

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1999

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)

48-1024367
(I.R.S. Employer
Identification No.)

5700 Tennyson Parkway, Third Floor
Plano, Texas 75024
(972) 801-1100

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

NONE

(Former name, former address and former
fiscal year, if changed since last report)

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

YES X NO
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 2, 1999:

Class	Outstanding
----- Common stock, \$.01 par value per share	----- 24,291,384

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION	PAGE NO. -----
Item 1.	Consolidated Financial Statements	
	Consolidated Balance Sheets as of June 30, 1999 and December 31, 1998	3
	Consolidated Statements of Earnings for the six months ended June 30, 1999 and 1998	4
	Consolidated Statements of Earnings for the three months ended June 30, 1999 and 1998	5
	Consolidated Statements of Cash Flows for the six months ended June 30, 1999 and 1998	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Item 3.	Quantitative and Qualitative Disclosure About Market Risk	15
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	16
Item 4.	Submission of Matters to a Vote of Security Holders	19
Item 6.	Exhibits and Reports on Form 8-K	20
SIGNATURES		
Exhibit 27.1		

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars)	June 30, 1999 ----- Unaudited	December 31, 1998 -----
ASSETS		
Cash and cash equivalents	\$ 14,544	\$ 33,797
Rental merchandise, net		
On rent	354,724	311,650
Held for rent	101,998	97,156
Accounts receivable - trade	3,008	3,296
Prepaid expenses and other assets	29,859	65,689
Property assets, net	80,257	85,018
Deferred income taxes	178,407	178,407
Intangible assets, net	715,801	727,976
	-----	-----
	\$ 1,478,598	\$ 1,502,989
	=====	=====
LIABILITIES		
Senior debt	\$ 625,205	\$ 630,700
Subordinated notes payable	175,000	175,000
Accounts payable - trade	49,378	43,868
Accrued liabilities	185,606	239,032
	-----	-----
	1,035,189	1,088,600
COMMITMENTS AND CONTINGENCIES		
	--	--
PREFERRED STOCK		
Redeemable convertible voting preferred stock, net of placement costs, \$.01 par value; 5,000,000 shares authorized; 266,395 and 260,000 shares issued and outstanding in 1999 and 1998, respectively	265,870	259,476
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value; 50,000,000 shares authorized; 25,276,088 and 25,073,583 shares issued in 1999 and 1998, respectively	253	251
Additional paid-in capital	104,888	101,781
Retained earnings	97,398	77,881
	-----	-----
	202,539	179,913
Treasury stock, 990,099 shares at cost in 1999 and 1998	(25,000)	(25,000)
	-----	-----
	177,539	154,913
	-----	-----
	\$ 1,478,598	\$ 1,502,989
	=====	=====

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands of Dollars, except per share data)	Six months ended June 30,	
	1999	1998
	-----	-----
	1999	1998
	-----	-----
Revenues	Unaudited	
Store		
Rentals and fees	\$ 617,866	\$ 163,443
Merchandise sales	52,179	10,513
Other	1,320	281
Franchise		
Merchandise sales	21,821	17,061
Royalty income and fees	2,932	2,248
	-----	-----
	696,118	193,546
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	130,904	33,839
Cost of merchandise sold	43,338	8,301
Salaries and other expenses	378,112	95,287
Franchise cost of merchandise sold	21,177	16,386
	-----	-----
	573,531	153,813
General and administrative expenses	21,851	7,194
Amortization of intangibles	13,246	3,271
	-----	-----
Total operating expenses	608,628	164,278
Operating profit	87,490	29,268
Interest expense	37,507	1,555
Interest income	(336)	(238)
	-----	-----
Earnings before income taxes	50,319	27,951
Income tax expense	24,401	11,566
	-----	-----
NET EARNINGS	25,918	16,385
Preferred dividends	4,931	--
	-----	-----
Net earnings allocable to common stockholders	\$ 20,987	\$ 16,385
	=====	=====
Basic earnings per share	\$ 0.87	\$ 0.66
	=====	=====
Diluted earnings per share	\$ 0.76	\$ 0.65
	=====	=====

