equipment	3-7 years
Vehicles	3 years

Deferred Financing Costs

Deferred financing costs represent debt issuance costs and are amortized using the interest method over the term of the long-term notes. As of December 31, 1996 and 1997 and as of the unaudited period ending March 31, 1998, accumulated amortization amounted to $817,000, $980,000 and $1,047,000, respectively.

Advertising

The Company generally expenses production cost of print and television advertisements as of the first date the advertisements takes place unless they are expected to benefit future periods. Advertising expenses included in selling, general and administrative expenses were $5,394,000 in 1995, $5,822,000 in 1996, $6,668,000 in 1997, and $1,570,000 and $1,204,000 for unaudited periods ending March 31, 1997 and 1998, respectively.

Noncompete Agreement

In connection with the Acquisition, one of the sellers entered into a noncompete agreement with the Company. The noncompete agreement was amortized over its contractual life of 3 years. Amortization of the noncompete agreement was 50% in year one, 35% in year two and 15% in year three. As of December 31, 1996 and 1997, and as of the unaudited period ending March 31, 1998, accumulated amortization amounted to $18,725,000, $20,000,000 and $20,000,000, respectively. The agreement was fully amortized at June 30, 1997.

Excess of Cost Over Net Assets Acquired

The excess of cost over net assets acquired, which relates to the acquisition of RTO and WBC and other stores in 1995, is being amortized on a straight-line basis over a period of 30 years. The purchase price is subject to change upon the resolution of certain issues with the seller. The Company periodically reviews the excess of cost over net assets acquired to assess recoverability. Impairment would be recognized in operating results if a permanent diminution in value were to occur. At year end, 1995, the Company specifically reviewed the excess of cost over net assets acquired related to its California operations. The Company undertook such a review in light of much lower operating results experienced by these operations, due in a large part to the new California legislation regulating rental-purchase transactions which became effective on January 1, 1995 (the "California

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)
Legislation"). The California Legislation limited the Company's ability to collect certain types of fees. Based upon the then current economic environment and future outlook, the Company determined that approximately $3.0 million of excess of cost over net assets acquired related to its California operations had been impaired and therefore such amount was charged-off as of December 31, 1995. As of December 31, 1996 and 1997 and as of the unaudited period ending March 31, 1998, accumulated amortization amounted to $3,712,000, $3,960,000 and $4,022,000, respectively.

Cash and Cash Equivalents

The Company invests excess cash from operations in short-term investment grade commercial paper and repurchase agreements. The Company considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

Concentration of Credit Risk

The Company places its temporary cash and cash investments with high quality financial institutions. Management monitors the financial creditworthiness of these financial institutions. At times, such investments may be in excess of insured limits.

Long-term Notes

The fair value of the Company's long-term notes is estimated as required by Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments". The fair value is based on the quoted market prices for the same or similar issues. Management believes that the fair value of its long-term notes approximates the carrying value as of December 31, 1996 and 1997 and as of the unaudited period ending March 31, 1998.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires the use of the liability method of accounting for income taxes. Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect.

The Company and Banner have entered into a tax sharing agreement which provides, among other things, for the sharing of federal consolidated and state combined income tax liabilities and refunds. Under the tax sharing agreement, payments and refunds will be calculated by the Company on a separate company basis. The Company will repay Banner $434,000 due to limitations that apply to loss carryovers on a separate company basis due to a change in the method used in allocating the tax liabilities in the prior years. The

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)
Company recorded an income tax benefit in 1995, 1996 and 1997 of $3,750,000, $1,040,000 and $1,126,000, respectively, and income taxes receivable from Banner of $1,871,000 at December 31, 1996 and income taxes payable to Banner of $434,000 at December 31, 1997.

Earnings Per Share

Earnings per common share is computed using the weighted average number of shares outstanding and dilutive common stock equivalents (options and warrants). No common stock equivalents were used in the computation as the impact would be anti-dilutive.

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128"), Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income" ("SFAS 130") and Statement of Financial Accounting Standards No. 131 "Disclosures about Segments of Enterprise and Related Information" ("SFAS 131") in fiscal year 1997. The Company adopted SFAS 128 in 1997 and will adopt SFAS 130 and 131 in 1998. The Company does not expect that the adoption of SFAS 130 and SFAS 131 will have a material effect on its financial position or its results of operations for the year ended December 31, 1998.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)
As described above, the Company reports earnings per share according to the provisions of SFAS 128. The following table presents a reconciliation of basic earnings per share and diluted earnings per share. The denominator of diluted earnings per share includes the effect of dilutive common stock equivalents. There were no potentially dilutive securities that were outstanding at December 31, 1997 and as of the unaudited period ended March 31, 1998.

	BASIC EARNINGS PER SHARE	DILUTED EARNINGS PER SHARE
	(DOLLARS IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)	
For the Year Ended December 31, 1995		
Numerator -- net loss	$ (9,155)	$ (9,155)
Denominator -- weighted average shares outstanding	541,985	541,985
Loss per share	$ (16.89)	$ (16.89)
For the Year Ended December 31, 1996		
Numerator -- net loss	$ (1,840)	$ (1,840)
Denominator -- weighted average shares outstanding	551,045	551,045
Loss per share	$ (3.34)	$ (3.34)
For the Year Ended December 31, 1997		
Numerator -- net loss	$ (2,907)	$ (2,907)
Denominator -- weighted average shares outstanding	606,557	606,557
Loss per share	$ (4.79)	$ (4.79)
For the Period Ended March 31, 1997 (Unaudited)		
Numerator -- net loss	$ (514)	$ (514)
Denominator -- weighted average shares outstanding	575,000	575,000
Loss per share	$ (0.89)	$ (0.89)
For the Period Ended March 31, 1998 (Unaudited)		
Numerator -- net loss	$ (828)	$ (828)
Denominator -- weighted average shares outstanding	617,045	617,045
Loss per share	$ (1.34)	$ (1.34)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- (CONTINUED)

Balance Sheet Presentation

The Company's balance sheet is presented on a non-classified basis consistent with industry practice.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts, generally not by material amounts. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the Company's financial position and results of operations.

Included in the accompanying balance sheet is a deferred tax asset of $10.6 million as of December 31, 1997 and $11.1 million as of the unaudited period ended March 31,1998. Management believes it is more likely than not that it will realize the net deferred tax assets. The Company expects to realize this recorded deferred tax asset through the potential disposition of all or a part of the assets of the Company some time in the future, or through taking the Company public providing for additional capital for growth and expansion.

Reclassifications

Certain reclassifications have been made to previously reported amounts to conform to the current year presentation.

3. LONG-TERM NOTES

The Company funded the purchase price for the stock and notes of RTO and WBC from the proceeds of an offering of Units (the "Offering"), consisting of $60,000,000 principal amount of Senior Notes and Warrants to purchase 60,000 shares of common stock of the Company. The long-term notes were issued at a price equal to 96.3% of the aggregate principal amount. Of the total proceeds, $57,389,000 was allocated to Notes and $2,200,000 was allocated to the issuance of Warrants. On or before February 28, 1997, all Warrant holders exercised their option to convert the Warrants into the Company's common stock.

On September 28, 1994, the Company's Registration Statement under the Securities Act relating to the issuance by the Company of $60,000,000 principal amount of 12 7/8% Series B Senior Notes due 2003 (the "New Notes") in exchange for the outstanding Notes (the "Exchange Offer") was declared effective by the Securities and Exchange Commission. Upon its effectiveness, the Company commenced the Exchange Offer,

3. LONG-TERM NOTES -- (CONTINUED)
pursuant to which all of the outstanding Notes were tendered and exchanged on or prior to October 28, 1994. The terms of the New Notes and the Notes are identical in all material respects, except for certain transfer restrictions and registration rights relating to the Notes.

The New Notes bear interest at the rate of 12 7/8% per annum payable semi-annually on December 15 and June 15, commencing December 15, 1994. On or after June 15, 1999, the New Notes will be redeemable at the option of the Company, in whole or in part, at the redemption prices as defined plus accrued and unpaid interest to the date of redemption.

In connection with the issuance of the Notes, the Company executed an indenture dated June 3, 1994 (the "Indenture"). The Indenture contains certain covenants that, among other things, limit the ability of the Company and its subsidiaries to incur additional Indebtedness (as defined), pay dividends in excess of $2.0 million or make certain other Restricted Payments (as defined), enter into certain transactions with affiliates, sell assets or enter into certain mergers and consolidations. In addition, under certain circumstances, the Company is required to offer to purchase the long-term notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase, with proceeds from certain asset sales (as defined). Interest expense on the New Notes amounted to $7,725,000 in 1995, 1996 and 1997 and $2,067,000 for the unaudited period ended March 31, 1997 and 1998.

On May 10, 1997, the Company canceled a revolving line of credit agreement with Wells Fargo Bank (the "Line of Credit") which was entered into on May 9, 1995. The Line of Credit was subject to an annual commitment fee payable to the bank on a quarterly basis of 0.5% of the unused borrowings.

4. COMMITMENTS AND CONTINGENCIES

Leases

The Company has various operating leases, which generally have an initial lease term of 18 to 60 months. The operating leases are for office facilities, store locations, rental of vehicles, office equipment and various other assets. Generally leases for store locations contain renewal options for periods up to six years. Rental expenses related to these leases during 1995, 1996 and 1997 and for the unaudited periods ending March 31, 1997 and 1998 amounted to $7,667,000, $6,755,000, $7,545,000, $1,809,000 and $2,174,000,

4. COMMITMENTS AND CONTINGENCIES -- (CONTINUED)
respectively. The future minimum annual rental commitments under operating leases which have initial noncancelable lease terms in excess of one year are as follows:

YEAR ENDING DECEMBER 31,	VEHICLES	REAL ESTATE	TOTAL
1998	$2,236,000	$ 5,911,000	$ 8,147,000
1999	1,604,000	3,969,000	5,573,000
2000	1,208,000	3,047,000	4,255,000
2001	313,000	1,595,000	1,908,000
2002	1,000	1,046,000	1,047,000
Thereafter	--	360,000	360,000
	$5,362,000	$15,928,000	$21,290,000

Litigation

The Company is a party to legal proceedings arising in the normal course of business. Based on consultation with legal counsel and on the facts currently available, it is management's opinion that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

Letters of Credit

The Company utilizes standby letters of credit to satisfy property and vehicle insurance security deposit requirements. These letters of credit are irrevocable and have one-year renewable terms. Outstanding standby letters of credit as of December 31, 1996 and 1997 were $200,000 and $862,000, respectively, and $1,162,000 as of the unaudited period ended March 31, 1998.

5. INCOME TAXES

The benefit for income taxes is comprised of the following:

	1995	1996	1997
Current:			
Federal	$ 36,000	$(1,061,000)	$ --
State and local	164,000	47,000	160,000
	200,000	(1,014,000)	160,000
Deferred:			
Federal	(3,150,000)	(20,000)	(660,000)
State and local	(800,000)	(6,000)	(626,000)
	(3,950,000)	(26,000)	(1,286,000)
Total tax benefit	$(3,750,000)	$(1,040,000)	$(1,126,000)

The benefit for income taxes differs from the amount obtained by applying the federal statutory income tax rate to the loss before income taxes as follows:

	1995	1996	1997
Expected provision (benefit) for federal income taxes	(35.0)%	(35.0)%	(35.0)%
State taxes -- net of federal deduction	(.1)	(5.2)	(7.8)
Nondeductible and other items	6.1	4.1	14.9
	(29.0)%	(36.1)%	(27.9)%

5. INCOME TAXES -- (CONTINUED)
The primary components of temporary differences which give rise to deferred taxes at December 31, 1997 and 1996 are:

	1996	1997
Deferred Tax Assets:		
Depreciation of fixed assets	$1,331,000	$ 1,082,000
Reserves and other accrued expenses	1,585,000	1,542,000
Noncompete agreement amortization	6,200,000	6,411,000
Operating loss carry forward	--	3,901,000
Other	304,000	573,000
Total deferred tax assets	9,420,000	13,509,000
Deferred Tax Liabilities:		
Rental merchandise	(601,000)	(648,000)
State income tax	(474,000)	(755,000)
Other	(189,000)	(1,511,000)
Net deferred tax assets	$8,156,000	$10,595,000

The Internal Revenue Service ("IRS") has examined certain of the Company's former subsidiaries. In connection with the Acquisition, the sellers entered into an agreement to indemnify the Company for income tax liabilities of RTO and WBC attributable to pre-acquisition tax periods. The results of these audits did not have a material adverse effect on the financial position of the Company.

The IRS published a revenue ruling in July 1995 providing that the Modified Accelerated Cost Recovery System ("MACRS") is the appropriate depreciation method for rental purchase merchandise. The Company has used the income forecast method of depreciation for tax accounting, and management believes that this method has been widely used throughout the rental-purchase industry prior to the publication of this revenue ruling. The Company received permission from the IRS and converted to the MACRS method of depreciation for tax accounting purposes only, effective January 1, 1996. This change in tax accounting method will require the Company to increase taxable income in future years in order to recapture depreciation deductions previously claimed on the Company's tax returns taken under the income forecast method of depreciation in advance of the time at which such deductions may have been allowable under the MACRS depreciation method. Management believes that the adoption of MACRS will not significantly impact the Company's financial position and results of operations.

The Company provides taxes on a separate company basis pursuant to its tax sharing agreement. Management believes it is more likely than not that it will realize the net deferred tax assets and accordingly no valuation allowance has been provided. This conclusion is based on the expectation of future taxable income relating to the potential

5. INCOME TAXES -- (CONTINUED)
disposition of all or a part of the assets of the Company or through taking the Company public providing for additional capital for growth and expansion. If the Company is unable to generate sufficient taxable income through operating results or dispositions and alternative strategies are not viable, then the establishment of a valuation allowance may be necessary.

The Company has federal net operating loss carryforwards of approximately $10,400,000 of which $1,288,000 expires in 2010, $2,295,000 expires in 2011 and $6,817,000 expires in 2012. At December 31, 1997, the Company has state net operating loss carryforwards of approximately $4,070,000 which expire at various times and various amounts through the year 2012.

6. RELATED PARTY TRANSACTIONS

The Company has entered into an Administrative Services Agreement (the "Administrative Services Agreement") with Banner pursuant to which Banner or one of the other Banner subsidiaries, other than the Company, provides purchasing, advertising, accounting, insurance, health and other benefits, real estate, management information systems, and other services to the Company. The Company is required to reimburse Banner for its allocable share of direct and overhead costs determined on the basis of the Company's percentage utilization of the applicable services contemplated by the Administrative Services Agreement. The Administrative Services Agreement had an initial term of two years beginning June 3, 1994 and will be automatically extended for up to eight successive one-year terms after the end of the initial term unless the Company gives at least 30 days prior notice at the end of the then current term that the Administrative Services Agreement will terminate. As long as Banner or any other Banner subsidiary beneficially owns more than 50% of the voting stock of the Company, the Administrative Services Agreement shall not be terminable by Banner or any other Banner subsidiary as a result of any breach of the Administrative Services Agreement by the Company. During 1995, 1996 and 1997, and during the unaudited periods ending March 31, 1997 and 1998, the Company purchased $1,927,000, $640,000, $883,000, $0 and $201,000, respectively, of merchandise from Banner's Central Electric, a wholly owned subsidiary of Banner. The Company has not incurred any material common costs or expenses to be allocated during 1995, 1996 and 1997 and during the unaudited periods ending March 31, 1997 and 1998 in connection with the Administrative Services Agreement.

6. RELATED PARTY TRANSACTIONS -- (CONTINUED)
The receivable from (payable to) related parties as of December 31, 1996 and 1997 and for the unaudited period ended March 31, 1998 are as follows:

	DECEMBER 31,		MARCH 31,
	1996	1997	1998
			(UNAUDITED)
Banner Holdings	$2,371,000	$(434,000)	$(200,000)
Banner Central Electric	(656,000)	178,000	14,000
G. M. Cypres & Co.	(61,000)	(63,000)	(63,000)
Banner Central Electric Properties	(20,000)	--	--
	$1,634,000	$(319,000)	$(249,000)

The Company and G. M. Cypres & Co., a related party through common ownership, entered into an agreement (the "Consulting Agreement") pursuant to which G. M. Cypres & Co. or its designee provides consulting, investment banking or similar services to the Company in consideration for the payment of certain fees and expenses, including an annual management fee (the "Management Fee"). Under the terms of the Indenture, the fees and expenses payable under the Consulting Agreement must be reasonable and customary, and the Management Fee shall not exceed $375,000 per year. Management Fees charged under the terms of the Consulting Agreement totaled $375,000 for the years ended December 31, 1995, 1996 and 1997 and $93,750 for the unaudited periods ending March 31, 1997 and 1998.

Effective January 1, 1995, the Company entered into a triple net lease agreement with BCE Properties II, Inc., a related party of the Company through common ownership, for office space at the Company's corporate headquarters. The lease provides, among other things, for monthly rent of $10,000 through December 31, 2005. Rent expense under the terms of the lease totaled $120,000 for the years ended December 31, 1995, 1996 and 1997 and $30,000 for the unaudited periods ending March 31, 1997 and 1998.

Management believes that all related party transactions were consummated on terms comparable to terms that could have been negotiated with third parties.

7. RETIREMENT SAVINGS PLAN

As of December 31, 1995 the Company terminated a 401(k) defined contribution plan covering substantially all employees of one of the Company's subsidiaries. The Company matched the first 6% of eligible compensation contributed by the participants at a rate of 25%. During 1995, the Company contributed $49,000 to the plan.

The Company established a new 401(k) defined contribution plan in October 1997. The Company did not match employee contributions and had no other expenses related to the plan.

8. STORE SALES AND CLOSINGS

During 1995, the Company purchased rental agreements from two competitors and transferred the agreements to existing stores, purchased two stores, closed one store and sold six stores that were not located within the Company's targeted geographic markets.

During 1996, the Company opened one new store and closed three stores and transferred the agreements of the closed stores into other operating stores in the area.

During 1997, the Company opened 13 new stores, sold the assets of one store, closed two stores and transferred their agreements into other operating stores in the area.

During the unaudited period ending March 31, 1998, the Company opened one new store.

9. STOCK TRANSACTIONS

Issuance of Common Stock

On July 14, 1995 an outside institutional investor purchased 17,045 shares of common stock of the Company at a price of $44.00 per share for an aggregate purchase price of $750,000. The shares were issued pursuant to the terms of a letter agreement which places certain restrictions on the purchaser's ability to transfer the issued shares of stock.

As of February 28, 1997 all Warrant holders exercised their option to convert the Warrants into the Company's common stock. 66,000 shares of stock were issued for the Warrants at an exercise price of $.01 per share; 60,000 relating to the initial offering and an additional 6,000 issued to the initial purchaser of the Notes.

Stock Options

In 1994 the Board of Directors adopted a Stock Option Plan (the "1994 Plan"), to grant to certain key employees of the Company options to purchase shares of the common stock of the Company at fair market value. A percentage of the options vest on each year provided that the Company meets or exceeds certain financial performance standards during such year. If those standards are not attained in such year, that portion of the option that would have vested may vest in the year the Company does meet those standards. Management believes that those standards will be attained in future years, before the options expire in the year 2004, and therefore there is a potential that the options will be exercisable. The stock options granted pursuant to the 1994 Plan cannot exceed 15% of the fully diluted shares of common stock of the Company. As of December 31, 1996 and 1997 and for the unaudited period ending March 31, 1998, there were 90,000 shares of common stock reserved for the 1994 Plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

9. STOCK TRANSACTIONS -- (CONTINUED)
The following table summarizes stock option activity:

	STOCK OPTIONS	EXERCISE PRICE PER SHARE
Outstanding at December 31, 1995	24,000	$37.45
Granted	17,000	37.45
Expired or canceled	(11,000)	37.45
Exercised	--	
Outstanding at December 31, 1996	30,000	37.45
Granted	--	37.45
Expired or canceled	(18,000)	37.45
Exercised	--	
Outstanding at December 31, 1997 and for the unaudited period ending March 31, 1998	12,000	37.45
Options exercisable at December 31, 1997 and for the unaudited period ending March 31, 1998	--	

In October 1995, the Financial Accounting Standard Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 defines a fair value based method of accounting for employee stock compensation plans, but allows for the continuation of the intrinsic value based method of accounting to measure compensation cost prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" ("APB 25"). For companies electing not to change their accounting, SFAS 123 requires pro-forma disclosures of earnings and earnings per share as if the change in accounting provision of SFAS 123 has been adopted.

The Company has elected to continue to utilize the accounting method prescribed by APB 25, under which no compensation cost has been recognized, and adopt the disclosure requirements of SFAS 123. As a result, SFAS 123 has no effect on the financial condition or results of operations of the Company at December 31, 1996 and 1997 and for the unaudited period ending March 31, 1998.

9. STOCK TRANSACTIONS -- (CONTINUED)
Had compensation cost for this plan been determined consistent with SFAS 123, the Company's net income and earnings per share would have been reduced to the following pro-forma amounts.

		DECEMBER 31,			MARCH 31,	
		1995	1996	1997	1997	1998
					(UNAUDITED)	
Net loss.....	As Reported	$(9,155,000)	$(1,840,000)	$(2,907,000)	$(514,000)	$(828,000)
	Pro Forma	$(9,198,000)	$(1,889,000)	$(2,929,000)	$(536,000)	$(850,000)
Basic EPS.....	As Reported	$ (16.89)	$ (3.34)	$ (4.79)	$ (0.89)	$ (1.34)
	Pro Forma	$ (16.97)	$ (3.43)	$ (4.83)	$ (0.93)	$ (1.38)
Diluted EPS.....	As Reported	$ (16.89)	$ (3.34)	$ (4.79)	$ (0.89)	$ (1.34)
	Pro Forma	$ (16.97)	$ (3.43)	$ (4.83)	$ (0.93)	$ (1.38)

The fair value of each option grant is estimated on the date of grant using an option pricing model with the following weighted-average assumptions used for grants: dividend yield of 0.0%, volatility of 0.0%, risk-free interest rate of 6.5% and expected lives of 5 years.

On January 7, 1997 the Company declared a cash dividend on its common stock to be paid to the holders of record of the Company's common stock as of February 28, 1997 payable on March 5, 1997.

Dividends

On March 5, 1997, the Company paid a total cash dividend of $2.0 million to the holders of its common stock at $3.24 per share.

10. QUARTERLY FINANCIAL DATA (UNAUDITED):

	TOTAL REVENUES	INCOME FROM OPERATIONS	NET LOSS	BASIC NET LOSS PER SHARE	DILUTED NET LOSS PER SHARE
December 31, 1996.....	$26,142	$ 924	$ (533)	$ (.97)	$ (.97)
September 30, 1996.....	$26,468	$1,418	$ (320)	$ (.58)	$ (.58)
June 30, 1996.....	$27,767	$1,331	$ (369)	$ (.67)	$ (.67)
March 31, 1996.....	$28,400	$1,002	$ (618)	$(1.12)	$(1.12)
December 31, 1996.....	$25,029	$1,113	$ (826)	$(1.36)	$(1.36)
September 30, 1997.....	$25,409	$ 170	$(1,191)	$(1.93)	$(1.93)
June 30, 1997.....	$26,394	$1,422	$ (376)	$ (.61)	$ (.61)
March 31, 1997.....	$26,736	$1,111	$ (514)	$ (.89)	$ (.89)
March 31, 1998.....	$25,201	$ 701	$ (828)	$(1.34)	$(1.34)

11. SUBSEQUENT EVENT

The Company entered into an Asset Purchase Agreement dated May 1, 1998 with Renters Choice, Inc. ("Renters"), Central Rents Holding, Inc. and Banner pursuant to which substantially all of the assets of the Company will be sold to Renters for approximately $102,400,000. Completion of the transaction occurred on May 28, 1998 after obtaining necessary regulatory approvals and certain third party approvals and various other closing conditions.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR ANY OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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PROSPECTUS

, 1998

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Delaware General Corporation Law

Section 145(a) of the DGCL provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Section 145(b) of the DGCL provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145(c) of the DGCL provides that to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 145(d) of the DGCL provides that any indemnification under subsections (a) and (b) of Section 145 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b) of Section 145. Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if

such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

Section 145(e) of the DGCL provides that expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in Section 145. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

Amended and Restated Certificate of Incorporation

The Amended and Restated Certificate of Incorporation of the Company provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the company or its stockholders, (ii) for acts or occasions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock purchases or redemptions or (iv) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Company, in addition to the limitation on personal liability provided in the Amended and Restated Certificate of incorporation, will be limited to the fullest extent permitted by the DGCL, as amended. Further, any repeal or modification of such provision of the Amended and restated Certificate of Incorporation by the stockholders of the Company will be prospective only, and will not adversely affect any limitation on the personal liability of a director of the Company arising from an act or omission occurring prior to the time of such repeal or modification.

Amended and Restated Bylaws

The Amended and Restated Bylaws of the Company provide that each person who at any time is or was a director of the Company, and is threatened to be or is made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (a "Proceeding"), by reason of the fact that such person is or was a director of the company, or is or was serving at the request of the Company as a director, officer, partner, venturer, proprietor, member, employee, trustee, agent or similar functionary of another domestic or foreign corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other for-profit or non-profit enterprise, whether the basis of a Proceeding is alleged action in such person's official capacity or in another capacity while holding such office, shall be indemnified and held harmless by the Company to the fullest extent authorized by the DGCL or any other applicable law as may from time to time be in effect (but, in the case of any such amendment or enactment, only to the extent that such amendment or statute permits the Company to provide broader indemnification rights than such law prior to such amendment

or enactment permitted the Company to provide), against all expense, liability and loss (including, without limitation, court costs and attorneys' fees, judgments, fines, excise taxes or penalties, and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection with a Proceeding, so long as a majority of a quorum of disinterested directors, the stockholders or legal counsel through a written opinion determines that such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and in the case of a criminal Proceeding, such person had no reasonable cause to believe his conduct was unlawful. Such indemnification shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity thereunder and shall inure to the benefit of his or her heirs, executors and administrators. The Amended and Restated Bylaws also contain certain provisions designed to facilitate receipt of such benefits by any such persons, including the prepayment of any such benefit.

Indemnification Agreements

The Company has also entered into Indemnification Agreements pursuant to which it has agreed to indemnify certain of its directors and officers against judgments, claims, damages, losses and expenses incurred as a result of the fact that any director or officer, in his capacity as such, is made or threatened to be made a party to any suit or proceeding. Such persons will be indemnified to the fullest extent now or hereafter permitted by the DGCL. The Indemnification Agreements also provide for the advancement of certain expenses to such directors and officers in connection with any such suit or proceeding.

Insurance

The Company has obtained a directors' and officers' liability insurance policy insuring its directors and officers against losses resulting from wrongful acts committed by them in their capacities as directors and officers of the company, including liabilities arising under the Securities Act.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
1.1*	-- Purchase Agreement, dated August 13, 1998, by and among Renters Choice, Inc., Chase Securities Inc., Bear, Stearns & Co. Inc., Credit Suisse First Boston Corporation and NationsBank Montgomery Securities LLC
2.1(1)	-- Agreement and Plan of Reorganization dated May 15, 1996, among Renters Choice, Inc., ColorTyme, Inc., and CT Acquisition Corporation
2.2(2)	-- Asset Purchase Agreement, dated May 1, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc.
2.3(3)	-- 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.
3.1(4)	-- Amended and Restated Certificate of Incorporation of the Company
3.2(5)	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company
3.3(6)	-- Amended and Restated Bylaws of the Company
3.4(7)	-- Amendment to the Amended and Restated Bylaws of the Company
3.5**	-- Certificate of Incorporation of Rent-A-Center, Inc.
3.6**	-- Articles of Incorporation of ColorTyme, Inc.
3.7**	-- Bylaws of Rent-A-Center, Inc.
3.8**	-- Bylaws of ColorTyme, Inc.
4.1(8)	-- Form of Certificate evidencing Common Stock
4.2(9)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(10)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4*	-- 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**	-- Form of Certificate evidencing Series A Preferred Stock
5.1**	-- Opinion of Winstead Sechrest & Minick P.C. regarding legality of the securities offered.
10.1(11)	-- Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.2(12)	-- Revolving Credit Agreement dated as of November 27, 1996 between Comerica Bank, as agent, Renters Choice, Inc. and certain other lenders
10.3(13)	-- Portfolio Acquisition Agreement dated May 15, 1996, by and among Renters Choice, Inc., ColorTyme Financial Services, Inc., and STI Credit Corporation
10.4(14)	-- Employment Agreement, dated March 28, 1997, by and between Renters Choice, Inc. and Danny Z. Wilbanks
10.5(15)	-- Stock Option Agreement, dated April 1, 1997, by and between Renters Choice, Inc. and Danny Z. Wilbanks
10.6(16)	-- 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
10.7(17)	-- Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent
10.8(18)	-- $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
10.9(19)	-- 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
10.10(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 A Convertible Preferred Stock
10.11(21)	-- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series B Convertible Preferred Stock
10.12(22)	-- Stock Purchase Agreement, dated as of June 16, 1998, among Renters Choice, Inc., Thorn International BV and Thorn plc
10.13(23)	-- Stock Purchase Agreement, dated August 5, 1998, among Renters Choice, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
10.14*	-- Exchange and Registration Rights Agreement, dated August 18, 1998, by and among Renters Choice, Inc. and Chase Securities Inc., Bear, Stearns & Co. Inc., NationsBank Montgomery Securities LLC and Credit Suisse First Boston Corporation
21.1*	-- Subsidiaries of Registrant
23.1*	-- Consent of Grant Thornton LLP
23.2*	-- Consent of Ernst & Young LLP
23.3*	-- Consent of Arthur Andersen LLP

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
23.4*	-- Consent of Winstead Sechrest & Minick P.C. (included as part of its opinion filed as Exhibits 5.1 and 8.1)
24.1*	-- Power of Attorney (included on signature page of this S-4)
25.1**	-- Statement of eligibility of IBJ Schroder Bank & Trust Company to act as Trustee

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* Filed herewith.

** To be filed by amendment.

(1) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 15, 1996

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

(3) Incorporated herein by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K dated May 15, 1996

(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 3.4 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994

(7) Incorporated herein by reference to Exhibit 3.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(8) Incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (File No. 33-86504)

(9) 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

(10) 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

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

(12) 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

(13) Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated May 15, 1996

(14) Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997

(15) Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997

(16) 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

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

(18) Incorporated herein by reference to Exhibit 10.20 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

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

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

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

(22) 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

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

ITEM 22. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes that insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim of indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(b) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration

statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) If the registrant is a foreign private issuer, to file a post-effective amendment to the registration statement to include any financial statements required by Rule 3-19 of this chapter at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act need not be furnished, provided, that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Act or Rule 3-19 of this chapter if such financial statements and information are contained in periodic reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference on the Form F-3.

(c) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(d) The undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the SEC under Section 305(b)(2) of the Act.

(e) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-4 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on October 16, 1998.

RENTERS CHOICE, INC.

By: /s/ J. ERNEST TALLEY

J. Ernest Talley
Chairman of the Board
and Chief Executive Officer

POWER OF ATTORNEY

We the undersigned directors and officers of Renters Choice, Inc., do hereby constitute and appoint J. Ernest Talley and Mark E. Speese, and each and either of them, our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said Corporation to comply with the Securities Act of 1933 and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ J. ERNEST TALLEY J. Ernest Talley	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	October 16, 1998
/s/ MARK E. SPEESE Mark E. Speese	President, Chief Operating Officer and Director	October 16, 1998
/s/ DANNY Z. WILBANKS Danny Z. Wilbanks	Senior Vice President -- Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	October 16, 1998
/s/ J. V. LENTELL J.V. Lentell	Director	October 16, 1998
/s/ JOSEPH V. MARINER Joseph V. Mariner	Director	October 16, 1998
/s/ REX W. THOMPSON Rex W. Thompson	Director	October 16, 1998
/s/ LAURENCE M. BERG Laurence M. Berg	Director	October 16, 1998
/s/ PETER P. COPSES Peter P. Copses	Director	October 16, 1998

SUBSIDIARY GUARANTORS:

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-4 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on October 16, 1998.

RENT-A-CENTER, INC.

By: /s/ J. ERNEST TALLEY
J. Ernest Talley
President

POWER OF ATTORNEY

We the undersigned directors and officers of Rent-A-Center, Inc., do hereby constitute and appoint J. Ernest Talley and Mark E. Speese, and each and either of them, our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said Corporation to comply with the Securities Act of 1933 and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ J. ERNEST TALLEY J. Ernest Talley	President (Principal Executive Officer) and Director	October 16, 1998
/s/ MARK E. SPEESE Mark E. Speese	Vice President and Director	October 16, 1998
/s/ DANNY Z. WILBANKS Danny Z. Wilbanks	Vice President, Secretary, Treasurer (Principal Financial and Accounting Officer) and Director	October 16, 1998

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-4 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on October 16, 1998.

COLORTYME, INC.

By: /s/ MARK E. SPEESE
Mark E. Speese
Vice President

POWER OF ATTORNEY

We the undersigned directors and officers of ColorTyme, Inc., do hereby constitute and appoint J. Ernest Talley and Mark E. Speese, and each and either of them, our true and lawful attorneys-in-fact and agents, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us and in our name in the capacities indicated below, which said attorneys and agents, or either of them, may deem necessary or advisable to enable said Corporation to comply with the Securities Act of 1933 and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, power and authority to sign for us or any of us in our names in the capacities indicated below, any and all amendments (including post-effective amendments) hereto; and we do hereby ratify and confirm all that said attorneys and agents, or any of them, shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ MITCHELL E. FADEL Mitchell E. Fadel	President and Chief Executive Officer (Principal Executive Officer)	October 16, 1998
/s/ J. ERNEST TALLEY J. Ernest Talley	Director	October 16, 1998
/s/ MARK E. SPEESE Mark E. Speese	Vice President and Director	October 16, 1998
/s/ DANNY Z. WILBANKS Danny Z. Wilbanks	Secretary (Principal Financial and Accounting Officer)	October 16, 1998

EXHIBIT INDEX

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(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 3.4 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994

(7) Incorporated herein by reference to Exhibit 3.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

(8) Incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (File No. 33-86504)

(9) 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

(10) 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

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

(12) 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

(13) Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated May 15, 1996

(14) Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997

(15) Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997

(16) 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

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

(18) Incorporated herein by reference to Exhibit 10.20 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

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

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

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

(22) 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

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

EXHIBIT 1.1

RENTERS CHOICE, INC.

$175,000,000

11.00% Senior Subordinated Notes due 2008

PURCHASE AGREEMENT

August 13, 1998

CHASE SECURITIES INC.
BEAR, STEARNS & CO. INC.
CREDIT SUISSE FIRST BOSTON CORPORATION
NATIONSBANC MONTGOMERY SECURITIES LLC
c/o Chase Securities Inc.
270 Park Avenue, 4th floor
New York, New York 10017

Ladies and Gentlemen:

RENTERS CHOICE, INC. a Delaware corporation ("RCI" or the "Company"), proposes to issue and sell $175,000,000 aggregate principal amount of its 11.00% Senior Subordinated Notes due 2008 (the "Notes"). The Company's obligations under the Notes will be irrevocably and unconditionally guaranteed (each, a "Subsidiary Guarantee") by Rent-A-Center, Inc. (formerly known as Thorn Americas, Inc., "Rent-A-Center"), and ColorTyme, Inc. ("ColorTyme", and together with Rent-A-Center, the "Subsidiary Guarantors"). The Notes and the Subsidiary Guarantees are collectively referred to as the "Securities". The Securities will be issued pursuant to an Indenture to be dated as of August __, 1998 (the "Indenture") among the Company, the Subsidiary Guarantors and IBJ Schroder Bank & Trust Company, as trustee (the "Trustee"). The Company hereby confirms its agreement with Chase Securities Inc. ("CSI"), Bear, Stearns & Co. Inc. ("Bear Stearns"), Credit Suisse First Boston Corporation ("CSFB") and NationsBanc Montgomery Securities LLC (NationsBanc, and together with CSI, Bear Stearns and CSFB, the "Initial Purchasers") concerning the purchase of the Securities from the Company by the Initial Purchasers.

The Securities will be offered and sold to the Initial Purchasers without being registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption therefrom. The Company has prepared a preliminary offering memorandum dated July 24, 1998 (the "Preliminary Offering Memorandum") and will prepare an offering memorandum dated the date hereof (the "Offering Memorandum") setting forth information concerning the Company, the Subsidiary Guarantors and the Securities. Copies of the Preliminary Offering Memorandum have been, and copies of the Offering Memorandum will be, delivered by the Company to the Initial Purchasers pursuant to the terms of this agreement (this "Agreement"). Any references herein to the Preliminary Offering Memorandum and the Offering Memorandum shall be deemed to include all amendments and supplements thereto, unless otherwise noted. The Company hereby confirms that it has authorized the use of the Preliminary Offering Memorandum and the Offering Memorandum in connection with the offering and resale of the Securities by the Initial Purchasers in accordance with Section 2.

