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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2006

or

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

For the transition period from __________ to __________

Commission File Number 0-25370

Rent-A-Center, Inc.

(*Exact name of registrant as specified in its charter*)

Delaware *(State or other jurisdiction of incorporation or organization)*	**45-0491516** *(I.R.S. Employer Identification No.)*

5700 Tennyson Parkway, Suite 100
Plano, Texas 75024
(972) 801-1100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

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

YES ☑ NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES o NO ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 1, 2006:

Class	Outstanding
Common stock, $.01 par value per share	70,050,783

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SIGNATURES

Seventh Supplemental Indenture
Third Amendment to Amended and Restated Franchisee Financing Agreement
Form of Executive Transition Agreement
Employment Agreement
Non-Qualified Stock Option Agreement
Certification of CEO Pursuant to Section 302
Certification of CFO Pursuant to Section 302
Certification of CEO Pursuant to Section 906
Certification of CFO Pursuant to Section 906

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RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)	Three months ended September 30, 2006	2005
	Unaudited	
Revenues		
Store		
Rentals and fees	$ 532,260	$ 516,433
Merchandise sales	36,343	39,212
Installment sales	6,798	6,372
Other	3,723	2,938
Franchise		
Merchandise sales	6,779	7,245
Royalty income and fees	1,281	1,307
	587,184	573,507
Operating expenses		
Direct store expenses		
Cost of rentals and fees	117,018	112,174
Cost of merchandise sold	28,422	30,314
Cost of installment sales	2,856	2,556
Salaries and other expenses	340,379	350,389
Franchise cost of merchandise sold	6,523	6,964
	495,198	502,397
General and administrative expenses	23,806	21,176
Amortization of intangibles	1,009	5,926
Litigation settlement	15,300	—
Restructuring charge	—	13,028
Total operating expenses	535,313	542,527
Operating profit	51,871	30,980
Finance charges from refinancing	2,165	—
Interest income	(1,335)	(1,331)
Interest expense	13,322	11,802
Earnings before income taxes	37,719	20,509
Income tax expense	12,478	9,232
NET EARNINGS	$ 25,241	$ 11,277
Basic earnings per common share	$ 0.36	$ 0.15
Diluted earnings per common share	$ 0.36	$ 0.15

See accompanying notes to consolidated financial statements.

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RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)	Nine months ended September 30, 2006	2005
	Unaudited	
Revenues		
Store		
Rentals and fees	$ 1,579,719	$ 1,561,694
Merchandise sales	138,934	139,480
Installment sales	18,377	19,574
Other	10,263	5,013
Franchise		
Merchandise sales	26,752	26,032
Royalty income and fees	3,737	4,101
	1,777,782	1,755,894
Operating expenses		
Direct store expenses		
Cost of rentals and fees	344,518	338,710
Cost of merchandise sold	100,955	100,606
Cost of installment sales	7,677	8,169
Salaries and other expenses	1,012,263	1,017,369
Franchise cost of merchandise sold	25,659	24,993
	1,491,072	1,489,847
General and administrative expenses	66,017	60,681
Amortization of intangibles	2,845	10,378
Litigation settlement/(reversion)	15,300	(8,000)
Restructuring charge	—	13,028
Total operating expenses	1,575,234	1,565,934
Operating profit	202,548	189,960
Finance charges from refinancing	2,165	—
Interest income	(4,194)	(4,084)
Interest expense	39,646	33,456
Earnings before income taxes	164,931	160,588
Income tax expense	59,519	59,900
NET EARNINGS	$ 105,412	$ 100,688
Basic earnings per common share	$ 1.52	$ 1.36
Diluted earnings per common share	$ 1.49	$ 1.34

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	September 30, 2006 Unaudited	December 31, 2005
ASSETS		
Cash and cash equivalents	$ 53,706	$ 57,627
Accounts receivable, net	21,332	20,403
Prepaid expenses and other assets	47,303	38,524
Rental merchandise, net		
On rent	638,091	588,978
Held for rent	195,086	161,702
Merchandise held for installment sale	1,928	2,200
Property assets, net	158,520	149,904
Goodwill, net	945,278	925,960
Intangible assets, net	3,481	3,366
	$ 2,064,725	$ 1,948,664
LIABILITIES		
Accounts payable — trade	$ 116,091	$ 88,147
Accrued liabilities	215,764	191,831
Deferred income taxes	126,822	121,204
Senior debt	358,468	424,050
Subordinated notes payable	300,000	300,000
	1,117,145	1,125,232
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, $.01 par value; 250,000,000 shares authorized; 103,917,097 and 102,988,126 shares issued in 2006 and 2005, respectively	1,039	1,030
Additional paid-in capital	653,833	630,308
Retained earnings	1,006,798	901,493
Treasury stock, 34,003,899 and 33,801,099 shares at cost in 2006 and 2005, respectively	(714,090)	(709,399)
	947,580	823,432
	$ 2,064,725	$ 1,948,664

See accompanying notes to consolidated financial statements.

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RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Nine months ended September 30, 2006	2005
	Unaudited	
Cash flows from operating activities		
Net earnings	$ 105,412	$ 100,688
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	336,937	332,965
Depreciation of property assets	40,479	40,018
Amortization of intangibles	2,845	14,909
Amortization of financing fees	1,176	1,202
Tax benefit related to stock option exercises	(3,284)	—
Deferred income taxes	5,618	(40,469)
Finance charges from refinancing	2,165	—
Changes in operating assets and liabilities, net of effects of acquisitions		
Rental merchandise, net	(409,308)	(317,057)
Accounts receivable, net	(929)	(3,388)
Prepaid expenses and other assets	(10,162)	26,834
Accounts payable – trade	27,944	6,149
Accrued liabilities	32,449	(18,180)
Net cash provided by operating activities	131,342	143,671
Cash flows from investing activities		
Purchase of property assets	(50,961)	(40,974)
Proceeds from sale of property assets	2,281	3,504
Acquisitions of businesses, net of cash acquired	(34,504)	(35,645)
Net cash used in investing activities	(83,184)	(73,115)
Cash flows from financing activities		
Purchase of treasury stock	(4,691)	(83,954)
Exercise of stock options	14,911	8,988
Tax benefit related to stock option exercises	3,284	—
Proceeds from debt	612,220	139,300
Repayments of debt	(677,803)	(140,925)
Net cash used in financing activities	(52,079)	(76,591)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,921)	(6,035)
Cash and cash equivalents at beginning of period	57,627	58,825
Cash and cash equivalents at end of period	$ 53,706	$ 52,790
Supplemental cash flow information		
Cash paid during the period for:		
Interest	$ 28,171	$ 26,640
Income taxes	$ 52,336	$ 81,208

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. *Significant Accounting Policies and Nature of Operations.*

The interim financial statements of Rent-A-Center, Inc. included herein have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the Commission's rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. We suggest that these financial statements be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2005, our Quarterly Report on Form 10-Q for the three months ended March 31, 2006 and our Quarterly Report on Form 10-Q for the six months ended June 30, 2006. In our opinion, the accompanying unaudited interim financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly our results of operations and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

Principles of Consolidation and Nature of Operations. These financial statements include the accounts of Rent-A-Center, Inc. and its direct and indirect wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated. Unless the context indicates otherwise, references to "Rent-A-Center" refer only to Rent-A-Center, Inc., the parent, and references to "we," "us" and "our" refer to the consolidated business operations of Rent-A-Center and all of its direct and indirect subsidiaries.

At September 30, 2006, we operated 2,751 company-owned stores nationwide and in Canada and Puerto Rico, including 21 stores in Wisconsin operated by a subsidiary, Get It Now, LLC, under the name "Get It Now," and seven stores in Canada operated by a subsidiary, Rent-A-Centre Canada, Ltd., under the name "Rent-A-Centre." Rent-A-Center's primary operating segment consists of leasing household durable goods to customers on a rent-to-own basis. Get It Now offers merchandise on an installment sales basis in Wisconsin.

As of September 30, 2006, we offer an array of financial services in 101 of our existing rent-to-own stores in 12 states under the name "Cash AdvantEdge." The financial services offered include, but are not limited to, short term secured and unsecured loans, bill paying, debit cards, check cashing and money transfer services.

ColorTyme, Inc., an indirect wholly-owned subsidiary of Rent-A-Center, is a nationwide franchisor of rent-to-own stores. At September 30, 2006, ColorTyme had 279 franchised stores operating in 38 states. ColorTyme's primary source of revenue is the sale of rental merchandise to its franchisees, who in turn offer the merchandise to the general public for rent or purchase under a rent-to-own program. The balance of ColorTyme's revenue is generated primarily from royalties based on franchisees' monthly gross revenues.

New Accounting Pronouncements. In September 2006, the Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* ("SAB 108"). SAB 108 was issued to provide consistency in quantifying financial misstatements.

The methods most commonly used in practice to accumulate and quantify misstatements are referred to as the "rollover" and "iron curtain" methods. The rollover method quantifies a misstatement based on the amount of the error originating in the current year income statement. This method can result in the accumulation of errors on the balance sheet that may not have been material to an individual income statement but may lead to misstatement of one or more balance sheet accounts. The iron curtain method quantifies a misstatement based on the amount of the error in the balance sheet at the end of the current year. This method can result in disregarding the effects of errors in the current year income statement that result from the correction of an error existing in previously issued financial statements. We currently use the rollover method for quantifying financial statement misstatements.

The method established by SAB 108 to quantify misstatements is the "dual approach," which requires quantification of financial statement misstatements under both the rollover and iron curtain methods. SAB 108 is effective for fiscal years ending after November 15, 2006.

We will initially apply SAB 108 for the fiscal year ending December 31, 2006. We are currently evaluating the requirements under SAB 108 and the effect, if any, that the adoption of SAB 108 will have on our consolidated statement of earnings, financial condition, statement of cash flows or earnings per share.

On July 13, 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes: an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 clarifies Statement 109, *Accounting for Income Taxes*, to indicate the criteria that an individual tax position would have to meet for some or all of the benefit of that position to be recognized in an entity's financial statements. FIN 48 is effective for fiscal years beginning after December 15, 2006. We are currently evaluating the requirements under FIN 48 and the effect, if any, that the adoption of FIN 48 will have on our consolidated statement of earnings, financial condition, statement of cash flows or earnings per share.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" ("SFAS 123R"). SFAS 123R requires employee stock-based compensation awards to be accounted for under the fair value method and eliminates the ability to account for these instruments under the intrinsic value method prescribed by APB Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"). SFAS 123R is effective for fiscal periods beginning after June 15, 2005.

We adopted SFAS 123R on a modified prospective basis beginning January 1, 2006 for stock-based compensation awards granted after that date and for unvested awards outstanding at that date. Under SFAS 123R, compensation costs are recognized net of estimated forfeitures over the award's requisite service period on a straight line basis. For the nine months ended September 30, 2006, in accordance with SFAS 123R, we recorded stock-based compensation expense, net of related taxes, of approximately $3.4 million related to stock options and restricted stock units granted, and for the nine months ended September 30, 2005 we reported a pro forma expense of approximately $7.3 million under FASB Statement No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123"). For the three months ended September 30, 2006, in accordance with SFAS 123R, we recorded stock-based compensation expense, net of related taxes, of approximately $1.0 million related to stock options and restricted stock units granted, and for the three months ended September 30, 2005 we reported a pro forma expense of approximately $2.8 million under SFAS 123.

The Rent-A-Center Amended and Restated Long-Term Incentive Plan (the "Prior Plan") terminated on May 19, 2006, upon approval by our stockholders of the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (the "2006 Plan") as discussed below under the heading "Stock Based Compensation." No additional grants will be made under the Prior Plan. Prior to January 2006, we accounted for the Prior Plan under the recognition and measurement principles of APB 25 and related Interpretations. No stock-based employee compensation cost was reflected in net earnings, as all options granted under the Prior Plan had an exercise price equal to the market value of the underlying common stock on the date of grant. If we had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation, net earnings and earnings per share for the nine and three months ended September 30, 2005 would have decreased as illustrated by the following table:

RENT-A-CENTER, INC. AND SUBSIDIARIES

	Nine months ended September 30, 2005 (In thousands, except per share data)	
Net earnings		
As reported	$	100,688
Deduct: Total stock-based employee compensation under fair value based method for all awards, net of related taxes		7,263
Pro forma	$	93,425
Basic earnings per common share		
As reported	$	1.36
Pro forma	$	1.26
Diluted earnings per common share		
As reported	$	1.34
Pro forma	$	1.24

	Three months ended September 30, 2005 (In thousands, except per share data)	
Net earnings		
As reported	$	11,277
Deduct: Total stock-based employee compensation under fair value based method for all awards, net of related taxes		2,844
Pro forma	$	8,433
Basic earnings per common share		
As reported	$	0.15
Pro forma	$	0.12
Diluted earnings per common share		
As reported	$	0.15
Pro forma	$	0.11

Results for prior periods have not been restated and do not reflect the recognition of any stock-based compensation.

Stock Based Compensation. On March 24, 2006, upon the recommendation of the Compensation Committee, the Board of Directors of Rent-A-Center, Inc. adopted, subject to stockholder approval, the 2006 Plan and directed that it be submitted for the approval of the stockholders. On May 19, 2006, the stockholders approved the 2006 Plan. The 2006 Plan authorizes the issuance of 7,000,000 shares of our common stock that may be issued pursuant to awards granted under the 2006 Plan, of which no more than 3,500,000 shares may be issued in the form of restricted stock, deferred stock or similar forms of stock awards which have value without regard to future appreciation in value of or dividends declared on the underlying shares of common stock. In applying these limitations, the following shares will be deemed not to have been issued: (1) shares covered by the unexercised portion of an option that terminates, expires, or is canceled or settled in cash, and (2) shares that are forfeited or subject to awards that are forfeited, canceled, terminated or settled in cash. At September 30, 2006, there were 245,750 shares allocated to equity awards outstanding in the 2006 Plan.

Under the Prior Plan, 14,562,865 shares of Rent-A-Center’s common stock were reserved for issuance under stock options, stock appreciation rights or restricted stock grants. Options granted to our employees under the Prior Plan generally become exercisable over a period of one to four years from the date of grant and may be exercised up to a maximum of 10 years from the date of grant. Options granted to directors were immediately exercisable. There were no grants of stock appreciation rights and all equity awards were granted with fixed prices. At September 30, 2006, there were 4,068,610 shares allocated to equity awards outstanding. The Prior Plan was terminated on May 19, 2006, upon the approval by our stockholders of the 2006 Plan. No additional grants will be made under the Prior Plan. The following information is for the 2006 Plan and the Prior Plan combined because the characteristics of the awards are similar.

RENT-A-CENTER, INC. AND SUBSIDIARIES

The fair value of unvested options that we expect to result in a compensation expense was approximately $10.8 million with a weighted average number of years to vesting of 2.51 years at September 30, 2006 as compared to $18.5 million and a weighted average number of years to vesting of 2.20 years at December 31, 2005.

The total number of unvested options was 1,433,387 and 1,612,472, with an intrinsic value of $7.8 million and $441,000 at September 30, 2006 and December 31, 2005, respectively. The intrinsic value of exercised options was $9.0 million at September 30, 2006 and $7.5 million at December 31, 2005.

The weighted average fair value of unvested options at September 30, 2006 was $7.51 as compared to $11.47 at December 31, 2005. The weighted average fair value of options vested during the three months ended September 30, 2006 was $11.44 and the weighted average fair value of options forfeited during the three months ended September 30, 2006 was $8.80.

The table below summarizes the transactions for the period ended September 30, 2006.

	Equity Awards Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance at December 31, 2004	5,231,538	$17.62	
Granted	1,001,000	$23.80	
Exercised	(690,608)	$13.78	
Forfeited	(522,953)	$24.13	
Balance at December 31, 2005	5,018,977	$18.70	6.67 years
Granted	769,340	$22.93	
Exercised	(932,752)	$15.93	
Forfeited	(541,205)	$24.11	
Balance outstanding at September 30, 2006	4,314,360	$19.38	6.58 years
Exercisable at September 30, 2006	2,880,973	$17.08	5.62 years

During the nine months ended September 30, 2006, the weighted average fair values of the options granted under the Plans were calculated using the following assumptions:

Employee options:	
Average risk free interest rate	4.36% – 4.41%
Expected dividend yield	—
Expected life	4.20 years
Expected volatility (24.14% to 52.55%)	Weighted average 33.12%
Employee stock options granted	705,610
Weighted average grant date fair value	$ 5.31
Non-employee director options:	
Average risk free interest rate	4.36% – 4.41%
Expected dividend yield	—
Expected life	6.00 years
Expected volatility (24.14% to 52.55%)	Weighted average 33.12%
Non-employee director stock options granted	34,000
Weighted average grant date fair value	$ 9.73

For all options granted prior to April 1, 2004, the fair value was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: expected volatility of 55.2%, risk-free interest rate of 2.9%, expected lives of four years, and no dividend yield. For options granted on or after April 1, 2004, the fair value was estimated at the date of grant using the binomial method pricing model with the following weighted average assumptions: expected volatility of 46.1%, a risk-free interest rate of 3.6%, no dividend yield and an expected life of four years. For options granted in 2005, the fair value was estimated at the date of grant using the binomial method pricing

model with the following weighted average assumptions: expected volatility of 42.1%, a risk-free interest rate of 3.9%, no dividend yield and an expected life of four years.

Tax benefits from stock option exercises of $3.3 million for the nine months ended September 30, 2006 were reflected as an outflow from operating activities and an inflow from financing activities in the Consolidated Statement of Cash Flows. For the nine months ended September 30, 2005, the tax benefits from stock option exercises of $2.0 million were included as a cash inflow to cash provided by operating activities.

Change in Accounting Estimate. During the second quarter of 2006, we refined the process in which we determine the net amount accrued for losses within our self-insured retentions based on our actual loss experience. Prior to the quarter ended June 30, 2006, we used only general industry loss development factors in developing our estimate. Beginning with the quarter ended June 30, 2006, we also use company specific development factors developed by independent actuaries and based on our loss experience to determine our reserves.

2. *Reconciliation of Merchandise Inventory*.

	Nine months ended September 30, 2006	Nine months ended September 30, 2005
	(In thousands)	
Beginning merchandise value	$ 752,880	$ 760,422
Inventory additions through acquisitions	9,854	8,554
Purchases	580,039	486,209
Depreciation of rental merchandise	(336,937)	(332,965)
Cost of goods sold	(108,632)	(108,775)
Skips and stolens	(42,495)	(44,956)
Other inventory deletions(1)	(19,604)	(15,421)
Ending merchandise value	$ 835,105	$ 753,068

	Three months ended September 30, 2006	Three months ended September 30, 2005
	(In thousands)	
Beginning merchandise value	$ 814,161	$ 773,903
Inventory additions through acquisitions	2,770	5,722
Purchases	187,053	141,224
Depreciation of rental merchandise	(114,395)	(110,126)
Cost of goods sold	(31,278)	(32,870)
Skips and stolens	(16,326)	(16,373)
Other inventory deletions(1)	(6,880)	(8,412)
Ending merchandise value	$ 835,105	$ 753,068

(1) Other inventory deletions include loss/damage waiver claims and unrepairable and missing merchandise, as well as acquisition write-offs. 2005 inventory deletions also include $3.6 million in write-offs associated with Hurricanes Katrina and Rita.

RENT-A-CENTER, INC. AND SUBSIDIARIES

3. *Intangibles.*

Amortization of intangibles consists primarily of the amortization of customer relationships and non-compete agreements.

Intangibles consist of the following (in thousands):

	Avg. Life (years)	September 30, 2006 Gross Carrying Amount	September 30, 2006 Accumulated Amortization	December 31, 2005 Gross Carrying Amount	December 31, 2005 Accumulated Amortization
Amortizable intangible assets					
Franchise network	10	$ 3,000	$ 3,000	$ 3,000	$ 2,850
Non-compete agreements	3	6,313	5,314	6,040	4,423
Customer relationships	1.5	35,639	33,157	32,934	31,335
Total		44,952	41,471	41,974	38,608
Intangible assets not subject to amortization					
Goodwill		1,044,430	99,152	1,025,112	99,152
Total intangibles		$ 1,089,382	$ 140,623	$ 1,067,086	$ 137,760

The estimated remaining amortization expense, assuming current intangible balances and no new acquisitions, for each of the years ending December 31, is as follows:

	Estimated Amortization Expense (In thousands)
2006	$ 1,515
2007	1,834
2008	108
2009	24
Total	$ 3,481

Changes in the net carrying amount of goodwill are as follows:

	At September 30, 2006	At December 31, 2005
	(In thousands)	
Balance as of January 1,	$ 925,960	$ 913,415
Additions from acquisitions	21,375	25,947
Goodwill write-off	—	(8,198) (1)
Post purchase price allocation adjustments	(2,057)	(5,204) (2)
Balance as of the end of the period	$ 945,278	$ 925,960

(1) Goodwill write-off of approximately $4.5 million was included in the restructuring charges relating to our store consolidation plan and $3.7 million relating to Hurricane Katrina was included in amortization expense.

(2) The post purchase price allocation adjustments in 2005 of approximately $5.2 million are primarily attributable to the tax benefit associated with certain items recorded as goodwill that were deductible for tax purposes.

RENT-A-CENTER, INC. AND SUBSIDIARIES

4. *Earnings Per Share.*

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

(In thousands, except per share data)	Nine months ended September 30, 2006		
	Net earnings	Shares	Per share
Basic earnings per common share	$ 105,412	69,536	$ 1.52
Effect of dilutive stock options		1,045	
Diluted earnings per common share	$ 105,412	70,581	$ 1.49

	Nine months ended September 30, 2005		
	Net earnings	Shares	Per share
Basic earnings per common share	$ 100,688	74,044	$ 1.36
Effect of dilutive stock options		1,218	
Diluted earnings per common share	$ 100,688	75,262	$ 1.34

(In thousands, except per share data)	Three months ended September 30, 2006		
	Net earnings	Shares	Per share
Basic earnings per common share	$ 25,241	69,808	$ 0.36
Effect of dilutive stock options		1,045	
Diluted earnings per common share	$ 25,241	70,853	$ 0.36

	Three months ended September 30, 2005		
	Net earnings	Shares	Per share
Basic earnings per common share	$ 11,277	72,826	$ 0.15
Effect of dilutive stock options		887	
Diluted earnings per common share	$ 11,277	73,713	$ 0.15

For the nine months ended September 30, 2006 and 2005, the number of stock options that were outstanding but not included in the computation of diluted earnings per common share because their exercise price was greater than the average market price of Rent-A-Center common stock, and therefore anti-dilutive, was 1,701,640 and 1,843,383, respectively.

For the three months ended September 30, 2006 and 2005, the number of stock options that were outstanding but not included in the computation of diluted earnings per common share because their exercise price was greater than the average market price of Rent-A-Center common stock, and therefore anti-dilutive, was 1,417,723 and 2,416,436, respectively.

5. *Subsidiary Guarantors.*

7 1/2% Senior Subordinated Notes. On May 6, 2003, Rent-A-Center issued $300.0 million in senior subordinated notes due 2010, bearing interest at 7 1/2%, pursuant to an indenture dated May 6, 2003, among Rent-A-Center, Inc., its subsidiary guarantors (the “Subsidiary Guarantors”) and The Bank of New York, as trustee. The proceeds of this offering were used to fund the repurchase and redemption of certain outstanding notes.

The 2003 indenture contains covenants that limit Rent-A-Center’s ability to:

- incur additional debt;
- sell assets or its subsidiaries;
- grant liens to third parties;

- pay dividends or repurchase stock (subject to a restricted payments basket for which $150.5 million was available for use as of September 30, 2006); and
- engage in a merger or sell substantially all of its assets.

Events of default under the 2003 indenture include customary events, such as a cross-acceleration provision in the event that we default in the payment of other debt due at maturity or upon acceleration for default in an amount exceeding $50.0 million, as well as in the event a judgment is entered against us in excess of $50.0 million that is not discharged, bonded or insured.

The 7$^1/_2$% notes may be redeemed on or after May 1, 2006, at our option, in whole or in part, at a premium declining from 103.75%. The 7$^1/_2$% notes also require that upon the occurrence of a change of control (as defined in the 2003 indenture), the holders of the notes have the right to require Rent-A-Center 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. This would trigger an event of default under our senior credit facility.

Rent-A-Center and the Subsidiary Guarantors have fully, jointly and severally, and unconditionally guaranteed the obligations of Rent-A-Center with respect to the 7$^1/_2$% notes. Rent-A-Center has no independent assets or operations, and each Subsidiary Guarantor is 100% owned directly or indirectly by Rent-A-Center. The only direct or indirect subsidiaries of Rent-A-Center that are not guarantors are minor subsidiaries. There are no restrictions on the ability of any of the Subsidiary Guarantors to transfer funds to Rent-A-Center in the form of loans, advances or dividends, except as provided by applicable law.

6. *Stock Repurchase Plan.*

Our Board of Directors has authorized a common stock repurchase program, permitting us to purchase, from time to time, in the open market and privately negotiated transactions, up to an aggregate of $400.0 million of Rent-A-Center common stock. As of September 30, 2006, we had purchased a total of 14,628,800 shares of Rent-A-Center common stock for an aggregate of $360.8 million under this common stock repurchase program. No repurchases were made in the third quarter of 2006.