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(In Thousands of Dollars, except per share data)	Three months ended June 30,	
	1999	1998
	-----	-----
Revenues		Unaudited
Store		
Rentals and fees	\$ 316,159	\$ 88,017
Merchandise sales	20,293	4,551
Other	462	163
Franchise		
Merchandise sales	13,000	9,440
Royalty income and fees	1,507	1,142
	-----	-----
	351,421	103,313
Operating expenses		
Direct store expenses		
Depreciation of rental merchandise	66,438	18,333
Cost of merchandise sold	17,422	3,748
Salaries and other expenses	191,682	50,790
Franchise cost of merchandise sold	12,635	9,043
	-----	-----
	288,177	81,914
General and administrative expenses	10,600	3,969
Amortization of intangibles	6,856	1,883
	-----	-----
Total operating expenses	305,633	87,766
Operating profit	45,788	15,547
Interest expense	18,865	1,105
Interest income	(50)	(124)
	-----	-----
Earnings before income taxes	26,973	14,566
Income tax expense	13,082	6,037
	-----	-----
NET EARNINGS	13,891	8,529
Preferred dividends	2,490	--
	-----	-----
Net earnings allocable to common stockholders	\$ 11,401	\$ 8,529
	=====	=====
Basic earnings per share	\$ 0.47	\$ 0.34
	=====	=====
Diluted earnings per share	\$ 0.41	\$ 0.34
	=====	=====

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)	Six months ended June 30,	
	1999	1998
	Unaudited	
Cash flows from operating activities		
Net earnings	\$ 25,918	\$ 16,385
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Depreciation of rental merchandise	130,904	33,839
Depreciation of property assets	15,412	3,276
Amortization of intangibles	13,246	3,271
Amortization of financing fees	1,304	--
Changes in operating assets and liabilities, net of effects of acquisitions		
Rental merchandise	(178,820)	(43,549)
Accounts receivable - trade	288	1,040
Prepaid expenses and other assets	1,312	728
Accounts payable - trade	5,510	2,258
Accrued liabilities	(17,026)	6,059
Net cash provided by (used in) operating activities	(1,952)	23,307
Cash flows from investing activities		
Purchase of property assets	(15,586)	(5,758)
Proceeds from sale of property assets	1,219	408
Acquisitions of businesses, net of cash acquired	--	(101,616)
Net cash used in investing activities	(14,367)	(106,966)
Cash flows from financing activities		
Exercise of stock options	3,109	1,205
Proceeds from debt	100,412	162,222
Repayments of debt	(106,455)	(61,165)
Net cash provided by (used in) financing activities	(2,934)	102,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,253)	18,603
Cash and cash equivalents at beginning of period	33,797	4,744
Cash and cash equivalents at end of period	\$ 14,544	\$ 23,347

The accompanying notes are an integral part of these statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The interim financial statements of Rent-A-Center, Inc. included herein have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Commission's rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K, as amended by Form 10-K/A, for the year ended December 31, 1998, and our Quarterly Report on Form 10-Q for the three months ended March 31, 1999. In our opinion, the accompanying unaudited interim financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly our results of operations and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

2. On May 28, 1998, we acquired substantially all of the assets of Central Rents, Inc. for approximately \$100 million in cash. Central Rents operated 176 stores located primarily in California, the Southwest, Midwest, and South. On August 5, 1998, we acquired Thorn Americas, Inc. for approximately \$900 million in cash, including the repayment of certain debt of Thorn Americas. Prior to this acquisition, Thorn Americas was our largest competitor with 1,409 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. During 1998, we also acquired the assets of 51 rent-to-own stores in 13 separate transactions for approximately \$26.4 million in cash. The following pro-forma information combines the results of operations as if the acquisitions of Central Rents and Thorn Americas had been consummated as of the beginning of the periods presented, after including the impact of adjustments for amortization of intangibles, and the impact of interest expense and preferred dividends as a result of acquisition financing. The results of operations of the other stores acquired in 1998 were not material in relation to our consolidated results of operations. No stores have been acquired during the six months ended June 30, 1999, and as a result the pro-forma information equates to actual results as disclosed in this report.