Holders of the Securities (including the Initial Purchasers and their direct and indirect transferees) will be entitled to the benefits of an Exchange and Registration Rights Agreement, substantially in the form attached hereto as Annex A (the "Registration Rights Agreement"), pursuant to which the Company will agree to file with the Securities and Exchange Commission (the

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"Commission") (i) a registration statement under the Securities Act (the "Exchange Offer Registration Statement") registering an issue of senior subordinated notes of the Company (the "Exchange Securities") which are identical in all material respects to the Securities (except that the Exchange Securities will not contain terms with respect to transfer restrictions or additional interest upon certain failures to comply with the Registration Rights Agreement) and (ii) under certain circumstances, a shelf registration statement pursuant to Rule 415 under the Securities Act (the "Shelf Registration Statement").

The Company will use the net proceeds from the Offering to repay approximately $175 million of indebtedness of the Company represented by the Senior Subordinated Facility. On August 5, 1998, the Company acquired Rent-A-Center (the "Acquisition"). Proceeds from the Senior Credit Facilities, the Senior Subordinated Facility and the Equity Investment funded the Acquisition. Concurrently with the Offering, the Company will repurchase approximately $25 million of its common stock.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Offering Memorandum. As used in this Agreement, unless the context otherwise requires: the "Company" refers to RCI and its subsidiaries, and the related business and operations thereof, prior to the Acquisition and to RCI and its subsidiaries (including Rent-A-Center), and the related business and operations thereof (including the Rent-A-Center operations), after the Acquisition.

1. Representations, Warranties and Agreements of the Company. The Company and the Subsidiary Guarantors represent and warrant to the several Initial Purchasers on and as of the date hereof and the Closing Date (as defined in Section 3 and after giving effect to the Acquisition) that:

(a) Each of the Preliminary Offering Memorandum and the Offering Memorandum, as of its respective date, did not, and on the Closing Date the Offering Memorandum will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that no representation or warranty is made as to information contained in or omitted from the Preliminary Offering Memorandum or the Offering Memorandum in reliance upon and in conformity with written information relating to the Initial Purchasers furnished to the Company by or on behalf of any Initial Purchaser specifically for use therein (collectively, the "Initial Purchasers' Information").

(b) Each of the Preliminary Offering Memorandum and the Offering Memorandum, as of its respective date, contains all of the information that, if requested by a prospective purchaser of the Securities, would be required to be provided to such prospective purchaser pursuant to Rule 144A(d)(4) under the Securities Act.

(c) Assuming the accuracy of the representations and warranties of the Initial Purchasers contained in Section 2 and their compliance with the agreements set forth therein, it is not necessary, in connection with the issuance and sale of the Securities to the Initial Purchasers and the offer, resale and delivery of the Securities by the Initial Purchasers in the manner contemplated by this Agreement and the Offering Memorandum, to register the Securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").

(d) The Company, the Subsidiary Guarantors and each of their respective subsidiaries have been duly incorporated and are validly existing as corporations in good standing under the laws of their respective jurisdictions of incorporation, are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their

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respective properties and to conduct the businesses in which they are engaged, except where the failure to so qualify or have such power or authority would not, singularly or in the aggregate, have a material adverse effect on the condition (financial or otherwise), results of operations, business or prospects of the Company, the Subsidiary Guarantors and their respective subsidiaries taken as a whole (a "Material Adverse Effect").

(e) The Company will, on the Closing Date, have capitalization as set forth in the Offering Memorandum under the heading "Capitalization"; and all of the outstanding shares of capital stock of the Company and the Subsidiary Guarantors have been duly and validly authorized and issued and are fully paid and non-assessable. All of the outstanding shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company and the Subsidiary Guarantors, respectively, free and clear of any lien, charge, encumbrance, security interest, restriction upon voting or transfer or any other claim of any third party, except as otherwise disclosed in the Offering Memorandum.

(f) Each of the Company and each Subsidiary Guarantor has full right, power and authority to execute and deliver this Agreement, the Indenture, the Registration Rights Agreement, the Securities and the Subsidiary Guarantees (collectively, the "Transaction Documents") to which it is a party and to perform its obligations hereunder and thereunder; and all corporate action required to be taken for the due and proper authorization, execution and delivery of each of the Transaction Documents to which it is a party and the consummation of the transactions contemplated thereby have been duly and validly taken.

(g) This Agreement has been duly authorized, executed and delivered by the Company and each Subsidiary Guarantor party hereto and constitutes a valid and binding agreement of the Company and each Subsidiary Guarantor party hereto.

(h) The Registration Rights Agreement has been duly authorized by the Company and, when duly executed and delivered in accordance with its terms by each of the parties thereto, will constitute a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law).

(i) The Indenture has been duly authorized by the Company and the Subsidiary Guarantors and, when duly executed and delivered in accordance with its terms by each of the parties thereto, will constitute a valid and binding agreement of the Company and each Subsidiary Guarantor enforceable against the Company and each Subsidiary Guarantor in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law). On the Closing Date, the Indenture will conform in all material respects to the requirements of the Trust Indenture Act and the rules and regulations of the Commission applicable to an indenture which is qualified thereunder.

(j) The Securities and the Exchange Securities have been duly authorized by the Company and the Subsidiary Guarantors and, when duly executed, authenticated, issued and delivered as provided in the Indenture and paid for as provided herein, will be duly and validly issued and outstanding and will constitute valid and binding obligations of the Company and the Subsidiary Guarantors entitled to the benefits of the Indenture and enforceable against the Company and the Subsidiary Guarantors in accordance with their terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws

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affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law).

(k) Each Transaction Document conforms in all material respects to the description thereof contained in the Offering Memorandum.

(l) The execution, delivery and performance by the Company and each Subsidiary Guarantor of each of the Transaction Documents to which it is a party, the issuance, authentication, sale and delivery of the Securities and compliance by the Company and each Subsidiary Guarantor with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents to which it is a party will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or the Subsidiary Guarantors pursuant to, any material indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound or to which any of the property or assets of the Company or any of Subsidiary Guarantor is subject, nor will such actions result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary Guarantor or any statute or any judgment, order, decree, rule or regulation of any court or arbitrator or governmental agency or body having jurisdiction over the Company or any Subsidiary Guarantor or any of their properties or assets; and no consent, approval, authorization or order of, or filing or registration with, any such court or arbitrator or governmental agency or body under any such statute, judgment, order, decree, rule or regulation is required for the execution, delivery and performance by the Company and each Subsidiary Guarantor of each of the Transaction Documents to which it is a party, the issuance, authentication, sale and delivery of the Securities and compliance by the Company and each Subsidiary Guarantor with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents to which it is a party, except for such consents, approvals, authorizations, filings, registrations or qualifications (i) which shall have been obtained or made prior to the Closing Date, (ii) as may be required to be obtained or made under the Securities Act and applicable state securities laws as provided in the Registration Rights Agreement and (iii) which shall not adversely affect the ability of the Company and each Subsidiary Guarantor to consummate the transactions contemplated by the Transaction Documents.

(m) (i) Grant Thornton LLP are independent certified public accountants with respect to the Company and its subsidiaries, (ii) Arthur Andersen LLP are independent certified public accountants with respect to Central Rents, Inc. ("Central Rents") and (iii) Ernst & Young LLP are independent public accountants with respect to Thorn Americas, Inc., each within the meaning of Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants ("AICPA") and its interpretations and rulings thereunder. The historical financial statements (including the related notes) contained in the Offering Memorandum comply in all material respects with the requirements applicable to a registration statement on Form S-1 under the Securities Act; such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby and fairly present the financial position of the entities purported to be covered thereby at the respective dates indicated and the results of their operations and their cash flows for the respective periods indicated; and the financial information contained in the Offering Memorandum under the headings "Summary--Summary Unaudited Pro Forma Combined Statement of Operations", "Summary--Summary Historical Financial Data", "Capitalization", "Selected Historical Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Unaudited Pro Forma Combined Financial Information", is derived from the accounting records of the Company, Rent-A-Center and their respective subsidiaries, as the case may be, and such sections of the Offering Memorandum fairly present the information purported

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to be shown thereby in all material respects. The pro forma financial information contained in the Offering Memorandum has been prepared on a basis consistent with the historical financial statements contained in the Offering Memorandum (except for the pro forma adjustments specified therein), includes all material adjustments to the historical financial information required by Rule 11-02 of Regulation S-X under the Securities Act and the Exchange Act to reflect the transactions described in the Offering Memorandum, gives effect to assumptions made on a reasonable basis and fairly presents the historical and proposed transactions contemplated by the Offering Memorandum and the Transaction Documents in all material respects. The other historical financial and statistical information and data included in the Offering Memorandum are, in all material respects, fairly presented.

(n) Except as otherwise stated in the Offering Memorandum, there are no legal or governmental proceedings pending to which the Company or any Subsidiary Guarantor is a party or of which any property or assets of the Company or any Subsidiary Guarantor is the subject which, singularly or in the aggregate, if determined adversely to the Company or any of its subsidiaries, could reasonably be expected to have a Material Adverse Effect; and to the best knowledge of the Company and each Subsidiary Guarantor, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(o) No action has been taken and no statute, rule, regulation or order has been enacted, adopted or issued by any governmental agency or body which prevents the issuance of the Securities or suspends the sale of the Securities in any jurisdiction; no injunction, restraining order or order of any nature by any federal or state court of competent jurisdiction has been issued with respect to the Company or any Subsidiary Guarantor which would prevent or suspend the issuance or sale of the Securities or the use of the Offering Memorandum in any jurisdiction; no action, suit or proceeding is pending against or, to the knowledge of the Company or any Subsidiary Guarantor after reasonable due inquiry, threatened against or affecting the Company or any Subsidiary Guarantor before any court or arbitrator or any governmental agency, body or official, domestic or foreign, which could reasonably be expected to interfere with or adversely affect the issuance of the Securities or in any manner draw into question the validity or enforceability of any of the Transaction Documents or any action taken or to be taken pursuant thereto; and the Company and each Subsidiary Guarantor have complied with any and all requests by any securities authority in any jurisdiction for additional information to be included in the Preliminary Offering Memorandum and the Offering Memorandum.

(p) Neither the Company nor any Subsidiary Guarantor is (i) in violation of its charter or by-laws, (ii) in default in any material respect, and no event has occurred which, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any material indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which it is a party or by which it is bound or to which any of its property or assets is subject or (iii) in violation in any material respect of any material law, ordinance, governmental rule, regulation or court decree to which it or its property or assets may be subject.

(q) The Company and the Subsidiary Guarantors possess all material licenses, certificates, authorizations and permits issued by, and have made all declarations and filings with, the appropriate federal, state or foreign regulatory agencies or bodies which are necessary or desirable for the ownership of their respective properties or the conduct of their respective businesses as described in the Offering Memorandum, except where the failure to possess or make the same would not, singularly or in the aggregate, have a Material Adverse Effect, and neither the Company nor any Subsidiary Guarantor has received notification of any revocation or modification of any such license, certificate, authorization or permit or has any reason to believe that any such license, certificate, authorization or permit will not be renewed in the ordinary course.

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(r) The Company and the Subsidiary Guarantors have filed all federal, state, local and foreign income and franchise tax returns required to be filed through the date hereof and have paid all taxes due thereon, except such returns, which individually or in the aggregate, do not involve material amounts or where the failure to file such returns by the Company and the Subsidiary Guarantors, as the case may be, would not, individually or in the aggregate, materially adversely affect the business, operations or prospects of such entity, and no tax deficiency has been determined adversely to the Company or any Subsidiary Guarantor, as the case may be, which has had (nor does the Company or any Subsidiary Guarantor have any knowledge of any tax deficiency which, if determined adversely to the Company or any Subsidiary Guarantor, as the case may be, could reasonably be expected to have) a Material Adverse Effect, except to the extent that the validity thereof is being contested in good faith pursuant to appropriate proceedings.

(s) Neither the Company nor any Subsidiary Guarantor is (i) an "investment company" or a company "controlled by" an investment company within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the rules and regulations of the Commission thereunder or (ii) a "holding company" or a "subsidiary company" of a holding company or an "affiliate" thereof within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(t) The Company and the Subsidiary Guarantors maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(u) The Company and the Subsidiary Guarantors maintain insurance of the types and in the amounts generally deemed adequate for their businesses and consistent with insurance coverage maintained by similar companies and businesses, all of which insurance is in full force and effect.

(v) The Company and the Subsidiary Guarantors own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) necessary for the conduct of their respective businesses; and the Company and the Subsidiary Guarantors have not received any notice of any claim of conflict with, any such rights of others, except for such notices of conflicts, which, if individually or in the aggregate determined adversely to the Company or any Subsidiary Guarantor, as the case may be, would not have a Material Adverse Effect.

(w) The Company and the Subsidiary Guarantors have good and marketable title to, or have valid rights to lease or otherwise use, all items of real and personal property which are material to the business of the Company and the Subsidiary Guarantors, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except such as (i) do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiary Guarantors or (ii) could not reasonably be expected to have a Material Adverse Effect.

(x) No strike or work stoppages by the employees of the Company or any Subsidiary Guarantor exists or, to the Company's or any Subsidiary Guarantor's knowledge after reasonable due inquiry, is contemplated or threatened.

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(y) No "prohibited transaction" (as defined in Section 406 of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"), or Section 4975 of the Internal Revenue Code of 1986, as amended from time to time (the "Code")) or "accumulated funding deficiency" (as defined in Section 302 of ERISA) or any of the events set forth in Section 4043(b) of ERISA (other than events with respect to which the 30-day notice requirement under Section 4043 of ERISA has been waived) has occurred with respect to any employee benefit plan of the Company or any Subsidiary Guarantor which could reasonably be expected to have a Material Adverse Effect; each such employee benefit plan is in compliance in all material respects with applicable law, including ERISA and the Code; the Company and each Subsidiary Guarantor have not incurred and do not expect to incur liability under Title IV of ERISA with respect to the termination of, or withdrawal from, any pension plan for which the Company or any Subsidiary Guarantor would have any liability; and each such pension plan that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which could reasonably be expected to cause the loss of such qualification.

(z) There has been no storage, generation, transportation, handling, treatment, disposal, discharge, emission or other release of any kind of toxic or other wastes or other hazardous substances by, due to or caused by the Company or any Subsidiary Guarantor upon any of the property now or, to the knowledge of the Company or any Subsidiary Guarantor, as the case may be, previously owned or leased by the Company or any Subsidiary Guarantor, in violation of any statute or any ordinance, rule, regulation, order, judgment, decree or permit or which would, under any statute or any ordinance, rule (including rule of common law), regulation, order, judgment, decree or permit, give rise to any liability, except for any violation or liability which could not reasonably be expected to have, singularly or in the aggregate with all such violations and liabilities, a Material Adverse Effect; and there has been no disposal, discharge, emission or other release of any kind onto such property or into the environment surrounding such property of any toxic or other wastes or other hazardous substances with respect to which the Company or any Subsidiary Guarantor has knowledge, except for any such disposal, discharge, emission or other release of any kind which could not reasonably be expected to have, singularly or in the aggregate with all such discharges and other releases, a Material Adverse Effect.

(aa) Neither the Company nor any Subsidiary Guarantor nor, to the Company's or any Subsidiary Guarantor's knowledge after reasonable due inquiry, any employee or agent of the Company, or any Subsidiary Guarantor or has intentionally made any payment of funds of the Company or any Subsidiary Guarantor, as the case may be, or used, received or retained any funds in violation of the Foreign Corrupt Practices Act of 1977.

(bb) On and immediately after the Closing Date, the Company and each Subsidiary Guarantor (after giving effect to the issuance of the Securities and to the other transactions related thereto as described in the Offering Memorandum) will be Solvent. As used in this paragraph, the term "Solvent" means, with respect to a particular date, that on such date (i) the present fair market value (or present fair saleable value) of the assets of the Company and of each Subsidiary Guarantor is not less than the total amount required to pay the probable liabilities of the Company or such Subsidiary Guarantor on its total existing debts and liabilities (including contingent liabilities) as they become absolute and matured, (ii) each of the Company and the Subsidiary Guarantors is able to realize upon its assets and pay its debts and other liabilities, contingent obligations and commitments as they mature and become due in the normal course of business, (iii) assuming the sale of the Securities as contemplated by this Agreement and the Offering Memorandum, each of the Company and the Subsidiary Guarantors is not incurring debts or liabilities beyond its ability to pay as such debts and liabilities mature and (iv) the Company and each Subsidiary Guarantor is not engaged in any business or transaction, and is not about to engage in any business or transaction, for which its property would constitute unreasonably small capital after giving

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due consideration to the prevailing practice in the industry in which the Company and each Subsidiary Guarantor is engaged. In computing the amount of such contingent liabilities at any time, it is intended that such liabilities will be computed at the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

(cc) Neither the Company nor any Subsidiary Guarantor owns any "margin securities" as that term is defined in Regulations G and U of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), and none of the proceeds of the sale of the Securities will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Securities to be considered a "purpose credit" within the meanings of Regulation G, T, U or X of the Federal Reserve Board.

(dd) Except as contemplated by this Agreement, neither the Company nor any Subsidiary Guarantor is a party to any contract, agreement or understanding with any person that would give rise to a valid claim against the Company, any Subsidiary Guarantor or the Initial Purchasers for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Securities.

(ee) The Securities (i) will not, when issued, be of the same class as securities listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in an automated inter-dealer quotation system; provided, that securities that are convertible or exchangeable into securities so listed or quoted at the time of issuance and that had an effective conversion premium of less than 10%, shall be treated as securities of the class into which they are convertible or exchangeable; and that warrants that may be exercised for securities so listed or quoted at the time of issuance, or that had an effective exercise premium of less than 10%, shall be treated as securities of the class to be issued upon exercise; and provided further that the Commission may from time to time, taking into account then-existing market practices, designate additional securities and classes of securities that will not be deemed of the same class as securities listed on a national securities exchange or quoted in a U.S. automated inter-dealer quotation system, and (ii) are not securities of an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act.

(ff) Assuming the accuracy of the representations and warranties of the Initial Purchasers set forth in Section 2 hereof, none of the Company, any of the Subsidiary Guarantors, any of their respective affiliates or any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as such term is defined in Regulation S under the Securities Act ("Regulation S")), and all such persons have complied and will comply with the offering restrictions requirement of Regulation S to the extent applicable.

(gg) Assuming the accuracy of the representations and warranties of the Initial Purchasers set forth in Section 2 hereof, neither the Company nor any of the Subsidiary Guarantors nor any of their affiliates has, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as such term is defined in the Securities Act) which is or will be integrated with the sale of the Securities in a manner that would require registration of the Securities under the Securities Act.

(hh) Assuming the accuracy of the representations and warranties of the Initial Purchasers set forth in Section 2 hereof, none of the Company, any of the Subsidiary Guarantors, or any of their respective affiliates or any other person acting on its or their behalf has engaged, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act.

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(ii) Assuming the accuracy of the representations and warranties of the Initial Purchasers set forth in Section 2 hereof, the Company and each Subsidiary Guarantor has not taken and will not take, directly or indirectly, any action prohibited by Regulation M under the Exchange Act in connection with the offering of the Securities.

(jj) No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Preliminary Offering Memorandum or the Offering Memorandum has been made or reaffirmed without, in light of the circumstances under which such statements were made, a reasonable basis or has been disclosed other than in good faith.

(kk) None of the Company or any Subsidiary Guarantor does business with the government of Cuba or with any person or affiliate located in Cuba within the meaning of Florida Statutes Section 517.075.

(ll) Since the date as of which information is given in the Offering Memorandum, except as otherwise stated therein, (i) there has been no material adverse change or any development involving a prospective material adverse change in the condition, financial or otherwise, or in the earnings, business affairs, management or business prospects of the Company or any Subsidiary Guarantor, whether or not arising in the ordinary course of business, (ii) the Company and the Subsidiary Guarantor have not incurred any material liability or obligation, direct or contingent, other than in the ordinary course of business, (iii) the Company and the Subsidiary Guarantors have not entered into any material transaction other than in the ordinary course of business and (iv) there has not been any change in the capital stock or long-term debt of the Company or any Subsidiary Guarantor, or any dividend or distribution of any kind declared, paid or made by the Company or any Subsidiary Guarantor on any class of its capital stock.

2. Purchase and Resale of the Securities. (a) On the basis of the representations, warranties and agreements contained herein, and subject to the terms and conditions set forth herein, the Company agrees to issue and sell to each of the Initial Purchasers, severally and not jointly, and each of the Initial Purchasers, severally and not jointly, agrees to purchase from the Company, the principal amount of Securities set forth opposite the name of such Initial Purchaser on Schedule 1 hereto at a purchase price equal to 97.25% of the principal amount thereof. The Company shall not be obligated to deliver any of the Securities except upon payment for all of the Securities to be purchased as provided herein.

(b) The Initial Purchasers have advised the Company that they propose to offer the Securities for resale upon the terms and subject to the conditions set forth herein and in the Offering Memorandum. Each Initial Purchaser, severally and not jointly, represents, warrants and agrees that (i) it is purchasing the Securities pursuant to a private sale exempt from registration under the Securities Act, (ii) it has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Securities by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D under the Securities Act ("Regulation D") or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act and (iii) it has solicited and will solicit offers for the Securities only from, and has offered or sold and will offer, sell or deliver the Securities, as part of their initial offering, only (A) within the United States to persons whom it reasonably believes to be qualified institutional buyers ("Qualified Institutional Buyers"), as defined in Rule 144A under the Securities Act ("Rule 144A"), or if any such person is buying for one or more institutional accounts for which such person is acting as fiduciary or agent, only when such person has represented to it that each such account is a Qualified Institutional Buyer to whom notice has been given that such sale or delivery is being made in reliance on Rule 144A and in each case, in transactions in accordance with Rule 144A and (B) outside the United States to persons other than U.S. persons in reliance on Regulation S under the Securities Act ("Regulation S").

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(c) In connection with the offer and sale of Securities in reliance on Regulation S, each Initial Purchaser, severally and not jointly, represents, warrants and agrees that:

(i) the Securities have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act;

(ii) such Initial Purchaser has offered and sold the Securities, and will offer and sell the Securities, (A) as part of their distribution at any time and (B) otherwise until 40 days after the later of the commencement of the offering of the Securities and the Closing Date, only in accordance with Regulation S or Rule 144A or any other available exemption from registration under the Securities Act;

(iii) neither of such Initial Purchaser nor any of its affiliates nor any other person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Securities, and all such persons have complied and will comply with the offering restrictions requirement of Regulation S;

(iv) at or prior to the confirmation of sale of any Securities sold in reliance on Regulation S, such Initial Purchaser will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration that purchases Securities from it during the restricted period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Securities and the date of original issuance of the Securities, except in accordance with Regulation S or Rule 144A or any other available exemption from registration under the Securities Act. Terms used above have the meanings given to them by Regulation S."; and

(v) such Initial Purchaser has not and will not enter into any contractual arrangement with any distributor with respect to the distribution of the Securities, except with its affiliates or with the prior written consent of the Company.

Terms used in this Section 2(c) have the meanings given to them by Regulation S.

(d) Each Initial Purchaser, severally and not jointly, represents, warrants and agrees that (i) such Initial Purchaser has not offered or sold and prior to the date six months after the Closing Date will not offer or sell any Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) such Initial Purchaser has complied and will comply with all applicable provisions of the Financial Services Act 1986 and the Public Offers of Securities Regulations 1995 with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom; and (iii) such Initial Purchaser has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Securities to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

(e) Each Initial Purchaser, severally and not jointly, agrees that, prior to or simultaneously with the confirmation of sale by such Initial Purchaser to any purchaser of any of the

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Securities purchased by such Initial Purchaser from the Company pursuant hereto, such Initial Purchaser shall furnish to that purchaser a copy of the Offering Memorandum (and any amendment or supplement thereto that the Company shall have furnished to such Initial Purchaser prior to the date of such confirmation of sale). In addition to the foregoing, each Initial Purchaser acknowledges and agrees that the Company and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Sections 5(d) and (e), counsel for the Company and for the Initial Purchasers, respectively, may rely upon the accuracy of the representations and warranties of the Initial Purchasers and their compliance with their agreements contained in this Section 2, and each Initial Purchaser hereby consents to such reliance.

(f) The Company acknowledges and agrees that the Initial Purchasers may sell Securities to any affiliate of an Initial Purchaser and that any such affiliate may sell Securities purchased by such affiliate to an Initial Purchaser.

3. Delivery of and Payment for the Securities. (a) Delivery of and payment for the Securities shall be made at the offices of Simpson Thacher & Bartlett, New York, New York, or at such other place as shall be agreed upon by the Initial Purchasers and the Company, at 9:30 A.M., New York City time, on August 18, 1998, or at such other time or date, not later than seven full business days thereafter, as shall be agreed upon by the Initial Purchasers and the Company (such date and time of payment and delivery being referred to herein as the "Closing Date").

(b) On the Closing Date, payment of the purchase price for the Securities shall be made to the Company by wire or book-entry transfer of same-day funds to such account or accounts as the Company shall specify prior to the Closing Date or by such other means as the parties hereto shall agree prior to the Closing Date against delivery to the Initial Purchasers of the certificates evidencing the Securities. Time shall be of the essence, and delivery at the time and place specified pursuant to this Agreement is a further condition of the obligations of the Initial Purchasers hereunder. Upon delivery, the Securities shall be in global form, registered in such names and in such denominations as CSI on behalf of the Initial Purchasers shall have requested in writing not less than two full business days prior to the Closing Date. The Company agrees to make one or more global certificates evidencing the Securities available for inspection by CSI on behalf of the Initial Purchasers in New York, New York at least 24 hours prior to the Closing Date.

4. Further Agreements of the Company and the Subsidiary Guarantors. The Company and the Subsidiary Guarantors agree with each of the Initial Purchasers:

(a) to advise the Initial Purchasers promptly and, if requested, confirm such advice in writing, of the happening of any event which makes any statement of a material fact made in the Offering Memorandum untrue or which requires the making of any additions to or changes in the Offering Memorandum (as amended or supplemented from time to time) in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; to advise the Initial Purchasers promptly of any order preventing or suspending the use of the Offering Memorandum, of any suspension of the qualification of the Securities for offering or sale in any jurisdiction and of the initiation or threatening of any proceeding for any such purpose; and to use its best efforts to prevent the issuance of any such order preventing or suspending the use of the Offering Memorandum or suspending any such qualification and, if any such suspension is issued, to obtain the lifting thereof at the earliest possible time;

(b) to furnish promptly to each of the Initial Purchasers and counsel for the Initial Purchasers, without charge, as many copies of the Offering Memorandum (and any amendments or supplements thereto) as may be reasonably requested;

(c) prior to making any amendment or supplement to the Offering Memorandum, to furnish a copy thereof to each of the Initial Purchasers and counsel for the Initial Purchasers

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and not to effect any such amendment or supplement to which the Initial Purchasers shall reasonably object by notice to the Company after a reasonable period to review;

(d) if, at any time prior to completion of the resale of the Securities by the Initial Purchasers, any event shall occur or condition exist as a result of which it is necessary, in the opinion of counsel for the Initial Purchasers or counsel for the Company, to amend or supplement the Offering Memorandum in order that the Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Offering Memorandum to comply with applicable law, to promptly prepare such amendment or supplement as may be necessary to correct such untrue statement or omission or so that the Offering Memorandum, as so amended or supplemented, will comply with applicable law;

(e) for so long as the Securities are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, to furnish to holders of the Securities and prospective purchasers of the Securities designated by such holders, upon request of such holders or such prospective purchasers, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, unless the Company is then subject to and in compliance with Section 13 or 15(d) of the Exchange Act (the foregoing agreement being for the benefit of the holders from time to time of the Securities and prospective purchasers of the Securities designated by such holders);

(f) for a three-year period ending on the third anniversary of the Closing Date, to furnish to the Initial Purchasers copies of any annual reports, quarterly reports and current reports filed by the Company with the Commission on Forms 10-K, 10-Q and 8-K, or such other similar forms as may be designated by the Commission, and such other documents, reports and information as shall be furnished by the Company to the Trustee or to the holders of the Securities pursuant to the Indenture or the Exchange Act or any rule or regulation of the Commission thereunder;

(g) to promptly take from time to time such actions as the Initial Purchasers may reasonably request to qualify the Securities for offering and sale under the securities or Blue Sky laws of such jurisdictions in the United States as the Initial Purchasers may reasonably designate and to continue such qualifications in effect for so long as required for the resale of the Securities; and to arrange for the determination of the eligibility for investment of the Securities under the laws of such jurisdictions as the Initial Purchasers may reasonably request; provided that the Company and its subsidiaries will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process or to taxation in any such jurisdiction where it is not then so subject;

(h) to assist the Initial Purchasers in arranging for the Securities to be designated Private Offerings, Resales and Trading through Automated Linkages ("PORTAL") Market securities in accordance with the rules and regulations adopted by the National Association of Securities Dealers, Inc. ("NASD") relating to trading in the PORTAL Market and for the Securities to be eligible for clearance and settlement through The Depository Trust Company ("DTC");

(i) not to, and to cause its affiliates not to, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as such term is defined in the Securities Act) which could be integrated with the sale of the Securities in a manner which would require registration of the Securities under the Securities Act;

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(j) except following the effectiveness of the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, not to, and to cause its affiliates not to, and not to authorize or knowingly permit any person acting on their behalf to, solicit any offer to buy or offer to sell the Securities by means of any form of general solicitation or general advertising within the meaning of Regulation D or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act; and not to offer, sell, contract to sell or otherwise dispose of, directly or indirectly, any securities under circumstances where such offer, sale, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act to cease to be applicable to the offering and sale of the Securities as contemplated by this Agreement and the Offering Memorandum;

(k) from the date hereof and until the earlier of (i) 180 days after the date of the Offering Memorandum or (ii) the consummation of the Exchange Offer, not to offer for sale, sell, contract to sell or otherwise dispose of, directly or indirectly, or file a registration statement for, or announce any offer, sale, contract for sale of or other disposition of any debt securities issued or guaranteed by the Company or any Subsidiary Guarantor (other than the Securities) without the prior written consent of the Initial Purchasers;

(l) during the period from the Closing Date until two years after the Closing Date, without the prior written consent of the Initial Purchasers, not to, and not permit any of its affiliates (as defined in Rule 144 under the Securities Act) to, resell any of the Securities that have been reacquired by them, except for Securities purchased by the Company or any of its affiliates and resold in a transaction registered under the Securities Act;

(m) not to, for so long as the Securities are outstanding, be or become, or be or become owned by, an open-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act, and to not be or become, or be or become owned by, a closed-end investment company required to be registered, but not registered thereunder;

(n) in connection with the offering of the Securities, until CSI on behalf of the Initial Purchasers shall have notified the Company of the completion of the resale of the Securities, not to, and to cause its affiliated purchasers (as defined in Regulation M under the Exchange Act) not to, either alone or with one or more other persons, bid for or purchase, for any account in which it or any of its affiliated purchasers has a beneficial interest, any Securities, or attempt to induce any person to purchase any Securities; and not to, and to cause its affiliated purchasers not to, make bids or purchase for the purpose of creating actual, or apparent, active trading in or of raising the price of the Securities;

(o) to furnish to each of the Initial Purchasers on the date hereof a copy of the independent accountants' report included in the Offering Memorandum signed by the accountants rendering such report;

(p) to do and perform all things required to be done and performed by it under this Agreement that are within its control prior to or after the Closing Date, and to use its reasonable best efforts to satisfy all conditions precedent on its part to the delivery of the Securities;

(q) prior to the Closing Date, not to issue any press release or other communication directly or indirectly or hold any press conference with respect to the Company or any Subsidiary Guarantor, its condition, financial or otherwise, or earnings, business affairs or business prospects (except for routine oral marketing communications in the ordinary course of business and consistent with the past practices of the Company and of which the Initial Purchasers are notified), without prior consultation with the Initial Purchasers, unless in the judgment of the Company or such Subsidiary Guarantor and their respective counsel, and

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after notification to the Initial Purchasers, such press release or communication is required by law; and

(r) to apply the net proceeds from the sale of the Securities as set forth in the Offering Memorandum under the heading "Use of Proceeds".

5. Conditions of Initial Purchasers' Obligations. The respective obligations of the several Initial Purchasers hereunder are subject to the accuracy, on and as of the date hereof and the Closing Date, of the representations and warranties of the Company and the Subsidiary Guarantors contained herein, to the accuracy of the statements of the Company, and the Subsidiary Guarantors and their respective officers made in any certificates delivered pursuant hereto, to the performance by the Company and the Subsidiary Guarantors of their respective obligations hereunder, and to each of the following additional terms and conditions:

(a) The Offering Memorandum (and any amendments or supplements thereto) shall have been printed and copies distributed to the Initial Purchasers as promptly as practicable on or following the date of this Agreement or at such other date and time as to which the Initial Purchasers may agree; and no stop order suspending the sale of the Securities in any jurisdiction shall have been issued and no proceeding for that purpose shall have been commenced or shall be pending or threatened.

(b) None of the Initial Purchasers shall have discovered and disclosed to the Company on or prior to the Closing Date that the Offering Memorandum or any amendment or supplement thereto contains an untrue statement of a fact which, in the written advice of counsel for the Initial Purchasers, is material or omits to state any fact which, in the written advice of such counsel (a copy of which shall be supplied to the Company), is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(c) All corporate proceedings and other matters required for due authorization and validity of each of the Transaction Documents and the transactions contemplated thereby and the Offering Memorandum shall be satisfactory in all material respects to the Initial Purchasers, and the Company and the Subsidiary Guarantors shall have furnished to the Initial Purchasers copies of such documents and information that they or their counsel may reasonably request to enable them to pass upon such matters.

(d) (i) Winstead Sechrest & Minick P.C. shall have furnished to the Initial Purchasers their written opinion, as counsel to the Company and the Subsidiary Guarantors and (ii) Arnold & Porter shall have furnished to the Initial Purchasers their written opinion, as New York counsel to the Company and the Subsidiary Guarantors, in each case, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers, substantially to the effect set forth in Annex B hereto.

(e) The Initial Purchasers shall have received from Simpson Thacher & Bartlett, counsel for the Initial Purchasers, such opinion or opinions, dated the Closing Date, with respect to such matters as the Initial Purchasers may reasonably require, and the Company and the Subsidiary Guarantors shall have furnished to such counsel such documents and information as they request for the purpose of enabling them to pass upon such matters.

(f) The Company shall have furnished to the Initial Purchasers letters (the "Initial Letters") of Grant Thornton LLP and Ernst & Young LLP, addressed to the Initial Purchasers and dated the date hereof, in form and substance satisfactory to the Initial Purchasers.

(g) The Company shall have furnished to the Initial Purchasers letters (the "Bring-Down Letters") of Grant Thornton LLP and Ernst & Young LLP, addressed to the Initial Purchasers and dated the Closing Date (i) confirming that they are independent public accountants with respect to the Company and its subsidiaries and Rent-A-Center and its

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subsidiaries, respectively, within the meaning of Rule 101 of the Code of Professional Conduct of the AICPA and its interpretations and rulings thereunder, (ii) stating, as of the date of the Bring-Down Letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Offering Memorandum, as of a date not more than three business days prior to the date of the Bring-Down Letter), that the conclusions and findings of such accountants with respect to the financial information and other matters covered by their Initial Letters are accurate and (iii) confirming in all material respects the conclusions and findings set forth in their Initial Letters.

(h) The Company and each of the Subsidiary Guarantors shall have furnished to the Initial Purchasers a certificate, dated the Closing Date, of their respective chief executive officers and chief financial officers or such other persons who possess similar authority or perform similar functions, solely in their capacity as officers and not in their individual capacity, stating that (A) such persons have examined the Offering Memorandum, (B) in their opinion, the Offering Memorandum, as of its date, did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and since the date of the Offering Memorandum, no event has occurred which should have been set forth in a supplement or amendment to the Offering Memorandum so that the Offering Memorandum (as so amended or supplemented) would not include any untrue statement of a material fact and would not omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and (C) to such officer's knowledge after reasonable due inquiry, as of the Closing Date, the representations and warranties of the Company and each of the Subsidiary Guarantors, as the case may be, in this Agreement are true and correct, the Company and each of the Subsidiary Guarantors, as the case may be, has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder on or prior to the Closing Date in all material respects, and subsequent to the date of the most recent financial statements contained in the Offering Memorandum, there has been no material adverse change in the financial position or results of operations of the Company and the Subsidiary Guarantors taken as a whole, or any change, or any development including a prospective change, in or affecting the condition (financial or otherwise), results of operations, business or prospects of the Company and the Subsidiary Guarantors taken as a whole that would, or could reasonably be expected to, result in a Material Adverse Effect, except as set forth in the Offering Memorandum. Such persons may also state that (i) they participated in the preparation of the Offering Memorandum, and (ii) they are generally familiar with the operations and business of the respective corporations of which they were officers or directors, have made such inquiries as they deemed appropriate in connection with making this certificate and have conferred amongst themselves in its preparation.

(i) The Initial Purchasers shall have received a counterpart of the Registration Rights Agreement which shall have been executed and delivered by a duly authorized officer of the Company.

(j) The Indenture shall have been duly executed and delivered by the Company, the Subsidiary Guarantors and the Trustee, and the Securities shall have been duly executed and delivered by the Company, the Subsidiary Guarantors and duly authenticated by the Trustee.

(k) The Securities shall have been approved by the NASD for trading in the PORTAL Market.

(l) If any event shall have occurred that requires the Company under Section 4(d) to prepare an amendment or supplement to the Offering Memorandum, such amendment or

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supplement shall have been prepared, the Initial Purchasers shall have been given a reasonable opportunity to comment thereon, and copies thereof shall have been delivered to the Initial Purchasers reasonably in advance of the Closing Date.