7. *Guarantees.*

ColorTyme Guarantee. ColorTyme is a party to an agreement with Wells Fargo Foothill, Inc., who provides $35.0 million in aggregate financing to qualifying franchisees of ColorTyme generally of up to five times their average monthly revenues. Under the Wells Fargo agreement, upon an event of default by the franchisee under agreements governing this financing and upon the occurrence of certain other events, Wells Fargo can assign the loans and the collateral securing such loans to ColorTyme, with ColorTyme paying the outstanding debt to Wells Fargo and then succeeding to the rights of Wells Fargo under the debt agreements, including the right to foreclose on the collateral. The Wells Fargo agreement expires on September 30, 2010. An additional $20.0 million of financing is provided by Texas Capital Bank, National Association under an agreement similar to the Wells Fargo financing. Rent-A-Center East, Inc., a subsidiary of Rent-A-Center, guarantees the obligations of ColorTyme under each of these agreements, excluding the effects of any amounts that could be recovered under collateralization provisions, up to a maximum amount of $55.0 million, of which $31.4 million was outstanding as of September 30, 2006. Mark E. Speese, Rent-A-Center's Chairman of the Board and Chief Executive Officer, is a passive investor in Texas Capital Bank, owning less than 1% of its outstanding equity.

Other guarantees. We also provide assurance to our insurance providers that if they are not able to draw funds from us for claims paid, they have the ability to draw against our letters of credit. Generally, our letters of credit are renewed automatically every year unless we notify the institution not to renew. At September 30, 2006, we had $107.0 million in outstanding letters of credit under our senior credit facilities, all of which is supported by our $400.0 million revolving facility.

8. *Store Consolidation Plan.*

On September 6, 2005, we announced our plan to close up to 162 stores by December 31, 2005. The decision to close these stores was based on management's analysis and evaluation of the markets in which we operate, including our market share, operating results, competitive positioning and growth potential for the affected stores. The 162 stores

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included 114 stores that we intended to close and merge with our existing stores and up to 48 additional stores that we intended to sell, merge with a potential acquisition or close by December 31, 2005. As of September 30, 2005, we had merged 100 of the 114 stores identified to be merged with existing locations. Since September 30, 2005, we had closed and merged all of the 114 stores identified and sold 37 and closed and merged one of the additional 48 stores on the plan. We intend to keep open the 10 remaining stores.

We estimated that we would incur restructuring expenses in the range of $12.1 million to $25.1 million, to be recorded in the third and fourth quarters of the fiscal year ending December 31, 2005, based on the closing date of the stores. The following table presents the original range of estimated charges, the total store consolidation plan charges recorded through September 30, 2006, and the estimated range of remaining charges to be recorded in the fiscal year ending December 31, 2006:

	Closing Plan Estimate	Expense recognized through September 30, 2006	Estimated remaining charges for 2006
		(In thousands)	
Lease obligations	$ 8,661 – $13,047	$ 9,679	$ —
Fixed asset disposals	2,630 – 4,211	3,379	—
Net proceeds from stores sold	—	(3,000)	—
Other costs (1)	830 – 7,875	4,822	—
Total	$ 12,121 – $25,133	$ 14,880	$ —

The following table shows the changes in the accrual balance from December 31, 2005 to September 30, 2006, relating to our store consolidation plan.

	December 31, 2005 Balance	Charges to Expense	Cash Payments	September 30, 2006 Balance
		(In thousands)		
Lease obligations	$ 5,364	$ —	$ (3,538)	$ 1,826
Other costs (1)	91	—	(91)	—
Total	$ 5,455	$ —	$ (3,629)	$ 1,826

(1) Goodwill write-off charges are the primary component of other costs. Additional costs include inventory disposals and the removal of signs and various assets from vacated locations.

We expect the total estimated cash outlay in connection with the store consolidation plan to be between $9.0 million to $9.3 million. The total amount of cash used in the store consolidation plan through September 30, 2006 was approximately $7.5 million. Therefore, we expect to use approximately $1.8 million cash on hand for future payments primarily related to the satisfaction of lease obligations for closed stores.

9. *Senior Credit Facilities*

On July 13, 2006, we announced the completion of the refinancing of our senior secured debt. Our $725.0 million senior credit facilities consisted of a $200.0 million five-year term loan, a $125.0 million six-year term loan and a $400.0 million five-year revolving credit facility. On that day, we drew down the $325.0 million in term loans and $88.0 million of the revolving facility and utilized the proceeds to repay our existing senior term debt. In connection with the refinancing, we recorded a $2.2 million non-cash charge to expense the remaining unamortized balance of financing costs from our previous credit agreement in the third quarter of 2006.

On November 2, 2006, we announced that we had completed the documentation related to the refinancing of our current senior debt. Our new $1,322.5 million senior credit facility consists of $922.5 million in term loans and a $400 million revolving credit facility. We intend to utilize the proceeds of the new senior debt to repay our existing senior debt, finance the proposed acquisition of Rent-Way, Inc., and for general corporate purposes. The funding of our new senior credit facility is contingent upon the closing of the pending acquisition of Rent-Way and customary closing conditions for financings of this nature. We anticipate closing the refinancing concurrently with the closing of the acquisition of Rent-Way. In connection with the closing of the refinancing, we will record a charge in the fourth quarter of approximately $2.7 million relating to capitalized costs incurred in connection with our existing senior credit facility.

10. *Acquisition*

On August 7, 2006, we announced that we entered into a definitive agreement to acquire Rent-Way, Inc., a rent-to-own operator, for $10.65 in cash per share of Rent-Way common stock. Rent-Way operates 782 stores in 34 states. The agreement also provides that each holder of options of Rent-Way will receive an amount equal to the difference between $10.65 and the exercise price of the option. We intend to fund the acquisition with the proceeds of our new $1,322.5 million senior credit facility. The acquisition, which is expected to be completed in the fourth quarter of 2006, is conditioned upon customary closing conditions for a transaction of this nature, including the approval of Rent-Way's shareholders. On September 14, 2006, we announced that the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, relating to the acquisition expired on September 13, 2006. On October 12, 2006, Rent-Way, Inc. filed a definitive proxy statement with respect to a special meeting of shareholders to be held on November 14, 2006 at which such shareholders will consider and vote upon the adoption of the merger agreement.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The statements, other than statements of historical facts, included in this report are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "would," "expect," "intend," "could," "estimate," "should," "anticipate" or "believe." We believe that the expectations reflected in such forward-looking statements are accurate. However, we cannot assure you that these expectations will occur. Our actual future performance could differ materially from such statements. Factors that could cause or contribute to these differences include, but are not limited to:

- uncertainties regarding the ability to open new rent-to-own stores;
- our ability to acquire additional rent-to-own stores on favorable terms;
- our ability to enhance the performance of these acquired stores, including the Rent-Way stores to be acquired;
- our ability to control store level costs;
- our ability to identify and successfully market products and services that appeal to our customer demographic;
- our ability to identify and successfully enter new lines of business offering products and services that appeal to our customer demographic, including our financial services products;
- the results of our litigation;
- the passage of legislation adversely affecting the rent-to-own or financial services industries;
- interest rates;
- our ability to enter into new and collect on our rental purchase agreements;
- our ability to enter into new and collect on our short term loans;
- economic pressures affecting the disposable income available to our targeted consumers, such as high fuel and utility costs;
- changes in estimates relating to self-insurance liabilities and income tax reserves;
- changes in our effective tax rate;
- our ability to maintain an effective system of internal controls;
- changes in the number of share-based compensation grants, methods used to value future share-based payments and changes in estimated forfeiture rates with respect to share-based compensation;
- changes in our stock price and the number of shares of common stock that we may or may not repurchase;
- changes in our debt ratings;
- the negotiation of and entry into definitive settlement documentation with respect to the prospective settlements;
- one or more parties filing an objection to the prospective settlements;
- the refusal by the courts to approve the prospective settlements or the requirement of changes to the prospective settlements that are unacceptable to us or the plaintiffs;
- the satisfaction of the closing conditions under the new senior credit facilities;
- the approval of the proposed merger with Rent-Way, Inc. by the shareholders of Rent-Way;

- the ability of the parties to close the Rent-Way acquisition in the time period currently anticipated;
- our ability to successfully integrate the Rent-Way stores into our operating systems;
- our ability to realize the cost savings anticipated in connection with the Rent-Way acquisition; and
- the other risks detailed from time to time in our SEC reports.

Additional important factors that could cause our actual results to differ materially from our expectations are discussed under “Risk Factors” later in this report as well as in our Annual Report on Form 10-K for our fiscal year ended December 31, 2005. You should not unduly rely on these forward-looking statements, which speak only as of the date of this report. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events.

Our Business

We are the largest rent-to-own operator in the United States with an approximate 33% market share based on store count. At September 30, 2006, we operated 2,751 company-owned stores nationwide and in Canada and Puerto Rico, including 21 stores located in Wisconsin and operated by our subsidiary Get It Now, LLC under the name “Get It Now” and seven stores located in Canada and operated by our subsidiary Rent-A-Centre Canada, Ltd., under the name “Rent-A-Centre.” Another of our subsidiaries, ColorTyme, is a national franchisor of rent-to-own stores. At September 30, 2006, ColorTyme had 279 franchised stores in 38 states.

Our stores generally offer high quality durable products such as major consumer electronics, appliances, computers, and furniture and accessories under flexible rental purchase agreements that generally allow the customer to obtain ownership of the merchandise at the conclusion of an agreed-upon rental period. These rental purchase agreements are designed to appeal to a wide variety of customers by allowing them to obtain merchandise that they might otherwise be unable to obtain due to insufficient cash resources or a lack of access to credit. These agreements also cater to customers who only have a temporary need or who simply desire to rent rather than purchase the merchandise.

Rental payments are made generally on a weekly basis and, together with applicable fees, constitute our primary revenue source. Our expenses primarily relate to merchandise costs and the operations of our stores, including salaries and benefits for our employees, occupancy expense for our leased real estate, merchandise delivery expenses, advertising expenses, lost, damaged, or stolen merchandise, fixed asset depreciation, and corporate and other expenses.

We have pursued an aggressive growth strategy since 1993. We have sought to acquire underperforming rent-to-own stores to which we could apply our operating model as well as open new stores. As a result, acquired stores have generally experienced more significant revenue growth during the initial periods following their acquisition than in subsequent periods. Because of significant growth since our formation, our historical results of operations and period-to-period comparisons of such results and other financial data, including the rate of earnings growth, may not be meaningful or indicative of future results.

We plan to accomplish our future growth through selective and opportunistic acquisitions of existing rent-to-own stores, and development of new rent-to-own stores. Typically, a newly opened rent-to-own store is profitable on a monthly basis in the ninth to twelfth month after its initial opening. Historically, a typical store has achieved cumulative break-even profitability in 18 to 24 months after its initial opening. Total financing requirements of a typical new store approximate $500,000, with roughly 75% of that amount relating to the purchase of rental merchandise inventory. A newly opened store historically has achieved results consistent with other stores that have been operating within the system for greater than two years by the end of its third year of operation. As a result, our quarterly earnings are impacted by how many new stores we opened during a particular quarter and the quarters preceding it. In addition, we strategically open or acquire stores near market areas served by existing stores (“cannibalize”) to enhance service levels, gain incremental sales and increase market penetration. This planned cannibalization may negatively impact our same store revenue. There can be no assurance that we will open any new rent-to-own stores in the future, or as to the number, location or profitability thereof.

Furthermore, we are evaluating other growth strategies, including offering additional products and services designed to appeal to our customer demographic, both through our new and existing rent-to-own stores as well as the entry into additional lines of business. In 2005, we began offering an array of financial services in addition to traditional rent-to-own products in some of our existing rent-to-own stores. These financial services include, but are not limited to, short term secured and unsecured loans, bill paying, debit cards, check cashing and money transfer services. We believe that traditional financial

services providers ineffectively market to our customer base and that an opportunity exists for us to leverage our knowledge of this demographic, as well as our operational infrastructure, into a complementary line of business offering financial services designed to appeal to our customer demographic. As of September 30, 2006, 101 locations in 12 states were offering some or all of these financial services. We intend to offer these financial services in approximately 145 to 155 Rent-A-Center store locations by the end of 2006. There can be no assurance that we will be successful in our efforts to expand our operations to include such complementary financial services, or that such operations, should they be added, will prove to be profitable.

Recent Developments

Acquisition of Rent-Way, Inc. On September 14, 2006, we announced that the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, relating to the previously announced acquisition of Rent-Way, Inc. expired on September 13, 2006. On October 12, 2006, Rent-Way, Inc. filed a definitive proxy statement with respect to a special meeting of shareholders to be held on November 14, 2006 at which such shareholders will consider and vote upon the adoption of the merger agreement. On November 2, 2006, we announced that we had completed the documentation related to the refinancing of our current senior debt. Our new $1,322.5 million senior credit facility consists of $922.5 million in term loans and a $400 million revolving credit facility. We intend to utilize the proceeds of the new senior debt to repay our existing senior debt, finance the proposed acquisition of Rent-Way, Inc., and for general corporate purposes. The funding of our new senior credit facility is contingent upon the closing of the pending acquisition of Rent-Way and customary closing conditions for financings of this nature. We anticipate closing the refinancing concurrently with the closing of the acquisition of Rent-Way. In connection with the closing of the refinancing, we will record a charge in the fourth quarter of approximately $2.7 million relating to capitalized costs incurred in connection with our existing senior credit facility.

California Attorney General Inquiry. On October 30, 2006, we announced that we had reached a prospective settlement with the California Attorney General to resolve the inquiry received in the second quarter of 2004 regarding our business practices in California with respect to cash prices and our membership program. Under the terms contemplated, we expect to create a restitution fund in the amount of approximately $9.6 million in cash, to be distributed to certain groups of customers (1) who entered into rental-purchase agreements and acquired ownership of property under those rental-purchase agreements between November 1, 2004 and the date of approval of the settlement, (2) who entered into rental-purchase agreements after November 1, 2004 that are still ongoing after the date of approval of the settlement, or (3) who purchased new memberships in the Rent-A-Center Preferred Customer Club between November 1, 2004 and the date of the approval of the settlement. In addition, we expect to agree to a civil penalty in the amount of $750,000. To account for the aforementioned costs, as well as our attorneys' fees, we recorded a pre-tax charge of $10.4 million in the third quarter of 2006. The terms of the prospective settlement are subject to the parties entering into a definitive settlement agreement and obtaining court approval. While we believe that the terms of this prospective settlement are fair, there can be no assurance that the settlement, if completed, will be approved by the court in its present form. Please refer to "Legal Proceedings" later in this report.

Store Growth. As of November 1, 2006, we have acquired accounts from two stores and opened two new stores during the fourth quarter of 2006. We merged one store with an existing location. Additionally, as of November 1, 2006, we have added financial services to 24 additional existing rent-to-own locations during the fourth quarter of 2006.

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Critical Accounting Policies Involving Critical Estimates, Uncertainties or Assessments in Our Financial Statements

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In applying accounting principles, we must often make individual estimates and assumptions regarding expected outcomes or uncertainties. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. We believe the following are areas where the degree of judgment and complexity in determining amounts recorded in our consolidated financial statements make the accounting policies critical.

Self-Insurance Liabilities. We have self-insured retentions with respect to losses under our workers' compensation, general liability and auto liability insurance policies. We establish reserves for our liabilities associated with these losses by obtaining forecasts for the ultimate expected losses and estimating amounts needed to pay losses within our self-insured retentions.

We make assumptions on our liabilities within our self-insured retentions using actuarial loss forecasts, which are prepared using methods and assumptions in accordance with standard actuarial practice, and third party claim administrator loss estimates which are based on known facts surrounding individual claims. Periodically, we reevaluate our estimate of liability within our self-insured retentions, including our assumptions related to our loss forecasts and estimates, using updated actuarial loss forecasts and currently valued third party claim administrator loss estimates. We evaluate the adequacy of our accruals by comparing amounts accrued on our balance sheet for anticipated losses to our updated actuarial loss forecasts and third party claim administrator loss estimates, and make adjustments to our accruals as needed based upon such review.

Over the previous 10 years, our loss exposure has increased, primarily as a result of our growth. We continually institute procedures to manage our loss exposure through a greater focus on the risk management function, a transitional duty program for injured workers, ongoing safety and accident prevention training, and various programs designed to minimize losses and improve our loss experience in our store locations.

As of September 30, 2006, the net amount accrued for losses within our self-insured retentions was $102.0 million, as compared to $97.8 million at September 30, 2005. The increase in the net amount accrued for the 2006 period is a result of an estimate for new claims expected for the current policy period, which incorporates increases in health care costs, and the net effect of prior period claims which have closed or for which additional development or changes in estimates have occurred. During the second quarter of 2006, we refined the process in which we determine the net amount accrued for losses within our self-insured retentions based on our actual loss experience. Prior to the quarter ended June 30, 2006, we used only general industry loss development factors in developing our estimate. Beginning with the quarter ended June 30, 2006, we also use company specific development factors developed by independent actuaries and based on our loss experience to determine our reserves.

Litigation Reserves. We are the subject of litigation in the ordinary course of our business. Our litigation involves, among other things, actions relating to claims that our rental purchase agreements constitute installment sales contracts, violate state usury laws or violate other state laws to protect consumers, claims asserting violations of wage and hour laws in our employment practices, as well as claims we violated the federal securities laws. In preparing our financial statements at a given point in time, we account for these contingencies pursuant to the provisions of SFAS No. 5, which requires that we accrue for losses that are both probable and reasonably estimable.

Each quarter, we make estimates of our probable liabilities, if reasonably estimable, and record such amounts in our consolidated financial statements. These amounts represent our best estimate, or may be the minimum range of probable loss when no single best estimate is determinable. We, together with our counsel, monitor developments related to these legal matters and, when appropriate, adjustments are made to reflect current facts and circumstances. As of September 30, 2006, we had accrued $17.5 million relating to our outstanding litigation, of which approximately $5.0 million is related to the prospective settlement of the *Burdusis/French/Corso* matters, $10.4 million is related to the prospective settlement of the California Attorney General inquiry, and an additional $2.1 million for anticipated legal fees and expenses with respect to our other material litigation (discussed in "Legal Proceedings" later in this report) as well as provisions for losses incurred or expected to be incurred with respect to litigation arising in the ordinary course of business which we do not believe are material, as compared to $2.3 million for the quarter ended September 30, 2005.

The ultimate outcome of our litigation is uncertain, and the amount of loss we may incur, if any, cannot in our judgment be reasonably estimated. Additional developments in our litigation or other adverse or positive developments or rulings in our litigation, could affect our assumptions and thus, our accrual.

Income Tax Reserves. We are subject to federal, state, local and foreign income taxes. We estimate our liabilities for income tax exposure by evaluating our income tax reserves each quarter based on the information available to us, and establishing reserves in accordance with the criteria for accrual under SFAS No. 5. In estimating this liability, we evaluate a number of factors in ascertaining whether we may have to pay additional taxes and interest when all examinations by taxing authorities are concluded. The actual amount accrued as a liability is based on an evaluation of the underlying facts and circumstances, a thorough research of the technical merits of our tax positions taken, and an assessment of the chances of us prevailing in our tax positions. We consult with external tax advisers in researching our conclusions. At September 30, 2006, we had accrued $5.6 million relating to our contingent liabilities for income taxes, as compared to $9.8 million at September 30, 2005. The decrease in the amount accrued at September 30, 2006 primarily relates to 2005 adjustments made for the reversal of a $3.3 million state tax reserve in connection with a change in estimate as well as a $2.0 million tax audit reserve credit associated with the favorable resolution of our 1998 and 1999 federal tax returns, offset slightly by our normal tax accruals.

If we make changes to our accruals in any of these areas in accordance with the policies described above, these changes would impact our earnings. Increases to our accruals would reduce earnings and similarly, reductions to our accruals would increase our earnings. A pre-tax change of $1.1 million in our estimates would result in a corresponding $.01 change in our earnings per share.

Based on an assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, we believe that our consolidated financial statements provide a meaningful and fair perspective of our company. However, we do not suggest that other general risk factors, such as those discussed later in this report and in our Annual Report on Form 10-K for our fiscal year ended December 31, 2005 as well as changes in our growth objectives or performance of new or acquired stores, could not adversely impact our consolidated financial position, results of operations and cash flows in future periods.

Significant Accounting Policies

Our significant accounting policies are summarized below and in Note A to our consolidated financial statements included in our Annual Report on Form 10-K.

Revenue. Merchandise is rented to customers pursuant to rental-purchase agreements which provide for weekly, semi-monthly or monthly rental terms with non-refundable 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 as payments are received and merchandise sales revenue is recognized when the customer exercises their purchase option and pays the cash price due. Revenue for the total amount of the rental purchase agreement is not accrued because the customer can terminate the rental agreement at any time and we cannot enforce collection for non-payment of rents. Because Get It Now makes retail sales on an installment credit basis, Get It Now's revenue is recognized at the time of such retail sale, as is the cost of the merchandise sold, net of a provision for uncollectible accounts. The revenue from our financial services is recorded differently depending on the type of transaction. Fees collected on loans are recognized ratably over the term of the loan. For money orders, wire transfers, check cashing and other customer service type transactions, fee revenue is recognized at the time of the transactions.

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

Depreciation of Rental Merchandise. Depreciation of rental merchandise is included in the cost of rentals and fees on our statement of earnings. We depreciate our rental merchandise using the income forecasting method. 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. On computers that are 24 months old or older and which have become idle, depreciation is recognized using the straight-line method for a period of at least six months, generally not to exceed an aggregate depreciation period of 36 months. The purpose is to better reflect the depreciable life of a computer in our stores and to encourage the sale of older computers.

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

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

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

Results of Operations

Nine Months Ended September 30, 2006 compared to Nine Months Ended September 30, 2005

Store Revenue. Total store revenue increased by $21.5 million, or 1.2%, to $1,747.3 million for the nine months ended September 30, 2006 as compared to $1,725.8 million for the nine months ended September 30, 2005. The increase in total store revenue is primarily attributable to an increase in same store revenues of $29.3 million offset by revenue lost from the stores that were closed or sold during the twelve month period ended September 30, 2006.

Same store revenues represent those revenues earned in stores that were operated by us for each of the entire nine month periods ended September 30, 2006 and 2005, excluding store locations that received accounts through an acquisition or merger of an existing store location. Same store revenues increased by $29.3 million, or 2.1%, to $1,406.0 million for the nine months ended September 30, 2006 as compared to $1,376.7 million in 2005. This increase in same store revenues was primarily attributable to our change in promotional activities and an increase in the number of units on rent during the first nine months of 2006 as compared to 2005.

Franchise Revenue. Total franchise revenue increased by $356,000, or 1.2%, to $30.5 million for the nine months ended September 30, 2006 as compared to $30.1 million in 2005. This increase was primarily attributable to an increase in the number of products sold to franchisees in the first nine months of 2006 as compared to the first nine months of 2005.

Cost of Rentals and Fees. Cost of rentals and fees consists of depreciation of rental merchandise and the costs associated with our membership programs, which began in 2004. Cost of rentals and fees for the nine months ended September 30, 2006 increased by $5.8 million, or 1.7%, to $344.5 million as compared to $338.7 million in 2005. This increase is a result of an increase in rental revenue for the first nine months of 2006 compared to the first nine months of 2005. Cost of rentals and fees expressed as a percentage of store rentals and fees revenue was 21.8% for the nine months ended September 30, 2006 as compared to 21.7% for the nine months ended September 30, 2005.

Cost of Merchandise Sold. Cost of merchandise sold increased by $349,000, or .3%, to $100.9 million for the nine months ended September 30, 2006 as compared to $100.6 million in 2005. This slight increase was primarily a result of an increase in the number of items sold during the first nine months of 2006 as compared to the first nine months of 2005. The gross margin percent of merchandise sales decreased slightly to 27.3% in 2006 from 27.9% in 2005. This decrease is attributable to a decrease in the average selling price of merchandise sold during the first nine months of 2006 as compared to 2005.

Salaries and Other Expenses. Salaries and other expenses decreased by $5.1 million, or .5%, to $1,012.3 million for the nine months ended September 30, 2006 as compared to $1,017.4 million in 2005. The decrease was primarily the result of a decrease in salaries and wages and occupancy costs. For the nine months ended September 30, 2006, there were 109 less stores, on a weighted average basis, operating during the period as compared to 2005. Salaries and other expenses expressed as a percentage of total store revenue decreased to 57.9% for the nine months ended September 30, 2006 from 59.0% in 2005.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold increased by $666,000, or 2.7%, to $25.7 million for the nine months ended September 30, 2006 as compared to $25.0 million in 2005. This increase was primarily attributable to an increase in the number of products sold to franchisees in the first nine months of 2006 as compared to the first nine months of 2005.

General and Administrative Expenses. General and administrative expenses increased by $5.3 million, or 8.8%, to $66.0 million for the nine months ended September 30, 2006, as compared to $60.7 million for the first nine months of 2005.