(In Thousands of Dollars, except per share data)

	Six Months ended June 30,		Three Months ended June 30,	
	----- 1999 -----	----- 1998 -----	----- 1999 -----	----- 1998 -----
	Unaudited		Unaudited	
Revenue	\$ 696,118	\$ 587,718	\$ 351,421	\$ 296,342
Net earnings allocable to common stockholders	\$ 20,987	\$ 8,203	\$ 11,401	\$ 4,719
Basic earnings per common share	\$ 0.87	\$ 0.34	\$ 0.47	\$ 0.19
Diluted earnings per common share	\$ 0.76	\$ 0.24	\$ 0.41	\$ 0.14

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

3. EARNINGS PER SHARE

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

(In Thousands, except per share data)

	Three months ended June 30, 1999		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 11,401	24,200	\$ 0.47
Effect of dilutive stock options	--	404	
Effect of preferred dividend	2,490	9,536	
Diluted earnings per common share	\$ 13,891	34,140	\$ 0.41

(In Thousands, except for per share data)

	Three months ended June 30, 1998		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 8,529	24,987	\$ 0.34
Effect of dilutive stock options	--	247	
Diluted earnings per common share	\$ 8,529	25,234	\$ 0.34

(In Thousands, except for per share data)

	Six months ended June 30, 1999		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 20,987	24,158	\$ 0.87
Effect of dilutive stock options	--	463	
Effect of preferred dividend	4,931	9,493	
Diluted earnings per common share	\$ 25,918	34,114	\$ 0.76

(In Thousands, except for per share data)

	Six months ended June 30, 1998		
	Net earnings	Shares	Per share
Basic earnings per common share	\$ 16,385	24,954	\$ 0.66
Effect of dilutive stock options	--	248	
Diluted earnings per common share	\$ 16,385	25,202	\$ 0.65

4. ACQUISITION ACCRUED LIABILITIES.

In conjunction with the acquisition of Thorn Americas, accrued liabilities were recorded associated with (A) estimated probable losses on assumed litigation, (B) severance costs relating to the termination of substantially all of Thorn Americas' home office employees, and (C) costs relating to the early termination of leases, incurred as a result of the discontinued use of distribution facilities, and the relocation of stores identified at the time of acquisition as being of insufficient size or inappropriate geographic location. The following table summarizes the composition of these liabilities.

(Dollars In Thousands)	June 30, 1999	December 31, 1998
	-----	-----
Litigation costs	\$ 66,600	\$ 83,600
Severance costs	--	2,500
Lease termination costs	6,800	13,700
	-----	-----
	\$ 73,400	\$ 99,800
	=====	=====

All reductions in the accrued liabilities shown above are attributable to payments against liabilities identified at the time of acquisition. The most significant payment was approximately \$17 million in May 1999, relating to the settlement of Burney v. Thorn Americas, Inc., and associated legal costs.

During the quarterly period ended September 30, 1999, the adequacy of these accrued liabilities will be evaluated and changes, if any, will be recorded against goodwill at this time.

5. PREFERRED STOCK DIVIDENDS

On May 18, 1999, we declared a 3.75% dividend on our redeemable convertible preferred stock, which was paid through the issuance of 6,395 shares of in-kind preferred stock to holders of record on March 31, 1999.

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

GENERAL

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

- o our ability to enhance the performance of the stores we acquired in the Central Rents and Thorn Americas acquisitions,
- o our ability to acquire additional rent-to-own stores on favorable terms and our ability to integrate those stores into our operations,
- o uncertainties regarding the ability to open new stores,
- o the passage of legislation adversely affecting the rent-to-own industry,
- o interest rates,

- o our ability to collect on our rental purchase agreements at the current rate, and
- o other risks detailed from time to time in our SEC reports.