(m) There shall not have occurred any invalidation of Rule 144A under the Securities Act by any court or any withdrawal or proposed withdrawal of any rule or regulation under the Securities Act or the Exchange Act by the Commission or any amendment or proposed amendment thereof by the Commission which, in the case of a proposed withdrawal, in the written advice of counsel to the Initial Purchasers, a copy of which will be delivered to the Company, is reasonably likely to occur and would materially impair the ability of the Initial Purchasers to purchase, hold or effect resales of the Securities as contemplated hereby.

(n) Except as otherwise disclosed in the Offering Memorandum (exclusive of any amendment or supplement thereto), subsequent to the execution and delivery of this Agreement or, if earlier, the dates as of which information is given in the Offering Memorandum (exclusive of any amendment or supplement thereto), there shall not have been any change in the capital stock or long-term debt or any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), results of operations, business or prospects of the Company and the Subsidiary Guarantors taken as a whole (including Rent-A-Center prior to the consummation of the Acquisition), the effect of which, in any such case described above, is, in the judgment of the Initial Purchasers, so material and adverse as to make it impracticable or inadvisable to proceed with the sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement and the Offering Memorandum, which change or development shall be specified in writing by the Initial Purchasers to the Company (exclusive of any amendment or supplement thereto).

(o) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency or body which would, as of the Closing Date, prevent the issuance or sale of the Securities; and no injunction, restraining order or order of any other nature by any federal or state court of competent jurisdiction shall have been issued as of the Closing Date which would prevent the issuance or sale of the Securities.

(p) Subsequent to the execution and delivery of this Agreement (i) no downgrading shall have occurred in the rating accorded the Securities or any of the Company's or any Subsidiary Guarantor's other debt securities or preferred stock by any "nationally recognized statistical rating organization", as such term is defined by the Commission for purposes of Rule 436(g)(2) of the rules and regulations of the Commission under the Securities Act and (ii) no such organization shall have publicly announced that it has under surveillance or review (other than an announcement with positive implications of a possible upgrading), its rating of the Securities or any of the Company's or any Subsidiary Guarantor's other debt securities or preferred stock.

(q) Subsequent to the execution and delivery of this Agreement there shall not have occurred any of the following: (i) trading in securities generally on the New York Stock Exchange or the over-the-counter market shall have been suspended or limited, or minimum prices shall have been established on any such exchange or market by the Commission, by any such exchange or by any other regulatory body or governmental authority having jurisdiction, or trading in any securities of the Company on any exchange or in the over-the-counter market shall have been suspended or (ii) any moratorium on commercial banking activities shall have been declared by federal or New York state authorities or (iii) an outbreak or escalation of hostilities or a declaration by the United States of a national emergency or war shall have occurred or (iv) a material adverse change in general economic, political or financial conditions (or in the effect of international conditions on the financial markets in the United States) shall have occurred, the effect of which, in the case of this clause (iv), is, in the judgment of the Initial Purchasers, so material and adverse as to

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make it impracticable or inadvisable to proceed with the sale or the delivery of the Securities on the terms and in the manner contemplated by this Agreement and in the Offering Memorandum (exclusive of any amendment or supplement thereto).

(r) The Initial Purchasers shall have received (i) copies of the documentation evidencing the Acquisition (the "Acquisition Documents"), and the documentation evidencing the Senior Credit Facilities (the "Bank Documents"), in each case certified by the secretary of the Company as being true, complete and correct and (ii) evidence, reasonably satisfactory to them, that (A) the Acquisition shall have been consummated in accordance with the terms of the Acquisition Documents (and without waiver or amendment of any material condition contained therein) (B) the initial funding shall have occurred or is occurring under the Bank Documents and the Company shall have received at least $720.0 million in gross cash proceeds therefrom and (C) the Company shall have issued the Convertible Preferred Stock and the gross proceeds therefrom shall be at least $250 million.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

6. Termination. The obligations of the Initial Purchasers hereunder may be terminated by the Initial Purchasers, in their absolute discretion, by notice given to and received by the Company prior to delivery of and payment for the Securities if, prior to that time, any of the events described in Section 5(m), (n), (o), (p) or (q) shall have occurred and be continuing.

7. Defaulting Initial Purchasers. (a) If, on the Closing Date, any Initial Purchaser defaults in the performance of its obligations under this Agreement, the non-defaulting Initial Purchasers may make arrangements for the purchase of the Securities which such defaulting Initial Purchaser agreed but failed to purchase by other persons satisfactory to the Company and the non-defaulting Initial Purchasers, but if no such arrangements are made within 48 hours after such default, this Agreement shall terminate without liability on the part of the non-defaulting Initial Purchasers or the Company, except that the Company will continue to be liable for the payment of expenses to the extent set forth in Sections 8 and 12 and except that the provisions of Sections 9 and 10 shall not terminate and shall remain in effect. As used in this Agreement, the term "Initial Purchasers" includes, for all purposes of this Agreement unless the context otherwise requires, any party not listed in Schedule 1 hereto that, pursuant to this Section 7, purchases Securities which a defaulting Initial Purchaser agreed but failed to purchase.

(b) Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Company or any non-defaulting Initial Purchaser for damages caused by its default. If other persons are obligated or agree to purchase the Securities of a defaulting Initial Purchaser, either the non-defaulting Initial Purchasers or the Company may postpone the Closing Date for up to seven full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Initial Purchasers may be necessary in the Offering Memorandum or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Offering Memorandum that effects any such changes.

8. Reimbursement of Initial Purchasers' Expenses. If (a) this Agreement shall have been terminated pursuant to Section 6 or 7, (b) the Company shall fail to tender the Securities for delivery to the Initial Purchasers for any reason or (c) the Initial Purchasers shall decline to purchase the Securities for any reason permitted under this Agreement, the Company shall reimburse the Initial Purchasers for such out-of-pocket expenses (including reasonable fees and disbursements of counsel) as shall have been reasonably incurred by the Initial Purchasers in connection with this Agreement and the proposed purchase and resale of the Securities. If this Agreement is terminated pursuant to Section 7 by reason of the default of one or more of the Initial Purchasers, the Company shall not be obligated to reimburse any defaulting Initial Purchaser on account of such expenses.

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9. Indemnification. (a) The Company and the Subsidiary Guarantors shall indemnify and hold harmless each Initial Purchaser, its affiliates, their respective officers, directors, employees, representatives and agents, and each person, if any, who controls any Initial Purchaser within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 9(a) and Section 10 as an Initial Purchaser), from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, without limitation, any loss, claim, damage, liability or action relating to purchases and sales of the Securities), to which that Initial Purchaser may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, solely insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum or the Offering Memorandum or in any amendment or supplement thereto or in any information provided by the Company pursuant to Section 4(e) or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and shall reimburse each Initial Purchaser promptly upon demand for any legal or other expenses reasonably incurred by that Initial Purchaser in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with any Initial Purchasers' Information furnished by such Initial Purchaser; and provided, further, that with respect to any such untrue statement in or omission from the Preliminary Offering Memorandum, the indemnity agreement contained in this Section 9(a) shall not inure to the benefit of any such Initial Purchaser to the extent that the sale to the person asserting any such loss, claim, damage, liability or action was an initial resale by such Initial Purchaser and any such loss, claim, damage, liability or action of or with respect to such Initial Purchaser results from the fact that both (A) to the extent required by applicable law, a copy of the Offering Memorandum was not sent or given to such person at or prior to the written confirmation of the sale of such Securities to such person and (B) the untrue statement in or omission from the Preliminary Offering Memorandum was corrected in the Offering Memorandum unless such failure to deliver the Offering Memorandum was a result of non-compliance by the Company with Section 4(b).

(b) Each Initial Purchaser, severally and not jointly, shall indemnify and hold harmless the Company, the Subsidiary Guarantors, their respective officers, directors, employees, representatives and agents, and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 9(b) and Section 10 as the Company), from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which the Company may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, solely insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Memorandum or the Offering Memorandum or in any amendment or supplement thereto or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with any Initial Purchasers' Information furnished by such Initial Purchaser, and shall reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under this Section 9 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect

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thereof is to be made against the indemnifying party pursuant to Section 9(a) or 9(b), notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 9 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and, provided, further, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 9. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 9 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that an indemnified party shall have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel for the indemnified party will be at the expense of such indemnified party unless (i) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (ii) the indemnified party has reasonably concluded (based upon written advice of counsel to the indemnified party, a copy of which shall be provided to the indemnifying party) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (iii) a conflict or potential conflict exists (based upon written advice of counsel to the indemnified party, a copy of which shall be provided to the indemnifying party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (iv) the indemnifying party has not in fact employed counsel reasonably satisfactory to the indemnified party to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm of attorneys (in addition to any local counsel) at any one time for all such indemnified party or parties. Each indemnified party, as a condition of the indemnity agreements contained in Sections 9(a) and 9(b), shall use all reasonable efforts to cooperate with the indemnifying party in the defense of any such action or claim. No indemnifying party shall be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

The obligations of the Company, the Subsidiary Guarantors and the Initial Purchasers in this Section 9 and in Section 10 are in addition to any other liability that the Company, the Subsidiary Guarantors or the Initial Purchasers, as the case may be, may otherwise have, including in respect of any breaches of representations, warranties and agreements made herein by any such party.

10. Contribution. If the indemnification provided for in Section 9 is unavailable or insufficient to hold harmless an indemnified party under Section 9(a) or 9(b), then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the

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Company and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Securities purchased under this Agreement (before deducting expenses) received by or on behalf of the Company and the Subsidiary Guarantors, on the one hand, and the total discounts and commissions received by the Initial Purchasers with respect to the Securities purchased under this Agreement, on the other, bear to the total gross proceeds from the sale of the Securities under this Agreement, in each case as set forth in the table on the cover page of the Offering Memorandum. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to the Company or information supplied by the Company or the Subsidiary Guarantors on the one hand or to any Initial Purchasers' Information on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company, the Subsidiary Guarantors and the Initial Purchasers agree that it would not be just and equitable if contributions pursuant to this Section 10 were to be determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 10 shall be deemed to include, for purposes of this Section 10, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending or preparing to defend any such action or claim. Notwithstanding the provisions of this Section 10, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total discounts and commissions received by such Initial Purchaser with respect to the Securities purchased by it under this Agreement exceeds the amount of any damages which such Initial Purchaser has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 12(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute as provided in this Section 10 are several in proportion to their respective purchase obligations and not joint.

11. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Company, the Subsidiary Guarantors and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except as provided in Sections 9 and 10 with respect to affiliates, officers, directors, employees, representatives, agents and controlling persons of the Company, the Subsidiary Guarantors and the Initial Purchasers and in Section 4(e) with respect to holders and prospective purchasers of the Securities. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 11, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

12. Expenses. Each of the Company and the Subsidiary Guarantors agrees with the Initial Purchasers to pay (a) the costs incident to the authorization, issuance, sale, preparation and delivery of the Securities and any taxes payable in that connection; (b) the costs incident to the preparation, printing and distribution of the Preliminary Offering Memorandum, the Offering Memorandum and any amendments or supplements thereto; (c) the costs of reproducing and distributing each of the Transaction Documents; (d) the costs incident to the preparation, printing and delivery of the certificates evidencing the Securities, including stamp duties and transfer taxes, if any, payable upon issuance of the Securities; (e) the fees and expenses of the Company's counsel

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(including, without limitation, the fees and expenses of counsel to the Company prior to completion of the Acquisition) and their independent accountants; (f) the fees and expenses of qualifying the Securities under the securities laws of the several jurisdictions as provided in Section 4(g) and of preparing, printing and distributing Blue Sky Memoranda (including related fees and expenses of counsel for the Initial Purchasers); (g) any fees charged by rating agencies for rating the Securities; (h) the fees and expenses of the Trustee and any paying agent (including related fees and expenses of any counsel to such parties); (i) all expenses and application fees incurred in connection with the application for the inclusion of the Securities on the PORTAL Market and the approval of the Securities for book-entry transfer by DTC; and (j) all other costs and expenses incident to the performance of the obligations of the Company under this Agreement which are not otherwise specifically provided for in this Section 12; provided, however, that except as provided in this Section 12 and Section 8, the Initial Purchasers shall pay their own costs and expenses.

13. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Initial Purchasers contained in this Agreement or made by or on behalf of the Company or the Initial Purchasers pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Securities and shall remain in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of any of them or any of their respective affiliates, officers, directors, employees, representatives, agents or controlling persons, until such time as the applicable statute of limitations has expired.

14. Notices, etc.. All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to the Initial Purchasers, shall be delivered or sent by mail or telecopy transmission to Chase Securities Inc., 270 Park Avenue, New York, New York 10017, Attention: Jeffrey Blumin (telecopier no.: (212) 270-0994); or

(b) if to the Company, or the Subsidiary Guarantors shall be delivered or sent by mail or telecopy transmission to the address of the Company set forth in the Offering Memorandum, Attention: Danny Wilbanks (telecopier no.: (972) 385-1625).

provided that any notice to an Initial Purchaser pursuant to Section 9(c) shall also be delivered or sent by mail to such Initial Purchaser at its address set forth on the signature page hereof. Any such statements, requests, notices or agreements shall take effect at the time of receipt thereof. The Company shall be entitled to act and rely upon any request, consent, notice or agreement given or made on behalf of the Initial Purchasers by CSI.

15. Definition of Terms. For purposes of this Agreement, (a) the term "business day" means any day on which the New York Stock Exchange, Inc. is open for trading, (b) the term "subsidiary" has the meaning set forth in Rule 405 under the Securities Act, and (c) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act.

16. Initial Purchasers' Information. The parties hereto acknowledge and agree that, for all purposes of this Agreement, the Initial Purchasers' Information consists solely of the following information in the Preliminary Offering Memorandum and the Offering Memorandum: (i) the last paragraph on the front cover page concerning the terms of the offering by the Initial Purchasers; (ii) the first paragraph on page (i); and (iii) the information contained in the first sentence of the third paragraph, the second sentence of the fourth paragraph, the fifth paragraph, the seventh paragraph, the second sentence of the ninth paragraph, the twelfth paragraph and the thirteenth paragraph under the heading "Plan of Distribution".

17. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

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18. Counterparts. This Agreement may be executed in one or more counterparts (which may include counterparts delivered by telecopier) and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

19. Amendments. No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

20. Headings. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement among the parties hereto in accordance with its terms.

Very truly yours,

RENTERS CHOICE, INC.

By

Name:
Title:

COLORTYME, INC.

By

Name:
Title:

RENT-A-CENTER, INC.

By

Name:
Title:

Accepted:

CHASE SECURITIES INC.

By

Authorized Signatory

Address for notices pursuant to Section 9(c):
1 Chase Plaza, 25th floor
New York, New York 10081
Attention: Legal Department

BEAR, STEARNS & CO. INC.

By

Authorized Signatory

Address for notices pursuant to Section 9(c):
245 Park Avenue
New York, New York 10167
Attention: Legal Department

NATIONSBANC MONTGOMERY SECURITIES LLC

By

Authorized Signatory

Address for notices pursuant to Section 9(c):
901 Main Street, 66th Floor
Dallas, Texas 75202
Attention: Stuart B. Gleichenhaus

CREDIT SUISSE FIRST BOSTON CORPORATION

By

Authorized Signatory

Address for notices pursuant to Section 9(c):
Eleven Madison Avenue, 24th Floor
New York, New York 10010
Attention: Investment Banking Department/Transactions Advisory Group

SCHEDULE 1

Initial Purchasers	Principal Amount of Securities to be Purchased
Chase Securities Inc.	$ 78,750,000
Bear, Stearns & Co. Inc.	$ 43,750,000
NationsBanc Montgomery Securities LLC	$ 35,000,000
Credit Suisse First Boston Corporation	$ 17,500,000
Total	$ 175,000,000

ANNEX A

[FORM OF EXCHANGE AND REGISTRATION RIGHTS AGREEMENT]

ANNEX B

[Form of Opinion of Counsel for the Company]

Winstead Sechrest & Minick P.C. shall have furnished to the Initial Purchasers their written opinion, as counsel to the Company, and the Subsidiary Guarantors addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers, substantially to the effect set forth below:

(i) the Company and each Subsidiary Guarantor has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which its ownership or lease of property or the conduct of its businesses requires such qualification, and has all power and authority necessary to own or hold its properties and to conduct the businesses in which it is engaged (except where the failure to so qualify or have such power or authority would not, singularly or in the aggregate, have a Material Adverse Effect);

(ii) the Company has an authorized capitalization as set forth in the Offering Memorandum, and all of the outstanding shares of capital stock of the Company and each Subsidiary Guarantor have been duly and validly authorized and issued and are fully paid and non-assessable; and the capital stock of the Company conforms in all material respects to the description thereof contained in the Offering Memorandum;

(iii) the descriptions in the Offering Memorandum of statutes, legal and governmental proceedings and contracts and other documents are accurate in all material respects; the statements in the Offering Memorandum under the heading "Certain United States Federal Income Tax Consequences," to the extent that they constitute summaries of matters of law or regulation or legal conclusions, have been reviewed by such counsel and fairly summarize the matters described therein in all material respects; and such counsel does not have actual knowledge of any current or pending legal or governmental actions, suits or proceedings which would be required to be described in the Offering Memorandum if the Offering Memorandum were a prospectus included in a registration statement on Form S-1 which are not described as so required;

(iv) the Indenture conforms in all material respects with the requirements of the Trust Indenture Act and the rules and regulations of the Commission applicable to an indenture which is qualified thereunder;

(v) the Company and each Subsidiary Guarantor has full right, power and authority to execute and deliver each of the Transaction Documents and to perform its obligations thereunder; and all corporate action required to be taken for the due and proper authorization, execution and delivery of each of the Transaction Documents and the consummation of the transactions contemplated thereby have been duly and validly taken;

(vi) the Registration Rights Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law) and except to the extent that the indemnification provisions thereof may be unenforceable;

(vii) the Purchase Agreement has been duly authorized, executed and delivered by the Company and the Subsidiary Guarantors and constitutes a valid and legally binding agreement of the Company and the Subsidiary Guarantors in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy,

insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law) and except to the extent that the indemnification provisions thereof may be unenforceable;

(viii) the Indenture has been duly authorized, executed and delivered by the Company and the Subsidiary Guarantors and, assuming due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding agreement of the Company and the Subsidiary Guarantors enforceable against the Company and the Subsidiary Guarantors in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law);

(ix) the Securities have been duly authorized and issued by the Company and the Subsidiary Guarantors and, assuming due authentication thereof by the Trustee and upon payment and delivery in accordance with the Purchase Agreement, will constitute valid and legally binding obligations of the Company and the Subsidiary Guarantors entitled to the benefits of the Indenture and enforceable against the Company and the Subsidiary Guarantors in accordance with their terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law);

(x) the Bank Documents have been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles (whether considered in a proceeding in equity or at law);

(xi) the Acquisition was consummated in accordance with (A) the terms of the Acquisition Documents and (B) applicable law;

(xii) each Transaction Document conforms in all material respects to the description thereof contained in the Offering Memorandum;

(xiii) the execution, delivery and performance by the Company and the Subsidiary Guarantors of each of the Transaction Documents to which it is a party, the issuance, authentication, sale and delivery of the Securities and compliance by the Company with the terms thereof and the consummation of the transactions contemplated by the Transaction Documents will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, any material indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such actions result in any violation of the provisions of the charter or by-laws of the Company or any of its subsidiaries or any statute or any judgment, order, decree, rule or regulation of any court or arbitrator or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets; and no consent, approval, authorization or order of, or filing or registration with, any such court or arbitrator or governmental agency or body under any such statute, judgment, order, decree, rule or regulation is required for the execution, delivery and performance by the Company of each of the Transaction Documents, the issuance, authentication, sale and delivery of the Securities and compliance by the Company with the terms thereof and the consummation of the transactions contemplated by

the Transaction Documents, except for such consents, approvals, authorizations, filings, registrations or qualifications (i) which have been obtained or made prior to the Closing Date and (ii) as may be required to be obtained or made under the Securities Act and applicable state securities laws as provided in the Registration Rights Agreement;

(xiv) to the best knowledge of such counsel, other than those disclosed in the Offering Memorandum there are no pending actions or suits or judicial, arbitral, rule-making, administrative or other proceedings to which the Company or any of its subsidiaries is a party or of which any property or assets of the Company or any of its subsidiaries is the subject which (A) singularly or in the aggregate, if determined adversely to the Company or any of its subsidiaries, could reasonably be expected to have a Material Adverse Effect or (B) questions the validity or enforceability of any of the Transaction Documents or any action taken or to be taken pursuant thereto; and to the best knowledge of such counsel, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(xv) neither the Company nor any of its subsidiaries is (A) an "investment company" or a company "controlled by" an investment company within the meaning of the Investment Company Act and the rules and regulations of the Commission thereunder, without taking account of any exemption under the Investment Company Act arising out of the number of holders of the Company's securities or (B) a "holding company" or a "subsidiary company" of a holding company or an "affiliate" thereof within the meaning of the Public Utility Holding Company Act of 1935, as amended;

(xvi) neither the consummation of the transactions contemplated by this Agreement nor the sale, issuance, execution or delivery of the Securities will violate Regulation G, T, U or X of the Federal Reserve Board; and

(xvii) assuming the accuracy of the representations, warranties and agreements of the Company of the Subsidiary Guarantors and of the Initial Purchasers contained in the Purchase Agreement, no registration of the Securities under the Securities Act or qualification of the Indenture under the Trust Indenture Act is required in connection with the issuance and sale of the Securities by the Company and the offer, resale and delivery of the Securities by the Initial Purchasers in the manner contemplated by the Purchase Agreement and the Offering.

Such counsel shall also state that they have participated in conferences with representatives of the Company, representatives of its independent accountants and counsel and representatives of the Initial Purchasers and their counsel at which conferences the contents of the Preliminary Offering Memorandum and the Offering Memorandum and any amendment and supplement thereto and related matters were discussed and, although such counsel assumes no responsibility for the accuracy, completeness or fairness of the Offering Memorandum or any amendment or supplement thereto (except as expressly provided above), nothing has come to the attention of such counsel to cause such counsel to believe that the Offering Memorandum or any amendment or supplement thereto (other than the financial statements and other financial and statistical information contained therein, as to which such counsel need express no belief), as of the date thereof and as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of the Company and public officials which are furnished to the Initial Purchasers.

Exhibit 4.4

INDENTURE, dated as of August 18, 1998, among RENTERS CHOICE, INC., a Delaware corporation (the "Company"), having its principal office at 13800 Montfort Drive, Suite 300, Dallas, Texas 75240, COLORTYME, INC., a Texas corporation ("ColorTyme"), having its principal office at 1231 Greenway Drive, Irving, Texas, RENT-A-CENTER,INC. (formerly known as Thorn Americas, Inc.), a Delaware corporation ("RAC", and together with ColorTyme, the "Subsidiary Guarantors") having its principal office at 8200 East Thorn, Wichita, Kansas 67226, and IBJ SCHRODER BANK & TRUST COMPANY, a New York banking corporation, as trustee (the "Trustee"), having its Corporate Trust Office at 1 State Street, New York, New York 10004.

RECITALS OF THE COMPANY

The Company has duly authorized the creation of and issuance of (i) the Company's 11% Senior Subordinated Notes due 2008 (the "Initial Notes"), (ii) if and when issued in exchange for the Initial Notes as provided in the Registration Rights Agreement (as defined herein), the Company's 11% Senior Subordinated Notes due 2008 (the "Exchange Notes"), and (iii) if and when issued pursuant to a private exchange for Initial Notes, the Company's 11% Senior Subordinated Notes due 2008 (the "Private Exchange Notes", and together with the Initial Notes and the Exchange Notes, the "Notes"), of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company and each Subsidiary Guarantor has duly authorized the execution and delivery of this Indenture.

Upon the issuance of the Exchange Notes or the Private Exchange Notes, if any, or the effectiveness of the Shelf Registration Statement (as defined herein), this Indenture will be subject to, and shall be governed by, the provisions of the Trust Indenture Act of 1939, as amended, that are required or deemed to be part of and to govern indentures qualified thereunder.

All things necessary have been done to make the Notes, when executed and duly issued by the Company and the Subsidiary Guarantors and authenticated and delivered hereunder by the Trustee or the Authenticating Agent, the valid obligations of the Company and the Subsidiary Guarantors and to make this Indenture a valid agreement of the Company and the Subsidiary Guarantors in accordance with their and its terms.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Notes, as follows:

ARTICLE ONE. DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 100.

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article, and words in the singular include the plural as well as the singular, and words in the plural include the singular as well as the plural;

(b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, or defined by Commission rule and not otherwise defined herein have the meanings assigned to them therein, and the terms "cash transaction" and "self-

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liquidating paper", as used in TIA Section 311, shall have the meanings assigned to them in the rules of the Commission adopted under the Trust Indenture Act;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP (as defined herein);

(d) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(e) the word "or" is not exclusive; and

(f) provisions of this Indenture apply to successive events and transactions.

Certain terms, used principally in Articles Two, Ten, Twelve and Thirteen, are defined in those Articles.

"Acquisition" means the acquisition of RAC by the Company.

"Additional Assets" means (i) any property or assets (other than Indebtedness and Capital Stock) to be used by the Company or a Restricted Subsidiary in a Related Business; (ii) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or another Restricted Subsidiary; (iii) Capital Stock of any Person that at such time is a Restricted Subsidiary, acquired from a third party; provided, however, that, in the case of clauses (ii) and (iii), such Restricted Subsidiary is primarily engaged in a Related Business; or (iv) Capital Stock or Indebtedness of any Person which is primarily engaged in a Related Business; provided, however, for purposes of the covenant described under Section 1017, the aggregate amount of Net Available Cash permitted to be invested pursuant to this clause (iv) shall not exceed at any one time outstanding 5% of Consolidated Tangible Assets.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Chase and its Affiliates shall not be deemed an Affiliate of the Company.

"Apollo" means Apollo Management IV, L.P., and its Affiliates or any entity controlled thereby or any of the partners thereof.

"Asset Disposition" means any sale, lease, transfer or other disposition of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries (including any disposition by means of a merger, consolidation or similar transaction) other than (i) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary, (ii) a disposition of inventory, equipment, obsolete assets or surplus personal property in the ordinary course of business, (iii) the sale of Temporary Cash Investments or Cash Equivalents in the ordinary course or business, (iv) a transaction or a series of related transactions in which either (x) the fair market value of the assets disposed of, in the aggregate, does not exceed 2.5% of the Consolidated Tangible Assets of the Company or (y) the EBITDA related to such assets does not, in the aggregate, exceed 2.5% of the Company's EBITDA, (v) the sale or discount (with or without recourse, and on commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable, (vi) the licensing of intellectual property in the ordinary course of business, (vii) an RTO Facility Swap, (viii) for purposes of the covenant contained in Section 1017 only, a disposition subject to the covenant contained in Section 1009 or (ix) a disposition of property or assets that is governed by the provisions of Article 8.

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"Attributable Debt" in respect of a Sale/Leaseback Transaction means, as of the time of determination, the present value (discounted at the interest rate assumed in making calculations in accordance with FAS 13) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended).

"Average Life" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing (i) the sum of the products of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Indebtedness or Preferred Stock multiplied by the amount of such payment by (ii) the sum of all such payments.

"Bank Indebtedness" means any and all amounts, whether outstanding on the Issue Date or thereafter Incurred, payable under or in respect of the Senior Credit Facility, including, without limitation, principal, premium (if any), interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company or any Restricted Subsidiary whether or not a claim for postfiling interest is allowed in such proceedings), fees, charges, expenses, reimbursement obligations, guarantees, other monetary obligations of any nature and all other amounts payable thereunder or in respect thereof.

"Board of Directors" means the Board of Directors of the Company or any committee thereof duly authorized to act on behalf of such Board.

"Board Resolution" means a copy of a resolution, certified by the appropriate officer of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorized or required by law to close in New York City.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"Capitalized Lease Obligation" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease.

"Cash Equivalents" means any of the following: (i) securities issued or fully guaranteed or insured by the United States Government or any agency or instrumentality thereof, (ii) time deposits, certificates of deposit or bankers' acceptances of (A) any lender under the Senior Credit Agreement or (B) any commercial bank having capital and surplus in excess of $500,000,000 and the commercial paper of the holding company of which is rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (iii) commercial paper rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's (or if at such time neither is issuing ratings, then a comparable rating of another nationally recognized rating agency), (iv) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 or any successor rule of the SEC under the Investment Company Act, (v) repurchase obligations of any lender under the Senior Credit Agreement or any commercial bank satisfying the requirements of clause (ii) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States Government, (vi) securities with maturities of one year or less from the date of acquisition, issued or fully guaranteed by any state, commonwealth or territory of

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the United States, by any political subdivision or taxing authority of such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government, as the case may be, are rated at least A by S&P or A by Moody's, and (vii) securities with maturities of six months or less from the date of acquisition backed ny standby letters of credit issued by any lender under the Senior Credit Agreement or any commercial bank satisfying the requirements of clause (ii) of this definition.

"Central Acquisition" means the Company's acquisition of substantially all of the assets of Central Rents, Inc.

"Change of Control" means (i) any "Person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act except that a Person shall be deemed to have "beneficial ownership" of all shares that any such Person has the right to acquire within one year) directly or indirectly, of more than 50% of the Voting Stock of the Company or a Successor Company (as defined below) (including, without limitation, through a merger or consolidation or purchase of Voting Stock of the Company); provided that, the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors; provided further that, the transfer of 100% of the voting stock of the Company to a Person that has an ownership structure identical to that of the Company prior to such transfer, such that the Company becomes a Wholly Owned Subsidiary of such Person, shall not be treated as a Change of Control for purposes of this Indenture; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; (iii) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to any Person or group of related Persons (a "Group") (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder; or (iv) the adoption of a plan relating to the liquidation or dissolution of the Company.

"Chase" means The Chase Manhattan Bank.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means Renters Choice, Inc. after giving effect to the Acquisition.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by an Officer of the Company with actual authority to bind the Company on such matters, and delivered to the Trustee.

"Consolidated Coverage Ratio" as of any date of determination means the ratio of (i) the aggregate amount of EBITDA of the Company and its Restricted Subsidiaries for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of the Company are available to (ii) Consolidated Interest Expense for such four fiscal quarters (in each of clause (i) and (ii), determined, for each fiscal quarter (or portion thereof) of the four fiscal quarters ending prior to the Issue Date, on a pro forma basis to give effect to the Central Acquisition and the Transactions (including the anticipated disposition of any non-rent-to-own businesses under contract for sale or held for sale following the Issue Date) as if they had occurred at the beginning of such four-quarter period); provided, however, that: (1) if the Company or any Restricted Subsidiary (x) has Incurred any Indebtedness since the beginning of such period that remains outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such

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Indebtedness as if such Indebtedness had been Incurred on the first day of such period (except that in making such computation, the amount of Indebtedness under any revolving credit facility outstanding on the date of such calculation shall be computed based on (A) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such facility was outstanding or (B) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation) and the discharge of any other Indebtedness repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Indebtedness as if such discharge had occurred on the first day of such period, or (y) has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of the period that is no longer outstanding on such date of determination, or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio involves a discharge of Indebtedness (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid), EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness, including with the proceeds of such new Indebtedness, as if such discharge had occurred on the first day of such period; (2) if since the beginning of such period the Company or any Restricted Subsidiary shall have made any Asset Disposition of any company or any business or any group of assets, the EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets that are the subject of such Asset Disposition for such period or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Company or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Company and its continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (and, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale); (3) if since the beginning of such period the Company or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise acquired any company or any business or any group of assets, including any such acquisition of assets occurring in connection with a transaction causing a calculation to be made hereunder, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness and including the pro forma expenses and cost reductions calculated on a basis consistent with Regulation S-X of the Securities Act) as if such Investment or acquisition occurred on the first day of such period; and (4) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Company or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (2) or (3) above if made by the Company or a Restricted Subsidiary during such period, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition of assets occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to an Asset Disposition, Investment or acquisition of assets, or any transaction governed by the provisions of Article 8, or the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred or repaid, repurchased, defeased or otherwise discharged in connection therewith, the pro forma calculations in respect thereof shall be as determined in good faith by a responsible financial or accounting officer of the Company, based on reasonable assumptions. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be calculated at a fixed rate as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term as at the date of determination in excess of 12 months). If any Indebtedness bears, at the option of the Company or a Restricted Subsidiary, a fixed or floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness shall be computed by applying, at the option of the

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Company or such Restricted Subsidiary, either a fixed or floating rate. If any Indebtedness which is being given pro forma effect was Incurred under a revolving credit facility, the interest expense on such Indebtedness shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

"Consolidated Interest Expense" means, as to any Person, for any period, the total consolidated interest expense of such Person and its Subsidiaries determined in accordance with GAAP, minus, to the extent included in such interest expense, amortization or write-off of financing costs, plus, to the extent incurred by such Person and its Subsidiaries in such period but not included in such interest expense, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and the interest component of rent expense associated with Attributable Debt in respect of the relevant lease giving rise thereto, determined as if such lease were a capitalized lease, in accordance with GAAP, (ii) amortization of debt discount, (iii) interest in respect of indebtedness of any other Person that has been Guaranteed by such Person or any Subsidiary, but only to the extent that such interest is actually paid by such Person or any Restricted Subsidiary, (iv) non-cash interest expense, (v) net costs associated with Hedging Obligations, (vi) the product of (A) mandatory Preferred Stock cash dividends in respect of all Preferred Stock of Subsidiaries of such Person and Disqualified Stock of such Person held by Persons other than such Person or a Subsidiary multiplied by (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined Federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; and (vii) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest to any Person (other than the referent Person or any Subsidiary thereof) in connection with Indebtedness Incurred by such plan or trust; provided, however, that as to the Company, there shall be excluded therefrom any such interest expense of any Unrestricted Subsidiary to the extent the related Indebtedness is not Guaranteed or paid by the Company or any Restricted Subsidiary. For purposes of the foregoing, gross interest expense shall be determined after giving effect to any net payments made or received by such Person and its Subsidiaries with respect to Interest Rate Agreements.

"Consolidated Net Income" means, as to any Person, for any period, the consolidated net income (loss) of such Person and its Subsidiaries before preferred stock dividends, determined in accordance with GAAP; provided, however, that there shall not be included in such Consolidated Net Income: (i) any net income (loss) of any Person if such Person is not (as to the Company) a Restricted Subsidiary and (as to any other Person) an unconsolidated Person, except that (A) subject to the limitations contained in clause (iv) below, the referent Person's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the referent Person or a Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Subsidiary, to the limitations contained in clause (iii) below) and (B) the net loss of such Person shall be included to the extent of the aggregate Investment of the referent Person or any of its Subsidiaries in such Person; (ii) any net income (loss) of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition; (iii) any net income (loss) of any Restricted Subsidiary (as to the Company) or of any Subsidiary (as to any other Person) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Subsidiary, directly or indirectly, to the Company, except that (A) subject to the limitations contained in (iv) below, such Person's equity in the net income of any such Subsidiary for such period shall be included in Consolidated Net Income up to the aggregate amount of cash that could have been distributed by such Subsidiary during such period to such Person or another Subsidiary as a dividend (subject, in the case of a dividend that could have been made to another Restricted Subsidiary, to the limitation contained in this clause) and (B) the net loss of such Subsidiary shall be included in determining Consolidated Net Income; (iv) any charges for costs and expenses associated with the Transactions; (v) any extraordinary gain or loss and (vi) the cumulative effect of a change in accounting principles.

"Consolidated Tangible Assets" means, as of any date of determination, the total assets, less goodwill and other intangibles (other than patents, trademarks, copyrights, licenses and other

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intellectual property), shown on the balance sheet of the Company and its Restricted Subsidiaries as of the most recent date for which such a balance sheet is available, determined on a consolidated basis in accordance with GAAP less all write-ups (other than write-ups in connection with acquisitions) subsequent to the date of this Indenture in the book value of any asset (except any such intangible assets) owned by the Company or any of its Restricted Subsidiaries.

"Consolidation" means the consolidation of the accounts of each of the Restricted Subsidiaries with those of the Company in accordance with GAAP; provided, however, that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary, but the interest of the Company in any Unrestricted Subsidiary will be accounted for as an Investment. The term "Consolidated" has a correlative meaning.

"Convertible Preferred Stock" means (i) the convertible preferred stock of the Company issued to Apollo, resulting in gross proceeds to the Company of $250 million, and (ii) the convertible preferred stock of the Company which will be issued to an Affiliate of Bear, Stearns & Co. concurrently with the issuance of the Notes, resulting in gross proceeds to the Company of $10 million.

"Currency Agreement" means in respect of a Person any foreign exchange contract, currency swap agreement or other similar agreement or arrangement (including derivative agreements or arrangements) as to which such Person is a party or a beneficiary.

"Default" means any event or condition that is, or after notice or passage of time or both would be, an Event of Default.

"Depositary" means The Depository Trust Company, its nominees and their respective successors and assigns, or such other depository institution hereinafter appointed by the Company.