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General and administrative expenses expressed as a percentage of total revenue increased slightly to 3.7% for the nine months ended September 30, 2006 as compared to 3.5% for the nine months ended September 30, 2005. These increases are primarily attributable to additional personnel and related expansion at our corporate office to support growth, including our plans to expand into complementary lines of business in our rent-to-own stores and the anticipated growth in our store base as a result of the Rent-Way acquisition.

Amortization of Intangibles. Amortization of intangibles decreased by $7.5 million, or 72.6%, to $2.8 million for the nine months ended September 30, 2006 as compared to $10.4 million in 2005. This decrease was primarily attributable to the completed customer relationship amortization associated with previous acquisitions, such as the acquisitions of Rainbow Rentals, Inc. and Rent-Rite, Inc. in 2004.

Operating Profit. Operating profit increased by $12.5 million, or 6.6%, to $202.5 million for the nine months ended September 30, 2006 as compared to $190.0 million in 2005. Excluding the pre-tax litigation settlement charges recorded in the third quarter of 2006 of $15.3 million, the pre-tax litigation reversion credit of $8.0 million recorded in the first quarter of 2005 and the pre-tax restructuring charge of $13.0 million recorded in the third quarter of 2005, operating profit increased by $22.8 million, or 11.7%, to $217.8 million for the nine months ended September 30, 2006 as compared to $195.0 million in 2005. Operating profit as a percentage of total revenue increased to 12.3% for the nine months ended September 30, 2006 before the pre-tax litigation settlement charges in 2006, from 11.1% before the pre-tax litigation reversion credit and restructuring charge in the first nine months of 2005. These increases were primarily attributable to the increase in same store sales and the decrease in salaries and other expenses during the first nine months of 2006 versus 2005 as discussed above.

Interest expense. Interest expense increased by $6.2 million, or 18.5%, to $39.6 million for the nine months ended September 30, 2006 as compared to $33.4 million in 2005. This increase was primarily attributable to increased borrowings under our revolving credit facility during the first nine months of 2006 as compared to the first nine months of 2005, as well as an increase in our weighted average interest rate to 7.66% during the first nine months of 2006 as compared to 6.72% during the first nine months of 2005.

Net Earnings. Net earnings increased by $4.7 million, or 4.7%, to $105.4 million for the nine months ended September 30, 2006 as compared to $100.7 million in 2005. Excluding the pre-tax litigation settlement charges of $15.3 million and the pre-tax refinance charge of $2.2 million recorded in the third quarter of 2006, as well as the pre-tax litigation reversion credit of $8.0 million recorded in the first quarter of 2005, a pre-tax restructuring charge of $13.0 million recorded in the third quarter of 2005 and a $2.0 million tax audit reserve credit recorded in the second quarter of 2005, net earnings increased by $14.2 million, or 13.8%, to $116.6 million for the nine months ended September 30, 2006 as compared to $102.4 million in 2005. This increase was primarily attributable to the increase in same store sales and the decrease in salaries and other expenses during the first nine months of 2006 versus 2005 as discussed above.

Three Months Ended September 30, 2006 compared to Three Months Ended September 30, 2005

Store Revenue. Total store revenue increased by $14.2 million, or 2.5%, to $579.1 million for the three months ended September 30, 2006 as compared to $564.9 million for the three months ended September 30, 2005. The increase in total store revenue is primarily attributable to an increase in same store revenues of $17.1 million offset by revenue lost from the stores that were closed or sold during the twelve month period ended September 30, 2006.

Same store revenues represent those revenues earned in stores that were operated by us for each of the entire three month periods ended September 30, 2006 and 2005, excluding store locations that received accounts through an acquisition or merger of an existing store location. Same store revenues increased by $17.1 million, or 3.6%, to $490.3 million for the three months ended September 30, 2006 as compared to $473.2 million in 2005. This increase in same store revenues was primarily attributable to our change in promotional activities and an increase in the number of units on rent during the quarter ended September 30, 2006 as compared to 2005.

Franchise Revenue. Total franchise revenue decreased by $492,000, or 5.8%, to $8.1 million for the three months ended September 30, 2006 as compared to $8.6 million in 2005. This decrease was primarily attributable to a decrease in merchandise sales to franchise locations as a result of eight less franchised locations operating at September 30, 2006 as compared to September 30, 2005.

Cost of Rentals and Fees. Cost of rentals and fees consists of depreciation of rental merchandise and the costs associated with our membership programs, which began in 2004. Cost of rentals and fees increased by approximately $4.8 million, or

4.3%, to $117.0 million for the three months ended September 30, 2006 as compared to $112.2 million in 2005. Cost of rentals and fees expressed as a percentage of store rentals and fees revenue increased slightly to 22.0% for the quarter ended September 30, 2006 as compared to 21.7% for the same period in 2005.

Cost of Merchandise Sold. Cost of merchandise sold decreased by $1.9 million, or 6.2%, to $28.4 million for the three months ended September 30, 2006 as compared to $30.3 million in 2005. This decrease was primarily a result of a decrease in the number of items sold during the third quarter of 2006 as compared to the third quarter of 2005. The gross margin percent of merchandise sales decreased to 21.8% in 2006 from 22.7% in 2005. This decrease was primarily attributable to a decrease in the average selling price of merchandise sold during the third quarter of 2006 as compared to the third quarter of 2005.

Salaries and Other Expenses. Salaries and other expenses decreased by $10.0 million, or 2.9%, to $340.4 million for the three months ended September 30, 2006 as compared to $350.4 million in 2005. Salaries and other expenses expressed as a percentage of total store revenue decreased to 58.8% for the three months ended September 30, 2006 from 62.0% in 2005. The decrease was primarily the result of a decrease in salaries and wages and occupancy costs. For the three months ended September 30, 2006, there were 126 less stores, on a weighted average basis, operating during the period as compared to 2005.

Franchise Cost of Merchandise Sold. Franchise cost of merchandise sold decreased by $441,000, or 6.3%, to $6.5 million for the three months ended September 30, 2006 as compared to $7.0 million in 2005. This decrease was primarily attributable to a decrease in merchandise sales to franchise locations as a result of eight less franchised locations operating at September 30, 2006 as compared to September 30, 2005.

General and Administrative Expenses. General and administrative expenses increased by $2.6 million, or 12.4%, to $23.8 million for the three months ended September 30, 2006, as compared to $21.2 million in 2005. General and administrative expenses expressed as a percentage of total revenue increased to 4.1% for the three months ended September 30, 2006 as compared to 3.7% for the three months ended September 30, 2005. These increases are primarily attributable to additional personnel and related expansion at our corporate office to support growth, including our plans to expand into complementary lines of business in our rent-to-own stores and the anticipated growth in our store base as a result of the Rent-Way acquisition.

Amortization of Intangibles. Amortization of intangibles decreased by $4.9 million, or 83.0%, to $1.0 million for the three months ended September 30, 2006 as compared to $5.9 million in 2005. This decrease was primarily attributable to the completed customer relationship amortization associated with previous acquisitions, such as the acquisitions of Rainbow Rentals, Inc. and Rent-Rite, Inc. in 2004.

Operating Profit. Operating profit increased by $20.9 million, or 67.4%, to $51.9 million for the three months ended September 30, 2006 as compared to $31.0 million in 2005. Excluding the pre-tax litigation settlement charges of $15.3 million recorded in the third quarter of 2006 and the pre-tax restructuring charge of $13.0 million recorded in the third quarter of 2005, operating profit increased by $23.2 million, or 52.6%, to $67.1 million for the three months ended September 30, 2006 as compared to $44.0 million in 2005. Operating profit as a percentage of total revenue increased to 11.4% for the three months ended September 30, 2006 before the pre-tax litigation settlement charges in 2006 from 7.7% for the three months ended September 30, 2006 before the pre-tax restructuring charge in 2005. The increase was primarily attributable to an increase in same store sales and a decrease in salaries and other expenses during the third quarter of 2006 versus 2005 as discussed above.

Interest expense. Interest expense increased by $1.5 million, or 12.9%, to $13.3 million for the three months ended September 30, 2006 as compared to $11.8 million in 2005. This increase was primarily attributable to increased borrowings under our revolving credit facility during the third quarter of 2006 as compared to the third quarter of 2005, as well as an increase in our weighted average interest rate to 7.67% during the third quarter of 2006 as compared to 7.02% during the third quarter of 2005.

Net Earnings. Net earnings increased by $13.9 million to $25.2 million for the three months ended September 30, 2006 as compared to $11.3 million in 2005. Excluding the pre-tax litigation settlement charges of $15.3 million and the pre-tax refinance charge of $2.2 million recorded in the third quarter of 2006 and the pre-tax restructuring charge of $13.0 million recorded in the third quarter of 2005, net earnings increased by $16.4 million to $36.4 million for the three months ended September 30, 2006 as compared to $20.0 million in 2005. This increase was primarily attributable to the increase in same store sales and the decrease in salaries and other expenses during the first nine months of 2006 versus 2005 as discussed above.

Liquidity and Capital Resources

Cash provided by operating activities decreased by $12.3 million to $131.3 million for the nine months ended September 30, 2006 as compared to $143.7 million in 2005. This decrease is primarily attributable to increased inventory purchases during the first nine months of 2006 as compared to 2005, offset by changes in deferred income taxes resulting from the reversal of the effect that the Job Creation and Workers Assistance Act of 2002 had on our cash flow as discussed under *Deferred Taxes* below.

Cash used in investing activities increased by $10.1 million to $83.2 million during the nine month period ended September 30, 2006 as compared to $73.1 million in 2005. This increase is primarily attributable to the costs associated with the construction of our corporate headquarters as discussed later in this section.

Cash used in financing activities decreased by $24.5 million to $52.1 million during the nine month period ended September 30, 2006 as compared to $76.6 million in 2005. This decrease is primarily a result of a reduction in our stock repurchases during the first nine months of 2006 as compared to the same period in 2005, offset by the refinancing of our senior credit facilities.

Acquisition of Rent-Way, Inc. On August 7, 2006, we announced that we entered into a definitive agreement to acquire Rent-Way, Inc., a rent-to-own operator, for $10.65 in cash per share of Rent-Way common stock. Rent-Way operates 782 stores in 34 states. The agreement also provides that each holder of options of Rent-Way will receive an amount equal to the difference between $10.65 and the exercise price of the option. We intend to fund the acquisition with the proceeds of our new $1,322.5 million senior credit facility. The acquisition, which is expected to be completed in the fourth quarter of 2006, is conditioned upon customary closing conditions for a transaction of this nature, including the approval of Rent-Way's shareholders. On September 14, 2006, we announced that the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, relating to the acquisition expired on September 13, 2006. On October 12, 2006, Rent-Way, Inc. filed a definitive proxy statement with respect to a special meeting of shareholders to be held on November 14, 2006 at which such shareholders will consider and vote upon the adoption of the merger agreement.

On November 2, 2006, we announced that we had completed the documentation related to the refinancing of our current senior debt. Our new $1,322.5 million senior credit facility consists of $922.5 million in term loans and a $400 million revolving credit facility. We intend to utilize the proceeds of the new senior debt to repay our existing senior debt, finance the proposed acquisition of Rent-Way, Inc., and for general corporate purposes. The funding of our new senior credit facility is contingent upon the closing of the pending acquisition of Rent-Way and customary closing conditions for financings of this nature. We anticipate closing the refinancing concurrently with the closing of the acquisition of Rent-Way. In connection with the closing of the refinancing, we will record a charge in the fourth quarter of approximately $2.7 million relating to capitalized costs incurred in connection with our existing senior credit facility.

Liquidity Requirements. Our primary liquidity requirements are for debt service, rental merchandise purchases, capital expenditures and implementation of our growth strategies, including store acquisitions and expansion and investment in our financial services business. Our primary sources of liquidity have been cash provided by operations, borrowings and sales of debt and equity securities. In the future, to provide any additional funds necessary for the continued pursuit of our operating and growth strategies, we may incur from time to time additional short or long-term bank indebtedness and may issue, in public or private transactions, equity and debt securities. The availability and attractiveness of any outside sources of financing will depend on a number of factors, some of which relate to our financial condition and performance, and some of which are beyond our control, such as prevailing interest rates and general economic conditions. There can be no assurance that additional financing will be available, or if available, that it will be on terms we find acceptable.

We believe that the cash flow generated from operations, together with amounts available under our new senior credit facilities, will be sufficient to fund our debt service requirements, rental merchandise purchases, capital expenditures and our store expansion programs during the next twelve months. At November 1, 2006, we had approximately $26.4 million in cash. To the extent we have available cash that is not necessary to fund the items listed above, we intend to repurchase additional shares of our common stock, repurchase some of our outstanding subordinated notes, as well as make additional payments to service our existing debt. While our operating cash flow has been strong and we expect this strength to continue, our liquidity could be negatively impacted if we do not remain as profitable as we expect.

If a change in control occurs, we may be required to offer to repurchase all of our outstanding subordinated notes at 101% of their principal amount, plus accrued interest to the date of repurchase. Our senior credit facility restricts our ability to

repurchase the subordinated notes, including in the event of a change in control. In addition, a change in control would result in an event of default under our senior credit facilities, which would allow our lenders to accelerate the indebtedness owed to them. In the event a change in control occurs, we cannot be sure we would have enough funds to immediately pay our accelerated senior credit facility obligations and all of the subordinated notes, or that we would be able to obtain financing to do so on favorable terms, if at all.

Litigation. On August 10, 2006, we announced that we had reached a prospective settlement with the plaintiffs to resolve the *Jeremy Burdusis, et al. v. Rent-A-Center, Inc., et al./Israel French, et al. v. Rent-A-Center, Inc.* and *Kris Corso, et al. v. Rent-A-Center, Inc.* coordinated matters pending in state court in Los Angeles, California. These matters allege violations by us of certain wage and hour laws of California. Under the terms contemplated, we anticipate we will pay an aggregate of $4.95 million in cash, including plaintiff's attorneys' fees, to be distributed to an agreed-upon class of our employees from August 1998 through the date of preliminary court approval of the settlement. In connection with the prospective settlement, we are not admitting liability for our wage and hour practices in California. A hearing on a motion for preliminary approval of the settlement is currently scheduled for November 9, 2006. We recorded a pre-tax expense of $4.95 million in the third quarter of 2006 to account for the aforementioned settlement amount and attorneys' fees.

On October 30, 2006, we announced that we had reached a prospective settlement with the California Attorney General to resolve the inquiry received in the second quarter of 2004 regarding our business practices in California with respect to cash prices and our membership program. Under the terms contemplated, we expect to create a restitution fund in the amount of approximately $9.6 million in cash, to be distributed to certain groups of customers (1) who entered into rental-purchase agreements and acquired ownership of property under those rental-purchase agreements between November 1, 2004 and the date of approval of the settlement, (2) who entered into rental-purchase agreements after November 1, 2004 that are still ongoing after the date of approval of the settlement, or (3) who purchased new memberships in the Rent-A-Center Preferred Customer Club between November 1, 2004 and the date of the approval of the settlement. In addition, we expect to agree to a civil penalty in the amount of $750,000. In connection with the prospective settlement, we are not admitting liability for our past business practices in California. To account for the aforementioned costs, as well as our attorneys' fees, we recorded a pre-tax charge of $10.4 million in the third quarter of 2006.

The terms of the prospective settlements of the *Burdusis/French/Corso* and California Attorney General matters are subject to the applicable parties entering into definitive settlement agreements and obtaining court approval. While we believe that the terms of these prospective settlements are fair, there can be no assurance that the settlements, if completed, will be approved by the applicable court in their present form. We believe that cash flow generated from operations, together with amounts available under our senior credit facilities, will be sufficient to fund the prospective settlements without adversely affecting our liquidity in a material way.

Additional settlements or judgments against us on our existing litigation could affect our liquidity. Please refer to "Legal Proceedings" later in this report.

Deferred Taxes. On March 9, 2002, President Bush signed into law the Job Creation and Worker Assistance Act of 2002, which provides for accelerated tax depreciation deductions for qualifying assets placed in service between September 11, 2001 and September 10, 2004. Under these provisions, 30% of the basis of qualifying property is deductible in the year the property is placed in service, with the remaining 70% of the basis depreciated under the normal tax depreciation rules. For assets placed in service between May 6, 2003 and December 31, 2004, the Jobs and Growth Tax Relief Reconciliation Act of 2003 increased the percent of the basis of qualifying property deductible in the year the property is placed in service from 30% to 50%. Accordingly, our cash flow benefited from the resulting lower cash tax obligations in those prior years. We estimate that our operating cash flow increased by approximately $106.3 million through 2004, on a net cumulative basis, from the accelerated depreciation deductions on rental merchandise. The associated deferred tax liabilities now have begun to reverse, doing so over a three year period beginning in 2005. Approximately $67.0 million, or 79%, reversed in 2005. We expect that $15.2 million, or 18%, will reverse in 2006 and the remaining $3.1 million will reverse in 2007, which will result in additional cash taxes and a corresponding decrease in our deferred tax liabilities discussed above.

Rental Merchandise Purchases. We purchased $580.0 million and $486.2 million of rental merchandise during the nine month periods ended September 30, 2006 and 2005, respectively.

Capital Expenditures. We make capital expenditures in order to maintain our existing operations as well as for new capital assets in new and acquired stores. We spent $51.0 million and $41.0 million on capital expenditures during the nine month periods ended September 30, 2006 and 2005, respectively, and expect to spend approximately $25.0 million for the

remainder of 2006, which includes amounts we intend to spend with respect to expanding our financial services business and our new corporate headquarters facility as discussed below.

In December 2005, we acquired approximately 15 acres of land located in Plano, Texas, on which we are building a new corporate headquarters facility. The purchase price for the land was approximately $5.2 million. Building costs are expected to be in the range of $22.5-$27.5 million, and construction began in January 2006. Building costs are paid on a percentage of completion basis throughout the construction period, and the building is expected to be completed during the first quarter of 2007. We are financing this project from cash flow generated from operations. As of September 30, 2006, we have spent approximately $10.6 million in construction costs and expect to spend the remaining $11.9-$16.9 million by the end of January 2007. Our remaining lease obligation on our existing location, as of the estimated move date, will be approximately $4.9 million. We anticipate subleasing some or all of the space at our current location to offset the remaining lease obligation.

Acquisitions and New Store Openings. During the first nine months of 2006, we acquired 28 stores, accounts from 35 additional locations, opened 28 new stores, and closed 65 stores. Of the closed stores, 50 were merged with existing store locations, and 15 stores were sold. The acquired stores and accounts were the result of 34 separate transactions for an aggregate price of approximately $34.5 million. Additionally, during the first nine months of 2006, we have added financial services to 60 existing rent-to-own store locations, consolidated one store with financial services into an existing location, closed one store and ended the third quarter of 2006 with a total of 101 stores providing these services.

As of November 1, 2006, we have acquired accounts from two stores and opened two new stores during the fourth quarter of 2006. We merged one store with an existing location. The acquisition of Rent-Way, Inc. is expected to be completed in the fourth quarter of 2006. Additionally, as of November 1, 2006, we have added financial services to 24 additional existing rent-to-own locations during the fourth quarter of 2006.

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

Senior Credit Facilities. On July 13, 2006, we announced the completion of the refinancing of our new senior secured debt. Our $725.0 million senior credit facilities consist of a $200.0 million five-year term loan, a $125.0 million six-year term loan and a $400.0 million five-year revolving credit facility. On that day, we drew down the $325.0 million in term loans and $88.0 million of the revolving facility and utilized the proceeds to repay our existing senior term debt. In connection with the refinancing we recorded a $2.2 million non-cash charge to expense the remaining unamortized balance of financing costs from our previous credit agreement in the third quarter of 2006.

The table below shows the scheduled maturity dates of our term debt outstanding on September 30, 2006.

YEAR ENDING DECEMBER 31,	(IN THOUSANDS)
2006	$ 2,813
2007	11,250
2008	11,250
2009	16,250
2010	86,250
Thereafter	194,375
	$ 322,188

The full amount of the revolving credit facility may be used for the issuance of letters of credit, of which $107.0 million had been utilized as of November 1, 2006. The revolving credit facility expires in July 2011 and the term loans expire in July 2012.

Borrowings under our revolving credit facility bear interest at varying rates equal to the Eurodollar rate plus 0.75% to 1.50%, or the prime rate plus up to 0.50%, at the our election. The margins on the Eurodollar rate and on the prime rate, which are initially 1.0 and 0.0 respectively, may fluctuate dependent upon an increase or decrease in our consolidated leverage ratio as defined by a pricing grid included in the credit agreement. We have not entered into any interest rate protection agreements

with respect to term loans under the senior credit facility. A commitment fee equal to 0.15% to 0.375% of the unused portion of the revolving credit facility is payable quarterly, and fluctuates dependent upon an increase or decrease in our consolidated leverage ratio. The initial commitment fee is equal to 0.20% of the unused portion of the revolving credit facility.

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

Subject to a number of exceptions, the senior credit facility contains, without limitation, covenants that generally limit our ability to:

- incur additional debt in excess of $150 million at any one time outstanding (other than subordinated debt, which is generally permitted if the maturity date is later than July 13, 2012);
- repurchase our capital stock and 7 1/2% notes and pay cash dividends in the event the pro forma senior leverage ratio is greater than 2.50x (subject to a restricted payments basket, for which approximately $130.0 million is available for use as of September 30, 2006);
- incur liens or other encumbrances;
- merge, consolidate or sell substantially all our property or business;
- sell assets, other than inventory in the ordinary course of business;
- make investments or acquisitions unless it meets financial tests and other requirements;
- make capital expenditures; or
- enter into new lines of business.

Our senior credit facilities require us to comply with several financial covenants, including a maximum consolidated leverage ratio and a minimum fixed charge coverage ratio. The table below shows the required and actual ratios under our credit facilities calculated as at September 30, 2006:

	Required ratio		Actual ratio
Maximum consolidated leverage ratio	No greater than	3.25:1	1.88:1
Minimum fixed charge coverage ratio	No less than	1.35:1	1.96:1

Events of default under our senior credit facilities include customary events, such as a cross-acceleration provision in the event that we default on other debt. In addition, an event of default under the senior credit facility would occur if a change of control occurs. This is defined to include the case where a third party becomes the beneficial owner of 35% or more of our voting stock or certain changes in Rent-A-Center’s Board of Directors occurs. An event of default would also occur if one or more judgments were entered against us of $20.0 million or more and such judgments were not satisfied or bonded pending appeal within 30 days after entry.

We utilize our revolving credit facility for the issuance of letters of credit, as well as to manage normal fluctuations in operational cash flow caused by the timing of cash receipts. In that regard, we may from time to time draw funds under the new revolving credit facility for general corporate purposes. The funds drawn on individual occasions under our previous revolving credit facility have varied in amounts of up to $50.0 million, with total amounts outstanding ranging from $10.0 million up to $88.0 million. The amounts drawn are generally outstanding for a short period of time and are generally paid down as cash is received from our operating activities.

On November 2, 2006, we announced that we had completed the documentation related to the refinancing of our current senior debt. Our new $1,322.5 million senior credit facility consists of $922.5 million in term loans and a $400 million revolving credit facility. We intend to utilize the proceeds of the new senior debt to repay our existing senior debt, finance the proposed acquisition of Rent-Way, Inc., and for general corporate purposes. The funding of our new senior credit facility is contingent upon the closing of the pending acquisition of Rent-Way and customary closing conditions for financings of this nature. We anticipate closing the refinancing concurrently with the closing of the acquisition of Rent-Way. In connection with the closing of the refinancing, we will record a charge in the fourth quarter of approximately $2.7 million relating to capitalized costs incurred in connection with our existing senior credit facility.

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Contractual Cash Commitments. The table below summarizes debt, lease and other minimum cash obligations outstanding as of September 30, 2006:

Contractual Cash Obligations	Total	2006	Payments due by Period 2007 – 2008	2009 – 2010	Thereafter
			(In thousands)		
Senior Credit Facilities (including current portion)	$ 358,468(1)	$ 4,093	$ 22,500	$ 102,500	$ 229,375
7 1/2% Senior Subordinated Notes (2)	390,000	11,250	45,000	333,750	—
Operating Leases	472,274	57,876	264,603	131,958	17,837
Total	$ 1,220,742	$ 73,219	$ 332,103	$ 568,208	$ 247,212

(1) Amount referenced does not include the interest on our new senior credit facilities. Our new senior credit facilities bear interest at varying rates equal to the Eurodollar rate plus 0.75% to 1.50% or the prime rate plus up to 0.50% at our election. The weighted average Eurodollar rate on our outstanding debt at September 30, 2006 was 5.50%.

(2) Includes interest payments of $11.25 million on each of May 1 and November 1 of each year.

7 1/2% Senior Subordinated Notes. On May 6, 2003, we issued $300.0 million in senior subordinated notes due 2010, bearing interest at 7 1/2%, pursuant to an indenture dated May 6, 2003, among Rent-A-Center, Inc., its subsidiary guarantors and The Bank of New York, as trustee. The proceeds of this offering were used to fund the repurchase and redemption of our then outstanding 11% senior subordinated notes.