You should not unduly rely on these forward-looking statements, which speak only as of the date of this report. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. Important factors that could cause our actual results to differ materially from our expectations are discussed under "Risk Factors" in our Annual Report on Form 10-K, as amended by our Form 10-K/A, for our fiscal year ended December 31, 1998, in our Registration Statement on Form S-3 filed on May 7, 1999, in our Quarterly Report on Form 10-Q for the three months ended March 31, 1999, and elsewhere in this report. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the statements in those sections.

OUR BUSINESS

We are the largest operator in the United States rent-to-own industry with an approximate 26% market share (based on store count). At June 30, 1999, we operated 2,085 company-owned stores and 346 franchised stores, providing high quality durable goods in 50 states, the District of Columbia and Puerto Rico.

We have pursued an aggressive growth strategy since we were acquired in 1989 by J. Ernest Talley, our Chairman of the Board and Chief Executive Officer. We have sought to acquire under-performing stores to which we could apply our operating strategies. The acquired stores benefit from our administrative network, improved product mix, sophisticated management information system and the greater purchasing power of a larger organization while strengthening their local position. Since May 1993, our store base has grown from 27 to 2,085 primarily through acquisitions. During this period we have acquired over 2,000 company-owned stores and over 300 franchised stores in more than 60 separate transactions, including six transactions where we acquired in excess of 70 stores. As a result, we have gained significant experience in the acquisition and integration of other rent-to-own operators and believe that the fragmented nature of the industry will result in ongoing growth opportunities.

In May 1998, we acquired substantially all of the assets of Central Rents, Inc., which operated 176 stores, for approximately \$100 million in cash. In August 1998, we acquired Thorn Americas, Inc. for approximately \$900 million in cash, including the repayment of certain debt of Thorn Americas. Prior to this acquisition, Thorn Americas was our largest competitor, operating 1,409 company-owned stores and 65 franchised stores in 49 states and the District of Columbia. During 1998, we also acquired the assets of 51 stores in 13 separate transactions for approximately \$26.4 million in cash. As a result of these acquisitions, a total of 1,636 stores were added to our store base.

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

RECENT DEVELOPMENTS

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

- o replacing Thorn Americas' nationwide distribution network with our vendor drop shipment system;
- o implementing a common management information system;
- o consolidating advertising, purchasing and human resource functions;

- o integrating middle and senior management; and
- o all stores, including former Renters Choice locations, adopting and beginning to operate under the "Rent-A-Center" brand name.

In December 1998, we integrated Thorn Americas' corporate headquarters (previously in Wichita, Kansas), with the Renters Choice corporate headquarters in Plano, Texas. In February 1999, approximately six months following the date of acquisition, we completed the closure of the Wichita facility.

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

During the six months ended June 30, 1999, we focused our efforts on enhancing the operational performance and strengthening the depth of management in the stores acquired from Central Rents and Thorn Americas. We sought to improve store performance through strategies intended to produce gains in operating efficiency and profitability. For instance, in conjunction with the closure of the distribution centers and the change to our vendor drop shipment system, we have managed to significantly reduce the number of stock-keeping units held, either through normal rental channels or through outright sales. These stock-keeping units have been replaced with our current product offerings, and with the support of our marketing and advertising programs, we have been able to increase revenues and operating margins. In addition, as a result of our strategy of rationalizing the product mix, the average monthly revenue per unit for the acquired stores is trending positively, contributing to an increase in store rental and fee revenue of \$14.5 million when compared to the first quarter of 1999. This rationalization, as well as management's focus on improving other processes that are essential to our operating model, is enhancing the margins of the acquired stores, and management believes that we are now beginning to realize the benefits of these acquisitions. Our focus for the remainder of the year is to continue improving operations and to continue to build strength in store management personnel. We have strengthened the depth of management by continuing to recruit and train high quality personnel.

Under the terms of our senior credit facility, we are obligated to repay \$2 million in 1999. However, our stronger than anticipated financial performance and cash flow position has enabled us to repay approximately \$95 million as of June 30, 1999. It is our intention to make further principal repayments on our senior credit facility whenever our cash flow position is sufficiently strong.