"Designated Senior Indebtedness" means (i) the Bank Indebtedness and (ii) any other Senior Indebtedness which, at the date of determination, has an aggregate principal amount of, or under which, at the date of determination, the holders thereof are committed to lend up to, at least $25.0 million and is specifically designated by the Company in the instrument evidencing or governing such Senior Indebtedness as "Designated Senior Indebtedness" for purposes of this Indenture.

"Disqualified Stock" means, with respect to any Person, any Capital Stock (other than the Convertible Preferred Stock) that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable) or upon the happening of any event (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (ii) is convertible or exchangeable for Indebtedness or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part, in the case of clauses (i), (ii) and (iii), on or prior to the 91st day after the Stated Maturity of the Notes.

"EBITDA" means, as to any Person, for any period, the Consolidated Net Income for such period, plus the following to the extent included in calculating such Consolidated Net Income: (i) income tax expense, (ii) Consolidated Interest Expense, (iii) depreciation expense (other than depreciation expense relating to rental merchandise), (iv) amortization expense, and (v) other non-cash charges or non-cash losses, and minus any gain (but not loss) realized upon the sale or other disposition of any asset of the Company or its Restricted Subsidiaries (including pursuant to any Sale/Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business.

"Equity Offering" means a primary public or private offering or sale of common stock of the Company, the proceeds of which shall be at least $25.0 million.

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

"GAAP" means generally accepted accounting principles in the United States of America as in effect on the Issue Date (for purposes of the definitions of the terms "Consolidated Coverage

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Ratio," "Consolidated Interest Expense," "Consolidated Net Income" and "EBITDA," all defined terms in this Indenture to the extent used in or relating to any of the foregoing definitions, and all ratios and computations based on any of the foregoing definitions) and as in effect from time to time (for all other purposes of this Indenture), including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession. All ratios and computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other nonfinancial obligation of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or such other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "Guarantee" shall not include endorsements for collection, or deposits made, in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Guarantor Senior Indebtedness" means, with respect to a Subsidiary Guarantor, the following obligations, whether outstanding on the date of this Indenture or thereafter Incurred, without duplication: (i) any Guarantee of the Senior Credit Facility by such Subsidiary Guarantor and all other Guarantees by such Subsidiary Guarantor of Senior Indebtedness of the Company or Guarantor Indebtedness for any other Subsidiary Guarantor; and (ii) all obligations consisting of the principal of and premium, if any, and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Subsidiary Guarantor regardless of whether post filing interest is allowed in such proceeding) on, and fees and other amounts owing in respect of, all other Indebtedness of the Subsidiary Guarantor, unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is expressly provided that the obligations in respect of such Indebtedness are not senior in right of payment to the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee; provided, however, that Guarantor Senior Indebtedness will not include (1) any obligations of such Subsidiary Guarantor to another Subsidiary Guarantor or any other Affiliate of the Subsidiary Guarantor or any such Affiliate's Subsidiaries, (2) any liability for Federal, state, local, foreign or other taxes owed or owing by such Subsidiary Guarantor, (3) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities) or other current liabilities (other than current liabilities which constitute Bank Indebtedness or the current portion of any long-term Indebtedness which would constitute Senior Indebtedness but for the operation of this clause (3), (4) any Indebtedness, Guarantee or obligation of such Subsidiary Guarantor that is expressly subordinate or junior to any other Indebtedness, Guarantee or obligation of such Subsidiary Guarantor, including any Guarantor Senior Subordinated Indebtedness and Guarantor Subordinated Obligations of such Subsidiary Guarantor, (5) Indebtedness which is represented by redeemable Capital Stock or (6) that portion of any Indebtedness that is Incurred in violation of this Indenture. If any Designated Senior Indebtedness is disallowed, avoided or subordinated pursuant to the provisions of Section 548 of Title 11 of the United States Code or any applicable state fraudulent conveyance law, such Designated Senior Indebtedness nevertheless will constitute Senior Indebtedness.

"Guarantor Senior Subordinated Indebtedness" means with respect to a Subsidiary Guarantor, the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee and any other Indebtedness of such Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that specifically provides that such Indebtedness is to rank pari passu in right of payment with the obligations of such Subsidiary Guarantor under the Subsidiary Guarantee and is not expressly subordinated by its terms in right of payment to any Indebtedness of such Subsidiary Guarantor which is not Guarantor Senior Indebtedness of such Subsidiary Guarantor.

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"Guarantor Subordinated Obligation" means, with respect to a Subsidiary Guarantor, any Indebtedness of such Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee pursuant to a written agreement.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"Holder" or "Noteholder" means the Person in whose name a Note is registered in the Register.

"Incur" means issue, assume, enter into any Guarantee of, incur or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. Any Indebtedness issued at a discount (including Indebtedness on which interest is payable through the issuance of additional Indebtedness) shall be deemed incurred at the time of original issuance of the Indebtedness at the initial accreted amount thereof.

"Indebtedness" means, with respect to any Person on any date of determination (without duplication): (i) the principal of indebtedness of such Person for borrowed money, (ii) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all reimbursement obligations of such Person, including reimbursement obligations in respect of letters of credit or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not then been reimbursed), (iv) all obligations of such Person to pay the deferred and unpaid purchase price of property or services (except Trade Payables), which purchase price is due more than one year after the date of placing such property in final service or taking final delivery and title thereto or the completion of such services, (v) all Capitalized Lease Obligations and Attributable Debt of such Person, (vi) the redemption, repayment or other repurchase amount of such Person with respect to any Disqualified Stock or (if such Person is a Subsidiary of the Company) any Preferred Stock of such Subsidiary, but excluding, in each case, any accrued dividends (the amount of such obligation to be equal at any time to the maximum fixed involuntary redemption, repayment or repurchase price for such Capital Stock, or if such Capital Stock has no fixed price, to the involuntary redemption, repayment or repurchase price therefor calculated in accordance with the terms thereof as if then redeemed, repaid or repurchased, and if such price is based upon or measured by the fair market value of such Capital Stock, such fair market value shall be as determined in good faith by the Board of Directors or the board of directors of the issuer of such Capital Stock), (vii) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of Indebtedness of such Person shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness of such other Persons, (viii) all Indebtedness of other Persons to the extent Guaranteed by such Person, and (ix) to the extent not otherwise included in this definition, net Hedging Obligations of such Person (such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at such time).

The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in this Indenture, or otherwise in accordance with GAAP.

"Indenture" means this Indenture as amended or supplemented from time to time.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement (including derivative agreement or arrangements) as to which such

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Person is party or a beneficiary; provided, however, any such agreements entered into in connection with the Notes shall not be included.

"Investment" in any Person by any other Person means any direct or indirect advance, loan or other extension of credit (other than to customers, directors, officers or employees of any Person in the ordinary course of business) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such Person. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such entity is no longer a Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of.

"Issue Date" means the date on which the Initial Notes are originally issued.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other noncash form) therefrom, in each case net of (i) all legal, title and recording tax expenses, commissions and other fees and expenses incurred (including, without limitation, fees and expenses of legal counsel, accountants and financial advisors), and all Federal, state, provincial, foreign and local taxes required to be paid or accrued as a liability under GAAP, as a consequence of such Asset Disposition, (ii) all payments made on any Indebtedness that is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or that must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law be repaid out of the proceeds from such Asset Disposition, (iii) all distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Disposition or to any other Person (other than the Company or any Restricted Subsidiary) owning a beneficial interest in the assets disposed of in such Asset Disposition and (iv) appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds" means, with respect to any issuance or sale of any securities of the Company or any Subsidiary by the Company or any Subsidiary, or any capital contribution, the cash proceeds of such issuance, sale or contribution net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees and expenses actually incurred in connection with such issuance, sale or contribution and net of taxes paid or payable as a result thereof.

"Non-Recourse Debt" means Indebtedness (i) as to which neither the Company nor any Restricted Subsidiary (A) provides any Guarantee or credit support of any kind (including any undertaking, Guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (B) is directly or indirectly liable (as a guarantor or otherwise) and (ii) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any Restricted Subsidiary to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity.

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"Offering Memorandum" means the Offering Memorandum dated August 13, 1998 relating to the Initial Notes.

"Officer" means the Chief Executive Officer, President, Chief Financial Officer, any Vice President, Controller, Secretary or Treasurer of the Company.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"Permitted Holders" Apollo, J. Ernest Talley and Mark E. Speese, their respective Affiliates and successors or assigns and any Person acting in the capacity of an underwriter in connection with a public or private offering of the Company's Capital Stock.

"Permitted Investment" means an Investment by the Company or any Restricted Subsidiary in any of the following:

(i) a Restricted Subsidiary, the Company or a Person that will, upon the making of such Investment, become a Restricted Subsidiary;

(ii) another Person if as a result of such Investment such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(iii) Temporary Cash Investments or Cash Equivalents;

(iv) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(v) securities or other Investments received as consideration in connection with RTO Facility Swaps or in sales or other dispositions of property or assets made in compliance with the covenant contained in Section 1017;

(vi) securities or other Investments received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments, including in connection with any bankruptcy proceeding or other reorganization of another Person;

(vii) Investments in existence or made pursuant to legally binding written commitments in existence on the Issue Date;

(viii) Currency Agreements, Interest Rate Agreements and related Hedging Obligations, which obligations are Incurred in compliance with the covenant contained in Section 1010;

(ix) pledges or deposits (A) with respect to leases or utilities provided to third parties in the ordinary course of business or (B) otherwise described in the definition of "Permitted Liens";

(x) Investment in a Related Business in an amount not to exceed $10 million in the aggregate; and

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(xi) other Investments in an aggregate amount not to exceed the sum of $10 million and the aggregate non-cash net proceeds received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Issue Date (other than non-cash proceeds from an issuance or sale of such Capital Stock to a Subsidiary of the Company or an employee stock ownership plan or similar trust); provided, however, that the value of such non-cash net proceeds shall be as conclusively determined by the Board of Directors in good faith, except that in the event the value of any non-cash net proceeds shall be $25 million or more, the value shall be as determined in writing by an independent investment banking firm of nationally recognized standing.

"Permitted Liens" means: (i) Liens for taxes, assessments or other governmental charges not yet delinquent or the nonpayment of which in the aggregate would not be reasonably expected to have a material adverse effect on the Company and its Restricted Subsidiaries, or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or such Subsidiary, as the case may be, in accordance with GAAP; (ii) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other like Liens arising in the ordinary course of business in respect of obligations that are not overdue for a period of more than 60 days or that are bonded or that are being contested in good faith and by appropriate proceedings; (iii) pledges, deposits or Liens in connection with workers' compensation, unemployment insurance and other social security legislation and/or similar legislation or other insurance-related obligations (including without limitation, pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements); (iv) pledges, deposits or Liens to secure the performance of bids, tenders, trade, government or other contracts (other than for borrowed money), obligations for or under or in respect of utilities, leases, licenses, statutory obligations, surety, judgment and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business; (v) easements (including reciprocal easement agreements), rights-of-way, building, zoning and similar restrictions, utility agreements, covenants, reservations, restrictions, encroachments, changes, and other similar encumbrances or title defects incurred, or leases or subleases granted to others, in the ordinary course of business, which do not in the aggregate materially interfere with the ordinary conduct of the business of the Company and its Subsidiaries, taken as a whole; (vi) Liens existing on, or provided for under written arrangements existing on, the Issue Date, or (in the case of any such Liens securing Indebtedness of the Company or any of its Subsidiaries existing or arising under written arrangements existing on the Issue Date) securing any Refinancing Indebtedness in respect of such Indebtedness so long as the Lien securing such Refinancing Indebtedness is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or under such written arrangements could secure) the original Indebtedness; (vii) Liens securing Hedging Obligations Incurred in compliance with the covenant contained in Section 1010; (viii) Liens arising out of judgments, decrees, orders or awards in respect of which the Company shall in good faith be prosecuting an appeal or proceedings for review which appeal or proceedings shall not have been finally terminated, or the period within which such appeal or proceedings may be initiated shall not have expired; (ix) Liens securing (A) Indebtedness Incurred in compliance with clause (i), (ii) or (v) of the second paragraph of Section 1010 or clause (iv) thereof (other than Refinancing Indebtedness Incurred in respect of Indebtedness described in the first paragraph thereof) or (B) Bank Indebtedness; (x) Liens on properties or assets of the Company securing Senior Indebtedness; (xi) Liens existing on property or assets of a Person at the time such Person becomes a Subsidiary of the Company (or at the time the Company or a Restricted Subsidiary acquires such property or assets); provided, however, that such Liens are not created in connection with, or in contemplation of, such other Person becoming such a Subsidiary (or such acquisition of such property or assets), and that such Liens are limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate, (xii) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary; (xiii) Liens securing the Notes; and (xiv) Liens securing Refinancing Indebtedness Incurred in respect of any Indebtedness secured by, or securing any refinancing, refunding, extension, renewal or replacement (in whole or in part) of any other obligation secured by, any other Permitted Liens, provided that any such new Lien is limited to all or part

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of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the obligations to which such Liens relate.

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

"Preferred Stock", as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) that is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Purchase Money Obligations" means any Indebtedness of the Company or any Restricted Subsidiary Incurred to finance the acquisition, construction or capital improvement of any property or business (including Indebtedness Incurred within 90 days following such acquisition or construction), including Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or assumed by the Company or a Restricted Subsidiary in connection with the acquisition of assets from such Person; provided, however, that any Lien on such Indebtedness shall not extend to any property other than the property so acquired or constructed.

"RAC" means Rent-A-Center, Inc.

"Refinancing Indebtedness" means Indebtedness that is Incurred to refund, refinance, replace, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) (collectively, "refinances" and "refinanced" shall have a correlative meaning) any Indebtedness existing on the date of this Indenture or Incurred in compliance with this Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary (to the extent permitted in this Indenture) and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that (i) the Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced, (ii) the Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being refinanced and (iii) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced, plus fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such Refinancing Indebtedness; provided further, however, that Refinancing Indebtedness shall not include (x) Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Company or (y) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"Registration Rights Agreement" means the Registration Rights Agreement dated as of August 18, 1997 among the Company, Chase Securities Inc., Bear, Stearns & Co. Inc., NationsBanc Montgomery Securities LLC and Credit Suisse First Boston Corporation.

"Regular Record Date" means, with respect to any Interest Payment Date, the February 1 or August 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Related Business" means those businesses, other than the car rental business, in which the Company or any of its Subsidiaries is engaged on the date of this Indenture or that are reasonably related or incidental thereto.

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"Representative" means the trustee, agent or representative (if any) of an issue of Senior Indebtedness.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Revolving Credit Facility" means the revolving credit facility under the Senior Credit Facility (which may include any swing line or letter of credit facility or subfacility thereunder).

"RTO Facility" means any facility through which the Company or any of its Restricted Subsidiaries conducts the business of renting merchandise to its customers and any facility through which a franchisee of the Company or any of its Subsidiaries conducts the business of renting merchandise to customers.

"RTO Facility Swap" means an exchange of assets (including Capital Stock of a Subsidiary or the Company) of substantially equivalent fair market value, as conclusively determined in good faith by the Board of Directors, by the Company or a Restricted Subsidiary for one or more RTO Facilities or for cash, Capital Stock, Indebtedness or other securities of any Person owning or operating one or more RTO Facilities and primarily engaged in a Related Business; provided, however, that any Net Cash Proceeds received by the Company or any Restricted Subsidiary in connection with any such transaction must be applied in accordance with Section 1017.

"Sale/Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired by the Company or a Restricted Subsidiary whereby the Company or such Restricted Subsidiary transfers such property to a Person and the Company or such Restricted Subsidiary leases it from such Person, other than leases (i) between the Company and a Restricted Subsidiary or (ii) required to be classified and accounted for as capitalized leases for financial reporting purposes in accordance with GAAP.

"SEC" means the Securities and Exchange Commission.

"Secured Indebtedness" means any Indebtedness of the Company secured by a Lien.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Credit Agreement" means the credit agreement dated as of August 5, 1998, among the Company, the banks and other financial institutions party thereto from time to time, the documentation agent, NationsBank, N.A. as syndication agent and Chase, as administrative agent, as such agreement may be assumed by any successor in interest, and as such agreement may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Credit Agreement or otherwise).

"Senior Credit Facility" means the collective reference to the Senior Credit Agreement, any Loan Documents (as defined therein), any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages, letter of credit applications and other security agreements and collateral documents, and other instruments and documents, executed and delivered pursuant to or in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original agent and lenders or other agents and lenders or otherwise, and whether provided under the original Senior Credit Agreement or otherwise). Without limiting the generality of the foregoing, the term "Senior Credit Facility" shall include any agreement (i) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (ii) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (iii) increasing the

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amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"Senior Indebtedness" means the following obligations, whether outstanding on the date of this Indenture or thereafter issued, without duplication: (i) all obligations consisting of Bank Indebtedness; and (ii) all obligations consisting of the principal of and premium, if any, and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Company regardless of whether postfiling interest is allowed in such proceeding) on, and fees and other amounts owing in respect of, all other Indebtedness of the Company, unless, in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that the obligations in respect of such Indebtedness are not superior in right of payment to the Notes; provided, however, that Senior Indebtedness shall not include (A) any obligation of the Company to any Subsidiary or any other Affiliate of the Company, or any such Affiliate's Subsidiaries, (B) any liability for Federal, state, foreign, local or other taxes owed or owing by the Company, (C) any accounts payable or other liability to trade creditors arising in the ordinary course of business (including Guarantees thereof or instruments evidencing such liabilities) or other current liabilities (other than current liabilities which constitute Bank Indebtedness or the current portion of any long-term Indebtedness which would constitute Senior Indebtedness but for the operation of this clause (C)), (D) any Indebtedness, Guarantee or obligation of the Company that is expressly subordinate or junior to any other Indebtedness, Guarantee or obligation of the Company, (E) Indebtedness which is represented by redeemable Capital Stock or (F) that portion of any Indebtedness that is Incurred in violation of this Indenture. If any Designated Senior Indebtedness is disallowed, avoided or subordinated pursuant to the provisions of Section 548 of Title 11 of the United States Code or any applicable state fraudulent conveyance law, such Designated Senior Indebtedness nevertheless will constitute Senior Indebtedness.

"Senior Subordinated Indebtedness" means the Notes and any other Indebtedness of the Company that (i) specifically provides that such Indebtedness is to rank pari passu with the Notes or is otherwise entitled Senior Subordinated Indebtedness and (ii) is not subordinated by its terms to any Indebtedness or other obligation of the Company that is not Senior Indebtedness.

"Shelf Registration Statement" has the meaning ascribed thereto in the Registration Rights Agreement.

"Significant Subsidiary" means (i) each Subsidiary that for the most recent fiscal year of such Subsidiary had consolidated revenues greater than $10.0 million or as at the end of such fiscal year had assets or liabilities greater than $10.0 million and (ii) any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary.

"S&P" means Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. and its successors.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency beyond the control of the issuer unless such contingency has occurred).

"Subordinated Obligation" means any Indebtedness of the Company (whether outstanding on the date of this Indenture or thereafter Incurred) which is subordinate or junior in right of payment to the Notes pursuant to a written agreement.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency)

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to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person or (ii) one or more Subsidiaries of such Person.

"Subsidiary Guarantee" means, individually, any Guarantee of payment of the Notes by a Subsidiary Guarantor pursuant to the terms of this Indenture, and, collectively, all such Guarantees. Each such Subsidiary Guarantee will be in the form prescribed in this Indenture.

"Subsidiary Guarantor" means (i) each Subsidiary of the Company in existence on the Issue Date and (ii) any Restricted Subsidiary created or acquired by the Company after the Issue Date.

"Successor Company" shall have the meaning assigned thereto in Section 801.

"Temporary Cash Investments" means any of the following: (i) any investment in direct obligations (x) of the United States of America or any agency thereof or obligations Guaranteed by the United States of America or any agency thereof or (y) of any foreign country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's, (ii) investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company that is organized under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America having capital and surplus aggregating in excess of $250 million (or the foreign currency equivalent thereof), and whose long-term debt is rated "A" by S&P or "A-1" by Moody's, (iii) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (i) or (ii) above entered into with a bank meeting the qualifications described in clause (ii) above, (iv) Investments in commercial paper, maturing not more than 180 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the time as of which any Investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P, (v) Investments in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's, (vi) any money market deposit accounts issued or offered by a domestic commercial bank or a commercial bank organized and located in a country recognized by the United States of America, in each case, having capital and surplus in excess of $250 million (or the foreign currency equivalent thereof), or investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any short-term successor rule) of the SEC, under the Investment Company Act of 1940, as amended, and (vii) similar short-term investments approved by the Board of Directors in the ordinary course of business.

"Term Loan Facility" means the term loan facilities provided under the Senior Credit Facility.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date of this Indenture.

"Trade Payables" means, with respect to any Person, any accounts payable or any Indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transactions," means collectively the Acquisition, the offering of the Initial Notes, the initial borrowings under the Senior Credit Facility, and all other transactions relating to the Acquisition or the financing thereof (including the issuance of the Convertible Preferred Stock).

"Transfer Restricted Notes" means Notes that bear or are required to bear the legend set forth in Section 202 hereof.

"Trustee" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

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"Trust Officer" means the Chairman of the Board, the President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary of the Company) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either (A) the Subsidiary to be so designated has total consolidated assets of $10,000 or less or (B) if such Subsidiary has consolidated assets greater than $10,000, then such designation would be permitted under Section 1009. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation, (x) the Company could Incur at least $1.00 of additional Indebtedness under the first paragraph in the covenant contained in Section 1010 and (y) no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Company's Board of Directors giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

"Voting Stock" of an entity means all classes of Capital Stock of such entity then outstanding and normally entitled to vote in the election of directors or all interests in such entity with the ability to control the management or actions of such entity.

"Wholly Owned Subsidiary" means a Restricted Subsidiary of the Company, all of the Capital Stock of which (other than directors' qualifying shares) is owned by the Company or another Wholly Owned Subsidiary.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company or any Subsidiary Guarantor to the Trustee to take any action under any provision of this Indenture, the Company and such Subsidiary Guarantor, as the case may be, shall furnish to the Trustee an Officers' Certificate in form and substance reasonably acceptable to the Trustee stating that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (including certificates provided pursuant to Section 1018(a)) shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

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(3) a statement that, in the opinion of each such individual or such firm, he or it has made such examination or investigation as is necessary to enable him or it to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company, any Guarantor or other obligor on the Notes may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company, any Guarantor or other obligor on the Notes stating that the information with respect to such factual matters is in the possession of the Company, any Guarantor or other obligor on the Notes unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company and the Subsidiary Guarantors, as the case may be. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee, the Company and the Subsidiary Guarantors, if made in the manner provided in this Section 104.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems sufficient.

(c) The principal amount and serial numbers of Notes held by any Person, and the date of holding the same, shall be proved by the Note Register.

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(d) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding TIA Section 316(c), such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not earlier than the date 30 days prior to the first solicitation of Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Notes shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof (including in accordance with Section 310) in respect of anything done, omitted or suffered to be done by the Trustee, any Paying Agent or the Company or any Guarantor in reliance thereon, whether or not notation of such action is made upon such Note.

SECTION 105. Notices, Etc., to Trustee, the Company and any Guarantor.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company or any Subsidiary Guarantor shall be sufficient for every purpose hereunder if made, given, furnished or delivered in writing and mailed, first-class postage prepaid, or delivered by recognized overnight courier, to or with the Trustee and received at its Corporate Trust Office, Attention: Corporate Trust Administration.

(2) the Company or any Subsidiary Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if made, given, furnished or delivered, in writing, or mailed, first-class postage prepaid, or delivered by recognized overnight courier, to the Company or such Subsidiary Guarantor addressed to it and received at the address of its principal office specified in the first paragraph of this Indenture, or at any other address previously furnished in writing to the Trustee by the Company or such Subsidiary Guarantor.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture provides for notice of any event to Holders by the Company, any Subsidiary Guarantor or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. Neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice mailed to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the

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Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impracticable to mail notice of any event to Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice for every purpose hereunder.

If the Company or any Subsidiary Guarantor mails any notice or communication to any Holder, it shall mail a copy to the Trustee at the same time.

SECTION 107. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 108. Successors and Assigns.

All covenants and agreements in this Indenture by the Company and each Subsidiary Guarantor shall bind its successors and assigns, whether so expressed or not.

SECTION 109. Separability Clause.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 110. Benefits of Indenture.

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, (other than the parties hereto, any agent and their successors hereunder and each of the Holders and, with respect to any provisions hereof relating to the subordination of the Notes or the rights of holders of Senior Indebtedness, the holders of Senior Indebtedness) any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 111. Governing Law.

THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK EXCLUDING (TO THE GREATEST EXTENT PERMISSIBLE BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK. UPON THE ISSUANCE OF THE EXCHANGE NOTES OR THE EFFECTIVENESS OF THE SHELF REGISTRATION STATEMENT, THIS INDENTURE SHALL BE SUBJECT TO THE PROVISIONS OF THE TRUST INDENTURE ACT THAT ARE REQUIRED TO BE PART OF THIS INDENTURE AND SHALL, TO THE EXTENT APPLICABLE, BE GOVERNED BY SUCH PROVISIONS. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE U.S. FEDERAL COURTS, IN EACH CASE SITTING IN THE BOROUGH OF MANHATTAN, AND WAIVES ANY OBJECTION AS TO VENUE OR FORUM NON CONVENIENS.

SECTION 112. Legal Holidays.

In any case where any interest payment date, any date established for payment of Defaulted Interest pursuant to Section 311 or redemption date or Stated Maturity of any Note shall not be a Business Day, then (notwithstanding any other provision of this Indenture or of the Notes) payment of principal (or premium, if any) or interest need not be made on such date, but may be made on the

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next succeeding Business Day with the same force and effect as if made on the interest payment date or date established for payment of Defaulted Interest pursuant to Section 311, Redemption Date, or at the Stated Maturity or Maturity; provided that no interest shall accrue for the period from and after such interest payment date, redemption date or date established for payment of Defaulted Interest pursuant to Section 311, Stated Maturity or Maturity, as the case may be, to the next succeeding Business Day.

SECTION 113. No Personal Liability of Directors, Officers, Employees, Stockholders or Incorporators.

No director, officer, employee, incorporator or stockholders, as such, of the Company or any Subsidiary Guarantor shall have any liability for any obligations of the Company or such Subsidiary Guarantor under the Notes, this Indenture or any Subsidiary Guarantee or for any claim based on, in respect of, or by reason of, such obligations or their creations. Each Holder by accepting a Note waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

SECTION 114. Counterparts.

This Indenture may be executed in any number of counterparts, each of which shall be original; but such counterparts shall together constitute but one and the same instrument.

SECTION 115. Communications by Holders with Other Holders.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Subsidiary Guarantors, the Trustee, the Note Registrar and anyone else shall have the protection of TIA Section 312(c).

ARTICLE TWO. NOTE FORMS

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SECTION 201. Forms Generally.

The Notes and the Trustee's certificate of authentication shall be in substantially the forms set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with applicable laws or the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. Each Note shall be dated the date of its authentication.

Initial Notes offered and sold to the qualified institutional buyers (as defined in Rule 144A under the Securities Act) in the United States of America ("Rule 144A Note") will be issued on the Issue Date in the form of a permanent global Note substantially in the form set forth in Section 203 (a "Rule 144A Global Note") deposited with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Rule 144A Global Note may be represented by more than one certificate, if so required by the Depositary's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Rule 144A Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary or its nominee, as hereinafter provided.

Initial Notes offered and sold outside the United States of America ("Regulation S Note") in reliance on Regulation S shall be issued in the form of a permanent global Note substantially in the form set forth in Section 203 (a "Regulation S Global Note"). The Regulation S Global Note will be deposited with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Regulation S Global Note may be represented

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by more than one certificate, if so required by the Depositary's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary or its nominee, as hereinafter provided.

Initial Notes offered and sold to institutional "accredited investors" (as defined in Rule 501(a)(1), (2), (3) and (7) under the Securities Act) in the United States of America ("Institutional Accredited Investor Note") will be issued in the form of a permanent global Note substantially in the form set forth in Section 203 (a "Institutional Accredited Investor Global Note") deposited with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Institutional Accredited Investor Global Note may be represented by more than one certificate, if so required by the Depositary's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Institutional Accredited Investor Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary or its nominee, as hereinafter provided.

The Rule 144A Global Note, the Regulation S Global Note and the Institutional Accredited Investor Global Note are sometimes collectively herein referred to as the "Global Notes."

The definitive Notes shall be printed, lithographed or engraved on steel-engraved borders or may be produced in any other manner, all as determined by the officers of the Company executing such Notes, as evidenced by their execution of such Notes.

SECTION 202. Restrictive Legends.

Unless and until (i) an Initial Note is sold under an effective Registration Statement or (ii) an Initial Note is exchanged for an Exchange Note in connection with an effective Registration Statement, in each case pursuant to the Registration Rights Agreement, the Rule 144A Global Note and the Institutional Accredited Investor Global Note shall bear the following legend (the "Private Placement Legend") on the face thereof:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.
>
> THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF SECTION 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A

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TRANSACTION INVOLVING A MINIMUM PRINCIPAL AMOUNT OF $250,000 OF SUCH SECURITIES, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D), (E) OR (F) ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND IN THE CASE OF THE FOREGOING CLAUSE (E), A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE COMPANY AND THE TRUSTEE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

The Regulation S Global Note shall bear the following legend on the face thereof:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION, (2) BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL ACCREDITED INVESTOR WITHIN THE MEANING OF SECTION 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT, OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A TRANSACTION INVOLVING A MINIMUM PRINCIPAL AMOUNT OF $250,000 OF SUCH SECURITIES, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D), (E) OR (F) ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND IN THE CASE OF THE FOREGOING CLAUSE (E), A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE COMPANY AND THE TRUSTEE. THIS LEGEND WILL BE REMOVED AFTER 40 CONSECUTIVE DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DAY ON WHICH THE SECURITIES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S) AND (B) THE DATE OF THE CLOSING OF THE ORIGINAL OFFERING. AS USED HEREIN, THE TERMS "OFFSHORE

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TRANSACTION", "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

The Global Notes, whether or not an Initial Note, shall also bear the following legend on the face thereof:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER REPRESENTATIVE OF DTC AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN SECTIONS 306 AND 307 OF THE INDENTURE.

SECTION 203. Form of Initial Note.

No. [___] Principal Amount $[_____]

CUSIP NO. _____

11% Senior Subordinated Note due 2008

Renters Choice, Inc., a Delaware corporation promises to pay to Cede & Co., or registered assigns, the principal sum of [_____] Dollars on August 15, 2008.

Interest Payment Dates: February 15 and August 15.

Record Dates: February 1 and August 1.

Additional provisions of this Note are set forth on the other side of this Note.

Dated: August 18, 1998 RENTERS CHOICE, INC.

By:

Title:

By:

Title:

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TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

IBJ SCHRODER BANK & TRUST COMPANY,
as Trustee, certifies
that this is one of the
Notes referred to
in the Indenture.

By

Authorized Signatory

August 18, 1998

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[FORM OF REVERSE SIDE OF SENIOR SUBORDINATED NOTE]

11% Senior Subordinated Note due 2008

1. Interest

Renters Choice, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company") promises to pay interest on the principal amount of this Note at the rate per annum shown above.

The Company will pay interest semiannually in cash and in arrears to Holders of record at the close of business on the February 1 and August 1 immediately preceding the interest payment date on February 15 and August 15 of each year, commencing February 15, 1999. Interest on the Notes will accrue from the most recent date to which interest has been paid on the Notes or, if no interest has been paid, from August 18, 1998. The Company shall pay interest on overdue principal or premium, if any (plus interest on such interest to the extent lawful), at the rate borne by the Notes to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment

By at least 10:00 a.m. (New York City time) on the date on which any principal of or interest on the Notes is due and payable, the Company shall irrevocably deposit with the Trustee or the Paying Agent money sufficient to pay such principal, premium, if any, and/or interest. The Company will pay interest (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the February 1 or August 1 next preceding the interest payment date even if the Notes are cancelled, repurchased or redeemed after the record date and on or before the interest payment date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may pay interest by check payable in such money. It may mail an interest check to a Holder's registered address.

3. Trustee, Paying Agent and Registrar

Initially, IBJ Schroder Bank & Trust Company, a New York banking corporation (the "Trustee"), will act as Trustee, Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice to any Noteholder. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. Indenture

The Company issued the Notes under an Indenture dated as of August 18, 1998 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), among the Company, the Subsidiary Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Noteholders are referred to the Indenture and the Act for a statement of those terms.

The Notes are general unsecured senior subordinated obligations of the Company limited to $175 million aggregate principal amount (subject to Section 310 of the Indenture). This Note is one of the Initial Notes referred to in the Indenture. The Notes include the Initial Notes and any Exchange Notes issued in exchange for the Initial Notes pursuant to the Indenture and the Registration Rights Agreement. The Initial Notes and the Exchange Notes are treated as a single class of securities under

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the Indenture. The Indenture imposes certain limitations on the Incurrence of Indebtedness by the Company and its Restricted Subsidiaries, the payment of dividends on, and the purchase or redemption of, Capital Stock of the Company and its Restricted Subsidiaries, certain purchases or redemptions of Subordinated Indebtedness, the sale or transfer of assets and Capital Stock of Restricted Subsidiaries, investments of the Company and its Restricted Subsidiaries and transactions with Affiliates. In addition, the Indenture limits the ability of the Company and its Subsidiaries to restrict distributions and dividends from Restricted Subsidiaries.

5. Optional Redemption

The Senior Subordinated Notes will be redeemable, at the Company's option, in whole or in part, at any time and from time to time on and after August 15, 2003 and prior to maturity, upon not less than 30 nor more than 90 days' prior notice mailed by first-class mail to each Holder's registered address, at the following redemption prices (expressed as a percentage of principal amount), plus accrued interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on August 15 of the years set forth below:

Year	Redemption Price
2003	105.500%
2004	103.667%
2005	101.833%
2006 and thereafter.	100.000%

In addition, at any time and from time to time prior to August 15, 2001, the Company may redeem in the aggregate up to 33.33% of the original aggregate principal amount of the Notes with the proceeds of one or more Equity Offerings by the Company at a redemption price (expressed as a percentage of principal amount thereof) of 111% plus accrued interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that at least 66.67% of the original aggregate principal amount of the Notes must remain outstanding after each such redemption and that any such redemption occurs within 90 days following the closing of any such Equity Offering.

6. Notice of Redemption

Notice of redemption will be mailed at least 30 days but not more than 90 days before the redemption date to each Holder of Notes to be redeemed at his registered address. Notes in denominations of principal amount larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued and unpaid interest on all Notes (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Notes (or such portions thereof) called for redemption.

7. Put Provisions

Upon a Change of Control, any Holder of Notes will have the right to cause the Company to repurchase all or any part of the Notes of such Holder at a repurchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase as provided in, and subject to the terms of, the Indenture.

8. Subordination and Ranking

The Notes are subordinated to Senior Indebtedness, as defined in the Indenture. To the extent provided in the Indenture, Senior Indebtedness must be paid before the Notes may be paid. The Company agrees, and each Noteholder by accepting a Note agrees, to the subordination provisions

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contained in the Indenture and authorizes the Trustee to give them effect and appoints the Trustee as attorney-in-fact for such purpose. The Notes will in all respects rank pari passu with all other Senior Subordinated Indebtedness of the Company.

9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of principal amount of $1,000 and whole multiples of $1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange of (i) any Note selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period beginning 15 days before a selection of Notes to be redeemed and ending on the date of such selection or (ii) any Notes for a period beginning 15 days before an interest payment date and ending on such interest payment date.

10. Persons Deemed Owners

The registered holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

12. Defeasance

Subject to certain conditions set forth in the Indenture, the Company at any time may terminate some or all of its obligations under the Notes and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Notes to redemption or maturity, as the case may be.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Notes may be amended with the written consent of the Holders of at least a majority in principal amount of the outstanding Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount of the outstanding Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Noteholder, the Company and the Trustee may amend the Indenture or the Notes to cure any ambiguity, omission, defect or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Notes in addition to or in place of certificated Notes, or to add guarantees with respect to the Notes or to secure the Notes, or to add additional covenants or surrender rights and powers conferred on the Company, or to comply with any request of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Noteholder, or to provide for the issuance of Exchange Notes. However, no amendment may be made to the subordination provisions of the Indenture that adversely affects the rights of any holder of Senior Indebtedness then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

14. Defaults and Remedies

Under the Indenture, Events of Default include (i) a default in any payment of interest on any Note when due (whether or not such payment is prohibited by Article 13 of the Indenture), continued for 30 days, (ii) a default in the payment of principal of any Note when due at its Stated Maturity, upon

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optional redemption, upon required repurchase, upon declaration or otherwise, whether or not such payment is prohibited by Article 13 of the Indenture, (iii) the failure by the Company to comply with its obligations under Section 801 of the Indenture, (iv) the failure by the Company to comply for 30 days after written notice with any of its obligations under Section 1016 of the Indenture or Sections 1003, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1017, 1019 or 1020 of the Indenture (in each case, other than a failure to purchase Notes when required under Sections 1016 or 1017 of the Indenture), (v) the failure by the Company to comply for 60 days after notice with its other agreements contained in the Notes or the Indenture, (vi) the failure by the Company or any Significant Subsidiary to pay any Indebtedness within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default if the total amount of such Indebtedness unpaid or accelerated exceeds $25.0 million, (vii) certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary, (viii) the rendering of any judgment or decree for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof shall be unsuccessful) in excess of $25.0 million against the Company or a Significant Subsidiary that is not discharged, bonded or insured by a third Person if (A) an enforcement proceeding thereon is commenced or (B) such judgment or decree remains outstanding for a period of 90 days following such judgment or decree and is not discharged, waived or stayed or (ix) the failure of any Subsidiary Guarantee of the Notes by a Subsidiary Guarantor made pursuant to Section 1020 of the Indenture to be in full force and effect (except as contemplated by the terms thereof or of the Indenture) or the denial or disaffirmation in writing by any such Subsidiary Guarantor of its obligations under the Indenture or its Subsidiary Guarantee if such Default continues for 10 days. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least a majority in principal amount of the outstanding applicable Notes may declare all such Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Noteholders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security reasonably satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Noteholders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interest.