The 2003 indenture contains covenants that limit Rent-A-Center's ability to:

- incur additional debt;
- sell assets or our subsidiaries;
- grant liens to third parties;
- pay dividends or repurchase stock (subject to a restricted payments basket for which $150.5 million was available for use as of September 30, 2006); and
- engage in a merger or sell substantially all of its assets.

Events of default under the 2003 indenture include customary events, such as a cross-acceleration provision in the event that we default in the payment of other debt due at maturity or upon acceleration for default in an amount exceeding $50.0 million, as well as in the event a judgment is entered against us in excess of $50.0 million that is not discharged, bonded or insured.

The 7 1/2% notes may be redeemed on or after May 1, 2006, at our option, in whole or in part, at a premium declining from 103.75%. The 7 1/2% notes also require that upon the occurrence of a change of control (as defined in the 2003 indenture), the holders of the notes have the right to require us to repurchase the notes at a price equal to 101% of the original aggregate principal amount, together with accrued and unpaid interest, if any, to the date of repurchase. This would trigger an event of default under our new senior credit facilities. We are not required to maintain any financial ratios under the 2003 indenture.

Real Estate Leases. We lease space for all of our stores and service center locations, as well as our corporate and regional offices under operating leases expiring at various times through 2016. Most of our store leases are five year leases and contain renewal options for additional periods ranging from three to five years at rental rates adjusted according to agreed-upon formulas.

ColorTyme Guarantee. ColorTyme is a party to an agreement with Wells Fargo Foothill, Inc., who provides $35.0 million in aggregate financing to qualifying franchisees of ColorTyme generally of up to five times their average monthly revenues. Under the Wells Fargo agreement, upon an event of default by the franchisee under agreements governing this financing and upon the occurrence of certain other events, Wells Fargo can assign the loans and the collateral securing such loans to ColorTyme, with ColorTyme paying the outstanding debt to Wells Fargo and then succeeding to the rights of Wells Fargo under the debt agreements, including the right to foreclose on the collateral. The Wells Fargo agreement expires on September 30, 2010. An additional $20.0 million of financing is provided by Texas Capital Bank, National Association under an agreement similar to the Wells Fargo financing. Rent-A-Center East guarantees the obligations of ColorTyme

under each of these agreements, excluding the effects of any amounts that could be recovered under collateralization provisions, up to a maximum amount of $55.0 million, of which $31.4 million was outstanding as of September 30, 2006. Mark E. Speese, Rent-A-Center's Chairman of the Board and Chief Executive Officer, is a passive investor in Texas Capital Bank, owning less than 1% of its outstanding equity.

Repurchases of Outstanding Securities. Our Board of Directors has authorized a common stock repurchase program, permitting us to purchase, from time to time, in the open market and privately negotiated transactions, up to an aggregate of $400.0 million of Rent-A-Center common stock. As of September 30, 2006, we had purchased a total of 14,628,800 shares of Rent-A-Center common stock for an aggregate of $360.8 million under this common stock repurchase program, none of which were repurchased in the third quarter of 2006.

Store Consolidation Plan. We expect the total estimated cash outlay in connection with the store consolidation plan to be between $9.0 million to $9.3 million. The amount of cash used in the store closing plan during the first nine months of 2006 was $7.5 million. Therefore, we expect to use approximately $1.8 million of cash on hand for future payments primarily related to the satisfaction of lease obligations for closed stores. Please see "Note 8. Store Consolidation Plan" in this report for more information on our store consolidation plan.

Economic Conditions. Although our performance has not suffered in previous economic downturns, we cannot assure you that demand for our products, particularly in higher price ranges, will not significantly decrease in the event of a prolonged recession. Fluctuations in our targeted customers' monthly disposable income, such as those we believe may have been caused by nationwide increases in fuel and energy costs, could adversely impact our results of operations.

Seasonality. Our revenue mix is moderately seasonal, with the first quarter of each fiscal year generally providing higher merchandise sales than any other quarter during a fiscal year, primarily related to federal income tax refunds. Generally, our customers will more frequently exercise their early purchase option on their existing rental purchase agreements or purchase pre-leased merchandise off the showroom floor during the first quarter of each fiscal year. We expect this trend to continue in future periods. Furthermore, we tend to experience slower growth in the number of rental purchase agreements on rent in the third quarter of each fiscal year when compared to other quarters throughout the year. As a result, we would expect revenues for the third quarter of each fiscal year to remain relatively flat with the prior quarter. We expect this trend to continue in future periods unless we add significantly to our store base during the third quarter of future fiscal years as a result of new store openings or opportunistic acquisitions.

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Item 3. Quantitative and Qualitative Disclosure About Market Risk

Interest Rate Sensitivity

As of September 30, 2006, we had $300.0 million in subordinated notes outstanding at a fixed interest rate of 7 1/2%, $322.2 million in term loans, $35.0 in revolving credit outstanding at interest rates indexed to the Eurodollar rate, and $1.3 million outstanding on our line of credit at the Eurodollar rate plus 1.75%. The fair value of the subordinated notes is estimated based on discounted cash flow analysis using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of the 7 1/2% subordinated notes at September 30, 2006 was $302.3 million. As of September 30, 2006, we have not entered into any interest rate swap agreements with respect to term loans under our senior credit facilities.

Market Risk

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

Interest Rate Risk

We hold long-term debt with variable interest rates indexed to prime or the Eurodollar rate that exposes us to the risk of increased interest costs if interest rates rise. Based on our overall interest rate exposure at September 30, 2006, a hypothetical 1.0% increase or decrease in interest rates would have the effect of causing a $913,000 additional pre-tax charge or credit to our statement of earnings than would otherwise occur if interest rates remained unchanged.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this quarterly report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is (1) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer, to allow timely decisions regarding required disclosure. Based on that evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that our disclosure controls and procedures were effective.

Changes in internal controls. For the quarter ended September 30, 2006, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

RENT-A-CENTER, INC. AND SUBSIDIARIES

PART II – Other Information

Item 1. Legal Proceedings

From time to time, we, along with our subsidiaries, are party to various legal proceedings arising in the ordinary course of business. Except as described below, we are not currently a party to any material litigation. The ultimate outcome of our litigation is uncertain and the amount of any loss we may incur, if any, cannot in our judgment be reasonably estimated. Accordingly, other than with respect to the prospective settlements of the California Attorney General inquiry and the *Burdusis/French/Corso* matters discussed below, anticipated legal fees and expenses for our other material litigation discussed below, as well as provisions for losses incurred or expected to be incurred with respect to litigation arising in the ordinary course of business which we do not believe are material, no provision has been made in our consolidated financial statements for any such loss. As of September 30, 2006, we had accrued $17.5 million relating to our outstanding litigation.

Colon v. Thorn Americas, Inc. The plaintiff filed this class action in November 1997 in New York state court. This matter was assumed by us in connection with the Thorn Americas acquisition. The plaintiff acknowledges that rent-to-own transactions in New York are subject to the provisions of New York's Rental Purchase Statute but contends the Rental Purchase Statute does not provide us immunity from suit for other statutory violations. The plaintiff alleges we have a duty to disclose effective interest under New York consumer protection laws, and seeks damages and injunctive relief for failure to do so. This suit also alleges violations relating to excessive and unconscionable pricing, late fees, harassment, undisclosed charges, and the ease of use and accuracy of payment records. In the prayer for relief, the plaintiff requests class certification, injunctive relief requiring us to cease certain marketing practices and price our rental purchase contracts in certain ways, unspecified compensatory and punitive damages, rescission of the class members contracts, an order placing in trust all moneys received by us in connection with the rental of merchandise during the class period, treble damages, attorney's fees, filing fees and costs of suit, pre- and post-judgment interest, and any further relief granted by the court. The plaintiff has not alleged a specific monetary amount with respect to the request for damages.

The proposed class includes all New York residents who were party to our rent-to-own contracts from November 26, 1994. In November 2000, following interlocutory appeal by both parties from the denial of cross-motions for summary judgment, we obtained a favorable ruling from the Appellate Division of the State of New York, dismissing the plaintiff's claims based on the alleged failure to disclose an effective interest rate. The plaintiff's other claims were not dismissed. The plaintiff moved to certify a state-wide class in December 2000. The plaintiff's class certification motion was heard by the court on November 7, 2001 and, on September 12, 2002, the court issued an opinion denying in part and granting in part the plaintiff's requested certification. The opinion grants certification as to all of the plaintiff's claims except the plaintiff's pricing claims pursuant to the Rental Purchase Statute, as to which certification was denied. The parties have differing views as to the effect of the court's opinion, and accordingly, the court granted the parties permission to submit competing orders as to the effect of the opinion on the plaintiff's specific claims. Both proposed orders were submitted to the court on March 27, 2003, and on May 30, 2003, the court held a hearing regarding such orders. No clarifying order has yet been entered by the court.

From June 2003 until May 2005, there was no activity in this case. On May 18, 2005, we filed a motion to dismiss the plaintiff's claim and to decertify the class, based upon the plaintiff's failure to schedule her claim in this matter in her earlier voluntary bankruptcy proceeding. The plaintiff opposed our motion to dismiss the case and asked the court to grant it an opportunity to find a substitute class representative in the event the court determined Ms. Colon was no longer adequate. On January 17, 2006, the court issued an order denying our motion to dismiss, but indicated that Ms. Colon was not a suitable class representative and noted that no motion to intervene to add additional class representatives had been filed. On March 14, 2006, plaintiffs' counsel filed a motion seeking leave to intervene Shaun Kelly as an additional class representative. In response to plaintiffs' motion, the court ordered the parties to confer regarding a possible mediation and ruled that we could depose Mr. Kelly before filing any objection to his intervention. Plaintiffs' counsel has not responded to our request to schedule Mr. Kelly's deposition. If the court ultimately allows Mr. Kelly to intervene and enters a final certification order, we intend to pursue an interlocutory appeal of such certification order.

We believe these claims are without merit and will continue to vigorously defend ourselves in this case. However, we cannot assure you that we will be found to have no liability in this matter.

Terry Walker, et. al. v. Rent-A-Center, Inc., et. al. On January 4, 2002, a putative class action was filed against us and certain of our current and former officers and directors by Terry Walker in federal court in Texarkana, Texas. The complaint alleged that the defendants violated Sections 10(b) and/or Section 20(a) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder by issuing false and misleading statements and omitting material facts regarding our financial performance and prospects for the third and fourth quarters of 2001. The complaint purported to be brought on behalf of all purchasers of our common stock from April 25, 2001 through October 8, 2001 and sought damages in unspecified amounts. Similar complaints were consolidated by the court with the *Walker* matter in October 2002.

On November 25, 2002, the lead plaintiffs in the *Walker* matter filed an amended consolidated complaint which added certain of our outside directors as defendants to the Exchange Act claims. The amended complaint also added additional claims that we, and certain of our current and former officers and directors, violated various provisions of the Securities Act as a result of alleged misrepresentations and omissions in connection with an offering in May 2001 and also added the managing underwriters in that offering as defendants.

On February 7, 2003, we, along with certain officer and director defendants, filed a motion to dismiss the matter as well as a motion to transfer venue. In addition, our outside directors named in the matter separately filed a motion to dismiss the Securities Act claims on statute of limitations grounds. On February 19, 2003, the underwriter defendants also filed a motion to dismiss the matter. The plaintiffs filed response briefs to these motions, to which we replied on May 21, 2003. A hearing was held by the court on June 26, 2003 to hear each of these motions.

On September 30, 2003, the court granted our motion to dismiss without prejudice, dismissed without prejudice the outside directors' and underwriters' separate motions to dismiss and denied our motion to transfer venue. In its order on the motions to dismiss, the court granted the lead plaintiffs leave to replead the case within certain parameters.

On July 7, 2004, the plaintiffs again repled their claims by filing a third amended consolidated complaint, raising allegations of similar violations against the same parties generally based upon alleged facts not previously asserted. We, along with certain officer and director defendants and the underwriter defendants, filed motions to dismiss the third amended consolidated complaint on August 23, 2004. A hearing on the motions was held on April 14, 2005. On July 25, 2005, the court ruled on these motions, dismissing with prejudice the claims against our outside directors as well as the underwriter defendants, but denying our motion to dismiss. In evaluating this motion to dismiss, the court was required to view the pleadings in the light most favorable to the plaintiffs and to take the plaintiffs' allegations as true. On August 18, 2005, we filed a motion to certify the dismissal order for an interlocutory appeal, which was denied on November 14, 2005. By order dated October 4, 2006, the court granted the plaintiff's unopposed motion to stay discovery in this matter until January 1, 2007, allowing discovery to continue during the months of January and March 2007, with a concluding date of March 30, 2007. A hearing on class certification was held on June 22, 2006. No ruling on class certification has been made by the court.

We continue to believe the plaintiffs' claims in this matter are without merit and intend to vigorously defend ourselves as this matter progresses. However, we cannot assure you that we will be found to have no liability in this matter.

California Attorney General Inquiry. We have reached a prospective settlement with the California Attorney General to resolve the inquiry received in the second quarter of 2004 regarding our business practices in California with respect to cash prices and our membership program. Under the terms contemplated, we expect to create a restitution fund in the amount of approximately $9.6 million in cash, to be distributed to certain groups of customers (1) who entered into rental-purchase agreements and acquired ownership of property under those rental-purchase agreements between November 1, 2004 and the date of approval of the settlement, (2) who entered into rental-purchase agreements after November 1, 2004 that are still ongoing after the date of approval of the settlement, or (3) who purchased new memberships in the Rent-A-Center Preferred Customer Club between November 1, 2004 and the date of the approval of the settlement. Restitution checks will contain a restrictive endorsement releasing us from claims that arise from or relate to the cash price set forth in the rental purchase agreement and the customer's purchase of the Preferred Customer Club. We also anticipate entering into an injunction (i) limiting the cash price, total of payments and purchase option price in future rental purchase agreements to the specified limits on prices set forth in the recent amendment to the Karnette Rental-Purchase Act, which was signed into law on September 22, 2006 and will become effective as of January 1, 2007 and (ii) governing certain business practices with respect to our club program. In addition, we anticipate that we will cause the reversion amount in the Griego settlement fund to be paid to the Attorney General. Finally, we expect to agree to a civil penalty in the amount of $750,000. Under the terms of the prospective settlement, any unclaimed restitution funds at the conclusion of the restitution period will be paid to the Attorney General. In connection with the prospective settlement, we are not admitting liability for our past business practices

in California. To account for the aforementioned costs, as well as our attorneys' fees, we recorded a pre-tax charge of $10.4 million in the third quarter of 2006.

The terms of the prospective settlement are subject to the parties entering into a definitive settlement agreement and obtaining court approval. While we believe that the terms of this prospective settlement are fair, there can be no assurance that the settlement, if completed, will be approved by the court in its present form.

Hilda Perez v. Rent-A-Center, Inc., et al. On March 15, 2006, we were notified that the Supreme Court of New Jersey reinstated claims made by the plaintiff in a matter styled *Hilda Perez v. Rent-A-Center, Inc*. The matter is a putative class action filed in the Superior Court, Law Division, Camden County, New Jersey on March 21, 2003, arising out of several rent-to-own contracts Ms. Perez entered into with us. The requested class period is April 23, 1999 to the present.

In her amended complaint, Perez alleges on behalf of herself and a class of similarly situated individuals that the rent-to-own contracts she entered into with us violated New Jersey's Retail Installment Sales Act ("RISA") and, as a result, New Jersey's Consumer Fraud Act ("CFA") because such contracts imposed a time price differential in excess of the 30% per annum interest rate permitted under New Jersey's criminal usury statute. Perez alleges that RISA incorporates the 30% interest rate limit, limiting time price differentials to 30% per annum. Perez seeks reimbursement of the excess fees and/or interest contracted for, charged and collected, together with treble damages, and an injunction compelling us to cease the alleged violations. Perez also seeks pre-judgment and post-judgment interest, together with attorneys' fees and costs and disbursements.

Following the filing of her amended complaint, we filed a counterclaim to recover the merchandise retained by Perez after she ceased making rental payments. Perez answered the counterclaim, denying liability and claiming entitlement to the items she rented from us. In August 2003, Perez moved for partial summary judgment and we cross-moved for summary judgment. In January 2004, the trial court held that rent-to-own transactions are not covered by RISA nor subject to the interest rate limit in New Jersey's criminal usury statute. The court granted our cross-motion, dismissing Perez's claims under RISA and the CFA. Perez then appealed to the Superior Court of New Jersey, Appellate Division. Oral argument before the Appellate Division occurred in December 2004, and in February 2005 the Appellate Division rejected Perez's arguments and ruled in our favor on all of her claims. Perez subsequently appealed to the Supreme Court of New Jersey, who heard oral arguments in November 2005.

On March 15, 2006, the Supreme Court of New Jersey reversed the judgment of the trial court and the Appellate Division and remanded the case to the trial court for reinstatement of Perez's complaint and for further proceedings. In its decision, the Supreme Court held that rent-to-own contracts in New Jersey are "retail installment contracts" under RISA, and that RISA incorporates the 30% interest rate cap in New Jersey's criminal usury statute. The court rejected our legal arguments and reinstated Perez's claims under RISA and the CFA. We filed a motion for reconsideration with the Supreme Court of New Jersey, and in response, the court issued an order on July 10, 2006 stating that the March 15, 2006 decision is prospective, except that it applies to plaintiff and, if the trial court certifies a class, to the members of the class. The plaintiffs' renewed motion for class certification is scheduled for hearing by the trial court on January 12, 2007.

We intend to vigorously defend ourselves in this matter. No class has been certified by the trial court and no finding of liability or damages has been made by the court against us. In addition, we believe we have valid arguments precluding retroactive application of the court's decision to members of the putative class and limiting the damages sought by Perez under both RISA and the CFA. The deadline to file an appeal to the United States Supreme Court was extended to November 9, 2006, and we intend to file a writ of certiorari with the United States Supreme Court on or before that date.

In light of the Supreme Court of New Jersey's decision, we have addressed the impact of the decision on our operations in New Jersey and have implemented certain changes to mitigate that impact. We currently operate 43 stores in New Jersey and estimate that we entered into approximately 294,000 rent-to-own contracts in New Jersey from April 23, 1999 until the time we changed our business practices. We estimate the average amount paid on these agreements is approximately $840. Although we intend to vigorously defend ourselves in this matter, we cannot assure you that we will be found to ultimately have no liability. We are continuing to evaluate and analyze potential damages in this matter, including an assessment of the plaintiffs' arguments related to damages, but believe that an accurate estimate of our potential loss, or range of loss, cannot, at this time, be reasonably estimated. However, the resolution of this matter could have a material and adverse impact on our financial position and cash flow.

State Wage and Hour Class Actions

We are currently subject to various material actions pending against us in the state of California, all of which allege we violated the wage and hour laws of such state.

Jeremy Burdusis, et al. v. Rent-A-Center, Inc., et al./Israel French, et al. v. Rent-A-Center, Inc. These matters pending in Los Angeles, California were filed on October 23, 2001, and October 30, 2001, respectively, and allege violations of the wage and hour laws of California regarding overtime, lunch and work breaks, and failure to pay wages due to our California employees. The same law firm as in two recently settled matters in Oregon and Washington is seeking to represent the purported class in *Burdusis*. The *Burdusis* and *French* proceedings are pending before the same judge in California. On March 24, 2003, the *Burdusis* court denied the plaintiffs' motion for class certification in that case. On April 25, 2003, the plaintiffs in *Burdusis* filed a notice of appeal of that ruling, and on May 8, 2003, the *Burdusis* court, at our request, stayed further proceedings in *Burdusis* and *French* pending the resolution on appeal of the court's denial of class certification in *Burdusis*. In June 2004, the *Burdusis* plaintiffs filed their appellate brief. Our response brief was filed in September 2004, and the *Burdusis* plaintiffs filed their reply in October 2004. On February 9, 2005, the California Court of Appeals reversed and remanded the trial court's denial of class certification in *Burdusis* and directed the trial court to reconsider its ruling in light of two other recent appellate court decisions, including the opinions of the California Supreme Court in *Sav-On Drugs Stores, Inc. v. Superior Court*, and of the California appeals court in *Bell v. Farmers Insurance Exchange*. After remand, the plaintiffs filed a motion with the trial court seeking to remove from the case the trial court judge who previously denied their motion for class certification. The trial court denied the motion. In response, plaintiffs' filed a petition for writ of mandate with the California Court of Appeals requesting review of the trial court's decision. The California Court of Appeals heard oral arguments in this matter on August 29, 2005, and ruled against the plaintiffs, denying the requested relief. The case was returned to the trial court as previously ordered.

On October 30, 2003, the plaintiffs' counsel in *Burdusis* and *French* filed a new non-class lawsuit in Orange County, California entitled *Kris Corso, et al. v. Rent-A-Center, Inc*. The plaintiffs' counsel later amended this complaint to add additional plaintiffs, totaling approximately 339 individuals. The claims made are substantially the same as those in *Burdusis*. On January 16, 2004, we filed a demurrer to the complaint, arguing, among other things, that the plaintiffs in *Corso* were misjoined. On February 19, 2004, the court granted our demurrer on the misjoinder argument, with leave for the plaintiffs to replead. On March 8, 2004, the plaintiffs filed an amended complaint in *Corso*, increasing the number of plaintiffs to approximately 400. The claims in the amended complaint are substantially the same as those in *Burdusis*. We filed a demurrer with respect to the amended complaint on April 12, 2004, which the court granted on May 6, 2004. However, the court allowed the plaintiffs to again replead the action on a representative basis, which they did on May 26, 2004. We subsequently filed a demurrer with respect to the newly repled action, which the court granted on August 12, 2004. The court subsequently stayed the *Corso* matter pending the outcome of the *Burdusis* matter. On March 16, 2005, the court lifted the stay and on April 12, 2005, we answered the amended complaint. On January 30, 2006, the *Corso* court heard a motion to coordinate *Corso* with the *Burdusis* and *French* actions. The *Corso* court recommended that *Corso* be coordinated with the other actions before the judge in the *Burdusis* and *French* matters. The Judicial Council subsequently ordered the *Burdusis*, *French* and *Corso* cases coordinated before a new judge in the Los Angeles County Superior Court's complex litigation panel. We subsequently filed a motion to transfer the class certification motion in *Burdusis* back to the judge in *Burdusis*, who originally heard the motion, and to stay discovery in all of the coordinated cases.

On August 10, 2006, before any ruling on the remaining motions, we announced that we had reached a prospective settlement with the plaintiffs to resolve these matters. Under the terms contemplated, we anticipate we will pay an aggregate of $4.95 million in cash, including plaintiff's attorneys' fees, to be distributed to an agreed-upon class of our employees from August 1998 through the date of preliminary court approval of the settlement. We estimate the class size to be approximately 6,000 persons. However, in the event there are more than 6,250 class members, we have agreed to increase the settlement fund by $750 per person in excess of 6,250. In connection with the prospective settlement, we are not admitting liability for our wage and hour practices in California. As a result of the settlement, we recorded a charge of $4.95 million in the third quarter of 2006 to account for the aforementioned settlement amount and attorneys' fees. The terms of the prospective settlement are subject to the parties entering into a definitive settlement agreement and obtaining court approval. While we believe that the terms of this prospective settlement are fair, there can be no assurance that the settlement, if completed, will be approved by the court in its present form. A hearing on a motion for preliminary approval of the settlement is currently scheduled for November 9, 2006.

Eric Shafer et al. v. Rent-A-Center, Inc. This matter is a state-wide class action originally filed on May 20, 2002, in the Superior Court of California for Los Angeles County. A similar matter, entitled *Victor E. Johnson et al. v. Rent-A-Center,*

Inc. was filed on February 24, 2004, in the Orange County Superior Court. These actions were coordinated before the Los Angeles County Superior Court on March 7, 2005.

Plaintiffs in these actions allege that we improperly classified our California store managers as exempt from overtime under California wage and hour law and failed to pay them overtime. In addition, they allege that we failed to provide our California store managers with meal and rest periods, failed to pay store managers overtime due when their employment ended, and engaged in unfair business practices. Plaintiffs' seek to recover back overtime wages and accompanying waiting time penalties, civil penalties under California Labor Code Section 2699, certain injunctive relief and attorneys fees.

On July 15, 2005, plaintiffs filed their motion for class certification. We opposed plaintiffs' motion. The hearing on plaintiffs' motion for class certification was held on May 12, 2006. On June 23, 2006, the court granted class certification as to plaintiffs' claims for back overtime wages and accompanying waiting time penalties, and as to plaintiffs' unfair business practices claim. The court denied class certification as to plaintiffs' meal and rest period claims and as to plaintiffs' claim for civil penalties under California Labor Code Section 2699.

Plaintiffs assert that the class includes all store managers employed by us in California since September 1998, which they estimate to be between 700 and 1,000 members. Equivalent hourly rates for annual salaries paid to the class members ranged from approximately $16.83 – $31.25 per hour based on a 40 hour work week. Plaintiffs assert that store managers were required to work approximately 10-20 hours of overtime per week. Overtime wages would be calculated at 1.5 times the hourly rate. In addition, California law provides for a waiting time penalty of up to thirty days' wages when an employer willfully fails to pay any compensation due to an employee upon separation.