RESULTS OF OPERATIONS

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 1999 AND 1998

Total revenue increased by \$502.6 million, or 259.7%, to \$696.1 million for 1999 from \$193.5 million for 1998. The increase in total revenue was primarily attributable to the inclusion of the 1,429 stores acquired in the twelve months ended June 30, 1999, net of store consolidations and closures. Same store revenues increased by \$11.9 million, or 7.6% to \$169.5 million for 1999 from \$157.6 million in 1998. Same store revenues represent those revenues earned in stores that were operated by us for the entire six-month periods ending June 30, 1999 and 1998. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per item on rent.

Depreciation of rental merchandise increased by \$97.1 million, or 286.8%, to \$130.9 million for 1999 from \$33.8 million for 1998. Depreciation of rental merchandise expressed as a percent of store rentals and fee revenue increased from 20.7% in 1998 to 21.2% in 1999. The increase was primarily attributable to lower rental rates on rental merchandise acquired in the aforementioned acquisitions.

Salaries and other expenses expressed as a percentage of total store revenue increased to 56.3% for 1999 from 54.7% for 1998. This increase is attributable to the increase in salaries for employees and other expenses of the acquired stores immediately following the acquisitions. Occupancy costs also increased as a percentage of total store revenue due to the relocation of certain stores acquired in 1998 to locations that are larger in square footage. Generally, revenue from these stores increased gradually while the additional payroll and occupancy costs were incurred immediately. General and administrative expenses expressed as a percent of total revenue decreased from 3.7% in 1998 to 3.1% in 1999. This decrease was the result of increased revenues from the stores acquired from

Central Rents and Thorn Americas, allowing us to leverage our fixed and semi-fixed costs over the larger revenue base.

Operating profit increased by \$58.2 million, or 198.9%, to \$87.5 million for 1999 from \$29.3 million for 1998. Operating profit as a percentage of total revenue decreased to 12.6% in 1999 from 15.1% in 1998. This decrease is attributable to the lower margins achieved at the acquired Central Rents and Thorn Americas stores. Our efforts to improve the efficiency and profitability of these acquired stores, as discussed elsewhere in this report, have resulted in operating profit as a percentage of total revenue increasing from 10.7% for the three months ended December 31, 1998 (calculated before the effect of the \$11.5 million non-recurring legal charge) to 12.1% for the three months ended March 31, 1999, and to 13.0% for the three months ended June 30, 1999.

Net earnings increased by \$9.5 million, or 58.2%, to \$25.9 million in 1999 from \$16.4 million in 1998. The improvement was a result of the increase in operating profit described above.

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 1999 AND 1998

Between July 1, 1998, and June 30, 1999, we acquired 1,454 stores, 26 of which were subsequently consolidated with existing locations. In addition, 17 of the acquired Central Rents stores were consolidated with existing locations, and of the stores owned before the acquisition of Central Rents and Thorn Americas, eight locations were consolidated and one was sold. These acquisitions were accounted for as purchases, and accordingly, the operating results of the acquired operations have been included in the results of operations since the respective dates of acquisition. Primarily as a result of the effects of these acquisitions, consolidations and closures on our results of operations, comparisons of operating results for 1999 and 1998 may not be meaningful or indicative of future results.

Total revenue increased by \$248.1 million, or 240.2%, to \$351.4 million for 1999 from \$103.3 million for 1998. The increase in total revenue was primarily attributable to the inclusion of the 1,402 stores purchased in the twelve months ended June 30, 1999, net of store consolidations and closures. Same store revenues increased by \$5.2 million, or 6.5%, to \$85.6 million for 1999 from \$80.4 million in 1998. Same store revenues represent those revenues earned in stores that were operated by us for the entire three-month period ending June 30, 1999 and 1998. This improvement was primarily attributable to an increase in both the number of items on rent and in revenue earned per unit on rent.