15. Trustee Dealings with the Company

Subject to certain limitations set forth in the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company, the Subsidiary Guarantors or their affiliates and may otherwise deal with the Company, the Subsidiary Guarantors or their affiliates with the same rights it would have if it were not Trustee.

16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company or the Subsidiary Guarantors shall not have any liability for any obligations of the Company or the Subsidiary Guarantors under the Notes, the Subsidiary Guarantees or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Noteholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication on the other side of this Note.

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18. Registration Rights

The Holder of this Note is entitled to the benefits of the Registration Rights Agreement, dated as of August 18, 1998 (the "Registration Rights Agreement"), between the Company and the Initial Purchasers named therein. In the event that either (i) an Exchange Offer Registration Statement is not filed with the Commission on or prior to 60 days after the Issue Date, (ii) an Exchange Offer Registration Statement is not declared effective within 150 days after the Issue Date, (iii) the Exchange Offer is not consummated on or prior to 180 days after the Issue Date in respect of tendered Notes and a Shelf Registration Statement has not been declared effective or (iv) a Shelf Registration Statement is filed and declared effective within 150 days after the Issue Date but shall thereafter cease to be effective (at any time that the Company is obligated to maintain the effectiveness thereof) without being succeeded within 45 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i), (ii), (iii) and (iv), a "Registration Default"), the Company will pay liquidated damages to each holder of Transfer Restricted Securities (as defined in the Registration Rights Agreement), during the period of one or more such Registration Defaults, in an amount equal to $0.192 per week per $1,000 principal amount of the Notes constituting Transfer Restricted Securities held by such holder until the applicable Registration Statement is filed or declared effective, the Exchange Offer is consummated or the Shelf Registration Statement again becomes effective, as the case may be, provided that, except in certain limited circumstances, the Company's obligation to pay liquidated damages will terminate upon consummation of the Exchange Offer. All accrued liquidated damages shall be paid to holders in the same manner as interest payments on the Notes on semi-annual payment dates which correspond to interest payment dates for the Notes. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease.

19. Abbreviations

Customary abbreviations may be used in the name of a Noteholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian) and U/G/M/A (=Uniform Gift to Minors Act).

20. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Noteholders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

21. Governing Law

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK EXCLUDING (TO THE GREATEST EXTENT PERMISSIBLE BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

The Company will furnish to any Noteholder upon written request and without charge to the Noteholder a copy of the Indenture. Requests may be made to:

Renters Choice, Inc.
13800 Montfort Drive
Suite 300
Dallas, Texas 75240

Attention of Danny Z. Wilbanks

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SUBSIDIARY GUARANTEE

1. Guarantee

The Subsidiary Guarantor, jointly and severally with each other Subsidiary Guarantor, as a primary obligor and not merely as a surety, irrevocably and unconditionally Guarantees on an unsecured senior subordinated basis the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all obligations of the Company under the Indenture and the Notes, whether for payment of principal of or interest on the Notes, expenses, indemnification or otherwise all in accordance with the terms set forth in Article XIV of the Indenture. The Subsidiary Guarantor also agrees to pay any and all costs and expenses (including reasonably attorney's fees and expenses) incurred by the Trustee or any Holders in enforcing any rights under this Subsidiary Guarantee, indemnification or otherwise.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

The obligations of the Subsidiary Guarantor shall be limited to the extent set forth in Article XIV of the Indenture.

This Subsidiary Guarantee shall be governed by and construed in accordance with the laws of the State of New York without regard to the principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

This Subsidiary Guarantee is subject to release upon the terms set forth in the Indenture.

COLORTYME, INC.

By:

Name:
Title:

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SUBSIDIARY GUARANTEE

1. Guarantee

The Subsidiary Guarantor, jointly and severally with each other Subsidiary Guarantor, as a primary obligor and not merely as a surety, irrevocably and unconditionally Guarantees on an unsecured senior subordinated basis the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all obligations of the Company under the Indenture and the Notes, whether for payment of principal of or interest on the Notes, expenses, indemnification or otherwise all in accordance with the terms set forth in Article XIV of the Indenture. The Subsidiary Guarantor also agrees to pay any and all costs and expenses (including reasonably attorney's fees and expenses) incurred by the Trustee or any Holders in enforcing any rights under this Subsidiary Guarantee, indemnification or otherwise.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

The obligations of the Subsidiary Guarantor shall be limited to the extent set forth in Article XIV of the Indenture.

This Subsidiary Guarantee shall be governed by and construed in accordance with the laws of the State of New York without regard to the principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

This Subsidiary Guarantee is subject to release upon the terms set forth in the Indenture.

RENT-A-CENTER, INC.

By:

Name:
Title:

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ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date:_____ Your Signature:_____

Signature Guarantee:_____
(Signature must be guaranteed)

Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in the Securities Transfer Agents Medallion Program ("STAMP") or such other signature guarantee medallion program as may be approved by the Note Registrar in addition to or substitution for, STAMP), pursuant to S.E.C. Rule 17Ad-15.

In connection with any transfer or exchange of any of the Notes evidenced by this certificate occurring prior to the date that is two years after the later of the date of original issuance of such Notes and the last date, if any, on which such Notes were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Notes are being:

CHECK ONE BOX BELOW:

1 [ ]	acquired for the undersigned's own account, without transfer; or
2 [ ]	transferred to the Company; or
3 [ ]	transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
4 [ ]	transferred pursuant to an effective registration statement under the Securities Act; or
5 [ ]	transferred pursuant to and in compliance with Regulation S under the Securities Act of 1933; or
6 [ ]	transferred to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933), that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter appears as Exhibit E to the Indenture); or
7 [ ]	transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933.

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Unless one of the boxes is checked, the Trustee may refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (5), (6) or (7) is checked, the Trustee or the Company may require, prior to registering any such transfer of the Notes, in their sole discretion, such legal opinions, certifications and other information as the Trustee or the Company may reasonably request to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

_____
Signature

Signature Guarantee:

_____ _____
(Signature must be guaranteed) Signature

_____

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions) with membership in the Securities Transfer Agents Medallion Program ("STAMP") or such other signature guarantee medallion program as may be approved by the Note Registrar in addition to or substitution for STAMP, pursuant to S.E.C. Rule 17Ad-15.

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(TO BE ATTACHED TO GLOBAL NOTES)

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Notes Custodian

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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 1016 or 1017 of the Indenture, check the box:

[ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 1016 or 1017 of the Indenture, state the amount in principal amount (must be integral multiple of $1,000): $

Date: ----------

Your Signature

(Sign exactly as your name appears on the other side of the Note)

Signature Guarantee:

(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions) with membership in the Securities Transfer Agents Medallion Program ("STAMP") or such other signature guarantee medallion program as may be approved by the Note Registrar in addition to or substitution for STAMP, pursuant to S.E.C. Rule 17Ad-15.

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[THE FOLLOWING PROVISION TO BE INCLUDED
ON ALL 144A CERTIFICATES]

In connection with any transfer of this Note occurring prior to the date that is the earlier of the date of an effective Registration Statement (as defined in the Registration Rights Agreement dated as of August 18, 1998) or August 18, 2000, the undersigned confirms that without utilizing any general solicitation or general advertising that:

[Check One]

[ ] (a) this Note is being transferred in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Rule 144A thereunder.

or

[ ] (b) this Note is being transferred other than in accordance with (a) above and documents are being furnished that comply with the conditions of transfer set forth in this Note and the Indenture.

If neither of the foregoing boxes is checked, the Trustee or other Registrar shall not be obligated to register this Note in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 307 of the Indenture shall have been satisfied.

Date:

- ---

NOTICE: The signature must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee:

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Date:

NOTICE: To be executed by an executive officer.

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SECTION 204. Form of Exchange Note.

No. [ ] Principal Amount $[ ]

CUSIP NO.

11% Senior Subordinated Note due 2008

Renters Choice, Inc., a Delaware corporation promises to pay to Cede & Co., or registered assigns, the principal sum of [ ] Dollars on August 15, 2008.

Interest Payment Dates: February 15 and August 15.

Record Dates: February 1 and August 1.

Additional provisions of this Note are set forth on the other side of this Note.

Dated: August 18, 1998 RENTERS CHOICE, INC.

By:
(Title)

By:
(Title)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

IBJ SCHRODER BANK & TRUST COMPANY, as Trustee, certifies that this is one of the Notes referred to in the Indenture.

By
Authorized Signatory
August 18, 1998

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[FORM OF REVERSE SIDE OF SENIOR SUBORDINATED NOTE]

11% Senior Subordinated Note due 2008

1. Interest

Renters Choice, Inc., a Delaware corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company") promises to pay interest on the principal amount of this Note at the rate per annum shown above.

The Company will pay interest semiannually in cash and in arrears to Holders of record at the close of business on the February 1 and August 1 immediately preceding the interest payment date on February 15 and August 15 of each year, commencing February 15, 1999. Interest on the Notes will accrue from the most recent date to which interest has been paid on the Notes or, if no interest has been paid, from August 18, 1998. The Company shall pay interest on overdue principal or premium, if any (plus interest on such interest to the extent lawful), at the rate borne by the Notes to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment

By at least 10:00 a.m. (New York City time) on the date on which any principal of or interest on the Notes is due and payable, the Company shall irrevocably deposit with the Trustee or the Paying Agent money sufficient to pay such principal, premium, if any, and/or interest. The Company will pay interest (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the February 1 or August 1 next preceding the interest payment date even if the Notes are cancelled, repurchased or redeemed after the record date and on or before the interest payment date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may pay interest by check payable in such money. It may mail an interest check to a Holder's registered address.

3. Trustee, Paying Agent and Registrar

Initially, IBJ Schroder Bank & Trust Company, a New York banking corporation (the "Trustee"), will act as Trustee, Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice to any Noteholder. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. Indenture

The Company issued the Notes under an Indenture dated as of August 18, 1998 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the "Indenture"), among the Company, the Subsidiary Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date of the Indenture (the "Act"). Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all such terms, and Noteholders are referred to the Indenture and the Act for a statement of those terms.

The Notes are general unsecured senior subordinated obligations of the Company limited to $175 million aggregate principal amount (subject to Section 310 of the Indenture). This Note is one of the Exchange Notes referred to in the Indenture. The Notes include the Initial Notes and any Exchange Notes issued in exchange for the Initial Notes pursuant to the Indenture and the Registration Rights Agreement. The Initial Notes and the Exchange Notes are treated as a single class of securities

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under the Indenture. The Indenture imposes certain limitations on the Incurrence of Indebtedness by the Company and its Restricted Subsidiaries, the payment of dividends on, and the purchase or redemption of, Capital Stock of the Company and its Restricted Subsidiaries, certain purchases or redemptions of Subordinated Indebtedness, the sale or transfer of assets and Capital Stock of Restricted Subsidiaries, investments of the Company and its Restricted Subsidiaries and transactions with Affiliates. In addition, the Indenture limits the ability of the Company and its Subsidiaries to restrict distributions and dividends from Restricted Subsidiaries.

5. Optional Redemption

The Senior Subordinated Notes will be redeemable, at the Company's option, in whole or in part, at any time and from time to time on and after August 15, 2003 and prior to maturity, upon not less than 30 nor more than 90 days' prior notice mailed by first-class mail to each Holder's registered address, at the following redemption prices (expressed as a percentage of principal amount), plus accrued interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on August 15 of the years set forth below:

Year	Redemption Price
2003	105.500%
2004	103.667%
2005	101.833%
2006 and thereafter.	100.000%

In addition, at any time and from time to time prior to August 15, 2001, the Company may redeem in the aggregate up to 33.33% of the original aggregate principal amount of the Notes with the proceeds of one or more Equity Offerings by the Company at a redemption price (expressed as a percentage of principal amount thereof) of 111% plus accrued interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that at least 66.67% of the original aggregate principal amount of the Notes must remain outstanding after each such redemption and that any such redemption occurs within 90 days following the closing of any such Equity Offering.

6. Notice of Redemption

Notice of redemption will be mailed at least 30 days but not more than 90 days before the redemption date to each Holder of Notes to be redeemed at his registered address. Notes in denominations of principal amount larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. If money sufficient to pay the redemption price of and accrued and unpaid interest on all Notes (or portions thereof) to be redeemed on the redemption date is deposited with the Paying Agent on or before the redemption date and certain other conditions are satisfied, on and after such date interest ceases to accrue on such Notes (or such portions thereof) called for redemption.

7. Put Provisions

Upon a Change of Control, any Holder of Notes will have the right to cause the Company to repurchase all or any part of the Notes of such Holder at a repurchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the date of repurchase as provided in, and subject to the terms of, the Indenture.

8. Subordination and Ranking

The Notes are subordinated to Senior Indebtedness, as defined in the Indenture. To the extent provided in the Indenture, Senior Indebtedness must be paid before the Notes may be paid. The Company agrees, and each Noteholder by accepting a Note agrees, to the subordination provisions

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contained in the Indenture and authorizes the Trustee to give them effect and appoints the Trustee as attorney-in-fact for such purpose. The Notes will in all respects rank pari passu with all other Senior Subordinated Indebtedness of the Company.

9. Denominations; Transfer; Exchange

The Notes are in registered form without coupons in denominations of principal amount of $1,000 and whole multiples of $1,000. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange of (i) any Note selected for redemption (except, in the case of a Note to be redeemed in part, the portion of the Note not to be redeemed) for a period beginning 15 days before a selection of Notes to be redeemed and ending on the date of such selection or (ii) any Notes for a period beginning 15 days before an interest payment date and ending on such interest payment date.

10. Persons Deemed Owners

The registered holder of this Note may be treated as the owner of it for all purposes.

11. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

12. Defeasance

Subject to certain conditions set forth in the Indenture, the Company at any time may terminate some or all of its obligations under the Notes and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Notes to redemption or maturity, as the case may be.

13. Amendment, Waiver

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Notes may be amended with the written consent of the Holders of at least a majority in principal amount of the outstanding Notes and (ii) any default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in principal amount of the outstanding Notes. Subject to certain exceptions set forth in the Indenture, without the consent of any Noteholder, the Company and the Trustee may amend the Indenture or the Notes to cure any ambiguity, omission, defect or inconsistency, or to comply with Article 5 of the Indenture, or to provide for uncertificated Notes in addition to or in place of certificated Notes, or to add guarantees with respect to the Notes or to secure the Notes, or to add additional covenants or surrender rights and powers conferred on the Company, or to comply with any request of the SEC in connection with qualifying the Indenture under the Act, or to make any change that does not adversely affect the rights of any Noteholder, or to provide for the issuance of Exchange Notes. However, no amendment may be made to the subordination provisions of the Indenture that adversely affects the rights of any holder of Senior Indebtedness then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

14. Defaults and Remedies

Under the Indenture, Events of Default include (i) a default in any payment of interest on any Note when due (whether or not such payment is prohibited by Article 13 of the Indenture), continued for 30 days, (ii) a default in the payment of principal of any Note when due at its Stated Maturity, upon

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optional redemption, upon required repurchase, upon declaration or otherwise, whether or not such payment is prohibited by Article 13 of the Indenture, (iii) the failure by the Company to comply with its obligations under Section 801 of the Indenture, (iv) the failure by the Company to comply for 30 days after written notice with any of its obligations under Section 1016 of the Indenture or Sections 1003, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1017, 1019 or 1020 of the Indenture (in each case, other than a failure to purchase Notes when required under Sections 1016 or 1017 of the Indenture), (v) the failure by the Company to comply for 60 days after notice with its other agreements contained in the Notes or the Indenture, (vi) the failure by the Company or any Significant Subsidiary to pay any Indebtedness within any applicable grace period after final maturity or the acceleration of any such Indebtedness by the holders thereof because of a default if the total amount of such Indebtedness unpaid or accelerated exceeds $25.0 million, (vii) certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary, (viii) the rendering of any judgment or decree for the payment of money in an amount (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof shall be unsuccessful) in excess of $25.0 million against the Company or a Significant Subsidiary that is not discharged, bonded or insured by a third Person if (A) an enforcement proceeding thereon is commenced or (B) such judgment or decree remains outstanding for a period of 90 days following such judgment or decree and is not discharged, waived or stayed or (ix) the failure of any Subsidiary Guarantee of the Notes by a Subsidiary Guarantor made pursuant to Section 1020 of the Indenture to be in full force and effect (except as contemplated by the terms thereof or of the Indenture) or the denial or disaffirmation in writing by any such Subsidiary Guarantor of its obligations under the Indenture or its Subsidiary Guarantee if such Default continues for 10 days. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least a majority in principal amount of the outstanding applicable Notes may declare all such Notes to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Notes being due and payable immediately upon the occurrence of such Events of Default.

Noteholders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Notes unless it receives indemnity or security reasonably satisfactory to it. Subject to certain limitations, Holders of a majority in principal amount of the Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Noteholders notice of any continuing Default or Event of Default (except a Default or Event of Default in payment of principal or interest) if it determines that withholding notice is in their interest.

15. Trustee Dealings with the Company

Subject to certain limitations set forth in the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Company, the Subsidiary Guarantors or their affiliates and may otherwise deal with the Company, the Subsidiary Guarantors or their affiliates with the same rights it would have if it were not Trustee.

16. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company or the Subsidiary Guarantors shall not have any liability for any obligations of the Company or the Subsidiary Guarantors under the Notes, the Subsidiary Guarantees or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Noteholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Notes.

17. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication on the other side of this Note.

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18. Abbreviations

Customary abbreviations may be used in the name of a Noteholder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian) and U/G/M/A (=Uniform Gift to Minors Act).

19. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Noteholders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. Governing Law

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK EXCLUDING (TO THE GREATEST EXTENT PERMISSIBLE BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

The Company will furnish to any Noteholder upon written request and without charge to the Noteholder a copy of the Indenture. Requests may be made to:

Renters Choice, Inc.
13800 Montfort Drive
Suite 300
Dallas, Texas 75240

Attention of Danny Z. Wilbanks

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SUBSIDIARY GUARANTEE

1. Guarantee

The Subsidiary Guarantor, jointly and severally with each other Subsidiary Guarantor, as a primary obligor and not merely as a surety, irrevocably and unconditionally Guarantees on an unsecured senior subordinated basis the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all obligations of the Company under the Indenture and the Notes, whether for payment of principal of or interest on the Notes, expenses, indemnification or otherwise all in accordance with the terms set forth in Article XIV of the Indenture. The Subsidiary Guarantor also agrees to pay any and all costs and expenses (including reasonably attorney's fees and expenses) incurred by the Trustee or any Holders in enforcing any rights under this Subsidiary Guarantee, indemnification or otherwise.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

The obligations of the Subsidiary Guarantor shall be limited to the extent set forth in Article XIV of the Indenture.

This Subsidiary Guarantee shall be governed by and construed in accordance with the laws of the State of New York without regard to the principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

This Subsidiary Guarantee is subject to release upon the terms set forth in the Indenture.

COLORTYME, INC.

By:

Name:
Title:

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SUBSIDIARY GUARANTEE

1. Guarantee

The Subsidiary Guarantor, jointly and severally with each other Subsidiary Guarantor, as a primary obligor and not merely as a surety, irrevocably and unconditionally Guarantees on an unsecured senior subordinated basis the performance and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, all obligations of the Company under the Indenture and the Notes, whether for payment of principal of or interest on the Notes, expenses, indemnification or otherwise all in accordance with the terms set forth in Article XIV of the Indenture. The Subsidiary Guarantor also agrees to pay any and all costs and expenses (including reasonably attorney's fees and expenses) incurred by the Trustee or any Holders in enforcing any rights under this Subsidiary Guarantee, indemnification or otherwise.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

The obligations of the Subsidiary Guarantor shall be limited to the extent set forth in Article XIV of the Indenture.

This Subsidiary Guarantee shall be governed by and construed in accordance with the laws of the State of New York without regard to the principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

This Subsidiary Guarantee is subject to release upon the terms set forth in the Indenture.

RENT-A-CENTER, INC.

By:

Name:
Title:

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ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

- ---

Date: ---------- Your Signature: ----------

Signature Guarantee:

(Signature must be guaranteed)

- ---

Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in the Securities Transfer Agents Medallion Program ("STAMP") or such other signature guarantee medallion program as may be approved by the Note Registrar in addition to or substitution for, STAMP), pursuant to S.E.C. Rule 17Ad-15.

In connection with any transfer or exchange of any of the Notes evidenced by this certificate occurring prior to the date that is two years after the later of the date of original issuance of such Notes and the last date, if any, on which such Notes were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Notes are being:

CHECK ONE BOX BELOW:

1 [ ] acquired for the undersigned's own account, without transfer; or

2 [ ] transferred to the Company; or

3 [ ] transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

4 [ ] transferred pursuant to an effective registration statement under the Securities Act; or

5 [ ] transferred pursuant to and in compliance with Regulation S under the Securities Act of 1933; or

6 [ ] transferred to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933), that has furnished to the Trustee a signed letter containing certain representations and agreements (the form of which letter appears as Exhibit E to the Indenture); or

7 [ ] transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933.

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Unless one of the boxes is checked, the Trustee may refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (5), (6) or (7) is checked, the Trustee or the Company may require, prior to registering any such transfer of the Notes, in their sole discretion, such legal opinions, certifications and other information as the Trustee or the Company may reasonably request to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

Signature

Signature Guarantee:

- ---

(Signature must be guaranteed)

Signature

- ---

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions) with membership in the Securities Transfer Agents Medallion Program ("STAMP") or such other signature guarantee medallion program as may be approved by the Note Registrar in addition to or substitution for STAMP, pursuant to S.E.C. Rule 17Ad-15.

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[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE

The following increases or decreases in this Global Note have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee or Notes Custodian

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OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 1016 or 1017 of the Indenture, check the box: [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 1016 or 1017 of the Indenture, state the amount in principal amount (must be integral multiple of $1,000): $

Date: ---------- Your Signature ----------
(Sign exactly as your name appears on the other side of the Note)

Signature Guarantee:

(Signature must be guaranteed)

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions) with membership in the Securities Transfer Agents Medallion Program ("STAMP") or such other signature guarantee medallion program as may be approved by the Note Registrar in addition to or substitution for STAMP, pursuant to S.E.C. Rule 17Ad-15.

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SECTION 205. Form of Trustee's Certificate of Authentication.

The Trustee's certificate of authentication shall be in substantially the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION.

This is one of the Notes referred to in the within-mentioned Indenture.

IBJ SCHRODER BANK & TRUST
COMPANY, as Trustee

By

Authorized Signatory

Dated: August 18, 1998

ARTICLE THREE. THE NOTES

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SECTION 301. Title and Terms.

The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is limited to $175 million, except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Section 304, 305, 306, 307, 310, 906, 1016, 1017 or 1108 or pursuant to an Exchange Offer.

The Notes shall be known and designated as the "11% Senior Subordinated Notes due 2008" of the Company. The Stated Maturity of the Notes shall be August 15, 2008, and they shall bear interest at the rate of 11% per annum from August 18, 1998, or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually in cash and in arrears to the Person in whose name the Note (or any predecessor Note) is registered at the close of business on the February 1 and August 1 immediately preceding the interest payment date on February 15 and August 15 of each year, commencing February 15, 1999. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months, until the principal thereof is paid or duly provided for. Interest on any overdue principal, interest (to the extent lawful) or premium, if any, shall be payable on demand.

The principal of (and premium, if any) and interest on the Notes shall be payable at the office or agency of the Company maintained for such purpose in The City of New York, or at such other office or agency of the Company as may be maintained for such purpose; provided, however, that, at the option of the Company, interest may be paid by check mailed to addresses of the Persons entitled thereto as such addresses shall appear on the Note Register.

Holders shall have the right to require the Company to purchase their Notes, in whole or in part, in the event of a Change of Control pursuant to Section 1016.

The Notes shall be subject to repurchase by the Company pursuant to an Asset Disposition as provided in Section 1017.

The Notes shall be redeemable as provided in Article Eleven and in the Notes.

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The Indebtedness evidenced by the Notes shall be subordinated in right of payment to Senior Indebtedness as provided in Article Thirteen.

SECTION 302. Denominations.

The Notes shall be issuable only in fully registered form, without coupons, and only in denominations of $1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

The Notes shall be executed on behalf of the Company by two Officers, of which at least one Officer shall be the President or the Chief Financial Officer of the Company. The signature of any Officer on the Notes may be manual or facsimile signatures of the present or any future such authorized officer and may be imprinted or otherwise reproduced on the Notes.

Notes bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Notes.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Initial Notes executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Notes, and the Trustee in accordance with such Company Order shall authenticate and deliver such Initial Notes directing the Trustee to authenticate the Notes and certifying that all conditions precedent to the issuance of Notes contained herein have been fully complied with, and the Trustee in accordance with such Company Order shall authenticate and deliver such Initial Notes. On Company Order, the Trustee shall authenticate for original issue Exchange Notes in an aggregate principal amount not to exceed $175,000,000; provided that such Exchange Notes shall be issuable only upon the valid surrender for cancellation of Initial Notes of a like aggregate principal amount in accordance with an Exchange Offer pursuant to the Registration Rights Agreement. In each case, the Trustee shall be entitled to receive an Officers' Certificate and an Opinion of Counsel of the Company that it may reasonably request in connection with such authentication of Notes. Such order shall specify the amount of Notes to be authenticated and the date on which the original issue of Initial Notes or Exchange Notes is to be authenticated.

Each Note shall be dated the date of its authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

In case the Company or any Subsidiary Guarantor, pursuant to Article Eight, shall be consolidated or merged with or into any other Person or shall convey, transfer, lease or otherwise dispose of its properties and assets substantially as an entirety to any Person, and the successor Person resulting from such consolidation, or surviving such merger, or into which the Company or such Subsidiary Guarantor shall have been merged, or the Person which shall have received a conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article Eight, any of the Notes authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Notes executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon Company Request of the successor Person, shall authenticate and deliver Notes as specified in such request for the purpose of such exchange. If Notes shall at any time be authenticated and

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delivered in any new name of a successor Person pursuant to this Section 303 in exchange or substitution for or upon registration of transfer of any Notes, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time Outstanding for Notes authenticated and delivered in such new name.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes on behalf of the Trustee. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Note Registrar or Paying Agent to deal with the Company and its Affiliates.

SECTION 304. Temporary Notes.

Pending the preparation of definitive Notes, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination. Temporary Notes shall be substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Notes may determine, as conclusively evidenced by their execution of such Notes.

If temporary Notes are issued, the Company will cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes shall be exchangeable for definitive Notes upon surrender of the temporary Notes at the office or agency of the Company designated for such purpose pursuant to Section 1002, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes.

SECTION 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency designated pursuant to Section 1002 being herein sometimes referred to as the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. The Note Register shall be in written form or any other form capable of being converted into written form within a reasonable time. At all reasonable times, the Note Register shall be open to inspection by the Trustee. The Trustee is hereby initially appointed as security registrar (the Trustee in such capacity, together with any successor of the Trustee in such capacity, the "Note Registrar") for the purpose of registering Notes and transfers of Notes as herein provided.

Upon surrender for registration of transfer of any Note at the office or agency of the Company designated pursuant to Section 1002, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations of a like aggregate principal amount.

Furthermore, any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interest in such Global Note may be effected only through a book-entry system maintained by the Holder of such Global Note (or its agent), and that ownership of a beneficial interest in the Note shall be required to be reflected in a book entry.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange (including an exchange of Initial Notes for Exchange Notes), the Company shall execute, and the Trustee shall authenticate and

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deliver, the Notes which the Holder making the exchange is entitled to receive; provided that no exchange of Initial Notes for Exchange Notes shall occur until an Exchange Offer Registration Statement shall have been declared effective by the Commission, the Trustee shall have received an Officers' Certificate confirming that the Exchange Offer Registration Statement has been declared effective by the Commission and the Initial Notes to be exchanged for the Exchange Notes shall be cancelled by the Trustee.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Note Registrar) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Company and the Note Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange or redemption of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Section 304, 906, 1016, 1017 or 1108, not involving any transfer.

The Register shall be in written form in the English language or in any other form including computerized records, capable of being converted into such form within a reasonable time.

SECTION 306. Book-Entry Provisions for Global Notes.

(a) Each Global Note initially shall (i) be registered in the name of the Depositary for such global Note or the nominee of such Depositary, (ii) be delivered to the Trustee as custodian for such Depositary and (iii) bear legends as set forth in Section 202.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depositary, or the Trustee as its custodian, or under the Global Note, and the Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or shall impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Note.

(b) Transfers of a Global Note shall be limited to transfers of such Global Note in whole, but not in part, to the Depositary, its successors or their respective nominees. Interests of beneficial owners in a Global Note may be transferred in accordance with the rules and procedures of the Depositary and the provisions of Section 307. If required to do so pursuant to any applicable law or regulation, beneficial owners may obtain Notes in definitive form ("Physical Notes") in exchange for their beneficial interests in a Global Note upon written request in accordance with the Depositary's and the Registrar's procedures. In addition, Physical Notes shall be transferred to all beneficial owners in exchange for their beneficial interests in a Global Note if (i) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Note or the Depositary ceases to be a clearing agency registered under the Exchange Act, at a time when the Depositary is required to be so registered in order to act as Depositary, and in each case a successor depositary is not appointed by the Company within 90 days of such notice, (ii) the Company executes and delivers to the Trustee and Note Registrar an Officers' Certificate stating that such Global Note shall be so exchangeable or (iii) an Event of Default has occurred and is continuing and the Note Registrar has received a request from the Depositary.

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(c) In connection with any transfer of a portion of the beneficial interest in a Global Note pursuant to subsection (b) of this Section to beneficial owners who are required to hold Physical Notes, the Note Registrar shall reflect on its books and records the date and a decrease in the principal amount of such Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Physical Notes of like tenor and amount.

(d) In connection with the transfer of an entire Global Note to beneficial owners pursuant to subsection (b) of this Section, such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depositary in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Physical Notes of authorized denominations.

(e) Any Physical Note delivered in exchange for an interest in a Global Note pursuant to subsection (c) or subsection (d) of this Section shall, except as otherwise provided by paragraph (a)(i)(x) and paragraph (f) of Section 307, bear the applicable legend regarding transfer restrictions applicable to the Physical Note set forth in Section 202.

(f) The registered holder of a Global Note may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

SECTION 307. Special Transfer Provisions.

(a) The following provisions shall apply with respect to any proposed transfer of a Rule 144A Note or an Institutional Accredited Investor Note prior to the expiration of the Resale Restriction Termination Date (as defined in Section 202 hereof):

(i) a transfer of a Rule 144A Note or an Institutional Accredited Investor Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee that it is purchasing the Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(ii) a transfer of a Rule 144A Note or an Institutional Accredited Investor Note or a beneficial interest therein to an institutional accredited investor shall be made upon receipt by the Trustee or its agent of a certificate substantially in the form set forth in Section 308 hereof from the proposed transferee and, if requested by the Company or the Trustee, the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them; and

(iii) a transfer of a Rule 144A Note or an Institutional Accredited Investor Note or a beneficial interest therein to a Non-U.S. Person shall be made upon receipt by the Trustee or its agent of a certificate substantially in the form set forth in Section 309 hereof from the proposed transferee and, if requested by the Company or the Trustee, the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(b) The following provisions shall apply with respect to any proposed transfer of a Regulation S Note prior to the expiration of the Restricted Period:

(i) a transfer of a Regulation S Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee that it is purchasing the Note for its own

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account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A;

(ii) a transfer of a Regulation S Note or a beneficial interest therein to an institutional accredited investor shall be made upon receipt by the Trustee or its agent of a certificate substantially in the form set forth in Section 308 hereof from the proposed transferee and, if requested by the Company or the Trustee, the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them; and

(iii) a transfer of a Regulation S Note or a beneficial interest therein to a Non-U.S. Person shall be made upon, if requested by the Company or the Trustee, receipt by the Trustee or its agent of an opinion of counsel, certification and/or other information satisfactory to each of them.

After the expiration of the Restricted Period, interests in the Regulation S Note may be transferred without requiring certification set forth in Section 308 or any additional certification.

(c) Private Placement Legend. Upon the transfer, exchange or replacement of Notes not bearing the Private Placement Legend, the Note Registrar shall deliver Notes that do not bear the Private Placement Legend. Upon the transfer, exchange or replacement of Notes bearing the Private Placement Legend, the Note Registrar shall deliver only Notes that bear the Private Placement Legend unless there is delivered to the Note Registrar an Opinion of Counsel reasonably satisfactory to the Company and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act.

(d) General. By its acceptance of any Note bearing the Private Placement Legend, each Holder of such a Note acknowledges the restrictions on transfer of such Note set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Note only as provided in this Indenture.

(e) The Company shall deliver to the Trustee an Officers' Certificate setting forth the dates on which the Restricted Period terminates (the "Resale Restriction Termination Date").

The Note Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 306 or this Section 307. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Note Registrar.

(f) No Obligation of the Trustee: (i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in the Depository or other Person with respect to any ownership interest in the Notes, with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders under the Notes shall be given or made only to the registered Holders (which shall be the Depository or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note in global form shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected and indemnified pursuant to Section 607 in relying upon information furnished by the Depository with respect to any beneficial owners, its members and participants.

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(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including without limitation any transfers between or among Depository participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation of evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 308. Form of Certificate to Be Delivered in Connection with Transfers to Institutional Accredited Investors.

[date]

RENTERS CHOICE, INC.
IBJ SCHRODER BANK & TRUST COMPANY, as Trustee
1 State Street
New York, New York 10004
Attention: Corporate Trust Department

Ladies and Gentlemen:

This certificate is delivered to request a transfer of $_____ principal amount of the 11% Senior Subordinated Notes due 2008 (the "Notes") of Renters Choice, Inc. (the "Company").

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

Name:
Address:
Taxpayer ID Number:

The undersigned represents and warrants to you that:

(1) We are an institutional "accredited investor" (as defined in Rules 501(a)(1), (2), (3) and (7) under the Securities Act of 1933, as amended (the "Securities Act")), purchasing for our own account or for the account of an institutional "accredited investor" at least $250,000 principal amount of the Notes, and we are acquiring the Notes not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes and invest in or purchase securities similar to the Notes in the normal course of our business. We and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

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(2) We understand that the Notes have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Notes to offer, sell or otherwise transfer such Notes prior to the date which is two years after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Notes (or any predecessor thereto) (the "Resale Restriction Termination Date") only (a) to the Company, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) in a transaction complying with the requirements of Rule 144A under the Securities Act, to a person we reasonably believe is a qualified institutional buyer under Rule 144A (a "QIB") that purchases for its own account or for the account of a QIB and to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act, (e) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is purchasing for its own account or for the account of such an institutional "accredited investor", in each case in a minimum principal amount of Notes of $250,000 or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property or the property of such investor account or accounts be at all times within our or their control and in compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company and the Trustee reserve the right prior to any offer, sale or other transfer prior to the Resale Termination Date of the Notes pursuant to clauses (d), (e) or (f) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company and the Trustee.

TRANSFEREE:

BY:

Upon transfer the Notes would be registered in the name of the new beneficial owner as follows:

Name	Address	Taxpayer ID Number:
----	-------	------

Very truly yours,

[Name of Transferor]

By:

Name:
Title:

Signature Medallion Guaranteed

SECTION 309. Form of Certificate to Be Delivered in Connection with Transfers Pursuant to Regulation S.

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[date]

IBJ SCHRODER BANK & TRUST COMPANY, as Trustee
1 State Street
New York, New York 10004
Attention: Corporate Trust Department

Re: RENTERS CHOICE, INC. (the "Company") 11% Senior Subordinated Notes due 2008 (the "Notes")

Ladies and Gentlemen:

In connection with our proposed sale of $_____ aggregate principal amount of the Notes, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(a) the offer of the Notes was not made to a person in the United States;

(b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable; and

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(c)(3) or Rule 904(c)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(c)(3) or Rule 904(c)(1), as the case may be.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By:

---	---
Authorized Signature	Signature Medallion Guaranteed

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SECTION 310. Mutilated, Destroyed, Lost and Stolen Notes.

If (i) any mutilated Note is surrendered to the Trustee, or (ii) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and there is delivered to the Company, each Subsidiary Guarantor and the Trustee such security or indemnity, in each case, as may be required by them to save each of them harmless, then, in the absence of notice to the Company any Subsidiary Guarantor or the Trustee that such Note has been acquired by a bona fide purchaser, the Company shall execute and upon Company Order the Trustee shall authenticate and deliver, in exchange for any such mutilated Note or in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Note, pay such Note.