The court's class certification ruling is procedural only and does not address the merits of plaintiffs' claims. We believe that class certification was improper and intend to continue to oppose class action treatment of these claims. In addition, we believe our store managers are properly classified as exempt from overtime and we intend to vigorously oppose each of plaintiffs' claims. We cannot assure you, however, that we will be found to have no liability in these matters. As of September 30, 2006, we operated 148 stores in California.

RENT-A-CENTER, INC. AND SUBSIDIARIES

Item 1A. Risk Factors.

You should carefully consider the risks described below before making an investment decision. We believe these are all the material risks currently facing our business. Our business, financial condition or results of operations could be materially adversely affected by these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. You should also refer to the other information included or incorporated by reference in this report, including our financial statements and related notes.

We may not be able to successfully implement our growth strategy, which could cause our future earnings to grow more slowly or even decrease.

As part of our growth strategy, we intend to increase our total number of rent-to-own stores in both existing markets and new markets through a combination of new store openings and store acquisitions. This growth strategy is subject to various risks, including uncertainties regarding our ability to open new rent-to-own stores and our ability to acquire additional rent-to-own stores on favorable terms. We increased our store base by 241 stores in 2003, and 227 stores in 2004. In 2005, however, we decreased our store base by 115 stores, as part of our critical evaluation of all stores and in anticipation of continued store growth. As of September 30, 2006, our store base has decreased another nine stores during 2006. On August 7, 2006, we announced that we had entered into a definitive agreement to acquire Rent-Way, Inc. and we expect the acquisition to be completed in the fourth quarter of 2006. Rent-Way currently operates 782 rent-to-own stores. We may not be able to continue to identify profitable new store locations or underperforming competitors as we currently anticipate.

Our continued growth also depends on our ability to increase sales in our existing rent-to-own stores. Our same store sales increased by 3.0% for 2003 and decreased by 3.6% and 2.3% in 2004 and 2005, respectively. For the nine months ended September 30, 2006, our same store sales increased by 2.1% compared to the nine months ended September 30, 2005. As a result of new store openings in existing markets and because mature stores will represent an increasing proportion of our store base over time, our same store revenues in future periods may be lower than historical levels.

We also plan to grow through expansion into the financial services business. We face risks associated with integrating this new business into our existing operations. In addition, the financial services industry is highly competitive and regulated by federal, state and local laws.

Our growth strategy could place a significant demand on our management and our financial and operational resources. If we are unable to implement our growth strategy, our earnings may grow more slowly or even decrease.

If we fail to effectively manage the growth and integration of our new rent-to-own stores, our financial results may be adversely affected.

The addition of new rent-to-own stores, both through store openings and through acquisitions such as that of Rent-Way, Inc., requires the integration of our management philosophies and personnel, standardization of training programs, realization of operating efficiencies and effective coordination of sales and marketing and financial reporting efforts. In addition, 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. Further, a newly opened rent-to-own store generally does not attain positive cash flow during its first year of operations.

There are legal proceedings pending against us seeking material damages. The costs we incur in defending ourselves or associated with settling any of these proceedings, as well as a material final judgment or decree against us, could materially adversely affect our financial condition by requiring the payment of the settlement amount, a judgment or the posting of a bond.

Some lawsuits against us involve claims that our rental agreements constitute installment sales contracts, violate state usury laws or violate other state laws enacted to protect consumers. We are also defending a class action lawsuit alleging we violated the securities laws and lawsuits alleging we violated state wage and hour laws. Because of the uncertainties associated with litigation, we cannot estimate for you our ultimate liability for these matters, if any. Significant settlement amounts or final judgments could materially and adversely affect our liquidity. The failure to pay any judgment would be a default under our senior credit facilities and the indenture governing our outstanding subordinated notes.

Our debt agreements impose restrictions on us which may limit or prohibit us from engaging in certain transactions. If a default were to occur, our lenders could accelerate the amounts of debt outstanding, and holders of our secured indebtedness could force us to sell our assets to satisfy all or a part of what is owed.

Covenants under our senior credit facilities and the indenture governing our outstanding subordinated notes restrict our ability to pay dividends, engage in various operational matters, as well as require us to maintain specified financial ratios and satisfy specified financial tests. Our ability to meet these financial ratios and tests may be affected by events beyond our control. These restrictions could limit our ability to obtain future financing, make needed capital expenditures or other investments, repurchase our outstanding debt or equity, withstand a future downturn in our business or in the economy, dispose of operations, engage in mergers, acquire additional stores or otherwise conduct necessary corporate activities. Various transactions that we may view as important opportunities, such as specified acquisitions, are also subject to the consent of lenders under the senior credit facilities, which may be withheld or granted subject to conditions specified at the time that may affect the attractiveness or viability of the transaction.

If a default were to occur, the lenders under our senior credit facilities could accelerate the amounts outstanding under the credit facilities, and our other lenders could declare immediately due and payable all amounts borrowed under other instruments that contain certain provisions for cross-acceleration or cross-default. In addition, the lenders under these agreements could terminate their commitments to lend to us. If the lenders under these agreements accelerate the repayment of borrowings, we may not have sufficient liquid assets at that time to repay the amounts then outstanding under our indebtedness or be able to find additional alternative financing. Even if we could obtain additional alternative financing, the terms of the financing may not be favorable or acceptable to us.

The existing indebtedness under our senior credit facilities is secured by substantially all of our assets. Should a default or acceleration of this indebtedness occur, the holders of this indebtedness could sell the assets to satisfy all or a part of what is owed. Our senior credit facilities also contain certain provisions prohibiting the modification of our outstanding subordinated notes, as well as limiting the ability to refinance such notes.

A change of control could accelerate our obligation to pay our outstanding indebtedness, and we may not have sufficient liquid assets to repay these amounts.

Under our senior credit facilities, an event of default would result if a third party became the beneficial owner of 35.0% or more of our voting stock or upon certain changes in the constitution of our Board of Directors. As of September 30, 2006, we are required to make principal payments under our new senior credit facilities of $4.1 million in 2006, $11.3 million in 2007, $11.3 million in 2008, $16.3 million in 2009 and $315.5 million after 2009. These payments reduce our cash flow.

Under the indenture governing our outstanding subordinated notes, in the event that a change in control occurs, we may be required to offer to purchase all of our outstanding subordinated notes at 101% of their original aggregate principal amount, plus accrued interest to the date of repurchase. A change in control also would result in an event of default under our senior credit facilities, which would allow our lenders to accelerate indebtedness owed to them.

If the lenders under our debt instruments accelerate these obligations, we may not have sufficient liquid assets to repay amounts outstanding under these agreements.

Rent-to-own transactions are regulated by law in most states. Any adverse change in these laws or the passage of adverse new laws could expose us to litigation or require us to alter our business practices.

As is the case with most businesses, we are subject to various governmental regulations, including specifically in our case regulations regarding rent-to-own transactions. There are currently 47 states that have passed laws regulating rental purchase transactions and another state that has a retail installment sales statute that excludes rent-to-own 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. Several states also effectively regulate rental purchase transactions under other consumer protection statutes. We are currently subject to litigation alleging that we have violated some of these statutory provisions.

Although there is currently no comprehensive federal legislation regulating rental-purchase transactions, adverse federal legislation may be enacted in the future. From time to time, legislation has been introduced in Congress seeking to regulate our business. In addition, various legislatures in the states where we currently do business may adopt new legislation or amend existing legislation that could require us to alter our business practices.

Financial services transactions are regulated by federal law as well as the laws of certain states. Any adverse changes in these laws or the passage of adverse new laws with respect to the financial services business could slow our growth opportunities, expose us to litigation or alter our business practices in a manner that we may deem to be unacceptable.

Our financial services business is subject to federal statutes and regulations such as the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Gramm-Leach-Bliley Act, and similar state laws. In addition, thirty-four states and the District of Columbia provide safe harbor regulations for short term consumer lending, and two additional states permit short term consumer lending by licensed dealers. Safe harbor regulations typically set maximum fees, size and length of the loans. Congress and/or the various legislatures in the states where we currently intend to offer financial services products may adopt new legislation or amend existing legislation with respect to our financial services business that could require us to alter our business practices in a manner that we may deem to be unacceptable, which could slow our growth opportunities.

Our business depends on a limited number of key personnel. The loss of any one of these individuals could disrupt our business.

Our continued success is highly dependent upon the personal efforts and abilities of our senior management. While we do have an employment agreement with Mark E. Speese, our Chairman of the Board and Chief Executive Officer, we do not have employment contracts with any other members of senior management, including Mitchell E. Fadel, our President and Chief Operating Officer. In addition, we do not maintain key-person insurance on the lives of any of these officers and the loss of any one of them could disrupt our business.

Our organizational documents and debt instruments contain provisions that may prevent or deter another group from paying a premium over the market price to our stockholders to acquire our stock.

Our organizational documents contain provisions that classify our board of directors, authorize our board of directors to issue blank check preferred stock and establish advance notice requirements on our stockholders for director nominations and actions to be taken at annual meetings of the stockholders. In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law relating to business combinations. Our senior credit facilities and the indenture governing our subordinated notes each contain various change of control provisions which, in the event of a change of control, would cause a default under those provisions. These provisions and arrangements could delay, deter or prevent a merger, consolidation, tender offer or other business combination or change of control involving us that could include a premium over the market price of our common stock that some or a majority of our stockholders might consider to be in their best interests.

We are a holding company and are dependent on the operations and funds of our subsidiaries.

We are a holding company, with no revenue generating operations and no assets other than our ownership interests in our direct and indirect subsidiaries. Accordingly, we are dependent on the cash flow generated by our direct and indirect operating subsidiaries and must rely on dividends or other intercompany transfers from our operating subsidiaries to generate the funds necessary to meet our obligations, including the obligations under our senior credit facilities and our outstanding subordinated notes. The ability of our subsidiaries to pay dividends or make other payments to us is subject to applicable state laws. Should one or more of our subsidiaries be unable to pay dividends or make distributions, our ability to meet our ongoing obligations could be materially and adversely impacted .

Our stock price is volatile, and you may not be able to recover your investment if our stock price declines.

The price of our common stock has been volatile and can be expected to be significantly affected by factors such as:

- quarterly variations in our results of operations, which may be impacted by, among other things, changes in same store sales, when and how many rent-to-own stores we acquire or open, and the rate at which we add financial services to our existing rent-to-own stores;
- quarterly variations in our competitors' results of operations;
- changes in earnings estimates or buy/sell recommendations by financial analysts;
- the stock price performance of comparable companies; and
- general market conditions or market conditions specific to particular industries.

Failure to achieve and maintain effective internal controls could have a material adverse effect on our business and stock price.

Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our brand and operating results could be harmed. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

While we continue to evaluate and improve our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

We have completed documenting and testing our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing these assessments. For the year ended December 31, 2005, our management has determined that our internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Please refer to management's annual report on internal control over financial reporting, and the report by Grant Thornton LLP, which appear in our Annual report on Form 10-K for our fiscal year ended December 31, 2005. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Failure to achieve and maintain an effective internal control environment could cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our stock price.

Item 6. Exhibits.

The exhibits required to be furnished pursuant to Item 6 are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference.

RENT-A-CENTER, INC. AND SUBSIDIARIES

SIGNATURES

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

RENT-A-CENTER, INC.

By: /s/ Robert D. Davis
Robert D. Davis
Senior Vice President-Finance,
Chief Financial Officer and Treasurer

Date: November 3, 2006

Table of Contents

RENT-A-CENTER, INC. AND SUBSIDIARIES

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Certificate of Incorporation of Rent-A-Center, Inc., as amended (Incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated as of December 31, 2002.)
3.2	Certificate of Amendment to the Certificate of Incorporation of Rent-A-Center, Inc., dated May 19, 2004 (Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.)
3.3	Amended and Restated Bylaws of Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 3.(ii) to the registrant's Current Report on Form 8-K dated as of September 20, 2005.)
4.1	Form of Certificate evidencing Common Stock (Incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-4/A filed on January 13, 1999.)
4.2	Certificate of Designations, Preferences and relative Rights and Limitations of Series C Preferred Stock of Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement on Form S-4 filed July 11, 2003.)
4.3	Certificate of Elimination of Series C Preferred Stock (Incorporated herein by reference to Exhibit 3.(i) to the registrant's Current Report on Form 8-K dated as of September 20, 2005.)
4.4	Indenture, dated as of May 6, 2003, by and among Rent-A-Center, Inc., as Issuer, Rent-A-Center East, Inc., ColorTyme, Inc., Rent-A-Center West, Inc., Get It Now, LLC, Rent-A-Center Texas, L.P. and Rent-A-Center Texas, L.L.C., as Guarantors, and The Bank of New York, as Trustee (Incorporated herein by reference to Exhibit 4.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.)
4.5	First Supplemental Indenture, dated as of December 4, 2003, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee (Incorporated herein by reference to Exhibit 4.6 to the registrant's Annual Report on Form 10-K/A for the year ended December 31, 2003.)
4.6	Second Supplemental Indenture, dated as of April 26, 2004, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee (Incorporated herein by reference to Exhibit 4.7 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.)
4.7	Third Supplemental Indenture, dated as of May 7, 2004, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee (Incorporated herein by reference to Exhibit 4.8 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.)
4.8	Fourth Supplemental Indenture, dated as of May 14, 2004, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee (Incorporated herein by reference to Exhibit 4.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.)
4.9	Fifth Supplemental Indenture, dated as of June 30, 2005, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee (Incorporated herein by reference to Exhibit 4.10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.)
4.10	Sixth Supplemental Indenture, dated as of April 17, 2006, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee (Incorporated herein by reference to Exhibit 4.10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.)
4.11*	Seventh Supplemental Indenture, dated as of October 17, 2006, between Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee
10.1+	Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.)
10.2	Amended and Restated Guarantee and Collateral Agreement, dated as of May 28, 2003, as amended and restated as of July 14, 2004, made by Rent-A-Center, Inc. and certain of its Subsidiaries in favor of JPMorgan Chase Bank, as Administrative Agent (Incorporated herein by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K dated July 15, 2004.)

RENT-A-CENTER, INC. AND SUBSIDIARIES

Exhibit No.	Description
10.4	Franchisee Financing Agreement, dated April 30, 2002, but effective as of June 28, 2002, by and between Texas Capital Bank, National Association, ColorTyme, Inc. and Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 10.14 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.)
10.5	Supplemental Letter Agreement to Franchisee Financing Agreement, dated May 26, 2003, by and between Texas Capital Bank, National Association, ColorTyme, Inc. and Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 10.23 to the registrant's Registration Statement on Form S-4 filed July 11, 2003.)
10.6	First Amendment to Franchisee Financing Agreement, dated August 30, 2005, by and among Texas Capital Bank, National Association, ColorTyme, Inc. and Rent-A-Center East, Inc. (Incorporated herein by reference to Exhibit 10.7 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.)
10.7	Amended and Restated Franchise Financing Agreement, dated October 1, 2003, by and among Wells Fargo Foothill, Inc., ColorTyme, Inc. and Rent-A-Center East, Inc. (Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.)
10.8	First Amendment to Amended and Restated Franchisee Financing Agreement, dated December 15, 2003, by and among Wells Fargo Foothill, Inc., ColorTyme, Inc. and Rent-A-Center East, Inc. (Incorporated herein by reference to Exhibit 10.23 to the registrant's Annual Report on Form 10-K/A for the year ended December 31, 2003.)
10.9	Second Amendment to Amended and Restated Franchisee Financing Agreement, dated as of March 1, 2004, by and among Wells Fargo Foothill, Inc., ColorTyme, Inc. and Rent-A-Center East, Inc. (Incorporated herein by reference to Exhibit 10.24 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004.)
10.10*	Third Amendment to Amended and Restated Franchisee Financing Agreement, dated as of September 29, 2006, by and among Wells Fargo Foothill, Inc., ColorTyme, Inc. and Rent-A-Center East, Inc.
10.11+	Form of Stock Option Agreement issuable to Directors pursuant to the Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.20 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2004.)
10.12+	Form of Stock Option Agreement issuable to management pursuant to the Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.21 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2004.)
10.13+	Summary of Director Compensation (Incorporated herein by reference to Exhibit 10.22 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2004.)
10.14+	Summary of Named Executive Officer Compensation (Incorporated herein by reference to Exhibit 10.23 to the registrant's Current Report on Form 8-K dated December 21, 2005.)
10.15+	Form of Stock Compensation Agreement issuable to management pursuant to the Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.15 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
10.16+	Form of Long-Term Incentive Cash Award issuable to management pursuant to the Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
10.17+	Form of Loyalty and Confidentiality Agreement entered into with management (Incorporated herein by reference to Exhibit 10.17 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
10.18+	Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.17 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.)
10.19+	Form of Stock Option Agreement issuable to management pursuant to the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.18 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.)
10.20	Second Amended and Restated Credit Agreement, among Rent-A-Center, Inc., the several banks and other financial institutions or entities from time to time parties thereto, Union Bank of California, N.A., as documentation agent, Lehman Commercial Paper Inc., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated July 13, 2006.)
10.21+*	Form of Executive Transition Agreement entered into with management
10.22+*	Employment Agreement, dated October 2, 2006, between Rent-A-Center, Inc. and Mark E. Speese

RENT-A-CENTER, INC. AND SUBSIDIARIES

Exhibit No.	Description
10.23+*	Non-Qualified Stock Option Agreement, dated October 2, 2006, between Rent-A-Center, Inc. and Mark E. Speese
21.1	Subsidiaries of Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 21.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
31.1*	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002 by Mark E. Speese
31.2*	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002 by Robert D. Davis
32.1*	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Mark E. Speese
32.2*	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Robert D. Davis

+ Management contract or compensatory plan or arrangement

* Filed herewith.

EXHIBIT 4.11

RENT-A-CENTER, INC.,
as Issuer,

the **GUARANTORS** named herein,
as Guarantors,

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.
as Trustee

SEVENTH SUPPLEMENTAL INDENTURE

Dated as of October 17, 2006

to

INDENTURE

Dated as of May 6, 2003

by and among

RENT-A-CENTER, INC., as Issuer,

the **GUARANTORS** named therein, as Guarantors,

and

THE BANK OF NEW YORK, as Trustee

$300,000,000
Series B
7 1/2% Senior Subordinated Notes due 2010

This **SEVENTH SUPPLEMENTAL INDENTURE**, dated as of October 17, 2006, is entered into by and among Rent-A-Center, Inc., a Delaware corporation (the “***Company***”), Rent-A-Center East, Inc., a Delaware corporation (“***RAC East***”), ColorTyme, Inc., a Texas corporation (“***ColorTyme***”), Rent-A-Center West, Inc., a Delaware corporation (“***RAC West***”), Get It Now, LLC, a Delaware limited liability company (“***Get It Now***”), Rent-A-Center Texas, L.P., a Texas limited partnership (“***RAC Texas, LP***”), Rent-A-Center Texas, L.L.C., a Nevada limited liability company (“***RAC Texas, LLC***”), Rent-A-Center International, Inc., a Delaware corporation (“***RAC International***”), Rent-A-Center Addison, L.L.C., a Delaware limited liability company (“***RAC Addison***”), RAC National Product Service, LLC, a Delaware limited liability company (“***RAC National***”), RAC RR, Inc., a Delaware corporation (“***RAC RR***”), Rainbow Rentals, Inc., an Ohio corporation (“***Rainbow***”), RAC West Acquisition Sub, Inc., a Delaware corporation (“***RAC West Acquisition Sub***”), AAA Rent to Own, Elko, Inc., a Nevada corporation (“***AAA Elko***”), AAA Rent to Own, Reno, Inc., a Nevada corporation (“***AAA Reno***”), RAC Military Product Service, LLC, a Delaware limited liability company (“***RAC Military Product Service***”), RAC Military Rentals East, LLC, a Delaware limited liability company (“***RAC Military East***”), ColorTyme Finance, Inc., a Texas corporation (“***ColorTyme Finance***”), and The Bank of New York, a New York banking corporation, as Trustee (the “***Trustee***”).

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of May 6, 2003, as supplemented by the First Supplemental Indenture, dated December 4, 2003, the Second Supplemental Indenture, dated April 26, 2004, the Third Supplemental Indenture, dated May 7, 2004, the Fourth Supplemental Indenture, dated as of May 14, 2004, the Fifth Supplemental Indenture, dated as of June 30, 2005, by and among the Company, RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National, RAC RR, Rainbow, RAC West Acquisition Sub, AAA Elko, AAA Reno (collectively, excluding the Company, the “***Existing Guarantors***”) and the Trustee (the “***Fifth Supplemental Indenture***”), and the Sixth Supplemental Indenture, dated as of May 1, 2006 (the “***Sixth Supplemental Indenture***”), by and among the Company, the Existing Guarantors (other than AAA Elko and AAA Reno), RAC Military Product Service, RAC Military East and the Trustee (collectively, the “***Indenture***”), providing for the issuance of its 7$^{1}/_{2}$% Series B Senior Subordinated Notes due 2010 (the “***Notes***”); and

WHEREAS, the Existing Guarantors, RAC Military Product Service and RAC Military East (collectively, the “***Guarantors***”) are currently guarantors under the Indenture; and

WHEREAS, AAA Elko and AAA Reno inadvertently were not parties to and did not enter into and execute the Sixth Supplemental Indenture; and

WHEREAS, pursuant to Section 901(i) of the Indenture, the Company and the Guarantors desire to cure the fact that AAA Elko and AAA Reno inadvertently did not enter into and execute the Sixth Supplemental Indenture; and

WHEREAS, ColorTyme has formed ColorTyme Finance as a direct wholly-owned subsidiary of ColorTyme; and

WHEREAS, the Company has designated ColorTyme Finance as a Restricted Subsidiary under the Indenture to be effective immediately upon the formation of ColorTyme Finance; and

WHEREAS, pursuant to Section 1020 of the Indenture, the addition of ColorTyme Finance as a Guarantor is required under the Indenture; and

WHEREAS, ColorTyme Finance has agreed to become a Guarantor by guaranteeing the obligations of the Company under the Indenture in accordance with the terms thereof; and

WHEREAS, ColorTyme Finance has been duly authorized to enter into, execute, and deliver this Seventh Supplemental Indenture.

NOW, THEREFORE, for and in consideration of the premises and covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, the Guarantors, ColorTyme Finance and the Trustee agree as follows:

SECTION 1. Capitalized terms used herein but not defined herein shall have the meaning provided in the Indenture.

SECTION 2. The Trustee hereby consents to the addition of ColorTyme Finance as an additional Guarantor under the Indenture. Upon the execution of this Seventh Supplemental Indenture (the "***Effective Time***"), ColorTyme Finance shall become, and each of RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National, RAC RR, Rainbow, RAC West Acquisition Sub, AAA Elko, AAA Reno, RAC Military Product Service and RAC Military East shall continue to be, a "Guarantor" under and as defined in the Indenture, and at the Effective Time, ColorTyme Finance shall assume all the obligations of a Guarantor under the Notes and the Indenture as described in the Indenture. ColorTyme Finance hereby unconditionally guarantees the full and prompt payment of the principal of premium, if any, and interest on the Notes and all other obligations of the Issuer and the Guarantors under the Indenture in accordance with the terms of the Notes and the Indenture.

SECTION 3. Except as expressly supplemented by this Seventh Supplemental Indenture, the Indenture and the Notes issued thereunder are in all respects ratified and confirmed and all of the rights, remedies, terms, conditions, covenants, and agreements of the Indenture and Notes issued thereunder shall remain in full force and effect.

SECTION 4. This Seventh Supplemental Indenture is executed and shall constitute an indenture supplemental to the Indenture and shall be construed in connection with and as part of the Indenture. This Seventh Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction that governs the Indenture and its construction.

SECTION 5. This Seventh Supplemental Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes, but such counterparts shall together be deemed to constitute but one and the same instrument.

SECTION 6. Any and all notices, requests, certificates, and other instruments executed and delivered after the execution and delivery of this Seventh Supplemental Indenture may refer to the Indenture without making specific reference to this Seventh Supplemental Indenture, but

nevertheless all such references shall include this Seventh Supplemental Indenture unless the context otherwise requires.

SECTION 7. This Seventh Supplemental Indenture shall be deemed to have become effective upon the date first above written.

SECTION 8. In the event of a conflict between the terms of this Seventh Supplemental Indenture and the Indenture, this Seventh Supplemental Indenture shall control.

SECTION 9. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Seventh Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, RAC East, ColorTyme, RAC West, Get It Now, RAC Texas, LP, RAC Texas, LLC, RAC International, RAC Addison, RAC National, RAC RR, Rainbow, RAC West Acquisition Sub, AAA Elko, AAA Reno, RAC Military Product Service, RAC Military East and ColorTyme Finance.

IN WITNESS WHEREOF, the parties have caused this Seventh Supplemental Indenture to be duly executed as of the day and year first above written.

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

By: /s/ John C. Stohlmann
Name: John C. Stohlmann
Title: Vice President

RENT-A-CENTER, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
President and Chief Operating Officer

RENT-A-CENTER EAST, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

COLORTYME, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RENT-A-CENTER WEST, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

GET IT NOW, LLC

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RENT-A-CENTER TEXAS, L.P.

By: Rent-A-Center East, Inc.,
its general partner

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RENT-A-CENTER TEXAS, L.L.C.

By: /s/ Robert Reckinger
Robert Reckinger
President and Secretary

RENT-A-CENTER INTERNATIONAL, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RENT-A-CENTER ADDISON, L.L.C.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RAC NATIONAL PRODUCT SERVICE, LLC

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RAC RR, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RAINBOW RENTALS, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RAC WEST ACQUISITION SUB, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

AAA RENT TO OWN, ELKO, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

AAA RENT TO OWN, RENO, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

RAC MILITARY PRODUCT SERVICE, LLC

By: /s/ Dave West
Dave West
Vice President

RAC MILITARY RENTALS EAST, LLC

By: /s/ Dave West
Dave West
Vice President

COLORTYME FINANCE, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel
Vice President

EXHIBIT 10.10

THIRD AMENDMENT AND EXTENSION TO AMENDED AND RESTATED FRANCHISEE FINANCING AGREEMENT

This Third Amendment and Extension to Amended and Restated Franchisee Financing Agreement ("Amendment") is made and entered into by and among Wells Fargo Foothill, Inc., a California corporation ("Lender"), ColorTyme, Inc., a Texas corporation ("ColorTyme"), and Rent-A-Center East, Inc., a Delaware corporation ("RAC").

RECITALS

A. Lender, ColorTyme and RAC entered into that certain Amended and Restated Franchisee Financing Agreement dated October 1, 2003, as amended as of December 15, 2003, and as of March 1, 2004 (the "Agreement"), which terminates on September 30, 2006.

B. ColorTyme and RAC desire to extend the term of the Agreement.

C. Lender, ColorTyme and RAC desire to amend the Agreement in accordance with the terms of this Amendment.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. All capitalized terms not defined herein shall be construed to have the meaning and definition set forth in the Agreement.

2. Amendments.

(a) Section 1.1 of the Agreement is hereby amended in its entirety to read as follows:

"1.1 Credit Facility. Lender shall provide a credit facility for Franchisees on the terms and subject to the conditions set forth in this Agreement. The amount of the credit facility shall be up to, but not in excess of, thirty-five million and no/100 dollars ($35,000,000.00) (the "Maximum Credit Line")."

(b) Section 1.3 of the Agreement is hereby amended in its entirety to read as follows:

"1.3 Interest Rates; Fees. The interest rate on each Receivable shall be determined in accordance with this Section 1.3.

"(a) Unless otherwise agreed by Lender and ColorTyme and except as otherwise provided in paragraphs (b) and (c) of this Section 1.3, the interest rate on each Receivable shall be determined on the last day of each month and shall equal the rate established by the following schedule: (i) for each Line of Credit for which the average daily balance of outstanding advances for the three-month period ending on the date of determination is $1,000,000 or less, the rate, from and after the date of determination until the next date of determination, will be the Prime Rate plus 2.75%; (ii) for each Line of Credit for which the average daily balance of outstanding advances for the three-month period ending on the date of determination is more than $1,000,000, the rate will be the Prime Rate plus 2.25%; and (iii) for each Term Loan, the rate will be the same as

the rate applicable to the Franchisee's Line of Credit on the date of such Term Loan, or on the effective date of any amendment changing the interest rate applicable to such Term Loan. For purposes of this section, "Prime Rate" shall mean the rate of interest announced within Wells Fargo Bank, N.A., at its principal office in San Francisco as its "prime rate," with the understanding that the "prime rate" is one of Wells Fargo Bank's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publication or publications as Wells Fargo Bank, N.A. may designate. The applicable interest rate will be a floating rate; changes in such interest rate will be established monthly, effective as of the last business day of the preceding month. Interest will be calculated on the basis of a 360-day year.

"(b) The interest rates specified in Section 1.3(a) of this Agreement shall apply to all Receivables originated on or after November 1, 2006, from Franchisees not currently borrowing pursuant to this Agreement and to all Receivables outstanding on such date for which the Franchisees obligated to Lender thereunder consent to the change in the interest rates on such Receivables to those established by Section 1.3(a), from and after the effective date of such consent; the interest rates on all Receivables outstanding on such date, for which the Franchisees obligated to Lender thereunder do not consent to the change in the interest rates on such Receivables to those established by Section 1.3(a) will continue at the rates existing for such Receivables in accordance with the terms of the relevant Line of Credit or Term Loan, subject to the right of Lender to terminate such Franchisee's line of credit, in accordance with the terms of its governing agreements. ColorTyme and RAC agree to assist Lender in obtaining the consent of all Franchisees to the modifications of Receivables to conform to the interest rates specified in Section 1.3(a) of this Agreement.

"(c) In addition to interest, Lender may charge each Franchisee a fee of $1,200 for preparation of initial loan documentation."

(c) Section 1.5 of the Agreement is hereby amended in its entirety to read as follows:

"1.5 Advance Limits. The aggregate amount of credit available under each Receivable for all of Franchisee's Stores that have been open for business for fifteen (15) months or more (notwithstanding the amount of such Franchisee's Credit Limit(s), in the case of a Line of Credit) including the Credit Limit for such Stores plus each Term Loan related to such Stores shall be limited to the product of the Franchisee's Average Monthly Revenue for all Stores that have been open for business for fifteen (15) months or more multiplied by five (the advance limit established for such Franchisee's Stores is referred to herein as the "Advance Limit"). For purposes of this Agreement, a Franchisee's "Average Monthly Revenue" shall mean the average monthly total revenue of the Franchisee (excluding sales tax and excluding revenues from Stores open for business less than fifteen months) from the sale, lease or rental of Inventory and other customary fees, calculated in accordance with generally accepted accounting principles applied on a consistent basis, for the three calendar months preceding the most recent periodic review of such Franchisee's Receivable. Notwithstanding anything in this section to the contrary, if the Advance Limit established pursuant to this section for Stores that have been open for business for fifteen (15) months or more would otherwise be an amount that is less than the then outstanding balance of such Receivable for such Stores (each such Receivable is referred to herein as an "Overline Receivable"), the Advance Limit for such Overline Receivable will be set at the then outstanding balance thereof, and such Overline Receivable will continue to be administered as

provided herein, unless Lender and ColorTyme agree otherwise. The Advance Limit for a Franchisee may be temporarily increased (up to a maximum amount equal to the product of the Franchisee's Average Monthly Revenue for all Stores that have been open for business for fifteen (15) months or more multiplied by eight) for a specified period with the consent of ColorTyme. The Advance Limit for each Store that has not been open for business for fifteen (15) months or more shall be the Credit Limit for such Store plus any Term Loan(s) related to such Store."

(d) Section 1.7 of the Agreement is hereby amended in its entirety to read as follows:

"1.7 Payment Terms. Each Receivable will be repayable as follows:

(a) In the case of a Line of Credit originated before November 1, 2006, or before its payment terms are amended to conform to Section 1.7(b) hereof, (i) accrued and unpaid interest shall be payable monthly, and (ii) principal shall be payable in monthly installments equal to 1/21 of the initial principal amount of each advance made by Lender under such Line of Credit.

(b) In the case of a Line of Credit originated on or after November 1, 2006, or after its payment terms are amended to conform to this clause (b), each advance made by Lender under such Line of Credit shall be paid in equal monthly installments of principal and accrued interest (subject to change, as of the last day of a month, with each change in the applicable interest rate) in an amount sufficient to pay such advance and accrued interest in full within 21 months or such other number of months designated by ColorTyme for the class and useful life expectancy of the inventory acquired with such advance. Both interest (accrued to the end of the preceding month) and principal shall be due and payable on the 26th day of each month.

(c) (i) In the case of a Term Loan originated before November 1, 2006, (A) accrued and unpaid interest shall be payable monthly, and (B) principal shall be payable in equal monthly installments over the term of the Term Loan, with the amount of the monthly installments calculated by dividing the original principal amount of the Term Loan by the number of months in the term thereof, and (ii) in the case of a Term Loan originated on or after November 1, 2006, or after its payment terms are amended to conform to this clause (c)(ii), principal and accrued interest shall be paid in equal monthly installments (subject to change, as of the last day of a month, with each change in the applicable interest rate) in an amount sufficient to amortize such Term Loan over the term thereof. Both interest (accrued to the end of the preceding month) and principal shall be due and payable on the 26th day of each month. The term of any Term Loan shall not exceed sixty (60) months."

(e) Section 1.8 of the Agreement is hereby amended in its entirety to read as follows:

"1.8 Suspension of Advances. Advances to a Franchisee under any Line of Credit for a Store of such Franchisee may, at Lender's sole discretion, be suspended or limited at any time that the unpaid balance of all Advances under all Lines of Credit for such Franchisee's Stores that have been open for business for one (1) year or more, when added to the outstanding principal balance of all Term Loans made to such Franchisee related to such Stores exceeds the product of such Stores' Average Monthly Revenue multiplied by four (4) where (i) the ratio of cash expenses of such Stores (total annual expenses, less depreciation directly related to the operation of such Stores that have been open for business for one (1) year or more, calculated in accordance with generally accepted accounting principles applied on a consistent basis) to total revenue for

such Stores (calculated in accordance with generally accepted accounting principles applied on a consistent basis, excluding extraordinary items, based on a three (3) month rolling average) exceeds 64%; (ii) the Franchisee fails to maintain the number of rental contracts for all Stores that have been open for business for one (1) year or more that are eight (8) or more days past due (calculated on a three (3) month rolling average) at 8% or less of its total outstanding rental contracts for such Stores; (iii) expenses of a Store that has been open for business for less than twelve (12) months cause the ratio of actual expenses to actual revenue to exceed the ratio of expenses to revenue reflected in the proforma cash flow projections for that Store; (iv) payments (principal and/or interest) under any Receivable of the Franchisee are more than fifteen (15) days past due; (v) the idle inventory percentage for Stores that have been open for business for one (1) year or more (the quotient of the idle inventory divided by the total inventory, calculated on a three (3) month rolling average and based on the idle inventory and total inventory figures reflected on the Franchisee's monthly royalty reports for such Stores) exceeds thirty percent (30%); (vi) the Franchisee has failed to provide to ColorTyme such Franchisee's current financial statements or royalty reports then due for delivery to ColorTyme, or (vii) in Lender's determination, the Receivable is otherwise in default."

(f) Section 1.15 of the Agreement is hereby amended in its entirety to read as follows:

"1.15 Payments to ColorTyme. Lender shall pay to ColorTyme, from the interest portion of each payment received by Lender on account of each Receivable (whether a Line of Credit or a Term Loan), an amount calculated by multiplying the amount of each such interest payment by a fraction, the denominator of which is the rate of interest applicable to such Receivable and the numerator of which is determined on the following scale: (i) until the Services Agreement, dated as of October 1, 2003, between Lender and FirstCity Servicing Corporation is terminated and replaced by a Services Agreement, between Lender and ColorTyme or a wholly-owned subsidiary of ColorTyme: (A) 2.00% if the Franchisee's Credit Limit is $1,000,000 or less; or (B) 1.50% if the Franchisee's Credit Limit is greater than $1,000,000, and (ii) after a replacement Services Agreement between Lender and ColorTyme is effective, (A) 2.75% if such interest payment was determined by applying an interest rate of Prime Rate plus 2.75% or more, and (B) 2.25% if such interest payment was determined by applying an interest rate of Prime Rate plus a margin less than 2.75%. The amounts payable pursuant to this section shall be payable on a monthly basis within 20 days after the end of the month in which an interest payment is received by Lender.

(g) Section 1.16 of the Agreement is hereby amended in its entirety to read as follows:

"1.16 Franchisee Guarantee Fee; Audit Fees; Audits. (a) Lender's credit agreement with each Franchisee shall include provisions requiring such Franchisee to pay, directly to ColorTyme, the following non-refundable fees: (i) a guarantee fee equal to eight-tenths of one percent (0.80%) of the Credit Limit established for the Franchisee by Lender pursuant to such credit agreement, such guarantee fee to be due and payable upon execution of such credit agreement, and (ii) an annual auditing fee of $500 for each Store of such Franchisee, payable on February 1 of each year, commencing the first such date after the later of (A) execution of such credit agreement or (B) execution of an amendment entered into after September 30, 2006, of such credit agreement. ColorTyme shall be solely responsible for collecting the guaranty fee and audit fees from the Franchisees; Lender shall have no obligation or responsibility to collect the guaranty fee and audit fees from the Franchisees. In the event any Franchisee fails to amend its applicable credit agreement as described pursuant

to this Section 1.16, then, at the request of ColorTyme, Lender shall terminate such Franchisee's line of credit in accordance with the terms of its governing agreements.

(b) Each year, Lender agrees to conduct audits with respect to Stores of those Franchisees designated by Lender or ColorTyme, with the consent of the other, provided, that ColorTyme agrees to reimburse Lender for the expenses incurred by Lender for each such audit, not in excess of an aggregate amount each year equal to the aggregate audit fees collected by ColorTyme from all Franchisees; and provided, further, that Lender is not obligated to conduct audits that would cause the expenses incurred by Lender in any year to exceed the amount ColorTyme is obligated to reimburse hereunder."

(h) A new Section 1.17 is hereby added to the Agreement after Section 1.16 of the Agreement to read as follows:

"1.17 Minimum Funding of Receivables. In the event that, on September 30 of any year, commencing on September 30, 2007, the average daily outstanding balance of all advances by Lender to all Franchisees during the twelve months ending on such date is less than $15,000,000, then ColorTyme shall pay to Lender an amount equal to one percent (1%) of the Maximum Credit Line, on or before October 31 of such year, or, at the option of Lender, such amount shall be deducted from the next due payments to ColorTyme under Section 1.15."

(i) Clauses (a) and (b) of Section 2.2 of the Agreement are hereby amended in their entirety to read as follows:

"(a) Consolidated Leverage Ratio. ColorTyme and RAC shall not permit the Consolidated Leverage Ratio (as that term is defined in the Second Amended and Restated Credit Agreement, dated as of May 28, 2003, as amended and restated as of July 13, 2006, among Rent-A-Center, Inc., as borrower, the several banks and other financial institutions or entities from time to time parties thereto, Union Bank of California, N.A., as documentation agent, Lehman Commercial Paper Inc., as syndication agent, and JPMorgan Chase Bank, N.A., as administrative agent (as the same has been or may be amended, restated or modified from time to time, the "Senior Credit Agreement"), as of the last day of any period of four (4) consecutive fiscal quarters to exceed 3.25 to 1.00.

"(b) Consolidated Fixed Charge Coverage Ratio. ColorTyme and RAC shall not permit the Consolidated Fixed Charge Coverage Ratio (as that term is defined in the Senior Credit Agreement), for any period of four (4) consecutive fiscal quarters of Rent-A-Center, Inc, to be less than the ratio of 1.35 to 1.00."

(j) A new clause (j) is hereby added to Section 2.2 of the Agreement to read as follows:

"(j) Additional Information. From and after the date that the senior debt of Rent-A-Center, Inc., shall have a rating of B+ or lower as determined by Standard & Poor's Rating Group, or a rating of B1 or lower as determined by Moody's Investor's Service, Inc., RAC agrees to provide additional backup information, within five business days after request by Lender, sufficient to enable Lender to determine or verify each component of the financial covenants in the Senior Credit Agreement referenced in Sections 2.2(a) and (b); provided, that

RAC shall not be required to disclose information that is subject to attorney-client privilege nor detail that is not material with respect to the relevant covenants.

(k) Section 3.2 of the Agreement is hereby amended in its entirety to read as follows:

"3.2 Foreclosure. Following notice of a default under a Receivable pursuant to Section 3.1, in the exercise of its sole and absolute discretion, Lender shall attempt to collect the outstanding obligations under the Receivable and, if necessary, commence appropriate legal actions to recover the collateral securing such Receivable and to collect the accounts owing by the account debtor(s) and other persons, if any, in connection with such collateral. The costs incurred by Lender in connection with such actions shall be shared by Lender and ColorTyme in accordance with subpart (z) of Section 3.4 and sub-part (b) of Section 6.1. Lender may take collection actions consistent with those taken in the past by TFC."

(l) Section 3.4 of the Agreement is hereby amended in its entirety to read as follows:

"3.4 ColorTyme's Recourse Obligation; Assignment to ColorTyme. ColorTyme shall pay to Lender an amount (the "Recourse Amount") equal to the sum of (x) the outstanding principal balance of a defaulted Receivable, (y) all accrued and unpaid interest thereon and (z) all reasonable expenses incurred by Lender, including the fees and expenses of its legal counsel, in connection with the enforcement of such Receivable, such fees and expenses not to exceed three percent (3%) of the unpaid balance of such defaulted Receivable on the date Lender sends notice of a default to the Franchisee obligated thereon, unless otherwise approved by ColorTyme in writing, upon the earliest to occur of (a) repossession and/or foreclosure of the collateral securing the defaulted Receivable, (b) the entry by a court of competent jurisdiction of an order staying or barring such actions or adjudicating the rights of Lender with respect to such collateral, (c) eleven (11) months following the issuance of the letter of credit with respect to the defaulted Receivable pursuant to Section 3.3, or (d) thirty (30) days after Lender sends notice of a default in accordance with Section 3.1 if, but only if, Lender has not received a letter of credit issued in accordance with Section 3.3, whereupon Lender shall contemporaneously assign to ColorTyme Lender's interest in the defaulted Receivable and the collateral securing such defaulted Receivable, WITHOUT RECOURSE OR WARRANTY OF ANY KIND WHATSOEVER."

(m) Section 4.2 of the Agreement is hereby amended in its entirety to read as follows:

"4.2 Remedies Upon Default. If an Event of Default shall occur and be continuing, Lender at its sole discretion may, without notice (i) terminate this Agreement, (ii) elect to have ColorTyme repurchase all Receivables then held by Lender (without recourse or warranty by Lender), whereupon ColorTyme shall so repurchase such Receivables for an amount equal to the outstanding principal balance thereof plus all accrued and unpaid interest thereon, plus the Applicable Termination Fee (as defined in Section 6.12), (iii) reduce any claim to judgment, (iv) set off and apply against the obligation of ColorTyme, without notice to ColorTyme or RAC, any and all deposits or other sums at any time credited or held by Lender or owing from Lender to ColorTyme, RAC or any of their affiliates, whether or not said obligations are then due, and (v) without further notice of default or demand, pursue and enforce any of Lender's rights and remedies under this Agreement and any of the other documents delivered to Lender pursuant to this Agreement or otherwise provided under or pursuant to any applicable law or any other agreement."

(n) Section 6.1 of the Agreement is hereby amended in its entirety to read as follows:

"6.1 Expenses. Each party hereto shall pay and be responsible for its own expenses incurred in connection with this Agreement and the transactions herein contemplated; provided, however, ColorTyme and RAC shall reimburse Lender (and any participant in this Agreement or any of the Receivables) for all of its reasonable out-of-pocket expenses, including the reasonable fees and expenses of its legal counsel, incurred in connection with (a) the preparation, negotiation and execution of this Agreement and each amendment hereto, (b) the enforcement and collection of Receivables that default, provided, that, for each such defaulted Receivable, such fees and expenses shall not exceed three percent (3%) of the unpaid balance of such defaulted Receivable on the date Lender sends notice of a default to the Franchisee obligated thereon, unless otherwise approved by ColorTyme in writing; and (c) the enforcement or preservation of Lender's rights under this Agreement following an Event of Default; and provided, further that ColorTyme and RAC shall also pay Lender the audit fees required to be paid by the "Servicer" under the Services Agreement between Lender and ColorTyme or its affiliate, executed in connection herewith (to the extent not paid by such Servicer). All such expenses shall be paid promptly upon request by Lender."

(o) Section 6.12 of the Agreement is hereby amended in its entirety to read as follows:

"6.12 Term; Termination. This Agreement shall be effective on and as of the date of its execution, and shall continue in effect until September 30, 2010; provided, that ColorTyme has the option, at any time upon not less than one hundred twenty days' prior written notice to Lender, to terminate this Agreement; provided, further, that, on the date of termination of this Agreement, ColorTyme shall purchase from Lender for the unpaid balance thereof, and assume all Lender's obligations with respect to, all outstanding Receivables and shall pay to Lender the Applicable Termination Fee (as hereafter defined); provided, further that there shall be no Applicable Termination Fee payable if no Event of Default, and no event, which, with the giving of notice or passage of time, would constitute an Event of Default, has occurred and is continuing, and ColorTyme makes a request in writing for an increase in the Maximum Credit Line to $50,000,000 on the same terms and conditions as this Agreement, and Lender rejects such written request, and, within fifteen days after such rejection, ColorTyme notifies Lender of the termination of this Agreement and, within ninety days after Lender's rejection of ColorTyme's request, ColorTyme purchases from Lender for the unpaid balance thereof, and assumes all Lender's obligations with respect to, all outstanding Receivables. For purposes of this Section 6.12, "Applicable Termination Fee" means, as of any date of determination, an amount equal to: (w) during the period from October 1, 2006, to and including September 30, 2007, one percent (1%) of the Maximum Credit Line, (x) during the period from October 1, 2007, to and including September 30, 2008, three-fourths of one percent (0.75%) of the Maximum Credit Line, (y) during the period from October 1, 2008, to and including September 30, 2009, one-half of one percent (0.50%) of the Maximum Credit Line, and (z) during the period from October 1, 2009, to September 30, 2010, one-fourth of one percent (0.25%) of the Maximum Credit Line. Notwithstanding the termination of this Agreement, all rights of Lender and all duties and obligations of ColorTyme and RAC under this Agreement with respect to outstanding Receivables and additional advances made to Franchisees pursuant to Lines of Credit shall continue until all such Receivables are fully paid in accordance with their terms and all such Lines of Credit are terminated."

(p) Exhibit A to the Agreement is hereby replaced with Replacement Exhibit A attached to this Amendment and made a part hereof.

3. Conditions Precedent to Effectiveness of Amendment. (a) This Amendment (other than Sections 2(b), 2(d), and 2(f) of this Amendment) shall become effective upon satisfaction of each of the following conditions:

(i) Lender, ColorTyme and RAC shall have executed and delivered to each other this Amendment.

(ii) The existing participation interest in the Receivables held by Comerica Bank shall be terminated.

(b) Sections 2(b), 2(d), and 2(f) of this Amendment shall become effective upon satisfaction of each of the following conditions:

(i) The conditions set forth in Section 3(a) shall have been satisfied.

(ii) FirstCity Servicing Corporation shall have acknowledged and agreed to the termination of the Services Agreement, between Lender and FirstCity Servicing Corporation, effective October 31, 2006, and a subsidiary of ColorTyme named ColorTyme Finance, Inc., shall have been incorporated in Texas and Lender and ColorTyme Finance, Inc., shall have entered into a replacement Services Agreement, in the form attached hereto as Exhibit I.

4. Expenses. Each of ColorTyme and RAC hereby affirms its obligation under the Agreement to reimburse Lender for all of its reasonable out-of-pocket expenses, including the reasonable fees and expenses of its legal counsel, incurred in connection with the preparation, negotiation and execution of this Amendment, not in excess of the aggregate amount of $30,000. In the event that the Agreement is amended at any time during the period beginning on October 1, 2006, and ending March 31, 2007, ColorTyme and RAC shall have no obligation to reimburse Lender for any expenses, fees or disbursements related to the preparation, negotiation and execution of such amendment so long as such amendment relates solely to Sections 2.2(a) and/or (b) of the Agreement.

5. Effect of Amendment. Except as amended hereby, the Agreement shall remain in full force and effect.

6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF CALIFORNIA.

7. Counterparts. This Amendment may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amendment on this 29th day of September, 2006.

COLORTYME, INC.

By: /s/ Mark E. Speese
Title: Vice President

RENT-A-CENTER EAST, INC.

By: /s/ Mark E. Speese
Title: President

WELLS FARGO FOOTHILL, INC.

By: /s/ Douglas M. Fraser
Title: Vice President

Replacement Exhibit A

COMPLIANCE CERTIFICATE

This Compliance Certificate is executed and delivered to Wells Fargo Foothill, Inc. (“Lender”) by Rent-A-Center East, Inc. (“RAC”) and ColorTyme, Inc. (“ColorTyme”) this ___day of __________, 20___, pursuant to Section ___of that certain Amended and Restated Franchisee Financing Agreement (as amended, the “Franchisee Financing Agreement”) dated October 1, 2003, as amended, among Lender, ColorTyme and RAC. All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Franchisee Financing Agreement. The undersigned hereby certify to Lender as follows:

1. The undersigned are the duly elected, qualified and acting __________ of ColorTyme and __________ of RAC, and as such officers, are authorized to make and deliver this Compliance Certificate.
2. The undersigned have reviewed the provisions of the Franchisee Financing Agreement and confirm that, as of the date hereof:
   a. The representations and warranties contained in the Franchisee Financing Agreement are true and correct in all material respects on and as of the date hereof with the same force and effect as though made on the date hereof;
   b. ColorTyme and RAC have complied with all the terms, covenants and conditions set forth in the Franchisee Financing Agreement;
   c. No Event of Default, and no event that with notice or the passage of time or both will constitute an Event of Default, has occurred and is continuing;
   d. Attached hereto as Schedule A is a copy of the compliance certificate prepared by the undersigned and delivered in accordance with the Senior Credit Agreement, setting forth information and calculations that demonstrate compliance (or noncompliance) with each of the covenants set forth in Section 2.2 of the Franchisee Financing Agreement, and
   e. As of the date hereof, the senior debt of Rent-A-Center, Inc., has a rating of __________ as determined by Standard & Poor’s Rating Group, and a rating of __________ as determined by Moody’s Investor’s Service, Inc.