Upon the issuance of any new Note under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) in connection therewith.

Every new Note issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, any Guarantor and any other obligor upon the Notes, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 311. Payment of Interest; Interest Rights Preserved.

Interest on any Note which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the Person in whose name such Note (or one or more predecessor Notes) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 1002; provided, however, that each installment of interest may at the Company's option be paid by (i) mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 312, to the address of such Person as it appears in the Note Register or (ii) wire transfer to an account located in the United States maintained by the payee.

Any interest on any Note which is payable, but is not paid when the same becomes due and payable and such nonpayment continues for a period of 30 days shall forthwith cease to be payable to the Holder on the Regular Record Date by virtue of having been such Holder, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate borne by the Notes (such defaulted interest and interest thereon herein collectively called "Defaulted Interest") shall be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective predecessor Notes) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date (not less than 30 days after such notice) of the proposed payment (the "Special Interest Payment Date"), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make

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arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a record date (the "Special Record Date") for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the Special Interest Payment Date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date, and in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor to be given in the manner provided for in Section 106, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor having been so given, such Defaulted Interest shall be paid on the Special Interest Payment Date to the Persons in whose names the Notes (or their respective predecessor Notes) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).

(b) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 312. Persons Deemed Owners.

Prior to the due presentment of a Note for registration of transfer, the Company, the Trustee and any agent of the Company, any Subsidiary Guarantor or the Trustee may treat the Person in whose name such Note is registered as the owner of such Note for the purpose of receiving payment of principal of (and premium, if any) and (subject to Sections 305 and 311) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Company, any Subsidiary Guarantor, the Trustee nor any agent of the Company, any Subsidiary Guarantor or the Trustee shall be affected by notice to the contrary.

SECTION 313. Cancellation.

All Notes surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. If the Company shall acquire any of the Notes other than as set forth in the preceding sentence, the acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 313. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Notes held by the Trustee shall be destroyed by the Trustee and the Trustee shall send a certificate of such destruction to the Company.

SECTION 314. Computation of Interest.

Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

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SECTION 315. CUSIP Numbers.

The Company in issuing Notes may use "CUSIP" numbers (if then generally in use) in addition to serial numbers; if so, the Trustee shall use such "CUSIP" numbers in addition to serial numbers in notices of redemption and repurchase as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such CUSIP numbers, either as printed on the Notes or as contained in any notice of a redemption or repurchase and that reliance may be placed only on the serial or other identification numbers printed on the Notes, and any such redemption or repurchase shall not be affected by any defect in or omission of such CUSIP numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

ARTICLE FOUR. SATISFACTION AND DISCHARGE

400.

SECTION 401. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request cease to be of further effect (except as to surviving rights of registration of transfer or exchange of Notes expressly provided for herein or pursuant hereto) and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture when

(i) either

(A) all Notes theretofore authenticated and delivered (other than (1) Notes which have been lost, stolen or destroyed and which have been replaced or paid as provided in Section 310 and (2) Notes for whose payment money has theretofore been deposited in trust with the Trustee or any Paying Agent or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all Notes not theretofore delivered to the Trustee for cancellation

(1) have become due and payable by reason of the making of a notice of redemption or otherwise; or

(2) will become due and payable at their Stated Maturity within one year; or

(3) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company in the case of (1), (2) or (3) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose an amount in cash or Government Obligations sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to the Trustee for cancellation, for principal of (and premium, if any) and interest to the date of such deposit (in the case of Notes which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(ii) no Default or Event of Default with respect to this Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument or agreement to which the Company or any Guarantor of the Notes is a party or by which it is bound;

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(iii) the Company or any Guarantor has paid or caused to be paid all sums payable hereunder by the Company or any Guarantor in connection with all the Notes including all fees and expenses of the Trustee;

(iv) the Company has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of such Notes at maturity or the Redemption Date, as the case may be; and

(v) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture and the termination of the Company's obligation hereunder have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (i) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive any such satisfaction and discharge.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Obligations in accordance with Section 401 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 401; provided that if the Company has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE FIVE. REMEDIES

500.

SECTION 501. Events of Default.

"Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Article 13 or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in any payment of interest on any Note when the same becomes due and such default continues for a period of 30 days whether or not such payment shall be prohibited by Article Thirteen;

(ii) default in the payment of the principal of any Note when the same becomes due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise, whether or not such payment shall be prohibited by Article Thirteen;

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(iii) the Company fails to comply with Section 801;

(iv) the Company fails to comply with Section 1003, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1019, 1020 or 1022 (other than a failure to purchase Notes when required under Section 1016 or 1017) and such failure continues for 30 days after the notice specified below;

(v) the Company fails to comply with any of its agreements in the Notes or this Indenture (other than those referred to in (i), (ii), (iii) or (iv) above) and such failure continues for 60 days after the notice specified below;

(vi) Indebtedness of the Company or any Significant Subsidiary is not paid within any applicable grace period after final maturity or the acceleration by the holders thereof because of a default and the total amount of such Indebtedness unpaid or accelerated exceeds $25 million;

(vii) the Company or any Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a custodian of it or for any substantial part of its property;

(D) makes a general assignment for the benefit of its creditors;

or takes any comparable action under any foreign laws relating to insolvency; or

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any Significant Subsidiary in an involuntary case;

(B) appoints a custodian of the Company or any Significant Subsidiary or for any substantial part of its property; or

(C) orders the winding up or liquidation of the Company or any Significant Subsidiary;

or any similar relief is granted under any foreign laws and the order or decree remains unstayed and in effect for 90 days;

(ix) any judgment or decree for the payment of money in excess of $25 million (net of any insurance or indemnity payments actually received in respect thereof prior to or within 90 days from the entry thereof, or to be received in respect thereof in the event any appeal thereof shall be unsuccessful) is rendered against the Company or any Significant Subsidiary that is not discharged, or bonded or insured by a third Person and either (A) an enforcement proceeding has been commenced upon such judgment or decree or (B) such judgment or decree remains outstanding for a period of 90 days following the entry of such judgment or decree and is not discharged, waived or stayed; or

(x) the failure of any Guarantee of the Notes by a Subsidiary Guarantor to be in full force and effect (except as contemplated by the terms thereof or of this Indenture) or the denial or

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disaffirmation in writing by any such Subsidiary Guarantor of its obligations under this Indenture or any such Guarantee of the Notes if such Default continues for 10 days.

The foregoing will constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

A Default under clause (iv) or (v) above shall not constitute an Event of Default until the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes notify the Company of the Default and the Company does not cure such Default within the time specified in clause (iv) or (v), as the case may be, after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default".

The Company shall deliver to the Trustee, within 30 days after the occurrence thereof, written notice in the form of an Officers' Certificate of any event which with the giving of notice or the lapse of time would become an Event of Default under clause (iv), (v) or (viii) above, its status and what action the Company is taking or proposes to take with respect thereto.

If a Default occurs and is continuing and is known to the Trustee, the Trustee must mail to each Holder notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold such notice if and so long as a committee of its Trust Officers in good faith determines that withholding notice is in the interests of the Holders. In addition, the Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than by reason of an Event of Default specified in Section 501(vii) or 501(viii)) occurs and is continuing, the Trustee by written notice to the Company, or the Holders of at least a majority in principal amount of the outstanding Notes, by written notice to the Company and the Trustee, may declare the principal (and premium, if any) and accrued and unpaid interest on all such then outstanding Notes to be due and payable immediately. Upon the effectiveness of such declaration, such principal (and premium, if any) and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default specified in Section 501(vii) or 501(viii) occurs and is continuing, then the principal amount of, and interest on, all the Notes shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of a majority in principal amount of the outstanding Notes by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. The Trustee may rely upon such notice of rescission without any independent investigation as to the satisfaction of the conditions in the preceding sentence. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

If an Event of Default specified in Section 501(i) or 501(ii) occurs and is continuing, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any Subsidiary Guarantor (in accordance with the applicable Subsidiary Guarantee) and collect the moneys adjudged or decreed to be payable in the

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manner provided by law out of the property of the Company or any Subsidiary Guarantor, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders under this Indenture or any Guarantee of the Notes by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, including, seeking recourse against any Subsidiary Guarantor pursuant to the terms of any Subsidiary Guarantee, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy including, without limitation, seeking recourse against any Subsidiary Guarantor pursuant to the terms of its Subsidiary Guarantee, or to enforce any other proper remedy, subject however to Section 513. No recovery of any such judgment upon any property of the Company or any Subsidiary Guarantor shall affect or impair any rights, powers or remedies of the Trustee or the Holders.

SECTION 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor, including any Subsidiary Guarantor, upon the Notes or the property of the Company, the Subsidiary Guarantors or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file proofs of claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Notes, to take such other actions (including participating as a member, voting or otherwise, of any official committee of creditors appointed in such matter) and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of such Holders, vote for the election of a trustee in bankruptcy or other similar official.

SECTION 505. Trustee May Enforce Claims Without Possession of Notes.

All rights of action and claims under this Indenture, the Notes or the Subsidiary Guarantees may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses,

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disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Subject to Article Thirteen, any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607;

SECOND: To holders of Senior Indebtedness to the extent required by Article Thirteen;

THIRD: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Notes in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Notes for principal (and premium, if any) and interest, respectively; and

FOURTH: The balance, if any, to the Person or Persons entitled thereto, including the Company or any other obligor on the Notes, as their interests may appear or as a court of competent jurisdiction may direct, provided that all sums due and owing to the Holders and the Trustee have been paid in full as required by this Indenture.

SECTION 507. Limitation on Suits.

No Holder of any Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(i) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(ii) the Holders of at least 25% in principal amount of the outstanding Notes make a written request to the Trustee to pursue the remedy;

(iii) such Holder or Holders offer to the Trustee security or indemnity against any loss, liability or expense as may be reasonably requested by the Trustee;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(v) the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a direction inconsistent with the request during such 60-day period.

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture, any Note or any Subsidiary Guarantee to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, any Note or any Subsidiary Guarantee Notes, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

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SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture (other than Article XIII), the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment, as provided herein (including, if applicable, Article Eleven) and in such Note of the principal of (and premium, if any) and (subject to Section 311) interest on such Note on the respective Stated Maturities expressed in such Note (or, in the case of redemption or repurchase, on the Redemption Date or repurchase) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture or any Guarantee of the Notes and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, any Subsidiary Guarantor, any other obligor on the Notes, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in the last paragraph of Section 310, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

The Holders of not less than a majority in principal amount of the Outstanding Notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, provided that

(i) such direction shall not be in conflict with any rule of law or with this Indenture or any Subsidiary Guarantee,

(ii) the Trustee need not take any action which might involve it in personal liability or be unduly prejudicial to the Holders not consenting, it being understood that (subject to Section 601) the Trustee shall have no duty to ascertain whether or not such actions or forbearance are unduly prejudicial to such Holders; and

(iii) subject to the provisions of Section 315 of the Trust Indenture Act, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

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Prior to taking any action hereunder, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

SECTION 513. Waiver of Past Defaults.

Subject to Sections 508 and 902, the Holders of a majority in aggregate principal amount of the Outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes) may on behalf of the Holders of all the Notes, by written notice to the Trustee, waive any existing Default or Event of Default and its consequences under this Indenture or any Subsidiary Guarantee except a continuing Default or Event of Default in the payment of interest on, premium, if any, or the principal of, any such Note held by a non-consenting Holder, or in respect of a covenant or a provision which cannot be amended or modified without the consent of all Holders.

In the event that any Event of Default specified in Section 501(vi) shall have occurred and be continuing, such Event of Default and all consequences thereof (including without limitation any acceleration or resulting payment default) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders of the Notes, if within 30 days after such Event of Default arose (i) the Indebtedness that is the basis for such Event of Default has been discharged, or (ii) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default, or (iii) if the Default that is the basis for such Event of Default has been cured.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

SECTION 514. Waiver of Stay or Extension Laws.

The Company, the Subsidiary Guarantors and any other obligors upon the Notes, covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company, any Subsidiary Guarantor or any such obligor from paying all or any portion of the principal of, premium, if any, or interest on the Notes contemplated herein or in the Notes or which may affect the covenants or the performance of this Indenture; and each of the Company, any Subsidiary Guarantor and any such obligor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 515. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Note by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Notes, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Note on or after the respective Stated Maturities expressed in such Note (or, in the case of redemption, on or after the Redemption Date).

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ARTICLE SIX. THE TRUSTEE

600.

SECTION 601. Certain Duties and Responsibilities.

(a) Except during the continuance of a Default or an Event of Default,

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and the Trustee should not be liable except for the performance of such duties as specifically set forth in the Indenture and no others; and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture, but not to verify the contents thereof.

(b) In case a Default or an Event of Default has occurred and is continuing of which a Trust Officer of the Trustee has actual knowledge or of which written notice of such Default or Event of Default shall have been given to the Trustee by the Company, any other obligor of the Notes or by any Holder, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(i) this paragraph (c) shall not be construed to limit the effect of paragraph (a) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in aggregate principal amount of the Outstanding Notes relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the TIA.

SECTION 602. Notice of Defaults.

Within 90 days after the occurrence of any Default hereunder, the Trustee shall transmit in the manner and to the extent provided in TIA Section 313(c), notice of such Default hereunder actually known to a Trust Officer of the Trustee, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal of (or premium, if any) or interest on any Note, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Trust Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders; and

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provided further that in the case of any Default of the character specified in Section 501(iii) no such notice to Holders shall be given until at least 30 days after the occurrence thereof. Notwithstanding anything to the contrary expressed in this Indenture, the Trustee shall not be deemed to have knowledge of any Default or Event of Default hereunder unless and until the Trustee shall have received written notice thereof from the Company at its principal Corporate Trust Office as specified in Section 105, except in the case of an Event of Default under Sections 501(i) or 501(ii) (provided that the Trustee is the Paying Agent).

SECTION 603. Certain Rights of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) Subject to the provisions of TIA Sections 315(a) through 315(d):

(i) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon (whether in its original or facsimile form) any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties and the Trustee need not investigate any fact or matter stated in the documents;

(ii) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(iii) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith or willful misconduct on its part, request and rely upon an Officers' Certificate or an Opinion of Counsel and shall not liable for any action it takes or omits to take in good faith reliance on such Officers' Certificate or Opinion of Counsel;

(iv) the Trustee may consult with counsel of its selection and any advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(v) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses, losses and liabilities which might be incurred by it in compliance with such request or direction;

(vi) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(vii) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not

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be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(viii) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture; provided, however, that the Trustee's conduct does not constitute willful misconduct or negligence.

(c) The Trustee shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 604. Trustee Not Responsible for Recitals or Issuance of Notes.

The recitals contained herein and in the Notes, except for the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness and it shall not be responsible for the Company's use of the proceeds from the Notes. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Notes and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility on Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. The Trustee shall not be accountable for the use or application by the Company of the proceeds of the Notes.

SECTION 605. May Hold Notes.

The Trustee, any Paying Agent, any Note Registrar, any Authenticating Agent or any other agent of the Company or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Note Registrar, Authenticating Agent or such other agent.

SECTION 606. Money Held in Trust.

All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust hereunder for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

SECTION 607. Compensation and Reimbursement.

The Company agrees:

(i) to pay to the Trustee from time to time such compensation as shall be agreed to in writing between the Company and the Trustee for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents, consultants and counsel and costs and expenses of collection), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

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(iii) to indemnify each of the Trustee or any predecessor Trustee (and their respective directors, officers, stockholders, employees and agents) for, and to hold them harmless against, any and all loss, damage, claim, liability or expense, including taxes (other than taxes based on the income of the Trustee) incurred without gross negligence, willful misconduct or bad faith on their part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of the Trustee's powers or duties hereunder.

The obligations of the Company under this Section to compensate the Trustee, to pay or reimburse the Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Trustee shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. As security for the performance of such obligations of the Company, the Trustee shall have a lien prior to the Holders of the Notes upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on particular Notes.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 501(vii) or (viii), the expenses (including the reasonable charges and expenses of its counsel) of and the compensation for such services are intended to constitute expenses of administration under any applicable Federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive the termination of this Indenture.

SECTION 608. Corporate Trustee Required; Eligibility.

There shall be at all times a Trustee hereunder which shall be eligible to act as Trustee under TIA Section 310(a)(1), and which shall have an office in The City of New York and shall have a combined capital and surplus of at least $50,000,000. If the Trustee does not have an office in The City of New York, the Trustee may appoint an agent in The City of New York reasonably acceptable to the Company to conduct any activities which the Trustee may be required under this Indenture to conduct in The City of New York. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of Federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 608, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 608, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 609. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of this Section.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument executed by authority of the Board of Directors, a copy of which shall be delivered to the resigning Trustee and a copy to the successor trustee. If an instrument of acceptance required by this Section shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of not less than a majority in principal amount of the Outstanding Notes, delivered to the Trustee and to the Company. The Trustee so removed may, at the expense of the Company, petition any court of competent

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jurisdiction for the appointment of a successor Trustee if no successor Trustee is appointed within 30 days of such removal.

(d) If at any time:

(i) the Trustee shall fail to comply with the provisions of TIA Section 310(b) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Note for at least six months, or

(ii) the Trustee shall cease to be eligible under Section 608 and shall fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Note for at least six months, or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a custodian of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company, by a Board Resolution, may remove the Trustee, or (B) subject to TIA Section 315(e), any Holder who has been a bona fide Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Notes delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Note for at least six months may, at the expense of the Company on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to the Holders of Notes in the manner provided for in Section 106. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

SECTION 610. Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Notwithstanding the replacement of the Trustee pursuant to this Section 610, the Company's obligations under Section 607 shall continue for the benefit of the retiring Trustee with regard to expenses and liabilities incurred by it and compensation earned by it prior to such replacement or otherwise under the Indenture. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

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No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 611. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Trustee had itself authenticated such Notes. In case at that time any of the Notes shall not have been authenticated, any successor Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 612. Trustee's Application for Instructions from the Company.

Any application by the Trustee for written instructions from the Company may, at the option of the Trustee, set forth in writing any action proposed to be taken or omitted by the Trustee under this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective. Subject to Section 610, the Trustee shall not be liable for any action taken by, or omission of, the Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Trustee shall have received written instructions in response to such application specifying the action to be taken or omitted.

ARTICLE SEVEN. HOLDERS LISTS AND REPORTS BY TRUSTEE AND COMPANY 700.

SECTION 701. Company to Furnish Trustee Names and Addresses.

The Company will furnish or cause to be furnished to the Trustee

(a) semiannually, not more than 10 days after each Regular Record Date, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of such Regular Record Date; and

(b) at such other times as the Trustee may reasonably request in writing, within 30 days after receipt by the Company of any such request, a list of similar form and content to that in Subsection (a) hereof as of a date not more than 15 days prior to the time such list is furnished;

provided, however, that if and so long as the Trustee shall be the Note Registrar, no such list need be furnished.

SECTION 702. Disclosure of Names and Addresses of Holders.

Every Holder of Notes, by receiving and holding the same, agrees with the Company and the Trustee that none of the Company or the Trustee or any agent of either of them shall be held

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accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with TIA Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under TIA Section 312(b).

SECTION 703. Reports by Trustee.

Within 60 days after May 15 of each year commencing with the first May 15 after the first issuance of Notes, the Trustee shall transmit to the Holders, in the manner and to the extent provided in TIA Section 313(c), a brief report dated as of such May 15 if required by TIA Section 313(a). Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely exclusively on Officers' Certificates).

The Trustee also shall comply with TIA Section 313(b). A copy of each report at the time of its mailing to Holders shall be filed by the Trustee with the Commission and each stock exchange (if any) on which the Notes are listed. The Company agrees to notify promptly the Trustee whenever the Notes become listed on any stock exchange and of any delisting thereof.

SECTION 704. Notice of Defaults.

The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

ARTICLE EIGHT. MERGER AND CONSOLIDATION

800.

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company will not in a single transaction or series of related transactions consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Company") shall be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and the Successor Company (if not the Company) shall expressly assume, by supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company under the Notes and hereunder;

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been incurred by the Successor Company or such Restricted Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(iii) immediately before and after giving effect to such transaction, the Company or the Successor Company if the Company is not the continuing obligor under this Indenture would at the time of such transaction or series of transactions, after giving pro forma effect to such transaction as if such transaction had occurred on the first day of the four quarter period ending on or immediately prior to the date of such transaction, be able to Incur at least $1.00 of Indebtedness pursuant to clause (a) of Section 1010; and

(iv) the Company shall have delivered to the Trustee (A) an Officers' Certificate, stating that (1) such Officers are not aware of any Default or Event of Default that shall have

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happened and be continuing and (2) such consolidation, merger or transfer and such supplemental indenture comply with this Indenture; provided that no Officers' Certificate will be required as to matters described in clause (A)(1) of this clause (iv) for a consolidation, merger or transfer described in the last paragraph of this Section 801, and (B) an Opinion of Counsel, stating that such consolidation, merger or transfer and such supplemental indenture comply with this Indenture, both in the form required by this Indenture; provided that (1) in giving such opinion such counsel may rely on such Officers' Certificate as to any matters of fact (including without limitation as to compliance with the foregoing clauses (ii) and (iii)), and (2) no Opinion of Counsel will be required for a consolidation, merger or transfer described in the last paragraph of this Section 801.

Notwithstanding the foregoing clauses (ii) and (iii), (x) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company and (y) the Company may merge with an Affiliate incorporated solely for the purpose of reincorporating the Company in another jurisdiction to realize tax or other benefits.

SECTION 802. Successor Substituted.

Upon any consolidation of the Company with or merger of the Company with or into any other corporation or any conveyance, transfer, lease or other disposition of all or substantially all of the assets of the Company to any Person in accordance with Section 801, the Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company hereunder and thereafter the predecessor Company shall be released from all obligations and covenants hereunder, but, in the case of conveyance, transfer or lease of all or substantially all its assets, the predecessor Company will not be released from the obligation to pay the principal of and interest on the Notes.

ARTICLE NINE. SUPPLEMENTS AND AMENDMENTS TO INDENTURE 900.

SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, the Subsidiary Guarantors, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(i) to cure any ambiguity, defect or inconsistency; or

(ii) to provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code); or

(iii) to add Guarantees with respect to the Notes (including those of Subsidiary Guarantors); or

(iv) to provide for the assumption by a successor corporation, partnership, trust or limited liability company of the obligations of the Company hereunder; or

(v) to secure the Notes; or

(vi) to confirm and evidence the release and discharge of any Guarantee of the Notes or Lien with respect to or securing the Notes when such release and discharge is permitted by and provided for hereunder; or

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(vii) to provide that any Indebtedness that becomes or will become an obligation of the Successor Company pursuant to a transaction governed by Section 801 (and that is not a Subordinated Obligation) is Senior Subordinated Indebtedness for purposes of this Indenture; or

(viii) to add to the covenants of the Company for the benefit of the Holders or to surrender any right or power conferred upon the Company; or

(ix) to make any other change that does not adversely affect the rights of any Holder; or

(x) to comply with any requirement of the Commission in connection with the qualification of this Indenture under the Trust Indenture Act.

However, no amendment may be made to the subordination provisions of the Indenture that adversely affects the rights of any holder of Senior Indebtedness then outstanding unless the holders of such Senior Indebtedness (or any group or representative thereof authorized to give a consent) consent to such change.

SECTION 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of at least a majority in principal amount of the Outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes), the Company, the Subsidiary Guarantors, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Note affected thereby (with respect to any Notes held by a nonconsenting Holder of the Notes):

(i) reduce the amount of Notes whose Holders must consent to an amendment; or

(ii) reduce the stated rate of or extend the stated time for payment of interest on any Note; or

(iii) reduce the principal of or extend the Stated Maturity of any Note; or

(iv) reduce the premium payable upon the redemption or repurchase of any Note or change the time at which any Note may be redeemed as described in Section 1101; or

(v) make any Note payable in money other than that stated in the Note; or

(vi) impair the right of any Holder to receive payment of principal of and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes; or

(vii) make any change in the amendment provisions which require each Holder's consent or in the waiver provisions; or

(viii) make any change to the subordination provisions of this Indenture that adversely affects the rights of any Holder.

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The consent of the Holders is not necessary under this Indenture to approve the particular form of any proposed supplemental indenture. It is sufficient if such consent approves the substance of the proposed supplemental indenture.

SECTION 903. Execution of Supplemental Indentures.

The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities, as determined by the Trustee in its sole discretion under this Indenture or otherwise. In signing or refusing to sign any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby (except as provided in Section 902).

SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to the Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Notes to Supplemental Indentures.

Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform to any such supplemental indenture may be prepared and executed by the Company, and the Subsidiary Guarantors and the Company shall issue and the Trustee shall authenticate a new Note that reflects the changed terms, the cost and expense of which will be borne by the Company in exchange for Outstanding Notes.

SECTION 907. Notice of Supplemental Indentures.

Promptly after the execution by the Company, the Subsidiary Guarantors and the Trustee of any supplemental indenture pursuant to the provisions of Section 902, the Company shall give notice thereof to the Holders of each Outstanding Note affected, in the manner provided for in Section 106, setting forth in general terms the substance of such supplemental indenture. The failure to give such notice to all the Holders, or any defect therein, will not impair or affect the validity of the supplemental indenture.

SECTION 908. Effect on Senior Indebtedness.

No supplemental indenture shall adversely affect the rights of any holders of Senior Indebtedness under Article Thirteen unless the requisite holders of each issue of Senior Indebtedness affected thereby shall have consented to such supplemental indenture.

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ARTICLE TEN. COVENANTS

1000.

SECTION 1001. Payment of Principal, Premium, if any, and Interest.

The Company covenants and agrees for the benefit of the Holders that it will duly and punctually pay the principal of (and premium, if any) and interest on the Notes in accordance with the terms of the Notes and this Indenture.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in The City of New York, an office or agency where the Notes may be presented or surrendered for payment, where, if applicable, the Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Corporate Trust Office of the Trustee shall be such office or agency of the Company, unless the Company shall designate and maintain some other office or agency for one or more of such purposes. The Company will give prompt written notice to the Trustee of any change in the location of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind any such designation; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in The City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and any change in the location of any such other office or agency.

SECTION 1003. Money for Note Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of (or premium, if any) or interest on any of the Notes, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal of (or premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure to so act.

Whenever the Company shall have one or more Paying Agents for the Notes, it will, on or before each due date of the principal of (or premium, if any) or interest on any Notes, deposit with a Paying Agent a sum in same day funds (or New York Clearing House funds if such deposit is made prior to the date on which such deposit is required to be made) that shall be available to the Trustee by 11:00 a.m. Eastern Standard Time on such due date sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of such action or any failure to so act.

The Company will cause each Paying Agent (other than the Trustee) to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(i) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

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(ii) give the Trustee notice of any default by the Company (or any other obligor upon the Notes) in the making of any payment of principal (and premium, if any) or interest; and

(iii) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (or premium, if any) or interest on any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment to the Company, may at the expense of the Company cause to be published once, in a leading daily newspaper (if practicable, The Wall Street Journal (Eastern Edition)) printed in the English language and of general circulation in New York City, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect the corporate existence and that of each Restricted Subsidiary and the corporate rights (charter and statutory) licenses and franchises of the Company and each Restricted Subsidiary; provided, however, that the Company shall not be required to preserve any such existence (except the Company) right, license or franchise if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and each of its Restricted Subsidiaries, taken as a whole, and that the loss thereof is not, and will not be, disadvantageous in any material respect to the Holders.

SECTION 1005. Payment of Taxes and Other Claims.

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary and (ii) all lawful claims for labor, materials and supplies, which, if unpaid, might by law become a material liability or lien upon the property of the Company or any Restricted Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which appropriate reserves, if necessary (in the good faith judgment of management of the Company) are being maintained in accordance with GAAP.

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SECTION 1006. Maintenance of Properties.

The Company will cause all material properties owned by the Company or any Restricted Subsidiary or used or held for use in the conduct of its business or the business of any Restricted Subsidiary to be maintained and kept in normal condition, repair and working order and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly conducted at all times; provided, however, that nothing in this Section shall prevent the Company or any of its Restricted Subsidiaries from discontinuing the maintenance of any of such properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Restricted Subsidiary and not adverse in any material respect to the Holders.

SECTION 1007. Insurance.

To the extent available at commercially reasonable rates, the Company will maintain, and will cause its Restricted Subsidiaries to maintain, insurance with responsible carriers against such risks and in such amounts, and with such deductibles, retentions, self-insured amounts and co-insurance provisions, as are customarily carried by similar businesses, of similar size in their country of organization, including professional and general liability, property and casualty loss, workers' compensation and interruption of business insurance. In the event the Company determines that insurance satisfying the first sentence of this Section 1007 is not available at commercially available rates, it shall provide an Officers' Certificate to such effect to the Trustee and the Trustee may conclusively rely on the determinations set forth therein.

SECTION 1008. Compliance with Laws.

The Company shall comply, and shall cause each of its Restricted Subsidiaries to comply, with all applicable statutes, rules, regulations, orders and restrictions of the United States of America, all states and municipalities thereof, and of any governmental regulatory authority, in respect of the conduct of their respective businesses and the ownership of their respective properties, except for such noncompliances as would not in the aggregate have a material adverse effect on the financial condition or results of operations of the Company and its Restricted Subsidiaries, taken as a whole.

SECTION 1009. Limitation on Restricted Payments.

(a) The Company shall not, and shall not permit any Restricted Subsidiary, directly or indirectly, to (i) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment to its stockholders in connection with any merger or consolidation involving the Company) except (A) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock) and (B) dividends or distributions payable to the Company or any Restricted Subsidiary (and, if such Restricted Subsidiary is not a Wholly Owned Subsidiary, to its other shareholders on no more than a pro rata basis, measured by value), (ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or another Restricted Subsidiary, (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than the purchase, repurchase, redemption or other acquisition of Subordinated Obligations in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition) or (iv) make any Investment (other than a Permitted Investment) in any Person (any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Investment being herein referred to as a "Restricted Payment") if at the time the Company or such Restricted Subsidiary makes such Restricted Payment: (A) a Default shall have occurred and be continuing (or would result therefrom); (B) the Company could not incur at least an additional $1.00 of Indebtedness under paragraph (a) of the covenant contained in Section 1010; or (C) the aggregate amount of such Restricted Payment and all other Restricted Payments (the amount so expended, if other

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than in cash, to be determined in good faith by the Company's Board of Directors, whose determination shall be conclusive and evidenced by a resolution of the Company's Board of Directors) declared or made subsequent to the date of this Indenture would exceed the sum of: (1) 50% of the Consolidated Net Income accrued during the period (treated as one accounting period) from the end of the most recent fiscal quarter ending prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which consolidated financial statements of the Company are available (or, in case such Consolidated Net Income shall be a deficit, minus 100% of such deficit); (2) the aggregate Net Cash Proceeds received by the Company from the issuance or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Issue Date (other than an issuance or sale to a Restricted Subsidiary of the Company); provided that in the event such issuance or sale is to an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries for the benefit of their employees, to the extent the purchase by such plan or trust is financed by Indebtedness of such plan or trust and for which the Company is liable as a guarantor or otherwise, such aggregate amount of Net Cash Proceeds shall be limited to the aggregate amount of principal payments made by such plan or trust with respect to such Indebtedness); and (3) in the case of the disposition or repayment of any Investment constituting a Restricted Payment (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), an amount equal to the lesser of (x) the return of capital or similar repayment with respect to such Investment and (y) the initial amount of such Investment, in either case, less the cost of the disposition of such Investment.

(b) The provisions of the foregoing paragraph (a) will not prohibit: (i) any purchase, redemption, repurchase, defeasance, retirement or other acquisition of Capital Stock of the Company or Subordinated Obligations made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or other trust established by the Company or any of its Subsidiaries); provided, however, that (A) such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments and (B) the Net Cash Proceeds or reduction of Indebtedness from such sale shall be excluded in calculations under clauses (B) and (C) of the previous paragraph; (ii) any purchase, redemption, repurchase, defeasance, retirement or other acquisition of Subordinated Obligations made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of the Company that is permitted to be Incurred pursuant to the covenant contained in Section 1010; provided, however, that such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments; (iii) any purchase, redemption, repurchase, defeasance, retirement or other acquisition of Subordinated Obligations from Net Available Cash to the extent permitted by the covenant contained in Section 1017; provided, however, that such purchase, redemption, repurchase, defeasance, retirement or other acquisition shall be excluded in subsequent calculations of the amount of Restricted Payments; (iv) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with paragraph (a); provided, however, that such dividend shall be included in subsequent calculations of the amount of Restricted Payments; (v) any purchase or redemption of any shares of Capital Stock of the Company from employees of the Company and its Subsidiaries pursuant to the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees in an aggregate amount after the date of this Indenture not in excess of $2.5 million in any fiscal year, plus any unused amounts under this clause (v) from prior fiscal years; provided, however, that such purchases or redemptions shall be excluded in subsequent calculations of the amount of Restricted Payments; or (vi) the repurchase of the Company's common stock in an aggregate amount not to exceed the amount by which the proceeds from the issuance of the Convertible Preferred Stock exceeds $235 million; provided, however, the aggregate amount of repurchases pursuant to this clause (vi) shall not exceed $25 million.

(c) Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and

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setting forth the basis upon which the calculations required by this Section 1009 were computed, which calculations may be based upon the Company's latest available financial statements. The Trustee shall have no duty to recompute or recalculate or verify the accuracy of the information set forth in such Officers' Certificate.

(d) The Company will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the second to last sentence of the definition of "Unrestricted Subsidiary."

SECTION 1010. Limitation on Indebtedness.

(a) The Company shall not, and shall not permit any Restricted Subsidiary to, Incur any Indebtedness; provided, however, that the Company and any Restricted Subsidiary which is a Subsidiary Guarantor may Incur Indebtedness if on the date of the Incurrence of such Indebtedness the Consolidated Coverage Ratio would be greater than (i) 2.25 to 1.00, if such Indebtedness is Incurred on or prior to the second anniversary of the Issue Date and (ii) 2.50 to 1.00 if such Indebtedness is Incurred thereafter.

(b) Notwithstanding the foregoing paragraph (a), the Company and its Restricted Subsidiaries may Incur the following Indebtedness: (i) Indebtedness Incurred pursuant to the Senior Credit Facility (or any refinancing thereof) in a maximum principal amount not to exceed $962.25 million; (ii) the Subsidiary Guarantees and Guarantees of Indebtedness incurred pursuant to paragraph (a) or clause (i) of this paragraph (b); (iii) Indebtedness (A) of the Company to any Restricted Subsidiary and (B) of any Wholly Owned Subsidiary to the Company or any Restricted Subsidiary; provided, however, that any subsequent issuance or transfer of any Capital Stock or any other event that results in any such Wholly Owned Subsidiary ceasing to be a Wholly Owned Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Company or a Wholly Owned Subsidiary) will be deemed, in each case, an Incurrence of Indebtedness by the Company or such Restricted Subsidiary, as the case may be, in the amount that remains outstanding following such issuance or transfer of such securities; (iv) Indebtedness represented by the Notes, any Indebtedness (other than the Indebtedness described in clauses (i), (ii) or (iii) above) outstanding on the date of this Indenture and any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (iv) or the previous paragraph; (v) Indebtedness of the Company or any Restricted Subsidiary in the form of Capitalized Lease Obligations, Purchase Money Obligations or Attributable Debt, and any Refinancing Indebtedness with respect thereto, in an aggregate amount not in excess of 2.5% of Consolidated Tangible Assets at any one time outstanding; (vi) Indebtedness under Hedging Obligations; provided, however, that such Hedging Obligations are entered into for bona fide hedging purposes of the Company or any Restricted Subsidiary and are in the ordinary course of business or are required by the Senior Credit Facility; (vii) Indebtedness evidenced by letters of credit assumed in the Transactions or issued in the ordinary course of business of the Company to secure workers' compensation and other insurance coverages; (viii) Guarantees of the Company in respect of Indebtedness of franchisees not to exceed $50 million at any one time outstanding; and (ix) Indebtedness (which may comprise Bank Indebtedness) in an aggregate principal amount at any one time outstanding not in excess of $25.0 million.

(c) Notwithstanding the foregoing, neither the Company nor any Restricted Subsidiary shall Incur any Indebtedness pursuant to the foregoing paragraph that permits Refinancing Indebtedness in respect of Indebtedness constituting Subordinated Obligations if the proceeds of such Refinancing Indebtedness are used, directly or indirectly, to Refinance such Subordinated Obligations, unless such Refinancing Indebtedness will be subordinated to the Notes at least to the same extent as such Subordinated Obligations. No Subsidiary Guarantor will Incur any Indebtedness pursuant to the foregoing paragraph that permits Refinancing Indebtedness in respect of Indebtedness constituting Guarantor Subordinated Obligations if the proceeds of such Refinancing Indebtedness are used, directly or indirectly, to Refinance such Guarantor Subordinated Obligations of such Subsidiary Guarantor unless such Refinancing Indebtedness will be subordinated to the obligations of such Subsidiary Guarantor under its Subsidiary Guarantee to at least the same extent as such Guarantor Subordinated Obligations.