The foregoing certificate is given in our respective capacities as officers of ColorTyme and RAC, and not in our individual capacities.

COLORTYME, INC.		RENT-A-CENTER EAST, INC.	
By:	______________________	By:	______________________
Name:	______________________	Name:	______________________
Its:	______________________	Its:	______________________

EXHIBIT I

[Form of Services Agreement]

EXHIBIT 10.21

RENT-A-CENTER, INC.
EXECUTIVE TRANSITION AGREEMENT
WITH [NAME OF EXECUTIVE]

AGREEMENT made as of the ___day of __________, 2006, by and between RENT-A-CENTER, INC. (“Company”) and ____________________ (“Executive”).

1. Background. This Agreement is intended to provide the Executive with certain payments and benefits upon an involuntary termination of Executive’s employment or the occurrence of certain other circumstances that may affect the Executive. The Company believes this Agreement will help ensure the Executive’s undivided focus on the business of the Company and thereby enhance shareholder value.

2. Certain Defined Terms. The following terms have the following meanings when used in this Agreement.

(a) “Accrued Compensation” means, as of any date, (1) the unpaid amount, if any, of Executive’s previously earned base salary, (2) the unpaid amount, if any, of the bonus earned by the Executive for the preceding year, and (3) additional payments or benefits, if any, earned by the Executive under and in accordance with any employee plan, program or arrangement of or with the Company or an Affiliate (other than this Agreement).

(b) “Affiliate” means an entity at least 50% of the voting, capital or profits interests of which are owned directly or indirectly by Company.

(c) “Benefit Continuation Coverage” means continuing group health insurance coverage for Executive and, where applicable, Executive’s covered spouse and covered eligible dependents for a specified period following the termination of Executive’s Employment with Company and its Affiliates at the same benefit and contribution levels that would be in effect if the Executive’s employment had continued, if and to the extent such coverage would be permitted by the applicable plan and applicable law. Benefit Continuation Coverage, if any, shall be in addition to and not in lieu of COBRA coverage. Unless sooner terminated, Benefit Continuation Coverage will be subject to early termination if and when the Executive becomes entitled to comparable coverage from another employer.

(d) “Board” means the Board of Directors of the Company.

(e) “Cause” means (1) material act or acts of willful misconduct by Executive, whether in violation of the Company’s policies, including, without limitation, the Company’s Code of Business Conduct and Ethics, or otherwise; (2) Executive’s willful and repeated failure (except where due to physical or mental incapacity) or refusal to perform in any material respect the duties and responsibilities of Executive’s employment; (3) embezzlement or fraud committed by Executive, at Executive’s direction, or with Executive’s prior personal knowledge; (4) Executive’s conviction of, or plea of guilty or nolo contendere to, the commission of a felony; or (5) substance abuse or use of illegal drugs that, in the reasonable judgment of the Compensation Committee, (A) impairs the ability of the Executive to perform the duties of the

Executive's employment, or (B) causes or is likely to cause harm or embarrassment to the Company or any of its Affiliates. Except as specified, the Compensation Committee, acting in its own discretion, will be responsible for determining whether particular conduct constitutes "Cause" for the purposes of this Agreement.

(f) "Change in Control" means the occurrence of any of the following after September 14, 2006:

(i) any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of the combined voting power of the then outstanding voting securities of Company;

(ii) a consolidation, merger or reorganization of the Company, unless (1) the stockholders of Company immediately before such consolidation, merger or reorganization own, directly or indirectly, at least a majority of the combined voting power of the outstanding voting securities of the corporation or other entity resulting from such consolidation, merger or reorganization, (2) individuals who were members of the Board immediately prior to the execution of the agreement providing for such consolidation, merger or reorganization constitute a majority of the board of directors of the surviving corporation or of a corporation directly or indirectly beneficially owning a majority of the voting securities of the surviving corporation, and (3) no person beneficially owns more than 40% of the combined voting power of the then outstanding voting securities of the surviving corporation (other than a person who is (A) Company or a subsidiary of Company, (B) an employee benefit plan maintained by Company, the surviving corporation or any subsidiary, or (C) the beneficial owner of 40% or more of the combined voting power of the outstanding voting securities of Company immediately prior to such consolidation, merger or reorganization);

(iii) individuals who, as of September 14, 2006, constitute the entire Board (the "Incumbent Board") cease for any reason to constitute a majority of the Board, provided that any individual becoming a director subsequent to September 14, 2006 whose appointment or nomination for election by Company's stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board;

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of Company, or a sale or other disposition of all or substantially all of the assets of the Company (other than to an entity described in (f)(ii) above); or

(v) any other event or transaction which the Board, acting in its discretion, designates is a Change in Control.

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

(h) "Company" means Rent-A-Center, Inc. and any successor thereto.

(i) "Compensation Committee" means the Compensation Committee of the Board.

(j) "Disability" means the inability of Executive to substantially perform the customary duties and responsibilities of Executive's Employment with Company or an Affiliate for a period of at least 120 consecutive days or 120 days in any 12-month period by reason of a physical or mental incapacity which is expected to result in death or last indefinitely, as determined by a duly licensed physician appointed by the Company.

(k) "Employment" means Executive's employment with the Company and/or any of its Affiliates.

(l) "Good Reason" means the occurrence of any of the following without the written consent of Executive: (1) a material diminution by Company or an Affiliate of Executive's duties or responsibilities in a manner which is inconsistent with Executive's position or which has or is reasonably likely to have a material adverse effect on Executive's status or authority; (2) a relocation by more than 50 miles of Executive's principal place of business; or (3) a reduction by Company or an Affiliate of Executive's rate of salary or annual incentive opportunity or a breach by Company or any of its Affiliates of a material provision of any written employment or other agreement with Executive which is not corrected within 15 business days following notice thereof by Executive to Company.

(m) "Pro Rata Bonus" means the annual bonus, if any, earned by Executive for the calendar year preceding the year in which the Executive's Employment terminates multiplied by a fraction, the numerator of which is the number of days elapsed from the beginning of the calendar year in which the Executive's Employment terminates until the date the Executive's Employment terminates, and the denominator of which is 365. If the Executive's Employment terminates before April 1 of a calendar year, the Pro Rata Bonus for such calendar year shall be deemed to be zero.

(n) "Salary & Bonus" means, as of the effective date of the termination of Executive's Employment with Company and its Affiliates, the sum of: (1) Executive's highest annual rate of salary at any time during the preceding 24 months, and (2) Executive's average annual bonus for the two preceding calendar years. If the number of preceding years of Executive's Employment is less than two, then the bonus component of Executive's Salary & Bonus will be equal to bonus earned during the calendar year preceding the date of Executive's termination of Employment; and, if the Executive has not completed at least a full calendar year of Employment, the bonus component of Executive's Salary & Bonus will be zero.

3. General Severance Protection. Subject to the provisions hereof, including, without limitation, Section 7 (relating to non-duplication of payments and benefits provided under other agreements and arrangements) and Section 8 (relating to the execution and delivery of a release as a condition of Executive's (or a beneficiary's) entitlement to payments and benefits

hereunder), upon termination of Employment, other than a termination of Employment in conjunction with a Change in Control to which Section 4 applies, Executive (or Executive's beneficiary, as the case may be) will be entitled to receive the applicable severance payments and benefits set forth in this Section.

(a) Termination by Company or an Affiliate without Cause. If Executive's Employment is terminated by the Company or an Affiliate without Cause, then Executive shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus;

(iii) 1.0 times Salary & Bonus, payable to Executive in equal monthly (or, at the option of the Company, more frequent) installments; and

(iv) Benefit Continuation Coverage for the period covered by Section 3(a)(iii).

(b) Disability or Death. If Executive's Employment is terminated by the Company or an Affiliate due to Executive's Disability or if Executive's Employment terminates by reason of death, then Executive (or Executive's beneficiary) shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus; and

(iii) Benefit Continuation Coverage for twelve months.

(c) Termination by Company or an Affiliate for Cause or Termination by Executive. If Company or an Affiliate terminates Executive's Employment for Cause or if Executive terminates such Employment for any reason (other than death), then Executive shall be entitled to receive any Accrued Compensation, subject to set off for amounts owed by Executive to Company or an Affiliate, and nothing more.

(d) Restoration. Any severance payments and benefits paid under this Section 3 shall be subject to continuing compliance with the covenants described in and repayment pursuant to Section 9.

4. Termination in Conjunction with a Change in Control. Subject to the provisions hereof, including, without limitation, Section 6 (relating to a reduction of severance payments and benefits in order to avoid adverse tax consequences), Section 7 (relating to non-duplication of payments and benefits provided under other agreements and arrangements), and Section 8 (relating to execution and delivery of a general release as a condition of Executive's entitlement to payments and benefits hereunder), upon the termination of Executive's Employment with Company and its Affiliates in conjunction with a Change in Control, Executive (or Executive's

beneficiary, as the case may be) will be entitled to receive the applicable severance payments and benefits set forth in this Section. For the purposes hereof, a termination of Employment is in conjunction with a Change in Control if (and only if) it occurs during the period beginning six months prior to a Change in Control (or, in the case of a Change in Control described in Section 2(f)(i) or (ii), beginning on the date of the definitive agreement pursuant to which the Change in Control is consummated), and ending on the second anniversary of the date of the Change in Control. If Executive is entitled to receive payments and benefits under Section 3 (due to a termination of Employment not in conjunction with a Change in Control) and if, by reason of a subsequent Change in Control, Executive's termination of Employment is deemed to be in conjunction with the Change in Control, then, in order to avoid duplication, the payments and benefits to which Executive is entitled under this Section upon and following the Change in Control will be reduced by the payments and benefits which Executive received under Section 3, and no further payments will be made under Section 3.

(a) Termination by Company or an Affiliate without Cause or by Executive for Good Reason. If Executive's Employment is terminated by Company or an Affiliate without Cause or by Executive for Good Reason, then Executive shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus;

(iii) an amount equal to 1.5 times Salary & Bonus, which amount shall be payable in a lump sum in cash within 10 business days following the date of Executive's termination of Employment or, if later, the date of the Change in Control; and

(iv) Benefit Continuation Coverage for 1.5 years following termination.

(b) Disability or Death. If Executive's Employment is terminated by Company or an Affiliate due to Executive's Disability, or if Executive's Employment terminates by reason of death, then Executive (or Executive's beneficiary) shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus; and

(iii) Benefit Continuation Coverage for twelve months.

(c) Termination by Company or an Affiliate for Cause or Termination by Executive without Good Reason. If Executive's Employment is terminated by Company or an Affiliate for Cause or is terminated by Executive without Good Reason, Executive shall be entitled to receive Accrued Compensation through the date of termination, subject to set off for amounts owed by Executive to Company or an Affiliate, and nothing more.

(d) Restoration. Any severance payments and benefits paid under this Section 4 shall be subject to continuing compliance with the covenants described in and repayment pursuant to Section 9.

5. Effect of a Change in Control on Options and Other Equity-Based Awards. All outstanding Company stock options and other Company equity-based awards held by Executive shall become fully vested immediately before the occurrence of a Change in Control if (a) Executive is then still employed by Company or an Affiliate; or (b) Executive is entitled to payments and benefits under Section 4(a) as a result of the termination of Employment during the pre-Change in Control severance protection period described in Section 4. If Executive becomes vested in a stock option or other equity-based award pursuant to part (b) of the preceding sentence, then, before the Change in Control, Company will either reinstate the option or other award to the extent it would otherwise not be vested, or make a cash payment to Executive equal to the intrinsic value of the non-vested portion of the option or other award based upon the then value per share of Company's Common Stock. The vesting and other terms and conditions of Executive's stock options and other equity-based awards will continue to govern except as otherwise specifically provided by this Section 5.

6. Golden Parachute Tax Limitation. If Executive is entitled to receive payments and benefits under this Agreement and if, when combined with the payments and benefits Executive is entitled to receive under any other plan, program or arrangement of Company or an Affiliate, Executive would be subject to excise tax under Section 4999 of the Code or Company would be denied a deduction under Section 280G of the Code, then the severance amounts otherwise payable to Executive under this Agreement will be reduced by the minimum amount necessary to ensure that Executive will not be subject to such excise tax and Company will not be denied any such deduction.

7. Effect of Other Agreements. Notwithstanding the provisions hereof, the post-termination payment and benefit provisions of Executive's written employment or other agreement with Company or an Affiliate in force at the termination of Executive's Employment (if any) will apply in lieu of the provisions hereof if and to the extent that, with respect to Executive's termination of Employment, the provisions of such employment or other agreement would provide greater payments or benefits to Executive (or to Executive's covered dependents or beneficiaries). If any termination or severance payments or benefits are made or provided to Executive by Company or any or its Affiliates pursuant to a written employment or other agreement with Company or an Affiliate, such payments and benefits shall reduce the amount of the comparable payments and benefits payable hereunder. This Section is intended to provide Executive with the most favorable treatment and, at the same time, avoid duplication of payments or benefits, and it will be construed and interpreted accordingly.

8. Release of Claims. Notwithstanding anything herein to the contrary, the Compensation Committee or the Board may condition severance payments or benefits otherwise payable under this Agreement upon the execution and delivery by Executive (or Executive's beneficiary) of a general release in favor of Company, its Affiliates and their officers, directors and employees, in such form as the Board or the Compensation Committee may specify; provided, however, that no such release will be required as a condition of Executive's (or the

beneficiary's) entitlement to Accrued Compensation. Any payment or benefit that is so conditioned may be deferred until the expiration of the seven day revocation period prescribed by the Age Discrimination in Employment Act of 1967, as amended, or any similar revocation period in effect on the effective date of the termination of Executive's Employment.

9. Restoration. The Executive has been provided and is privy to intellectual property, trade secrets and other confidential information of the Company and its Affiliates. For two years following the Executive's termination of Employment, the Executive has agreed not to engage in any activity or provide any services which are similar to or competitive with the business of the Company and its Affiliates. For the same two year period, the Executive also agreed not to solicit or induce, or cause or permit others to solicit or induce, any employee to terminate their employment with the Company and its Affiliates. These covenants are set forth and agreed to in the Loyalty and Confidentiality Agreement between the Executive and the Company ("Loyalty Agreement"). The parties hereto understand and acknowledge that the promises in this Agreement and those in the Loyalty Agreement, and not any employment of or services performed by the Executive in the course and scope of that employment, constitute the sole consideration for the severance payments and benefits provided by this Agreement. Further, it is agreed that should the Executive violate or be in breach of any restrictions set forth herein or in the Loyalty Agreement (which determination shall be made in the discretion of the Compensation Committee), (a) the Executive shall not be entitled to any further severance payments and benefits under this Agreement, (b) the Executive shall immediately return to the Company any severance payments and the value of any severance benefits which were received hereunder, and (c) the Executive will have no further rights or entitlements under this Agreement. This Section 9 shall not in any manner supersede or limit any other right the Company may have to enforce or seek legal or equitable relief based on this Agreement or the Loyalty Agreement.

10. No Duty to Mitigate. Except as otherwise specifically provided herein with respect to early termination of Benefit Continuation Coverage, Executive's entitlement to payments or benefits hereunder is not subject to mitigation or a duty to mitigate by Executive.

11. Amendment. The Board may amend this Agreement, provided, however, that, no such action which would have the effect of reducing or diminishing Executive's entitlements under this Agreement shall be effective without the express written consent of the Executive.

12. Successors and Beneficiaries.

(a) Successors and Assigns of Company. Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of Company and its subsidiaries taken as a whole, expressly and unconditionally to assume and agree to perform or cause to be performed Company's obligations under this Agreement. In any such event, the term "Company," as used herein shall mean Company, as defined in Section 2 hereof, and any such successor or assignee. Executive acknowledges and agrees that this Agreement and the Loyalty Agreement shall be fully enforceable by the Company's successor or assignee.

(b) Executive's Beneficiary. For the purposes hereof, Executive's beneficiary will be the person or persons designated as such in a written beneficiary designation filed with the Company, which may be revoked or revised in the same manner at any time prior to Executive's death. In the absence of a properly filed written beneficiary designation or if no designated beneficiary survives Executive, Executive's estate will be deemed to be the beneficiary hereunder.

13. Nonassignability. With the exception of Executive's beneficiary designation, neither Executive nor Executive's beneficiary may pledge, transfer or assign in any way the right to receive payments or benefits hereunder, and any attempted pledge, transfer or assignment shall be void and of no force or effect.

14. Legal Fees to Enforce Rights after a Change in Control. If, following a Change in Control, Company fails to comply with any of its obligations under this Agreement or Company takes any action to declare this Agreement void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from Executive (or Executive's beneficiary) the payments and benefits intended to be provided, then Executive (or Executive's beneficiary, as the case may be) shall be entitled to select and retain counsel at the expense of Company to represent Executive (or Executive's beneficiary) in connection with the good faith initiation or defense of any litigation or other legal action, whether by or against Company or any director, officer, stockholder or other person affiliated with Company or any successor thereto in any jurisdiction.

15. Not a Contract of Employment. This Agreement shall not be deemed to constitute a contract of employment between Executive and Company or any of its Affiliates. Nothing contained herein shall be deemed to give Executive a right to be retained in the employ or other service of Company or any of its Affiliates or to interfere with the right of Company or any of its Affiliates to terminate Executive's employment at any time.

16. Governing Law. This Agreement shall be governed by the laws of the State of Texas, excluding its conflict of law rules. Any suit with respect to this Agreement will be brought in the federal or state courts in the districts, which include Dallas, Texas, and Executive hereby agrees to submit to the personal jurisdiction and venue thereof.

17. Compliance with Section 409A of the Code. This Agreement is intended to comply with Section 409A of the Code, if and to the extent applicable, and will be interpreted and applied in a manner consistent with that intention. Toward that end, unless permitted sooner by Section 409A of the Code, severance amounts otherwise payable within six-months after termination of employment will be deferred until and become payable on the first day of the seventh month following termination of employment.

18. Withholding. Company and its Affiliates may withhold from any and all amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to applicable law.

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

RENT-A-CENTER, INC.

By: ______________________________

____
Executive

EMPLOYMENT AGREEMENT

AGREEMENT made on October 2, 2006, by and between RENT-A-CENTER, INC. (the “Company”) and MARK E. SPEESE (“Mr. Speese”).

1. Employment. The Company desires to enter into a written agreement to employ Mr. Speese upon and subject to the terms and conditions set forth herein, and Mr. Speese hereby agrees to be employed by the Company upon and subject to such terms and conditions.

2. Certain Defined Terms. The following terms have the following meanings when used in this Agreement.

(a) “Accrued Compensation” means, as of any date, (1) the unpaid amount, if any, of Mr. Speese’s previously earned base salary, (2) the unpaid amount, if any, of the bonus earned by Mr. Speese for the preceding year, and (3) additional payments or benefits, if any, earned by Mr. Speese under and in accordance with any employee plan, program or arrangement of or with the Company or an Affiliate (other than this Agreement).

(b) “Affiliate” means an entity at least 50% of the voting, capital or profits interests of which are owned directly or indirectly by the Company.

(c) “Benefit Continuation Coverage” means continuing group health insurance coverage for Executive and, where applicable, Executive’s covered spouse and covered eligible dependents for a specified period following the termination of Executive’s Employment with Company and its Affiliates at the same benefit and contribution levels that would be in effect if the Executive’s employment had continued, if and to the extent such coverage would be permitted by the applicable plan and applicable law. Benefit Continuation Coverage, if any, shall be in addition to and not in lieu of COBRA coverage. Unless sooner terminated, Benefit Continuation Coverage will be subject to early termination if and when the Executive becomes entitled to comparable coverage from another employer.

(d) “Board” means the Board of Directors of the Company.

(e) “Cause” means (1) material act or acts of willful misconduct by Mr. Speese, whether in violation of the Company’s policies, including, without limitation, the Company’s Code of Business Conduct and Ethics, or otherwise; (2) Mr. Speese’s willful and repeated failure (except where due to physical or mental incapacity) or refusal to perform in any material respect the duties and responsibilities of Mr. Speese’s employment; (3) embezzlement or fraud committed by Mr. Speese, at Mr. Speese’s direction, or with Mr. Speese’s prior personal knowledge; (4) Mr. Speese’s conviction of, or plea of guilty or nolo contendere to, the commission of a felony; or (5) substance abuse or use of illegal drugs that, in the reasonable judgment of the Compensation Committee, (A) impairs the ability of Mr. Speese to perform the duties of Mr. Speese’s employment, or (B) causes or is likely to cause harm or embarrassment to the Company or any of its Affiliates. Except as specified, the Compensation Committee, acting in its own discretion, will be responsible for determining whether particular conduct constitutes “Cause” for the purposes of this Agreement.

(f) “Change in Control” means the occurrence of any of the following after the date of this Agreement:

(i) any person (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (“Exchange Act”)) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 40% or more of the combined voting power of the then outstanding voting securities of the Company;

(ii) a consolidation, merger or reorganization of the Company, unless (1) the stockholders of the Company immediately before such consolidation, merger or reorganization own, directly or indirectly, at least a majority of the combined voting power of the outstanding voting securities of the corporation or other entity resulting from such consolidation, merger or reorganization, (2) individuals who were members of the Board immediately prior to the execution of the agreement providing for such consolidation, merger or reorganization constitute a majority of the board of directors of the surviving corporation or of a corporation directly or indirectly beneficially owning a majority of the voting securities of the surviving corporation, and (3) no person beneficially owns more than 40% of the combined voting power of the then outstanding voting securities of the surviving corporation (other than a person who is (A) the Company or a subsidiary of the Company, (B) an employee benefit plan maintained by the Company, the surviving corporation or any subsidiary, or (C) the beneficial owner of 40% or more of the combined voting power of the outstanding voting securities of the Company immediately prior to such consolidation, merger or reorganization);

(iii) individuals who, as of the date of this Agreement, constitute the entire Board (the “Incumbent Board”) cease for any reason to constitute a majority of the Board, provided that any individual becoming a director subsequent to the date of this Agreement whose appointment or nomination for election by the Company’s stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board;

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company, or a sale or other disposition of all or substantially all of the assets of the Company (other than to an entity described in (f)(ii) above); or

(v) any other event or transaction which the Board, acting in its discretion, designates is a Change in Control.

(g) “Code” means the Internal Revenue Code of 1986, as amended.

(h) “Company” means Rent-A-Center, Inc. and any successor thereto.

(i) “Compensation Committee” means the Compensation Committee of the Board.

(j) “Disability” means the inability of Mr. Speese to substantially perform the customary duties and responsibilities of Mr. Speese’s Employment with the Company or an Affiliate for a period of at least 120 consecutive days or 120 days in any 12-month period by reason of a physical or mental incapacity which is expected to result in death or last indefinitely, as determined by a duly licensed physician appointed by the Company.

(k) “Employment” means Mr. Speese’s employment with the Company and/or any of its Affiliates.

(l) “Good Reason” means the occurrence of any of the following without the written consent of Mr. Speese: (1) a material diminution by the Company or an Affiliate of Mr. Speese’s duties or responsibilities in a manner which is inconsistent with Mr. Speese’s position or which has or is reasonably likely to have a material adverse effect on Mr. Speese’s status or authority, *provided, however*, that a change in Mr. Speese’s position as Chairman of the Board shall not be considered a material diminution in Mr. Speese’s duties or responsibilities or having or reasonably likely to have a material adverse effect on Mr. Speese’s status or authority within the meaning of “Good Reason” if a majority of the independent directors of the Board (such independent directors being determined in accordance with securities listing standards then applicable to the Company’s common stock), (a) upon the advice of counsel, determines such change in position is required to comply with such applicable securities listing standard or any law or regulation applicable to the Company, or (b) in their reasonable discretion, determines such a change in position to be in the best interest of the Company to comply with appropriate corporate governance practices or for similar reasons; (2) a relocation by more than 50 miles of Mr. Speese’s principal place of business; or (3) a reduction by the Company or an Affiliate of Mr. Speese’s rate of salary or annual incentive opportunity or a breach by the Company or any of its Affiliates of a material provision of this Agreement which is not corrected within 15 business days following notice thereof by Mr. Speese to the Company.

(m) “Pro Rata Bonus” means the annual bonus, if any, earned by Mr. Speese for the calendar year preceding the year in which Mr. Speese’s Employment terminates multiplied by a fraction, the numerator of which is the number of days elapsed from the beginning of the calendar year in which Mr. Speese’s Employment terminates until the date Mr. Speese’s Employment terminates, and the denominator of which is 365. If Mr. Speese’s Employment terminates before April 1 of a calendar year, the Pro Rata Bonus for such calendar year shall be deemed to be zero.