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(d) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant, (i) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in paragraph (b) of this Section, the Company, in its sole discretion, shall classify such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of such clauses; and (ii) the amount of Indebtedness issued at a price that is less than the principal amount thereof shall be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

(e) The Company will not permit any Unrestricted Subsidiary to Incur any Indebtedness other than Non-Recourse Debt; provided, however, if any such Indebtedness ceases to be Non-Recourse Debt, such event shall be deemed to constitute an incurrence of Indebtedness by the Company or a Restricted Subsidiary.

SECTION 1011. Limitation on Layering.

The Company shall not incur any Indebtedness that is expressly subordinate in right of payment to any Senior Indebtedness unless such Indebtedness is Senior Subordinated Indebtedness or is contractually subordinated in right of payment to Senior Subordinated Indebtedness. No Subsidiary Guarantor will incur any Indebtedness that is expressly subordinate in right of payment to any Guarantor Senior Indebtedness of such Subsidiary Guarantor unless such Indebtedness is Guarantor Senior Subordinated Indebtedness of such Subsidiary Guarantor or is contractually subordinated in right of payment to Guarantor Senior Subordinated Indebtedness of such Subsidiary Guarantor. Unsecured Indebtedness is not deemed to be subordinate or junior to Secured Indebtedness merely because it is unsecured, and Indebtedness that is not guaranteed by a particular Person is not deemed to be subordinate or junior to Indebtedness that is so guaranteed merely because it is not so guaranteed.

SECTION 1012. Limitation on Affiliate Transactions.

(a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into or conduct any transaction or series of transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service with any Affiliate of the Company (an "Affiliate Transaction") on terms (i) that taken as a whole are less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained at the time of such transaction in arm's-length dealings with a Person who is not such an Affiliate and (ii) that, in the event such Affiliate Transaction involves an aggregate amount in excess of $10.0 million, are not in writing and have not been approved by a majority of the members of the Board of Directors having no material personal financial interest in such Affiliate Transaction or, in the event there are no such members, as to which the Company has not obtained a Fairness Opinion (as hereinafter defined). In addition, any transaction involving aggregate payments or other transfers by the Company and its Restricted Subsidiaries in excess of $20.0 million will also require an opinion (a "Fairness Opinion") from an independent investment banking firm or appraiser, as appropriate, of national prominence, to the effect that the terms of such transaction are fair to the Company or such Restricted Subsidiary, as the case may be, from a financial point of view.

(b) The provisions of the foregoing paragraph (a) shall not prohibit (i) any Restricted Payment permitted by Section 1009, or any Permitted Investment, (ii) the performance of the Company's or Restricted Subsidiary's obligations under any employment contract, collective bargaining agreement, agreement for the provision of services, employee benefit plan, related trust agreement or any other similar arrangement heretofore or hereafter entered into in the ordinary course of business, (iii) payment of compensation, performance of indemnification or contribution obligations, or any issuance, grant or award of stock, options or other securities, to employees, officers or directors in the ordinary course of business, (iv) any transaction between the Company and a Restricted Subsidiary or between Restricted Subsidiaries, (v) the Transactions and the incurrence and payment of all fees and expenses payable in connection therewith as described in or contemplated by the Offering Memorandum, (vi) any other transaction arising out of agreements in existence on the Issue Date and (vii) transactions with suppliers

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or other purchasers or sellers of goods or services, in each case in the ordinary course of business and on terms no less favorable to the Company or the Restricted Subsidiary, as the case may be, than those that could be obtained at such time in arm's-length dealings with a Person which is not an Affiliate.

SECTION 1013. Limitation on Restrictions on Distributions from Restricted Subsidiaries.

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock or pay any Indebtedness or other obligations owed to the Company, (ii) make any loans or advances to the Company or (iii) transfer any of its property or assets to the Company, except (A) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the date of this Indenture (including, without limitation, the Senior Credit Facility); (B) any encumbrance or restriction with respect to a Restricted Subsidiary (1) pursuant to an agreement relating to any Indebtedness Incurred by a Restricted Subsidiary prior to the date on which such Restricted Subsidiary was acquired by the Company, or of another Person that is assumed by the Company or a Restricted Subsidiary in connection with the acquisition of assets from, or merger or consolidation with, such Person (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilized to consummate, the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company, or such acquisition of assets, merger or consolidation) and outstanding on the date of such acquisition, merger or consolidation or (2) pursuant to any agreement (not relating to any Indebtedness) in existence when a Person becomes a Subsidiary of the Company or when such agreement is acquired by the Company or any Subsidiary thereof, that is not created in contemplation of such Person becoming such a Subsidiary or such acquisition (for purposes of this clause (B), if another Person is the Successor Company, any Subsidiary or agreement thereof shall be deemed acquired or assumed, as the case may be, by the Company when such Person becomes the Successor Company); (C) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement (a "Refinancing Agreement") effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, refinances or replaces, an agreement referred to in clause (A) or (B) of this covenant or this clause (C) or contained in any amendment to an agreement referred to in clause (A) or (B) of this covenant or this clause (C) (an "Initial Agreement") or contained in any amendment to an Initial Agreement; provided, however, that the encumbrances and restrictions contained in any such Refinancing Agreement or amendment are no less favorable to the Holders of the Notes taken as a whole than encumbrances and restrictions contained in the Initial Agreement or Agreements to which such Refinancing Agreement or amendment relates; (D) any encumbrance or restriction (1) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract, (2) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by this Indenture, (3) contained in mortgages, pledges or other security agreements securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restrictions restrict the transfer of the property subject to such mortgages, pledges or other security agreements or (4) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary; (E) any restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition; and (F) any encumbrance or restriction on the transfer of property or assets required by any regulatory authority having jurisdiction over the Company or any Restricted Subsidiary or any of their businesses.

SECTION 1014. Limitation on Sale or Issuance of Preferred Stock of Restricted Subsidiaries.

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The Company shall not sell any shares of Preferred Stock of a Restricted Subsidiary, and shall not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of its Preferred Stock to any Person (other than to the Company or a Restricted Subsidiary).

SECTION 1015. Limitation on Liens.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or permit to exist any Lien (other than Permitted Liens) on any of its property or assets (including Capital Stock), whether owned on the date of this Indenture or thereafter acquired, securing any Indebtedness that is not Senior Indebtedness (the "Initial Lien"), unless contemporaneously therewith effective provision is made to secure the obligations due under this Indenture and the Notes or, in respect of Liens on any Restricted Subsidiary's property or assets, equally and ratably with such obligation for so long as such obligation is secured by such Initial Lien. Any such Lien thereby created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, or (ii) any sale, exchange or transfer to any Person not an Affiliate of the Company of the property or assets secured by such Initial Lien, or of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien.

SECTION 1016. Change of Control.

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require the Company to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) (the "Change of Control Offer"); provided, however, that notwithstanding the occurrence of a Change of Control, the Company shall not be obligated to purchase the Notes pursuant to this covenant in the event that it has exercised its right to redeem all of the Notes pursuant to Section 1101.

(b) Within 30 days following any Change of Control (or at the Company's option, prior to such Change of Control but after the public announcement thereof), unless the Company has mailed a redemption notice in connection with such Change of Control as described in Section 1105, the Company shall mail a notice to each holder with a copy to the Trustee stating:

(i) that a Change of Control has occurred or will occur and that such Holder has (or upon such occurrence will have) the right to require the Company to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date);

(ii) the circumstances and relevant facts and financial information regarding such Change of Control;

(iii) the date of purchase (which shall be no earlier than 30 days nor later than 90 days from the date such notice is mailed);

(iv) the instructions determined by the Company, consistent with this covenant, that a Holder must follow in order to have its Notes purchased; and

(v) that, if such offer is made prior to such Change of Control, payment is conditioned on the occurrence of such Change of Control.

(c) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the

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repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Indenture, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in this Indenture by virtue thereof.

SECTION 1017. Limitation on Sales of Assets.

(a) The Company will not, and will not permit any Restricted Subsidiary to, make any Asset Disposition unless the Company or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming sole responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the fair market value of the shares and assets subject to such Asset Disposition of such fair market value shall be determined in good faith by the Board of Directors, whose determination shall be conclusive (including as to the value of all non-cash consideration), (ii) at least 75% of the consideration therefor (excluding, in the case of an Asset Disposition of assets, any consideration by way of relief from, or by any other person assuming responsibility for, any liabilities, contingent or otherwise, which are not Indebtedness) received by the Company or such Restricted Subsidiary is in the form of cash and (iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company (or such Restricted Subsidiary, as the case may be) (A) first, to the extent the Company elects (or is required by the terms of any Senior Indebtedness or Indebtedness (other than Preferred Stock) of a Restricted Subsidiary), to prepay, repay or purchase Senior Indebtedness or such Indebtedness of a Restricted Subsidiary (in each case other than Indebtedness owed to the Company or a Restricted Subsidiary of the Company) within 365 days after the date of such Asset Disposition; (B) second, to the extent of the balance of Net Available Cash after application in accordance with clause (A), to the extent the Company or such Restricted Subsidiary elects, to reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the date of such Asset Disposition or, if such reinvestment in Additional Assets is a project authorized by the Board of Directors that will take longer than 365 days to complete, the period of time necessary to complete such project; (C) third, to the extent of the balance of such Net Available Cash after application in accordance with clauses (A) and (B) (such balance, the "Excess Proceeds"), to make an offer to purchase Notes at a price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the purchase date, and (to the extent required by the terms thereof) any other Senior Subordinated Indebtedness pursuant and subject to the conditions of the agreements governing such other Indebtedness at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest to the purchase date and (D) fourth, to the extent of the balance of such Excess Proceeds after application in accordance with clauses (A), (B) and (C) above, to fund (to the extent consistent with any other applicable provision of this Indenture) any general corporate purpose (including the repayment of Subordinated Obligations); provided, however, that in connection with any prepayment, repayment or purchase of Indebtedness pursuant to clause (A) or (C) above, the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related loan commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased. Notwithstanding the foregoing provisions of this covenant, the Company and the Restricted Subsidiaries shall not be required to apply any Net Available Cash in accordance with this covenant except to the extent that the aggregate Net Available Cash from all Asset Dispositions that is not applied in accordance with this covenant exceeds $10.0 million.

To the extent that the aggregate principal amount of the Notes and other Senior Subordinated Indebtedness tendered pursuant to an offer to purchase made in accordance with clause (C) above exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and Senior Subordinated Indebtedness to be purchased on a pro rata basis, based on the aggregate principal amount thereof surrendered in such offer to purchase. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset to zero.

For the purposes of this covenant, the following are deemed to be cash: (v) Cash Equivalents, (w) the assumption of Indebtedness of the Company (other than Disqualified Stock of the

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Company) or any Restricted Subsidiary and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition, (x) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary is released from any Guarantee (or is the beneficiary of any indemnity with respect thereto which is secured by any letter of credit or cash equivalents) of such Indebtedness in connection with such Asset Disposition, (y) securities received by the Company or any Restricted Subsidiary from the transferee that are promptly converted by the Company or such Restricted Subsidiary into cash, and (z) consideration consisting of Indebtedness of the Company or any Restricted Subsidiary.

(b) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

SECTION 1018. Statement by Officers as to Default.

(a) The Company will deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Restricted Subsidiaries during the preceding fiscal year has been made under the supervision of the signing officers with a view to determining whether it has kept, observed, performed and fulfilled, and has caused each of its Restricted Subsidiaries to keep, observe, perform and fulfill its obligations under this Indenture and further stating, as to each such officer signing such certificate, that, to the best of his or her knowledge, the Company during such preceding fiscal year has kept, observed, performed and fulfilled, and has caused each of its Restricted Subsidiaries to keep, observe, perform and fulfill, each and every such covenant contained in this Indenture and no Default or Event of Default occurred during such year and at the date of such certificate there is no Default or Event of Default which has occurred and is continuing or, if such signers do know of such Default or Event of Default, the certificate shall describe its status, with particularity and that, to the best of his or her knowledge, no event has occurred and remains by reason of which payments on the account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action each is taking or proposes to take with respect thereto. The Officers' Certificate shall also notify the Trustee should the Company elect to change the manner in which it fixes its fiscal year end. For purposes of this Section 1018(a), such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

(b) When any Default has occurred and is continuing under this Indenture, or if the trustee for or the holder of any other evidence of Indebtedness of the Company or any Significant Subsidiary gives any notice or takes any other action with respect to a claimed default (other than with respect to Indebtedness in the principal amount of less than $20 million), the Company shall deliver to the Trustee by registered or certified mail or facsimile transmission an Officers' Certificate specifying such event, notice or other action within five Business Days of its occurrence.

SECTION 1019. Reporting Requirements.

As long as any of the Notes is outstanding, the Company will file with the Commission (unless the Commission will not accept such a filing) the annual reports, quarterly reports and other documents required to be filed with the Commission pursuant to Sections 13 and 15 of the Exchange Act, whether or not the Company is then obligated to file reports pursuant to such sections. The Company will be required to file with the Trustee and provide to each holder of Notes within 15 days after filing with the Commission (or if any such filing is not required under the Exchange Act, 15 days after the Company would have been required to make such filing) copies of such reports and documents.

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SECTION 1020. Future Subsidiary Guarantors.

After the Issue Date, the Company will cause each Restricted Subsidiary created or acquired by the Company to execute and deliver to the Trustee a Subsidiary Guarantee pursuant to which such Restricted Subsidiary will unconditionally Guarantee, on a joint and several basis, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a senior unsecured basis. Such Guarantee shall be in the form of a supplemental indenture to this Indenture in accordance with Section 901.

SECTION 1021. Designation of Unrestricted Subsidiaries.

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a default. For purposes of making such determination, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid in cash) in the Subsidiary so designated will be deemed to be Restricted Payments at the time of such designation and will reduce the amount available for Restricted Payments under clause (C) of paragraph (a) of Section 1009. All such outstanding Investments will be deemed to constitute Investments in an amount equal to the greater of the fair market value or the book value of such Subsidiary at the time of such designation. Such designation will only be permitted if such Restricted Payment would be permitted at such time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

SECTION 1022. Limitation on Sale/Leaseback Transactions.

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless: (i) the Company or such Restricted Subsidiary would be entitled to Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to Section 1010; (ii) the net proceeds received by the Company or any Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the fair value (as determined by the Board of Directors) of such property; and (iii) the transfer of such property is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described under Section 1017.

ARTICLE ELEVEN. REDEMPTION OF NOTES

1100.

SECTION 1101. Optional Redemption.

The Notes will be redeemable at the Company's option, in whole or in part, at any time and from time to time on and after August 15, 2003 and prior to maturity, upon not less than 30 nor more than 90 days' prior notice mailed by first-class mail to each Holder's registered address, at the following redemption prices (expressed as a percentage of principal amount), plus accrued interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the 12-month period commencing on August 15 of the years set forth below:

PERIOD	REDEMPTION PRICE
2003	100.000%
2004	103.667%
2005	101.833%
2006 and thereafter.	100.000%

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In addition, at any time and from time to time prior to August 15, 2001, the Company may redeem in the aggregate up to 33.33% of the original aggregate principal amount of the Notes with the proceeds of one or more Equity Offerings by the Company at a redemption price (expressed as a percentage of principal amount thereof) of 111% plus accrued interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that at least 66.67% of the original aggregate principal amount of the Notes must remain outstanding after each such redemption and that any such redemption occurs within 90 days following the closing of any such Equity Offering.

SECTION 1102. Applicability of Article.

Redemption of Notes at the election of the Company or otherwise, as permitted or required by any provision of this Indenture, shall be made in accordance with such provision and this Article.

SECTION 1103. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Notes pursuant to Section 1101 shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company, the Company shall, at least 90 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date, the specific provision of the Indenture pursuant to which such redemption is being made, the Redemption Price and the principal amount of Notes to be redeemed and shall deliver to the Trustee such documentation and records as shall enable the Trustee to select the Notes to be redeemed pursuant to Section 1104.

SECTION 1104. Selection by Trustee of Notes to Be Redeemed.

If less than all the Notes are to be redeemed at any time pursuant to an optional redemption, the particular Notes to be redeemed shall be selected at least 30 but not more than 90 days prior to the Redemption Date by the Trustee, from the Outstanding Notes not previously called for redemption, in compliance with the requirements of the principal securities exchange, if any, on which such Notes are listed, or, if such Notes are not so listed, on a pro rata basis, by lot or by such other method as the Trustee shall deem fair and appropriate (and in such manner as complies with applicable legal requirements) and which may provide for the selection for redemption of portions of the principal of the Notes; provided, however, that no Notes of a principal amount of $1,000 or less shall be redeemed in part.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal amount of such Note which has been or is to be redeemed.

SECTION 1105. Notice of Redemption.

Notice of redemption shall be given in the manner provided for in Section 106 not less than 30 nor more than 90 days prior to the Redemption Date, to each Holder of Notes to be redeemed. The Trustee shall give notice of redemption in the Company's name and at the Company's expense; provided, however, that the Company shall deliver to the Trustee, at least 45 days prior to the Redemption Date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the following items.

All notices of redemption shall state:

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(i) the Redemption Date,

(ii) the Redemption Price and the amount of accrued interest to the Redemption Date payable as provided in Section 1107, if any,

(iii) if less than all Outstanding Notes are to be redeemed, the identification of the particular Notes (or portion thereof) to be redeemed, as well as the aggregate principal amount of Notes to be redeemed and the aggregate principal amount of Notes to be Outstanding after such partial redemption,

(iv) in case any Note is to be redeemed in part only, the notice which relates to such Note shall state that on and after the Redemption Date, upon surrender of such Note, the holder will receive, without charge, a new Note or Notes of authorized denominations for the principal amount thereof remaining unredeemed,

(v) that on the Redemption Date the Redemption Price (and accrued interest, if any, to the Redemption Date payable as provided in Section 1107) will become due and payable upon each such Note, or the portion thereof, to be redeemed, and, unless the Company defaults in making the redemption payment, that interest on Notes called for redemption (or the portion thereof) will cease to accrue on and after said date,

(vi) the place or places where such Notes are to be surrendered for payment of the Redemption Price and accrued interest, if any,

(vii) the name and address of the Paying Agent,

(viii) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price,

(ix) the CUSIP number, and that no representation is made as to the accuracy or correctness of the CUSIP number, if any, listed in such notice or printed on the Notes, and

(x) the paragraph of the Notes or Section of the Indenture pursuant to which the Notes are to be redeemed.

SECTION 1106. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and accrued interest on, all the Notes which are to be redeemed on that date.

SECTION 1107. Notes Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Notes shall cease to bear interest. Upon surrender of any such Note for redemption in accordance with said notice, such Note shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Notes, or one or more Predecessor Notes, registered as such at the close of business on the relevant Regular Record Date or Special Record Date, as the case may be, according to their terms and the provisions of Section 311.

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If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate borne by the Notes.

SECTION 1108. Notes Redeemed in Part.

Any Note which is to be redeemed only in part (pursuant to the provisions of this Article) shall be surrendered at the office or agency of the Company maintained for such purpose pursuant to Section 1002 (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note at the expense of the Company, a new Note or Notes, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Note so surrendered, provided, that each such new Note will be in a principal amount of $1,000 or integral multiple thereof.

ARTICLE TWELVE. LEGAL DEFEASANCE AND COVENANT DEFEASANCE
1200.

SECTION 1201. Company's Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at its option, at any time, with respect to the Notes, elect to have either Section 1202 or Section 1203 be applied to all Outstanding Notes upon compliance with the conditions set forth in this Article Twelve.

SECTION 1202. Legal Defeasance and Discharge.

Upon the Company's exercise under Section 1201 of the option applicable to this Section 1202, the Company and any Subsidiary Guarantor shall be deemed to have been discharged from its obligations with respect to all Outstanding Notes on the date the conditions set forth in Section 1204 are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that the Company and any such Subsidiary Guarantor shall be deemed to have paid and discharged the entire Indebtedness represented by the Outstanding Notes, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 1205 and the other Sections of this Indenture referred to in (i) and (ii) below, and to have satisfied all its other obligations under such Notes and this Indenture insofar as such Notes are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of Outstanding Notes to receive, solely from the trust fund described in Section 1204 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any, on) and interest on such Notes when such payments are due, (ii) the Company's obligations with respect to such Notes under Sections 304, 305, 310, 1002 and 1003, (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder, and the Company's obligations in connection therewith and (iv) this Article Twelve.

If the Company exercises its Legal Defeasance Option, payment of the Notes may not be accelerated because of an Event of Default.

Subject to compliance with this Article Twelve, the Company may exercise its option under this Section 1202 notwithstanding the prior exercise of its option under Section 1203 with respect to the Notes.

SECTION 1203. Covenant Defeasance.

Upon the Company's exercise under Section 1201 of the option applicable to this Section 1203, the Company may terminate (i) its obligations under any covenant contained in

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Sections 1004 through 1022, (ii) the operation of Section 501(vi), Section 501(vii) (with respect only to Significant Subsidiaries), Section 501(viii) (with respect only to Significant Subsidiaries) and Section 501(ix) and (iii) the limitations contained in Sections 801(a)(iii) and (iv) with respect to the Outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not to be "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder (it being understood that such Notes will not be outstanding for accounting purposes). If the Company exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified under Section 501(iv), (vi), (vii) (with respect only to Significant Subsidiaries), (viii) (with respect only to Significant Subsidiaries) and (ix) or because of the failure of the Company to comply with Sections 801(a)(iii) and (iv). For this purpose, such Covenant Defeasance means that, with respect to the Outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(iv), but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby.

SECTION 1204. Conditions to Legal Defeasance or Covenant Defeasance.

The following shall be the conditions to application of either Section 1202 or Section 1203 to the Outstanding Notes:

(i) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of this Indenture who shall agree to comply with the provisions of this Article Twelve applicable to it) as trust funds, money or U.S. Government Obligations, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants selected by the Company, to pay the principal of, premium, if any, and interest due on the Outstanding Notes on the Stated Maturity or on the applicable Redemption Date as the case may be, of such principal, premium, if any, or interest on the Outstanding Notes;

(ii) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee (which opinion may be subject to customary assumptions and exclusions) confirming that (A) the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable U.S. Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel in the United States (which opinion may be subject to customary assumptions and exclusions) shall confirm that, the Holders of the Outstanding Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the Holders of the Outstanding Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such Covenant Defeasance and will be subject to such tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 123rd day after the date of deposit;

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(v) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(vi) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally under any applicable U.S. Federal or state law, and that the Trustee has a perfected security interest in such trust funds for the ratable benefit of the Holders;

(vii) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or any Subsidiary Guarantor or others;

(viii) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel in the United States (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with; and

(ix) the Company shall have delivered to the Trustee the opinion of a nationally recognized firm of independent public accountants stating the matters set forth in paragraph (i) above.

SECTION 1205. Deposited Money and Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 1205, the "Trustee") pursuant to Section 1204 in respect of the Outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, but such money need not be segregated from other funds except to the extent required by law. Money and U.S. Government Obligations so held in trust are not subject to Article Thirteen.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 1204 or the principal and interest received in respect thereof.

Anything in this Article Twelve to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company request any money or U.S. Government Obligations held by it as provided in Section 1204 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent legal defeasance or covenant defeasance, as applicable, in accordance with this Article.

SECTION 1206. Reinstatement.

If the Trustee or any Paying Agent is unable to apply any money or Government Obligations in accordance with Section 1205 by reason of any legal proceeding or by any reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived

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and reinstated as though no deposit had occurred pursuant to Section 1202 or 1203, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 1205; provided, however, that if the Company makes any payment of principal of (or premium, if any) or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money and U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE THIRTEEN. SUBORDINATION OF NOTES

1300.

SECTION 1301. Notes Subordinate to Senior Indebtedness.

The Company covenants and agrees, and each Holder of a Note, by his acceptance thereof, likewise covenants and agrees, for the benefit of the holders, from time to time, of Senior Indebtedness that, to the extent and in the manner hereinafter set forth in this Article, the Indebtedness represented by the Notes and the payment of the principal of (and premium, if any) and interest on each and all of the Notes and all other Subordinated Obligations are hereby expressly made subordinate and subject in right of payment as provided in this Article to the prior payment in full in cash or Cash Equivalents of all Senior Indebtedness, whether outstanding on the Issue Date or thereafter incurred, created, assumed or, except as set forth in Section 1014, guaranteed. The Notes will in all respects rank pari passu with all other Senior Subordinated Indebtedness of the Company.

SECTION 1302. Payment over of Proceeds upon Dissolution, Etc.

Upon any payment or distribution of the assets of the Company upon a total or partial liquidation or dissolution or reorganization or bankruptcy of or similar proceeding relating to the Company or its property:

(i) the holders of Senior Indebtedness will be entitled to receive payment in full in cash or Cash Equivalents of the Senior Indebtedness (including interest after, or which would accrue but for, the commencement of any proceeding at the rate specified in the applicable Senior Indebtedness, whether or not a claim for such interest would be allowed in a proceeding) before the holders of the Notes are entitled to receive any payment, and

(ii) until the Senior Indebtedness is paid in full in cash or Cash Equivalents, any payment or distribution to which holders of the Notes would be entitled but for the subordination provisions of this Indenture will be made to holders of the Senior Indebtedness as their interests may appear (except that holders of Notes may receive securities that are subordinated at least to the same extent as the Notes to the Senior Indebtedness and any securities issued in exchange for any Senior Indebtedness).

SECTION 1303. Suspension of Payment When Senior Indebtedness in Default.

(a) The Company may not pay principal of, premium, if any, or interest on, the Notes or make any deposit pursuant to the provisions described under "Defeasance" and may not otherwise purchase or retire any Notes (collectively, "pay the Notes") if:

(i) any Senior Indebtedness is not paid when due in cash or Cash Equivalents; or

(ii) any other default on Senior Indebtedness occurs and the maturity of such Senior Indebtedness is accelerated in accordance with its terms unless, in either case, the default has been cured or waived and any such acceleration has been rescinded or such Senior Indebtedness has been paid in full in cash or Cash Equivalents;

provided, however, the Company may pay the Notes without regard to the foregoing if the Company and the Trustee receive written notice approving such payment from the Representative of the Senior

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Indebtedness with respect to which either of the events set forth in clause (i) or (ii) above has occurred and is continuing.

(b) During the continuance of any default (other than a default described in clause (a) (i) or (a) (ii) above) with respect to any Designated Senior Indebtedness pursuant to which the maturity thereof may be accelerated immediately without further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods, the Company may not pay the Notes for a period (a "Payment Blockage Period") commencing upon the receipt by the Trustee (with a copy to the Company) of written notice (a "Blockage Notice") of such default from the Representative of the holders of such Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and ending 179 days thereafter (or earlier if such Payment Blockage Period is terminated (i) by written notice to the Trustee and the Company from the Person or Persons who gave such Blockage Notice, (ii) because the default giving rise to such Blockage Notice is no longer continuing or (iii) because such Designated Senior Indebtedness has been repaid in full (or such payment has been duly provided for in a manner acceptable to the holders of such Designated Senior Indebtedness). Notwithstanding the provisions described in the immediately preceding sentence (but subject to Section 1303(a)), unless the holders of such Designated Senior Indebtedness or the Representative of such holders have accelerated the maturity of such Designated Senior Indebtedness, the Company may resume payments on the Notes after the end of such Payment Blockage Period. Not more than one Blockage Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period. However, if any Blockage Notice within such 360-day period is given by or on behalf of any holders of Designated Senior Indebtedness other than Bank Indebtedness, a Representative of Bank Indebtedness may give one additional Blockage Notice within such period. In no event, however, may the total number of days during which any Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any 360 consecutive day period.

SECTION 1304. Acceleration of Notes.

If payment of the Notes is accelerated because of an Event of Default, the Company or the Trustee shall promptly notify the holders of the Designated Senior Indebtedness or the Representative of such holders of the acceleration. The Company may not pay the Notes until five Business Days after such holders or the Representative of the Designated Senior Indebtedness receive notice of such acceleration and, thereafter, may pay the Notes only if the subordination provisions of this Indenture otherwise permit payment at that time.

SECTION 1305. When Distribution Must Be Paid Over.

If a distribution is made to Holders of the Notes that, due to the provisions of this Article Thirteen, should not have been made to them, such Holders are required to hold it in trust for the Holders of Senior Indebtedness and pay it over to them as their interests may appear.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article Thirteen, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders or the Company or any other Person money or assets to which any holders of Senior Indebtedness shall be entitled by virtue of this Article Thirteen, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

SECTION 1306. Notice by Company.

The Company shall promptly notify the Trustee and the Paying Agent of any facts known to the Company that would cause a payment of any Obligations with respect to the Notes that violate

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this Article, but failure to give such notice shall not affect the subordination of the Notes to the Senior Indebtedness as provided in this Article Thirteen.

SECTION 1307. Payment Permitted If No Default.

Nothing contained in this Article or elsewhere in this Indenture or in any of the Notes shall prevent the Company, at any time except during the pendency of any case, proceeding, dissolution, liquidation or other winding up, assignment for the benefit of creditors or other marshalling of assets and liabilities of the Company referred to in Section 1302 or under the conditions described in Section 1303, from making payments at any time of principal of (and premium, if any, on) or interest on the Notes.

SECTION 1308. Subrogation to Rights of Holders of Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness in cash or Cash Equivalents, the Holders shall be subrogated (equally and ratably with the holders of all pari passu Indebtedness of the Company) to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the Subordinated Obligations shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness of any cash, property or securities to which the Holders of the Notes or the Trustee would be entitled except for the provisions of this Article, and no payments pursuant to the provisions of this Article to the holders of Senior Indebtedness by Holders of the Notes or on their behalf or by the Trustee, shall, as among the Company, its creditors other than holders of Senior Indebtedness, and the Holders of the Notes, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness; it being understood that the provisions of this Article are intended solely for the purpose of determining the relative rights of the Holders of the Notes, on the one hand, and the holders of Senior Indebtedness, on the other hand.

SECTION 1309. Provisions Solely to Define Relative Rights.

The provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Article or elsewhere in this Indenture or in the Notes is intended to or shall (a) impair, as between the Company and the Holders, the obligation of the Company, which is absolute and unconditional, to pay to the Holders the principal of (and premium, if any) and interest on the Notes as and when the same shall become due and payable in accordance with their terms; (b) affect the relative rights against the Company of the Holders and creditors of the Company other than their rights in relation to holders of Senior Indebtedness; or (c) prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness. If the Company fails because of this Article to pay principal (or premium, if any) or interest on a Note on the due date, the failure is still a Default or Event of Default.

SECTION 1310. Trustee to Effectuate Subordination.

Each Holder of a Note by his acceptance thereof authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article and appoints the Trustee his attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 504 hereof at least 30 days before the expiration of the time to file such claim, the agent bank under the Senior Credit Facility (if such facility is still outstanding) is hereby authorized to file an appropriate claim for and on behalf of the Holders of the Notes.

SECTION 1311. Subordination May Not Be Impaired by Company.

No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or

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failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

SECTION 1312. Distribution or Notice to Representative.

Whenever a distribution is to be made or a notice given to holders of Senior Indebtedness, the distribution may be made and the notice given to their Representative.

Upon any payment or distribution of assets of the Company referred to in this Article Thirteen, the Trustee and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such Representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other acts pertinent thereto or to this Article Thirteen.

SECTION 1313. Notice to Trustee.

(a) The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Notes. Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Notes, unless and until the Trustee shall have received written notice thereof from the Company, agent bank under the Senior Credit Facility or a holder of Senior Indebtedness or from any trustee, fiduciary or agent therefor; and, prior to the receipt of any such written notice, the Trustee, subject to TIA Sections 315(a) through 315(d), shall be entitled in all respects to assume that no such facts exist; provided, however, that, if the Trustee shall not have received the notice provided for in this Section at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment of the principal of (and premium, if any) or interest on any Note), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any notice to the contrary which may be received by it within three Business Days prior to such date.

(b) Subject to TIA Sections 315(a) through 315(d), the Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor) to establish that such notice has been given by a holder of Senior Indebtedness (or a trustee, fiduciary or agent therefor). In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 1314. Reliance on Judicial Order or Certificate of Liquidating Agent.

Upon any payment or distribution of assets of the Company referred to in this Article, the Trustee, subject to TIA Sections 315(a) through 315(d), and the Holders of the Notes shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee,

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custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Notes, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article; provided that such court, trustee, receiver, custodian, assignee, agent or other Person has been apprised of, or the order, decree or certificate makes reference to, the provisions of this Article.

SECTION 1315. Rights of Trustee as a Holder of Senior Indebtedness; Preservation of Trustee's Rights.

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article with respect to any Senior Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder. Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 607.

SECTION 1316. Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Section 1315 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

SECTION 1317. No Suspension of Remedies.

Nothing contained in this Article shall limit the right of the Trustee or the Holders of Notes to take any action to accelerate the maturity of the Notes pursuant to Article Five or to pursue any rights or remedies hereunder or under applicable law, except as provided in Article Five.

SECTION 1318. Modification of Terms of Senior Indebtedness.

Any renewal or extension of the time of payment of any Senior Indebtedness or the exercise by the holders of Senior Indebtedness of any of their rights under any instrument creating or evidencing Senior Indebtedness, including, without limitation, the waiver of default thereunder, may be made or done all without notice to or assent from the Holders or the Trustee.

No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of any indenture or other instrument under which any Senior Indebtedness is outstanding or of such Senior Indebtedness, whether or not such release is in accordance with the provisions of any applicable document, shall in any way alter or affect any of the provisions of this Article Thirteen or of the Notes relating to the subordination thereof.

SECTION 1319. Trust Moneys Not Subordinated.

Notwithstanding anything contained herein to the contrary, payments from cash or the proceeds of U.S. Government Obligations held in trust under Article Twelve hereof by the Trustee (or other qualifying trustee) and which were deposited in accordance with the terms of Article Twelve hereof and not in violation of Section 1303 hereof for the payment of principal of (and premium, if any) and interest on the Notes shall not be subordinated to the prior payment of any Senior Indebtedness or subject to the restrictions set forth in this Article Thirteen, and none of the Holders shall be obligated to pay over any such amount to the Company or any holder of Senior Indebtedness or any other creditor of the Company.

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This Indenture may be signed in any number of counterparts each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Indenture.

ARTICLE FOURTEEN. SUBSIDIARY GUARANTEES

1400.

SECTION 1401. Subsidiary Guarantees.

(a) Each Subsidiary Guarantor hereby unconditionally and irrevocably guarantees, jointly and severally, to each Holder and to the Trustee and its successors and assigns on an unsecured senior subordinated basis (i) the full and punctual payment of principal of, premium, if any, and interest on the Notes when due, whether at maturity, by acceleration, by redemption, by required repurchase or otherwise, and all other monetary obligations of the Company and the Subsidiary Guarantors under this Indenture and the Notes and (ii) the full and punctual performance within applicable grace periods of all other obligations of the Company and the Subsidiary Guarantors under this Indenture and the Notes (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each Subsidiary Guarantor agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without further notice or further assent from such Subsidiary Guarantor and that such Subsidiary Guarantor will remain bound under this Article XIV notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Subsidiary Guarantor waives presentation to, demand of, payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Subsidiary Guarantor waives notice of any default under the Notes or the Guaranteed Obligations. The Guaranteed Obligations of each Subsidiary Guarantor hereunder shall not be affected by (a) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Notes or any other agent or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (d) the release of any security held by any Holder or the Trustee for the Guaranteed Obligations or any of them; (e) the failure of any Holder or the Trustee to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; (f) subject to Section 1405, any change in the ownership of such Subsidiary Guarantor; or (g) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) Each Subsidiary Guarantor further agrees that its Subsidiary Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

(d) Except as expressly set forth in Sections 1402, 1404, 1202 and 1203, the obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such guarantor or would otherwise operate as a discharge of such Subsidiary Guarantor as a matter of law or equity.

(e) Each Subsidiary Guarantor further agrees that its Subsidiary Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof,

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of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

(f) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Subsidiary Guarantor hereby promises to and will, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (i) the unpaid amount of such Guaranteed Obligations, (ii) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and (iii) all other monetary Guaranteed Obligations of the Company or the Subsidiary Guarantors to the Holders and the Trustee.

(g) Each Subsidiary Guarantor agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article VIII for the purposes of such Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article V, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Subsidiary Guarantor for the purposes of this Section 1401.

(h) Each Subsidiary Guarantor also agrees to pay any and all costs and expenses (including attorneys' fees and disbursements) incurred by the Trustee or any Holder in enforcing or obtaining advice of counsel in respect of any rights with respect to or collecting such Subsidiary Guarantor under this Subsidiary Guarantee under this Section 1401.

SECTION 1402. Limitation on Liability.

Each Subsidiary Guarantor agrees that the Guaranteed Obligations may at any time and from time to time exceed the amount of the liability of such Subsidiary Guarantor hereunder without impairing this Subsidiary Guarantee or affecting the rights and remedies of the Agent or any Lender hereunder; provided, however, that any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Subsidiary Guarantor shall not exceed the maximum amount that can be guaranteed hereby without rendering this Indenture, as it relates to such Subsidiary Guarantor, void or voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

SECTION 1403. No Waiver.

Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article XIV shall operate as a waiver thereof, or shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article XIV at law, in equity, by statute or otherwise.

SECTION 1404. Modification.

No modification, amendment or waiver of any provision of this Article XIV, nor the consent to any departure by any Subsidiary Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purposes for which given. No notice to or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in the same, similar or other circumstance.

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SECTION 1405. Release of Subsidiary Guarantor.

Upon the occurrence of a sale or other disposition (including by way of consolidation or merger) of a Subsidiary Guarantor or the sale or disposition of all or substantially all the assets of such Subsidiary Guarantor (in each case other than to the Company or an Affiliate of the Company) pursuant to and in accordance with the terms and provisions of this Indenture, such Subsidiary Guarantor shall be deemed released from all obligations under this Article XIV without any further action required on the part of the Trustee or any Holder; provided, however, that any such release will occur only to the extent that all obligations of such Subsidiary Guarantor under the Senior Credit Facility and all of its Guarantees of, and under all of its pledges of assets or other security interests which secure, any other Indebtedness of the Company will also terminate concurrently with such release. At the request of the Company and upon receipt of an Officers' Certificate, the Trustee shall execute and deliver an appropriate instrument evidencing such release.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

RENTERS CHOICE, INC.

By

Name:
Title:

COLORTYME, INC., as a Subsidiary Guarantor

By

Name:
Title:

RENT-A-CENTER, INC., as a Subsidiary Guarantor

By

Name:
Title:

IBJ SCHRODER BANK & TRUST COMPANY,
as Trustee

By

Name:
Title:

EXECUTION COPY

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RENTERS CHOICE, INC.,

as Issuer

COLORTYME, INC.
and
RENT-A-CENTER, INC.,

as Subsidiary Guarantors

and

IBJ SCHRODER BANK & TRUST COMPANY,

as Trustee

_____

INDENTURE

Dated as of August 18, 1998

_____

11% Senior Subordinated Notes due 2008

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RECONCILIATION AND TIE BETWEEN TRUST INDENTURE ACT OF 1939 AND INDENTURE, DATED AS OF NOVEMBER 4, 1997*/

TRUST INDENTURE ACT SECTION		INDENTURE SECTION
Section	310(a)(1)	608
	(a)(2)	608
	(b)	609
Section	312(a)	701
	(c)	702
Section	313(a)	703
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316(a)(last sentence)		
	101 ("Outstanding")	
	(a)(1)(A)	502, 512
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*/Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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,/ Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

EXHIBIT 10.14

RENTERS CHOICE, INC.

$175,000,000

11% Senior Subordinated Notes due 2008

EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

August 18, 1998

CHASE SECURITIES INC.
BEAR, STEARNS & CO. INC.
NATIONSBANC MONTGOMERY SECURITIES LLC
CREDIT SUISSE FIRST BOSTON CORPORATION
c/o Chase Securities Inc.
270 Park Avenue, 4th floor
New York, New York 10017

Ladies and Gentlemen:

RENTERS CHOICE, INC., a Delaware corporation (after giving effect to the Acquisition, the "Company"), proposes to issue and sell to Chase Securities Inc. ("CSI"), Bear, Stearns & Co. Inc. ("Bear, Stearns"), NationsBanc Montgomery Securities LLC ("NationsBanc") and Credit Suisse First Boston Corporation ("CSFB," and together with CSI, Bear, Stearns and NationsBanc, the "Initial Purchasers"), upon the terms and subject to the conditions set forth in a purchase agreement dated August 14, 1998 (the "Purchase Agreement"), $175,000,000 aggregate principal amount of its __% Senior Subordinated Notes due 2008 (the "Notes"). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Purchase Agreement.

As an inducement to the Initial Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Initial Purchasers thereunder, the Company agrees with the Initial Purchasers, for the benefit of the holders (including the Initial Purchasers) of the Notes, the Exchange Notes (as defined herein) and the Private Exchange Notes (as defined herein) (collectively, the "Holders"), as follows:

1. Registered Exchange Offer. The Company shall (i) use its commercially reasonable efforts to prepare and, not later than 60 days following the date of original issuance of the Notes (the "Issue Date"), to file with the Commission a registration statement (the "Exchange Offer Registration Statement") on an appropriate form under the Securities Act with respect to a proposed offer to the Holders of the Notes (the "Registered Exchange Offer") to issue and deliver to such Holders, in exchange for the Notes, a like aggregate principal amount of debt securities of the Company (the "Exchange Notes") that are identical in all material respects to the Notes (except that the Exchange Notes will not contain terms with respect to transfer restrictions or additional interest upon certain failures to comply with this Agreement), (ii) use its commercially reasonable efforts to cause the Exchange Offer Registration Statement to become effective under the Securities Act no later than 150 days after the Issue Date and the Registered Exchange Offer to be consummated no later than 180 days after the Issue Date and (iii) keep the Exchange Offer Registration Statement effective for not less than 30 days (or longer, if required by applicable law) after the date on which notice of the Registered Exchange Offer is mailed to the Holders (such period being called the "Exchange Offer Registration Period"). The Exchange Notes will be issued under the Indenture or

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an indenture (the "Exchange Notes Indenture") between the Company, the Subsidiary Guarantors and the Trustee or such other bank or trust company that is reasonably satisfactory to the Initial Purchasers, as trustee (the "Exchange Notes Trustee"), such indenture to be identical in all material respects to the Indenture, except for the transfer restrictions relating to the Notes (as described above).

Upon the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Registered Exchange Offer, it being the objective of such Registered Exchange Offer to enable each Holder electing to exchange Notes for Exchange Notes (assuming that such Holder (a) is not an affiliate of the Company or an Exchanging Dealer (as defined herein) not complying with the requirements of the next sentence, (b) is not an Initial Purchaser holding Notes that have, or that are reasonably likely to have, the status of an unsold allotment in an initial distribution, (c) acquires the Exchange Notes in the ordinary course of such Holder's business and (d) has no arrangements or understandings with any person to participate in the distribution of the Exchange Notes) and to trade such Exchange Notes from and after their receipt without any limitations or restrictions under the Securities Act and without material restrictions under the securities laws of the several states of the United States. The Company, the Initial Purchasers and each Exchanging Dealer acknowledge that, pursuant to current interpretations by the Commission's staff of Section 5 of the Securities Act, each Holder that is a broker-dealer electing to exchange Notes, acquired for its own account as a result of market-making activities or other trading activities, for Exchange Notes (an "Exchanging Dealer"), is required to deliver a prospectus containing substantially the information set forth in Annex A hereto on the cover, in Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and in Annex C hereto in the "Plan of Distribution" section of such prospectus in connection with a sale of any such Exchange Notes received by such Exchanging Dealer pursuant to the Registered Exchange Offer.

If, prior to the consummation of the Registered Exchange Offer, any Holder holds any Notes acquired by it that have, or that are reasonably likely to be determined to have, the status of an unsold allotment in an initial distribution, or any Holder is not entitled to participate in the Registered Exchange Offer, the Company shall, upon the request of any such Holder, simultaneously with the delivery of the Exchange Notes in the Registered Exchange Offer, issue and deliver to any such Holder, in exchange for the Notes held by such Holder (the "Private Exchange"), a like aggregate principal amount of debt securities of the Company (the "Private Exchange Notes") that are identical in all material respects to the Exchange Notes, except for the transfer restrictions relating to such Private Exchange Notes. The Private Exchange Notes will be issued under the same indenture as the Exchange Notes, and the Company shall use its commercially reasonable efforts to cause the Private Exchange Notes to bear the same CUSIP numbers as the Exchange Notes.

In connection with the Registered Exchange Offer, the Company shall:

(a) mail to each Holder a copy of the prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Registered Exchange Offer open for not less than 30 days (or longer, if required by applicable law) after the date on which notice of the Registered Exchange Offer is first mailed to the Holders;

(c) utilize the services of a depositary for the Registered Exchange Offer with an address in the Borough of Manhattan, The City of New York;

(d) permit Holders to withdraw tendered Notes at any time prior to 5:00 p.m., New York City time, on the last business day on which the Registered Exchange Offer shall remain open; and

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(e) otherwise comply in all respects with all laws that are applicable to the Registered Exchange Offer.

As soon as practicable after the close of the Registered Exchange Offer and any Private Exchange, as the case may be, the Company shall:

(a) accept for exchange all Notes tendered and not validly withdrawn pursuant to the Registered Exchange Offer and the Private Exchange;

(b) deliver to the Trustee for cancellation all Notes so accepted for exchange; and

(c) cause the Trustee or the Exchange Notes Trustee, as the case may be, promptly to authenticate and deliver to each Holder, Exchange Notes or Private Exchange Notes, as the case may be, equal in principal amount to the Notes of such Holder so accepted for exchange.

The Company shall use its commercially reasonable efforts to keep the Exchange Offer Registration Statement effective and to amend and supplement the prospectus contained therein in order to permit such prospectus to be used by all persons subject to the prospectus delivery requirements of the Securities Act for such period of time as such persons must comply with such requirements in order to resell the Exchange Notes; provided that (i) in the case where such prospectus and any amendment or supplement thereto must be delivered by an Exchanging Dealer, such period shall be the lesser of 180 days after the commencement of the Exchange Offer and the date on which all Exchanging Dealers have sold all Exchange Notes held by them and (ii) the Company shall make such prospectus and any amendment or supplement thereto available to any broker-dealer for use in connection with any resale of any Exchange Notes for a period of 180 days after the consummation of the Registered Exchange Offer.

The Indenture or the Exchange Notes Indenture, as the case may be, shall provide that the Notes, the Exchange Notes and the Private Exchange Notes shall vote and consent together on all matters as one class and that none of the Notes, the Exchange Notes or the Private Exchange Notes will have the right to vote or consent as a separate class on any matter.

Interest on each Exchange Note and Private Exchange Note issued pursuant to the Registered Exchange Offer and in the Private Exchange will accrue from the last interest payment date on which interest was paid on the Notes surrendered in exchange therefor or, if no interest has been paid on the Notes, from the Issue Date.

Each Holder participating in the Registered Exchange Offer shall be required to represent to the Company that at the time of the consummation of the Registered Exchange Offer (i) any Exchange Notes received by such Holder will be acquired in the ordinary course of business, (ii) such Holder will have no arrangements or understandings with any person to participate in the distribution of the Notes or the Exchange Notes within the meaning of the Securities Act and (iii) such Holder is not an affiliate of the Company or, if it is such an affiliate, such Holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

Notwithstanding any other provisions hereof, the Company will ensure that (i) any Exchange Offer Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies as to form in all material respects with the Securities Act and the rules and regulations of the Commission thereunder, (ii) any Exchange Offer Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (iii) any prospectus forming part of any Exchange Offer Registration Statement, and any supplement to such prospectus, does not, as of the consummation of the

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Registered Exchange Offer, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

2. Shelf Registration. If (i) because of any change in law or applicable interpretations thereof by the Commission's staff the Company is not permitted to effect the Registered Exchange Offer as contemplated by Section 1 hereof, or (ii) any Securities validly tendered pursuant to the Registered Exchange Offer are not exchanged for Exchange Notes within 180 days after the Issue Date, or (iii) any Initial Purchaser so requests with respect to Notes or Private Exchange Notes not eligible to be exchanged for Exchange Notes in the Registered Exchange Offer and held by it following the consummation of the Registered Exchange Offer, or (iv) any applicable law or interpretations do not permit any Holder to participate in the Registered Exchange Offer, or (v) any Holder that participates in the Registered Exchange Offer does not receive freely transferable Exchange Notes in exchange for tendered Notes, or (vi) the Company so elects, then the following provisions shall apply:

(a) The Company shall use its commercially reasonable efforts to file as promptly as practicable (but in no event more than 60 days after so required or requested pursuant to this Section 2) with the Commission, and thereafter shall use its commercially reasonable efforts to cause to be declared effective, a shelf registration statement on an appropriate form under the Securities Act relating to the offer and sale of the Transfer Restricted Notes (as defined below) by the Holders thereof from time to time in accordance with the methods of distribution set forth in such registration statement (hereafter, a "Shelf Registration Statement" and, together with any Exchange Offer Registration Statement, a "Registration Statement").

(b) The Company shall use its commercially reasonable efforts to keep the Shelf Registration Statement continuously effective in order to permit the prospectus forming part thereof to be used by Holders of Transfer Restricted Securities for a period ending on the earlier of (i) two years from the Issue Date or such shorter period that will terminate when all the Transfer Restricted Securities covered by the Shelf Registration Statement have been sold pursuant thereto and (ii) the date on which the Notes become eligible for resale without volume restrictions pursuant to Rule 144(k) under the Securities Act (in any such case, such period being called the "Shelf Registration Period"). The Company shall be deemed not to have used its commercially reasonable efforts to keep the Shelf Registration Statement effective during the requisite period if it voluntarily takes any action that would result in Holders of Transfer Restricted Notes covered thereby not being able to offer and sell such Transfer Restricted Notes during that period, unless such action is required by applicable law.

(c) Notwithstanding any other provisions hereof, the Company will ensure that (i) any Shelf Registration Statement and any amendment thereto and any prospectus forming part thereof and any supplement thereto complies as to form in all material respects with the Securities Act and the rules and regulations of the Commission thereunder, (ii) any Shelf Registration Statement and any amendment thereto (in either case, other than with respect to information included therein in reliance upon or in conformity with written information furnished to the Company by or on behalf of any Holder specifically for use therein (the "Holders' Information")) does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (iii) any prospectus forming part of any Shelf Registration Statement, and any supplement to such prospectus (in either case, other than with respect to Holders' Information), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3. Liquidated Damages. (a) The parties hereto agree that the Holders of Transfer Restricted Securities will suffer damages if the Company fails to fulfill its obligations under Section 1 or Section 2, as applicable, and that it would not be feasible to ascertain the extent of such damages.

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Accordingly, if (i) the applicable Registration Statement is not filed with the Commission on or prior to 60 days after the Issue Date, (ii) the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, is not declared effective within 150 days after the Issue Date (or in the case of a Shelf Registration Statement required to be filed in response to a change in law or the applicable interpretations of Commission's staff, if later, within 45 days after publication of the change in law or interpretation), (iii) the Registered Exchange Offer is not consummated on or prior to 180 days after the Issue Date, or (iv) the Shelf Registration Statement is filed and declared effective within 150 days after the Issue Date (or in the case of a Shelf Registration Statement required to be filed in response to a change in law or the applicable interpretations of Commission's staff, if later, within 45 days after publication of the change in law or interpretation) but shall thereafter cease to be effective (at any time that the Company is obligated to maintain the effectiveness thereof) without being succeeded within 45 days by an additional Registration Statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), the Company will be obligated to pay liquidated damages to each Holder of Transfer Restricted Notes, during the period of one or more such Registration Defaults, in an amount equal to $ 0.192 per week per $1,000 principal amount of Transfer Restricted Notes held by such Holder until (i) the applicable Registration Statement is filed, (ii) the Exchange Offer Registration Statement is declared effective and the Registered Exchange Offer is consummated, (iii) the Shelf Registration Statement is declared effective or (iv) the Shelf Registration Statement again becomes effective, as the case may be. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease. As used herein, the term "Transfer Restricted Notes" means (i) each Note until the date on which such Security has been exchanged for a freely transferable Exchange Note in the Registered Exchange Offer, (ii) each Note or Private Exchange Note until the date on which it has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iii) each Note or Private Exchange Note until the date on which it is distributed to the public pursuant to Rule 144 under the Securities Act or is saleable pursuant to Rule 144(k) under the Securities Act. Notwithstanding anything to the contrary in this Section 3(a), the Company shall not be required to pay liquidated damages to a Holder of Transfer Restricted Notes if such Holder failed to comply with its obligations to make the representations set forth in the second to last paragraph of Section 1 or failed to provide the information required to be provided by it, if any, pursuant to Section 4(n).

(b) The Company shall notify the Trustee and the Paying Agent (as defined in the Indenture) immediately upon the happening of each and every Registration Default. The Company shall pay the liquidated damages due on the Transfer Restricted Notes by depositing with the Paying Agent (which may not be the Company for these purposes), in trust, for the benefit of the Holders thereof, prior to 10:00 a.m., New York City time, on the next interest payment date specified by the Indenture and the Notes, sums sufficient to pay the liquidated damages then due. The liquidated damages due shall be payable semi-annually on dates which correspond to interest payment dates specified by the Indenture and the Notes to the record holder entitled to receive the interest payment to be made on such date. Each obligation to pay liquidated damages shall be deemed to accrue from and including the date of the applicable Registration Default.

(c) The parties hereto agree that the liquidated damages provided for in this Section 3 constitute a reasonable estimate of and are intended to constitute the sole damages that will be suffered by Holders of Transfer Restricted Notes by reason of the failure of (i) the Shelf Registration Statement or the Exchange Offer Registration Statement to be filed, (ii) the Shelf Registration Statement to remain effective or (iii) the Exchange Offer Registration Statement to be declared effective and the Registered Exchange Offer to be consummated, in each case to the extent required by this Agreement.

4. Registration Procedures. In connection with any Registration Statement, the following provisions shall apply:

(a) The Company shall (i) furnish to each Initial Purchaser, prior to the filing thereof with the Commission, a copy of the Registration Statement and each amendment thereof

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and each supplement, if any, to the prospectus included therein and shall use its commercially reasonable efforts to reflect in each such document, when so filed with the Commission, such comments as any Initial Purchaser may reasonably propose; (ii) include the information set forth in Annex A hereto on the cover, in Annex B hereto in the "Exchange Offer Procedures" section and the "Purpose of the Exchange Offer" section and in Annex C hereto in the "Plan of Distribution" section of the prospectus forming a part of the Exchange Offer Registration Statement, and include the information set forth in Annex D hereto in the Letter of Transmittal delivered pursuant to the Registered Exchange Offer; and (iii) if requested by any Initial Purchaser, include the information required by Items 507 or 508 of Regulation S-K, as applicable, in the prospectus forming a part of the Exchange Offer Registration Statement.

(b) The Company shall advise each Initial Purchaser, each Exchanging Dealer and each of the Holders (if applicable) and, if requested by any such person, confirm such advice in writing (which advice pursuant to clauses (ii)-(v) hereof shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made):

(i) when any Registration Statement and any amendment thereto has been filed with the Commission and when such Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to any Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Notes, the Exchange Notes or the Private Exchange Notes for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the making of any changes in any Registration Statement or the prospectus included therein in order that the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) The Company will use its commercially reasonable efforts to obtain the withdrawal at the earliest possible time of any order suspending the effectiveness of any Registration Statement.

(d) The Company will furnish to each Holder of Transfer Restricted Notes included within the coverage of any Shelf Registration Statement, without charge, at least one conformed copy of such Shelf Registration Statement and any post-effective amendment thereto, including financial statements and schedules and, if any such Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(e) The Company will, during the Shelf Registration Period, promptly deliver to each Holder of Transfer Restricted Notes included within the coverage of any Shelf Registration Statement, without charge, as many copies of the prospectus (including each preliminary prospectus) included in such Shelf Registration Statement and any amendment or supplement thereto as such Holder may reasonably request; and the Company consents to the use of such prospectus or any amendment or supplement thereto by each of the selling Holders of Transfer Restricted Notes in connection with the offer and sale of the Transfer Restricted Notes covered by such prospectus or any amendment or supplement thereto.

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(f) The Company will furnish to each Initial Purchaser and each Exchanging Dealer, and to any other Holder who so requests, without charge, at least one conformed copy of the Exchange Offer Registration Statement and any post-effective amendment thereto, including financial statements and schedules and, if any Initial Purchaser or Exchanging Dealer or any such Holder so requests in writing, all exhibits thereto (including those, if any, incorporated by reference).

(g) The Company will, during the Exchange Offer Registration Period or the Shelf Registration Period, as applicable, promptly deliver to each Initial Purchaser, each Exchanging Dealer and such other persons that are required to deliver a prospectus following the Registered Exchange Offer, without charge, as many copies of the final prospectus included in the Exchange Offer Registration Statement or the Shelf Registration Statement and any amendment or supplement thereto as such Initial Purchaser, Exchanging Dealer or other persons may reasonably request; and the Company consents to the use of such prospectus or any amendment or supplement thereto by any such Initial Purchaser, Exchanging Dealer or other persons, as applicable, as aforesaid.

(h) Prior to the effective date of any Registration Statement, the Company will use its commercially reasonable efforts to register or qualify, or cooperate with the Holders of Notes, Exchange Notes or Private Exchange Notes included therein and their respective counsel in connection with the registration or qualification of, such Notes, Exchange Notes or Private Exchange Notes for offer and sale under the securities or blue sky laws of such jurisdictions as any such Holder reasonably requests in writing and do any and all other acts or things necessary or advisable to enable the offer and sale in such jurisdictions of the Notes, Exchange Notes or Private Exchange Notes covered by such Registration Statement; provided that the Company will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process or to taxation in any such jurisdiction where it is not then so subject.

(i) The Company will cooperate with the Holders of Notes, Exchange Notes or Private Exchange Notes to facilitate the timely preparation and delivery of certificates representing Notes, Exchange Notes or Private Exchange Notes to be sold pursuant to any Registration Statement free of any restrictive legends and in such denominations and registered in such names as the Holders thereof may request in writing prior to sales of Notes, Exchange Notes or Private Exchange Notes pursuant to such Registration Statement.

(j) If any event contemplated by Section 4(b)(ii) through (v) occurs during the period for which the Company is required to maintain an effective Registration Statement, the Company will use its commercially reasonable efforts to promptly prepare and file with the Commission a post-effective amendment to the Registration Statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to purchasers of the Notes, Exchange Notes or Private Exchange Notes from a Holder, the prospectus will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Not later than the effective date of the applicable Registration Statement, the Company will provide CUSIP numbers for the Notes, the Exchange Notes and the Private Exchange Notes, as the case may be, and provide the applicable trustee with printed certificates for the Notes, the Exchange Notes or the Private Exchange Notes, as the case may be, in a form eligible for deposit with The Depository Trust Company.

(l) The Company will comply with all applicable rules and regulations of the Commission and will make generally available to its security holders as soon as practicable after the effective date of the applicable Registration Statement an earning statement satisfying the provisions of Section 11(a) of the Securities Act; provided that in no event shall such earning statement be delivered later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the

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effective date of the applicable Registration Statement, which statement shall cover such 12-month period.

(m) The Company will cause the Indenture or the Exchange Notes Indenture, as the case may be, to be qualified under the Trust Indenture Act as required by applicable law in a timely manner.

(n) The Company may require each Holder of Transfer Restricted Notes to be registered pursuant to any Shelf Registration Statement to furnish to the Company such information concerning the Holder and the distribution of such Transfer Restricted Notes as the Company may from time to time reasonably require for inclusion in such Shelf Registration Statement, and the Company may exclude from such registration the Transfer Restricted Notes of any Holder that fails to furnish such information within a reasonable time after receiving such request.

(o) In the case of a Shelf Registration Statement, each Holder of Transfer Restricted Notes to be registered pursuant thereto agrees by acquisition of such Transfer Restricted Notes that, upon receipt of any notice from the Company pursuant to Section 4(b)(ii) through (v), such Holder will discontinue disposition of such Transfer Restricted Notes until such Holder's receipt of copies of the supplemental or amended prospectus contemplated by Section 4(j) or until advised in writing (the "Advice") by the Company that the use of the applicable prospectus may be resumed. If the Company shall give any notice under Section 4(b)(ii) through (v) during the period that the Company is required to maintain an effective Registration Statement (the "Effectiveness Period"), such Effectiveness Period shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each seller of Transfer Restricted Securities covered by such Registration Statement shall have received (x) the copies of the supplemental or amended prospectus contemplated by Section 4(j) (if an amended or supplemental prospectus is required) or (y) the Advice (if no amended or supplemental prospectus is required).

(p) In the case of a Shelf Registration Statement, the Company shall enter into such customary agreements (including, if requested, an underwriting agreement in customary form) and take all such other action, if any, as Holders of a majority in aggregate principal amount of the Notes, Exchange Notes and Private Exchange Notes being sold or the managing underwriters (if any) shall reasonably request in order to facilitate any disposition of Notes, Exchange Notes or Private Exchange Notes pursuant to such Shelf Registration Statement.

(q) In the case of a Shelf Registration Statement, the Company shall (i) make reasonably available for inspection by a representative of, and Special Counsel (as defined below) acting for, Holders of a majority in aggregate principal amount of the Notes, Exchange Notes and Private Exchange Notes being sold and any underwriter participating in any disposition of Notes, Exchange Notes or Private Exchange Notes pursuant to such Shelf Registration Statement, all relevant financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries and (ii) use its commercially reasonable efforts to have its officers, directors, employees, accountants and counsel supply all relevant information reasonably requested by such representative, Special Counsel or any such underwriter (an "Inspector") in connection with such Shelf Registration Statement.

(r) In the case of a Shelf Registration Statement, the Company shall, if requested by Holders of a majority in aggregate principal amount of the Notes, Exchange Notes and Private Exchange Notes being sold, their Special Counsel or the managing underwriters (if any) in connection with such Shelf Registration Statement, use its commercially reasonable efforts to cause (i) its counsel to deliver an opinion relating to the Shelf Registration Statement and the Notes, Exchange Notes or Private Exchange Notes, as applicable, in customary form, (ii) its officers to execute and deliver all customary documents and certificates requested by Holders of a majority in aggregate principal amount of the Notes, Exchange Notes and Private Exchange Notes being sold, their Special Counsel or the managing underwriters (if any) and (iii) its independent public

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accountants to provide a comfort letter or letters in customary form, subject to receipt of appropriate documentation as contemplated, and only if permitted, by Statement of Auditing Standards No. 72.

5. Registration Expenses. Except as provided in Section 9 hereof, the Company will bear all expenses incurred in connection with the performance of its obligations under Sections 1, 2, 3 and 4, and the Company will reimburse the Initial Purchasers and the Holders for the reasonable fees and disbursements of one firm of attorneys (in addition to any local counsel) chosen by the Holders of a majority in aggregate principal amount of the Notes, the Exchange Notes and the Private Exchange Notes to be sold pursuant to each Registration Statement (the "Special Counsel") acting for the Initial Purchasers or Holders in connection therewith.

6. Indemnification. (a) In the event of a Shelf Registration Statement or in connection with any prospectus delivery pursuant to an Exchange Offer Registration Statement by an Initial Purchaser or Exchanging Dealer, as applicable, the Company shall indemnify and hold harmless each Holder (including, without limitation, any such Initial Purchaser or Exchanging Dealer), its affiliates, their respective officers, directors, employees, representatives and agents, and each person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 6 and Section 7 as a Holder) from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, without limitation, any loss, claim, damage, liability or action relating to purchases and sales of Notes, Exchange Notes or Private Exchange Notes), to which that Holder may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in any such Registration Statement or any prospectus forming part thereof or in any amendment or supplement thereto or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and shall reimburse each Holder promptly upon demand for any reasonable legal or other expenses reasonably incurred by that Holder in connection with investigating or defending or preparing to defend against or appearing as a third party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with any Holders' Information; and provided, further, that with respect to any such untrue statement in or omission from any related preliminary prospectus, the indemnity agreement contained in this Section 6(a) shall not inure to the benefit of any Holder from whom the person asserting any such loss, claim, damage, liability or action received Notes, Exchange Notes or Private Exchange Notes to the extent that such loss, claim, damage, liability or action of or with respect to such Holder results from the fact that both (A) a copy of the final prospectus was not sent or given to such person at or prior to the written confirmation of the sale of such Notes, Exchange Notes or Private Exchange Notes to such person and (B) the untrue statement in or omission from the related preliminary prospectus was corrected in the final prospectus unless such failure to deliver the final prospectus was a result of non-compliance by the Company with Section 4(d), 4(e), 4(f) or 4(g).

(b) In the event of a Shelf Registration Statement, each Holder shall indemnify and hold harmless the Company, its affiliates, their respective officers, directors, employees, representatives and agents, and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act (collectively referred to for purposes of this Section 6(b) and Section 7 as the Company), from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which the Company may become subject, whether commenced or threatened, under the Securities Act, the Exchange Act, any other federal or state statutory law or regulation, at common law or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in any such Registration Statement or any prospectus forming part thereof or

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in any amendment or supplement thereto or (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with any Holders' Information furnished to the Company by such Holder, and shall reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending or preparing to defend against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that no such Holder shall be liable for any indemnity claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Notes, Exchange Notes or Private Exchange Notes pursuant to such Shelf Registration Statement.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party pursuant to Section 6(a) or 6(b), notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have under this Section 6 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 6. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 6 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than the reasonable costs of investigation; provided, however, that an indemnified party shall have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel for the indemnified party will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded (based upon written advice of counsel to the indemnified party, a copy of which has been provided to the indemnifying party) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (3) a conflict or potential conflict exists (based upon written advice of counsel to the indemnified party, a copy of which has been provided to the indemnifying party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (4) the indemnifying party has not in fact employed counsel reasonably satisfactory to the indemnified party to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm of attorneys (in addition to any local counsel) at any one time for all such indemnified party or parties. Each indemnified party, as a condition of the indemnity agreements contained in Sections 6(a) and 6(b), shall use all reasonable efforts to cooperate with the indemnifying party in the defense of any such action or claim. No indemnifying party shall be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with its written consent or if there be a final judgment for the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement of any

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pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

7. Contribution. If the indemnification provided for in Section 6 is unavailable or insufficient to hold harmless an indemnified party under Section 6(a) or 6(b), then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company from the offering and sale of the Securities, on the one hand, and a Holder with respect to the sale by such Holder of Securities, Exchange Notes or Private Exchange Notes, on the other, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and such Holder on the other with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and a Holder on the other with respect to such offering and such sale shall be deemed to be in the same proportion as the total net proceeds from the offering of the Notes (before deducting expenses) received by or on behalf of the Company as set forth in the table on the cover of the Offering Memorandum, on the one hand, bear to the total proceeds received by such Holder with respect to its sale of Notes, Exchange Notes or Private Exchange Notes, on the other. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to the Company or information supplied by the Company on the one hand or to any Holders' Information supplied by such Holder on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 7 were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 7 shall be deemed to include, for purposes of this Section 7, any reasonable legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending or preparing to defend any such action or claim. Notwithstanding the provisions of this Section 7, an indemnifying party that is a Holder of Notes, Exchange Notes or Private Exchange Notes shall not be required to contribute any amount in excess of the amount by which the total price at which the Notes, Exchange Notes or Private Exchange Notes sold by such indemnifying party to any purchaser exceeds the amount of any damages which such indemnifying party has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Notes Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

8. Rules 144 and 144A. The Company shall use its commercially reasonable efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the written request of any Holder of Transfer Restricted Notes, make publicly available other information so long as necessary to permit sales of such Holder's securities pursuant to Rules 144 and 144A. The Company covenants that it will take such further action as any Holder of Transfer Restricted Notes may reasonably request, all to the extent required from time to time to enable such Holder to sell Transfer Restricted Notes without registration under the Securities Act within the limitation of the exemptions provided by Rules 144 and 144A (including, without limitation, the requirements of Rule 144A(d)(4)). Upon the written request of any Holder of Transfer Restricted Notes, the Company shall deliver to such Holder a written statement as to whether it has complied with such requirements. Notwithstanding the foregoing, nothing in this Section 8 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

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9. Underwritten Registrations. If any of the Transfer Restricted Notes covered by any Shelf Registration Statement are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of such Transfer Restricted Notes included in such offering, subject to the consent of the Company (which shall not be unreasonably withheld or delayed), and such Holders shall be responsible for all underwriting commissions and discounts in connection therewith.

No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Notes on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

10. Miscellaneous. (a) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the Company has obtained the written consent of Holders of a majority in aggregate principal amount of the Notes, the Exchange Notes and the Private Exchange Notes, taken as a single class. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders whose Notes, Exchange Notes or Private Exchange Notes are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders may be given by Holders of a majority in aggregate principal amount of the Notes, the Exchange Notes and the Private Exchange Securities being sold by such Holders pursuant to such Registration Statement.

(b) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, first-class mail, telecopier or air courier guaranteeing next-day delivery:

(1) if to a Holder, at the most current address given by such Holder to the Company in accordance with the provisions of this Section 10(b), which address initially is, with respect to each Holder, the address of such Holder maintained by the Registrar under the Indenture, with a copy in like manner to the Initial Purchasers;

(2) if to an Initial Purchaser, initially at its address set forth in the Purchase Agreement; and

(3) if to the Company, initially at the address of the Company set forth in the Purchase Agreement.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; one business day after being delivered to a next-day air courier; five business days after being deposited in the mail; and when receipt is acknowledged by the recipient's telecopier machine, if sent by telecopier.

(c) Successors And Assigns. This Agreement shall be binding upon the Company and its successors and assigns.

(d) Counterparts. This Agreement may be executed in any number of counterparts (which may be delivered in original form or by telecopier) and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

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(e) Definition of Terms. For purposes of this Agreement, (a) the term "business day" means any day on which the New York Stock Exchange, Inc. is open for trading, (b) the term "subsidiary" has the meaning set forth in Rule 405 under the Securities Act and (c) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act.

(f) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(h) Remedies. In the event of a breach by the Company or by any Holder of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law, including recovery of damages (other than the recovery of damages for a breach by the Company of its obligations under Sections 1 or 2 hereof for which liquidated damages have been paid pursuant to Section 3 hereof, the sole and exclusive remedy for any such breach), will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement (other than a breach by the Company of its obligations under Sections 1 or 2 hereof for which liquidated damages shall have been paid pursuant to Section 3 hereof) and hereby further agree that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(i) No Inconsistent Agreements. The Company represents, warrants and agrees that (i) it has not entered into and shall not, on or after the date of this Agreement, enter into any agreement that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof, (ii) it has not previously entered into any agreement which remains in effect granting any registration rights with respect to any of its debt securities to any person and (iii) without limiting the generality of the foregoing, without the written consent of the Holders of a majority in aggregate principal amount of the then outstanding Transfer Restricted Notes, it shall not grant to any person the right to request the Company to register any debt securities of the Company under the Securities Act unless the rights so granted are not in conflict or inconsistent with the provisions of this Agreement.

(j) No Piggyback on Registrations. Neither the Company nor any of its security holders (other than the Holders of Transfer Restricted Notes in such capacity) shall have the right to include any securities of the Company in any Shelf Registration or Registered Exchange Offer other than Transfer Restricted Notes.

(k) Severability. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

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Please confirm that the foregoing correctly sets forth the agreement among the Company and the Initial Purchasers.

Very truly yours,

RENTERS CHOICE, INC.

By

Name:
Title:

Accepted:

CHASE SECURITIES INC.

By

Authorized Signatory

BEAR, STEARNS & CO. INC.

By

Authorized Signatory

NATIONSBANC MONTGOMERY
SECURITIES LLC

By

Authorized Signatory

CREDIT SUISSE FIRST BOSTON CORPORATION

By

Authorized Signatory

ANNEX A
TO THE REGISTRATION
RIGHTS AGREEMENT

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Registered Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Notes where such Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 90 days after the consummation of the Exchange Offer (as defined herein), it will use its commercially reasonable efforts to make this Prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

ANNEX B
TO THE REGISTRATION
RIGHTS AGREEMENT

Each broker-dealer that receives Exchange Notes for its own account in exchange for Notes, where such Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. See "Plan of Distribution."

ANNEX C
TO THE REGISTRATION
RIGHTS AGREEMENT

PLAN OF DISTRIBUTION

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Registered Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Notes where such Notes were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the consummation of the Exchange Offer, it will use its commercially reasonable efforts to make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until _____, 199_, all dealers effecting transactions in the Exchange Notes may be required to deliver a prospectus.

The Company will not receive any proceeds from any sale of Exchange Notes by broker-dealers. Exchange Notes received by broker-dealers for their own account pursuant to the Registered Exchange Offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the Exchange Notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such Exchange Notes. Any broker-dealer that resells Exchange Notes that were received by it for its own account pursuant to the Registered Exchange Offer and any broker or dealer that participates in a distribution of such Exchange Notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of Exchange Notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 90 days after the consummation of the Exchange Offer, the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Registered Exchange Offer (including the expenses of one counsel for the Holders of the Notes) other than commissions or concessions of any broker-dealers and will indemnify the Holders of the Securities (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

ANNEX D
TO THE REGISTRATION
RIGHTS AGREEMENT

[ ] CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name:

Address:

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Exhibit 21.1

Subsidiaries of Registrant

Rent-A-Center, Inc. - Delaware

Color Tyme, Inc. - Texas

EXHIBIT 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated February 12, 1998, accompanying the consolidated financial statements of Renters Choice, Inc. and Subsidiaries contained in the Registration Statement on Form S-4 and Prospectus. We consent to the use of the aforementioned report in this Registration Statement on Form S-4 and Prospectus, and to the use of our name as it appears under the caption "Experts".

GRANT THORNTON LLP

Dallas, Texas
October 15, 1998

EXHIBIT 23.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated April 24, 1998 (except for Note 14, as to which the date is June 25, 1998), with respect to the consolidated financial statements of THORN Americas, Inc. and subsidiaries included in the Registration Statement (Form S-4) and related Prospectus of Renters Choice, Inc. for the registration of $175,000,000, 11% Senior Subordinated Notes due 2008.

ERNST & YOUNG LLP

Wichita, Kansas
October 13, 1998

EXHIBIT 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report dated March 19, 1998 included in this Form S-4 Registration Statement of Renters Choice, Inc., Rent-A-Center, Inc. and ColorTyme, Inc. and to all references to our Firm included in this registration statement.

ARTHUR ANDERSEN LLP

Los Angeles, California
October 13, 1998