(n) “Salary & Bonus” means, as of the effective date of the termination of Mr. Speese’s Employment with the Company and its Affiliates, the sum of: (1) Mr. Speese’s highest annual rate of salary at any time during the preceding 24 months, and (2) Mr. Speese’s average annual bonus for the two preceding calendar years.

(o) “Transfer Restrictions” means the contractual restrictions against the sale or transfer of Company stock acquired upon the exercise of the special option granted to Mr. Speese pursuant to Section 6 of this Agreement.

3. Term. The term of this Agreement will be begin on the date hereof and will end on December 31, 2009, unless sooner terminated in accordance with the provisions of Section 8 or Section 9 hereof. The term of this Agreement will be renewed for successive one year renewal periods unless (a) at least 90 days before the end of the initial term or a renewal term, either party gives written notice of non-renewal to the other, or (B) Mr. Speese's employment is sooner terminated pursuant to Section 8 or Section 9 of this Agreement.

4. Position and Duties. During the term of this Agreement, Mr. Speese shall serve as the Chairman of the Board and the Chief Executive Officer of the Company. The Company agrees to use its reasonable best efforts to cause Mr. Speese to be a member of the Board. Mr. Speese shall report directly to the Board and will have such executive and managerial powers, duties and responsibilities as are assigned to him by the Board, consistent with his position as Chief Executive Officer. At the request of the Board, Mr. Speese shall serve as an officer and director of the Company's subsidiaries and other affiliates without additional compensation. Mr. Speese shall devote all of his business time, attention, knowledge and skills faithfully and to the best of his ability to the performance of the obligations, duties and responsibilities of his position as Chairman of the Board and Chief Executive Officer of the Company and in furtherance of the business, affairs, policies, codes of conduct and activities of the Company in the interests of its shareholders. Subject to the Company's policies applicable to senior executives generally, Mr. Speese may engage in personal, charitable, professional and investment activities to the extent such activities do not conflict or interfere with his obligations to, or his ability to perform the duties and responsibilities of his employment with the Company.

5. Annual Compensation.

(a) Base Salary. During the term of this Agreement, the Company will pay salary to Mr. Speese at an annual rate of $740,000, in accordance with its regular payroll practices. The Board and/or the Compensation Committee will review Mr. Speese's salary at least annually. The Board, acting in its discretion, may increase (but may not decrease) the annual rate of Mr. Speese's salary in effect at any time.

(b) Bonus. Mr. Speese will be eligible for an annual bonus determined at the sole discretion of the Compensation Committee. The amount of the annual bonus, if any, will be payable to Mr. Speese as soon as practicable after the end of the year, consistent with the payment of annual incentive compensation to senior executives generally.

6. Additional Compensation. Simultaneously with the execution of this Agreement, the Company will make a special option grant to Mr. Speese pursuant to the Company's 2006 Long Term Incentive Plan. The special option will cover seventy thousand (70,000) shares of the Company's common stock and will be fully vested on the date of grant, *provided, however,* that, except as otherwise specified in the option agreement, if Mr. Speese exercises the option before December 31, 2009, any shares of the Company stock acquired upon such exercise may not be sold or otherwise transferred until such date. The Compensation Committee, acting in its discretion, may reduce the transfer restriction period with respect to some or all of the shares covered by the option. The terms and conditions of the special option are set forth in a separate option agreement made of even date herewith between the Company and Mr. Speese.

7. Employee Benefit Programs and Perquisites.

(a) General. Subject to the provisions of this Agreement, Mr. Speese will be entitled to participate in such qualified and nonqualified employee pension plans, stock option or other equity or long term incentive compensation plans, group health, long term disability and group life insurance plans, and any other welfare and fringe benefit plans, arrangements, programs and perquisites sponsored or maintained by the Company from time to time for the benefit of its employees generally or its senior executives generally.

(b) Reimbursement of Business Expenses. Mr. Speese is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement, and the Company will promptly reimburse him for all expenses that are so incurred upon presentation of appropriate vouchers or receipts, subject to the Company's expense reimbursement policies applicable to senior executive officers generally as in effect from time to time.

(c) Conditions of Employment. Mr. Speese's place of employment during the term of his employment under this Agreement will be at the principal office of the Company in Plano, Texas, subject to the need for business travel. The conditions of Mr. Speese's employment, including, without limitation, office space and accouterments, secretarial, administrative and other support, will be consistent with his status as the Chairman of the Board and the Chief Executive Officer of the Company.

8. Termination of Employment. Subject to the provisions hereof, including, without limitation, Section 12 (relating to the execution and delivery of a release as a condition of Mr. Speese's (or a beneficiary's) entitlement to certain payments and benefits hereunder), upon termination of Employment, other than a termination of Employment in conjunction with a Change in Control to which Section 9 applies, Mr. Speese (or Mr. Speese's beneficiary, as the case may be) will be entitled to receive the applicable payments and benefits set forth in this Section. For the purposes hereof, termination of Employment at the expiration of the initial term or a renewal term due to the Company's providing notice of non-renewal pursuant to Section 3 of this Agreement will be deemed to be a termination by the Company without Cause; and, if such a termination is due to notice of non-renewal by Mr. Speese, it shall be deemed to be a voluntary termination by Mr. Speese without Good Reason.

(a) Termination of Employment by the Company without Cause or Mr. Speese for Good Reason. If Mr. Speese's Employment is terminated by the Company or an Affiliate without Cause or by Mr. Speese for Good Reason, then Mr. Speese shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus;

(iii) 2.0 times Salary & Bonus, payable to Mr. Speese in equal monthly (or, at the option of the Company, more frequent) installments;

(iv) Lapse of any Transfer Restrictions; and

(v) Benefit Continuation Coverage for twenty-four months following termination of Employment.

(b) Disability or Death. If Mr. Speese's Employment is terminated by the Company or an Affiliate due to Mr. Speese's Disability or if Mr. Speese's Employment terminates by reason of death, then Mr. Speese (or Mr. Speese's beneficiary) shall be entitled to receive the following payments and benefits:

(i) Accrued Compensation;

(ii) Pro Rata Bonus;

(iii) Lapse of any Transfer Restrictions; and

(iv) Benefit Continuation Coverage for twelve months.

(c) Termination by the Company or an Affiliate for Cause or Termination by Mr. Speese without Good Reason. If the Company or an Affiliate terminates Mr. Speese's Employment for Cause or if Mr. Speese terminates such Employment for any reason other than death or for Good Reason, then Mr. Speese shall be entitled to receive any Accrued Compensation, subject to set off for amounts owed by Mr. Speese to the Company or an Affiliate, and nothing more.

(d) Restoration. Any severance payments and benefits paid under this Section 8 shall be subject to continuing compliance with the covenants described in and repayment pursuant to Section 13.

9. Termination in Conjunction with a Change in Control. Subject to the provisions hereof, including, without limitation, Section 11 (relating to a reduction of severance payments and benefits in order to avoid adverse tax consequences) and Section 12 (relating to execution and delivery of a general release as a condition of Mr. Speese's entitlement to certain payments and benefits hereunder), upon the termination of Mr. Speese's Employment with the Company and its Affiliates in conjunction with a Change in Control, Mr. Speese (or Mr. Speese's beneficiary, as the case may be) will be entitled to receive the applicable severance payments and benefits described in Section 8, *provided, however,* that, if Mr. Speese's Employment is terminated by the Company without Cause or by Mr. Speese for Good Reason in conjunction with a Change in Control, then (a) in lieu of the installment payout described in Section 8(a)(iii), Mr. Speese shall be entitled to receive a single sum payment equal to 2.0 times Salary & Bonus within 10 business days following the date of Mr. Speese's termination of Employment or, if later, the date of the Change in Control, and (b) the period of Benefit Continuation Coverage will be thirty-six months (as opposed to twenty-four months). For the purposes hereof, a termination of Employment is in conjunction with a Change in Control if (and only if) it occurs during the period beginning six months prior to a Change in Control (or, in the case of a Change in Control described in Section 2(f)(i) or (ii), beginning on the date of the definitive agreement pursuant to which the Change in Control is consummated), and ending on the second anniversary of the date of the Change in Control. If Mr. Speese is entitled to receive payments and benefits under Section 8 (due to a termination of Employment not in conjunction with a Change in Control) and if, by reason of a subsequent Change in Control, Mr. Speese's termination of Employment is

deemed to be in conjunction with the Change in Control, then, in order to avoid duplication, the payments and benefits to which Mr. Speese is entitled under this Section upon and following the Change in Control will be reduced by the payments and benefits which Mr. Speese received under Section 8, and no further payments will be made under Section 8. Any severance payments and benefits paid under this Section 9 shall be subject to continuing compliance with the covenants described in and repayment pursuant to Section 13.

10. Effect of a Change in Control on Options and Other Equity-Based Awards. All Transfer Restrictions shall lapse immediately before a Change In Control. All outstanding Company stock options and other Company equity-based awards held by Mr. Speese shall become fully vested immediately before the occurrence of a Change in Control if (a) Mr. Speese is then still employed by the Company or an Affiliate; or (b) if Mr. Speese's Employment is terminated by the Company or an Affiliate without Cause or by Mr. Speese for Good Reason during the pre-Change in Control severance protection period described in Section 9. If Mr. Speese becomes vested in a stock option or other equity-based award pursuant to part (b) of the preceding sentence, then, before the Change in Control, the Company will either reinstate the option or other award to the extent it would otherwise not be vested, or make a cash payment to Mr. Speese equal to the intrinsic value of the non-vested portion of the option or other award based upon the then value per share of the Company's common stock. The vesting and other terms and conditions of Mr. Speese's stock options and other equity-based awards will continue to govern except as otherwise specifically provided by this Section 10.

11. Golden Parachute Tax Limitation. If Mr. Speese is entitled to receive payments and benefits under this Agreement and if, when combined with the payments and benefits Mr. Speese is entitled to receive under any other plan, program or arrangement of the Company or an Affiliate, Mr. Speese would be subject to excise tax under Section 4999 of the Code or Company would be denied a deduction under Section 280G of the Code, then the severance amounts otherwise payable to Mr. Speese under this Agreement will be reduced by the minimum amount necessary to ensure that Mr. Speese will not be subject to such excise tax and the Company will not be denied any such deduction.

12. Release of Claims. Notwithstanding anything herein to the contrary, the Compensation Committee or the Board may condition severance payments or benefits otherwise payable under this Agreement upon the execution and delivery by Mr. Speese (or Mr. Speese's beneficiary) of a general release in favor of the Company, its Affiliates and their officers, directors and employees, in such form as the Board or the Compensation Committee may specify; provided, however, that no such release will be required as a condition of Mr. Speese's (or the beneficiary's) entitlement to Accrued Compensation. Any payment or benefit that is so conditioned may be deferred until the expiration of the seven day revocation period prescribed by the Age Discrimination in Employment Act of 1967, as amended, or any similar revocation period in effect on the effective date of the termination of Mr. Speese's Employment.

13. Restoration. Mr. Speese has been provided and is privy to intellectual property, trade secrets and other confidential information of the Company and its Affiliates. For two years following Mr. Speese's termination of Employment, Mr. Speese has agreed not to engage in any activity or provide any services which are similar to or competitive with the business of the Company and its Affiliates. For the same two year period, Mr. Speese also agreed not to solicit

or induce, or cause or permit others to solicit or induce, any employee to terminate their employment with the Company and its Affiliates. These covenants are set forth and agreed to in the Loyalty and Confidentiality Agreement between Mr. Speese and the Company ("Loyalty Agreement"). The parties hereto understand and acknowledge that the promises in this Agreement and those in the Loyalty Agreement, and not any employment of or services performed by Mr. Speese in the course and scope of that employment, constitute the sole consideration for the severance payments and benefits provided by this Agreement. Further, it is agreed that should Mr. Speese violate or be in breach of any restrictions set forth herein or in the Loyalty Agreement (which determination shall be made in the discretion of the Compensation Committee), (a) Mr. Speese shall not be entitled to any further severance payments and benefits under this Agreement, (b) Mr. Speese shall immediately return to the Company any severance payments and the value of any severance benefits which were received hereunder, and (c) Mr. Speese will have no further rights or entitlements under this Agreement. This Section 13 shall not in any manner supersede or limit any other right the Company may have to enforce or seek legal or equitable relief based on this Agreement or the Loyalty Agreement.

14. No Duty to Mitigate. Except as otherwise specifically provided herein with respect to early termination of Benefit Continuation Coverage, Mr. Speese's entitlement to payments or benefits hereunder is not subject to mitigation or a duty to mitigate by Mr. Speese.

15. Amendment. The Board may amend this Agreement, provided, however, that, no such action which would have the effect of reducing or diminishing Mr. Speese's entitlements under this Agreement shall be effective without the express written consent of Mr. Speese.

16. Successors and Beneficiaries.

(a) Successors and Assigns of the Company. The Company shall require any successor or assignee, whether direct or indirect, by purchase, merger, consolidation or otherwise, to all or substantially all the business or assets of the Company and its subsidiaries taken as a whole, expressly and unconditionally to assume and agree to perform or cause to be performed the Company's obligations under this Agreement. In any such event, the term "Company," as used herein shall mean the Company, as defined in Section 2 hereof, and any such successor or assignee. Mr. Speese acknowledges and agrees that this Agreement and the Loyalty Agreement shall be fully enforceable by the Company's successor or assignee.

(b) Mr. Speese's Beneficiary. For the purposes hereof, Mr. Speese's beneficiary will be the person or persons designated as such in a written beneficiary designation filed with the Company, which may be revoked or revised in the same manner at any time prior to Mr. Speese's death. In the absence of a properly filed written beneficiary designation or if no designated beneficiary survives Mr. Speese, Mr. Speese's estate will be deemed to be the beneficiary hereunder.

17. Nonassignability. With the exception of Mr. Speese's beneficiary designation, neither Mr. Speese nor Mr. Speese's beneficiary may pledge, transfer or assign in any way the right to receive payments or benefits hereunder, and any attempted pledge, transfer or assignment shall be void and of no force or effect.

18. Legal Fees to Enforce Rights after a Change in Control. If, following a Change in Control, the Company fails to comply with any of its obligations under this Agreement or the Company takes any action to declare this Agreement void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from Mr. Speese (or Mr. Speese's beneficiary) the payments and benefits intended to be provided, then Mr. Speese (or Mr. Speese's beneficiary, as the case may be) shall be entitled to select and retain counsel at the expense of the Company to represent Mr. Speese (or Mr. Speese's beneficiary) in connection with the good faith initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company or any successor thereto in any jurisdiction.

19. Governing Law. This Agreement shall be governed by the laws of the State of Texas, excluding its conflict of law rules. Any suit with respect to this Agreement will be brought in the federal or state courts in the districts, which include Dallas, Texas, and Mr. Speese hereby agrees to submit to the personal jurisdiction and venue thereof.

20. Compliance with Section 409A Deferral Requirements. This Agreement is intended to comply with Section 409A of the Code, if and to the extent applicable, and will be interpreted and applied in a manner consistent with that intention. Toward that end, unless permitted sooner by Section 409A of the Code, severance amounts otherwise payable within six-months after termination of employment will be deferred until and become payable on the first day of the seventh month following termination of Employment.

21. Withholding. The Company and its Affiliates may withhold from any and all amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to applicable law.

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

RENT-A-CENTER, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel, President and COO

/s/ Mark E. Speese
Mark E. Speese

EXHIBIT 10.23

NON-QUALIFIED
STOCK OPTION AGREEMENT
UNDER THE RENT-A-CENTER, INC.
2006 LONG-TERM INCENTIVE PLAN

THIS STOCK OPTION AGREEMENT (the "Agreement") is made and entered into on October 2, 2006 (the "Grant Date"), by and between RENT-A-CENTER, INC., a Delaware corporation (the "Company"), and MARK E. SPEESE (the "Optionee").

W I T N E S S E T H:

WHEREAS, pursuant to the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (the "Plan") and the employment agreement made by the Company and the Optionee of even date herewith (the "Employment Agreement"), the Company desires to grant to the Optionee, and the Optionee desires to accept, an option to purchase shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), upon the terms and conditions set forth in this Agreement and the Plan.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the parties hereto agree as follows:

1. Grant & Tax Status. The Company hereby grants to the Optionee an option to purchase up to seventy thousand (70,000) shares of Common Stock, at a purchase price of $29.29 per share pursuant to the Plan. This option is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. Term. Unless sooner terminated in accordance herewith or the Plan, this option will automatically expire on the tenth anniversary of the date hereof.

3. Vesting. This option shall be fully vested and exercisable at all times prior to its expiration, provided, however, that, in accordance with Section 4, transfer restrictions may apply to Common Stock acquired upon the exercise of this option.

4. Transfer Restrictions.

(a) Non-Transferability of Option. This option may not be assigned or transferred except upon the Optionee's death to a beneficiary designated by the Optionee in a manner prescribed or approved for this purpose by the compensation committee of the Company's board of directors (the "Committee") or, if no designated beneficiary shall survive the Optionee, pursuant to the Optionee's will or by the laws of descent and distribution. During the Optionee's lifetime, this option may be exercised only by the Optionee or the Optionee's guardian or legal representative. Notwithstanding the foregoing, the Committee, in its sole discretion, may permit the *inter vivos* transfer of this option by gift to any "family member" (within the meaning of Item A.1.(5) of the General Instructions to Form S-8 or any successor provision), on such terms and conditions as the Committee deems appropriate.

(b) Restrictions on Transfer of Option Shares. Until the expiration of the Restricted Period, the Optionee may not sell, assign, transfer, pledge, hedge, hypothecate, encumber or otherwise dispose of (whether by operation of law or otherwise) any shares of Common Stock acquired upon the exercise of this option, and such shares will not be subject to execution, attachment or similar process. Any such sale or transfer, or purported sale or transfer, shall be null and void. The Company will not be required to recognize on its books any action taken in contravention of these restrictions. If this option is exercised during the Restricted Period, then (1) until the expiration of the Restricted Period, (A) the Optionee will be treated as the owner of record of the shares of Common Stock acquired upon such exercise (the "Restricted Shares"), and (B) the Company will hold the share certificates for safekeeping, or otherwise retain the Restricted Shares in uncertificated book entry form until the expiration of the Restriction Period, and any share certificates (or electronic delivery) representing such Restricted Shares will include a legend to the effect that the shares are subject to the transfer restrictions set forth above, and (2) upon the expiration of the Restricted Period, the Company will deliver a share certificate for such shares to the Optionee (or, if applicable, the Optionee's beneficiary), or deliver such shares electronically or in certificate form to a broker designated by the Optionee (or, if applicable, the Optionee's beneficiary), free and clear of the above restrictions.

(c) Definition of Restricted Period. For the purposes of this Agreement, the term "Restricted Period" shall mean the period beginning on the date hereof and ending on the *earliest* of (1) December 31, 2009 (or such earlier date as the Committee, acting in its discretion, may specify), (2) the termination of the Optionee's employment by the Company without "cause" or by the Optionee for "good reason" (as such terms are defined in the Employment Agreement), (3) the day preceding the consummation of a "change in control" (within the meaning of the Employment Agreement), (4) the date the Optionee's employment is terminated due to "disability" (as defined in the Employment Agreement), and (5) the date of the Optionee's death.

5. Termination of Employment or other Service.

(a) If the Optionee's employment or other service with the Company or its subsidiaries is terminated due to the Optionee's death or "disability," or if the Optionee dies after termination of employment and before this option expires, then this option shall remain exercisable by the Optionee (or, in the event of death, the Optionee's designated beneficiary or, if no designated beneficiary survives the Optionee, by the person or persons to whom the Optionee's rights under this option shall pass pursuant to the Optionee's will or by the laws of descent and distribution, whichever is applicable) during the twelve (12) month period following the date of termination (or later death, as the case may be) but in no event after expiration of the stated term hereof and, to the extent not exercised during such period, shall thereupon terminate.

(b) If the Optionee's employment or other service with the Company or its affiliates terminates for any reason other than those set forth in Section 5(a) above, then this option shall remain exercisable by the Optionee during the three (3) month period following the date of termination (or until one year from the Optionee's death if the Optionee dies during such three-month period), but in no event after expiration of the stated term hereof and, to the extent not exercised during such three-month (or, if applicable, one-year) period, shall thereupon terminate.

6. Method of Exercise. This option may be exercised by transmitting to the Secretary of the Company (or such other person designated by the Committee) a written notice identifying the option being exercised and specifying the number of shares being purchased, together with payment of the exercise price and the amount of the applicable tax withholding obligations (unless other arrangements are made for the payment of such exercise price and/or the satisfaction of such withholding obligations). The exercise price and withholding obligation may be paid in whole or in part in cash or by check or, following the expiration of the Restricted Period, (a) by means of a cashless exercise procedure to the extent permitted by law, (b) if permitted by the Committee, by the surrender of previously-owned shares of Common Stock (to the extent of the fair market value thereof), and/ or (c) subject to applicable law, by any other form of consideration deemed appropriate by the Committee.

7. Stockholder Rights. No shares of Common Stock will be issued in respect of the exercise of this option until payment of the exercise price and the applicable tax withholding obligations have been made or arranged to the satisfaction of the Company. The holder of this option shall have no rights as a stockholder with respect to any shares of Common Stock covered by this option until the shares of Common Stock are issued pursuant to the exercise of this option. Shares acquired upon the exercise of this option before the end of the Restricted Period will be subject to the terms and conditions of Section 4(b).

8. Compliance with Law. The Company will not be obligated to issue or deliver shares of Common Stock pursuant to this option unless the issuance and delivery of such shares complies with applicable law, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the requirements of any stock exchange or market upon which the Common Stock may then be listed. The Company may prevent or delay the exercise of this option if and to the extent the Company deems necessary or advisable in order to avoid a violation of applicable law or its own policies regarding the purchase and sale of Common Stock. If, during the period of any such ban or delay, the term of this option would expire, then the term of this option will be extended for thirty (30) days after the Company removes the restriction against exercise.

9. Transfer Orders; Legends. All certificates for shares of Common Stock delivered under this option shall be subject to such stock-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or market upon which the Common Stock may then be listed, and any applicable federal or state securities law. The Company may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

10. No Rights Conferred. Nothing contained in the Plan or this Agreement shall confer upon the Optionee any right with respect to the continuation of his employment or other service with the Company or its subsidiaries or interfere in any way with the right of the Company and its subsidiaries at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the other terms and conditions of the Optionee's employment or other service.

11. Obligation to Execute and Return Agreement. This Agreement shall be null and void and no option shall be granted hereby in the event the Optionee shall fail to execute and return a counterpart hereof to the Company, at the address set forth in Section 13 hereof, within sixty (60) days from the Grant Date.

12. Full Satisfaction/Release of Rights. Any payment or issuance or transfer of shares of Common Stock to the Optionee or his legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. The Committee may require the Optionee, legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance or transfer, to execute a release and receipt therefor in such form as it shall determine. The parties acknowledge that this Agreement and the option granted to the Optionee hereunder shall satisfy in full the obligations of the Company under Section 6 of the Employment Agreement relating to the issuance of this option.

13. Notices. Any notice to the Company relating to this Agreement shall be in writing and delivered in person or by registered mail to the Company at the Company's main office, 5700 Tennyson Parkway, Suite 100, Plano, TX 75024, or to such other address as may be hereafter specified by the Company, to the attention of its Secretary. All notices to the Optionee or other person or persons then entitled to exercise this option shall be delivered to the Optionee or the Optionee's address set forth in the records of the Company.

14. Provisions of the Plan. The provisions of the Plan, the terms of which are hereby incorporated by reference, shall govern if and to the extent that there are inconsistencies between those provisions and the provisions hereof. The Optionee acknowledges receipt of a copy of the Plan prior to the execution of this Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

15. Miscellaneous. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and, except as otherwise provided in the Plan, may not be modified other than by written instrument executed by the parties.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

RENT-A-CENTER, INC.

By: /s/ Mitchell E. Fadel
Mitchell E. Fadel, President and COO

/s/ Mark E. Speese
Mark E. Speese, Optionee

5600 Champions Drive
Street Address (No P.O. Box please)

Plano, Texas 75093
City, State and Zip Code

Exhibit 31.1

I, Mark E. Speese, certify that:

1. I have reviewed this annual report on Form 10-Q of Rent-A-Center, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting, to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2006

/s/ Mark E. Speese

Mark E. Speese
Chairman of the Board and Chief Executive Officer

Exhibit 31.2

I, Robert D. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rent-A-Center, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting, to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2006

/s/ Robert D. Davis

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

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rent-A-Center, Inc. (the "***Company***") on Form 10-Q for the period ended September 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "***Report***"), I, Mark E. Speese, Chairman of the Board and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark E. Speese
Mark E. Speese
Chairman of the Board and Chief Executive Officer

Dated: November 3, 2006

A signed original of this written statement required by Section 906 has been provided to Rent-A-Center, Inc. and will be retained by Rent-A-Center, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Rent-A-Center, Inc. (the "***Company***") on Form 10-Q for the period ended September 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "***Report***"), I, Robert D. Davis, Senior Vice President — Finance, Treasurer and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert D. Davis

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

Dated: November 3, 2006

A signed original of this written statement required by Section 906 has been provided to Rent-A-Center, Inc. and will be retained by Rent-A-Center, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.