Depreciation of rental merchandise increased by \$48.1 million, or 262.4%, to \$66.4 million for 1999 from \$18.3 million for 1998. Depreciation of rental merchandise as a percent of store rentals and fee revenue increased to 21.0% for 1999 from 20.8% for 1998. The increase in depreciation of rental merchandise as a percent of total store revenue was primarily attributable to lower rental rates on rental merchandise acquired in the aforementioned acquisitions.

Salaries and other expenses as a percentage of total store revenue increased to 56.9% for 1999 from 54.8% for 1998. This increase is attributable to the increase in salaries for employees and other expenses of the acquired stores immediately following the acquisitions. Occupancy costs also increased as a percentage of total store revenue due to the relocation of certain stores acquired in 1998 to locations that are larger in square footage. Generally, revenue from these stores increased gradually while the additional payroll and occupancy costs were incurred immediately.

General and administrative expenses expressed as a percentage of total revenue decreased from 3.8% in 1998 to 3.0% in 1999. This decrease was the result of increased revenues from the stores acquired from Central Rents and Thorn Americas, allowing us to leverage our fixed and semi-fixed costs over a larger revenue base.

Operating profit increased by \$30.2 million, or 194.5%, to \$45.8 million for 1999 from \$15.5 million for 1998. Operating profit as a percentage of total revenue decreased to 13.0% in 1999 from 15.0% in 1998. This decrease is attributable to the lower margins achieved at the acquired Central Rents and Thorn Americas stores. Our success in improving the efficiency and profitability of these acquired stores is discussed earlier in this report.

Net earnings increased by \$5.4 million, or 62.9%, to \$13.9 million in 1999 from \$8.5 million in 1998.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity requirements are for debt service under our senior credit facilities, the subordinated notes, other indebtedness outstanding, working capital and capital expenditures. At June 30, 1999, we had in place a \$962.3 million senior credit facility. The amount outstanding under our senior credit facility and subordinated notes as of this date was approximately \$800.2 million, consisting primarily of \$625.2 million of the senior credit facilities, and \$175.0 million of the notes.

We purchased \$251.7 million of rental merchandise during the six months ended June 30, 1999.

For the six months ended June 30, 1999, cash provided by operating activities decreased by \$25.3 million, from \$23.3 million in 1998 to \$(2.0) million in 1999, primarily due to payments on liabilities assumed in the acquisition of Thorn Americas. Cash used in investing activities decreased by \$92.6 million from \$107.0 million in 1998 to \$14.4 million in 1999, primarily due to the purchase of Central Rents occurring in 1998. Cash used in financing activities was \$2.9 million for the six months ended June 30, 1999, compared to an inflow of \$102.3 million in 1998, representing the source of funds for the purchase of Central Rents.

Borrowings under the senior credit facility bore interest at a rate equal to 0.25% to 1.75% over the designated prime rate, which was 7.75% per annum at June 30, 1999, or 1.25% to 2.75% over LIBOR, which was 5.21% at June 30, 1999, at our option. At June 30, 1999, the average rate on outstanding borrowings was 7.90%. During 1998, we entered into certain interest rate protection agreements with two banks. Under the terms of the interest rate agreements, the LIBOR rate used to calculate the interest rate charged on \$500 million of the outstanding senior term debt has been fixed at an average rate of 5.59%. These interest rate agreements have terms of three and five years. Borrowings were collateralized by a lien on substantially all of our assets. A commitment fee equal to 0.25% to 0.50% of the unused portion of the term loan facility is payable quarterly. The senior credit facility includes certain net worth and fixed charge coverage requirements, as well as covenants which restrict additional indebtedness and the disposition of assets not in the ordinary course of business.

Principal and interest payments under the senior credit facilities and the notes represent significant liquidity requirements for us. Under the term loans, we will be required to make principal payments totaling approximately \$2.0 million in 1999, \$14.0 million in 2000, \$22.0 million in 2001, \$26.0 million in 2002, and \$30.0 million in 2003. Loans under the senior credit facilities not covered by interest rate swap agreements bear interest at floating rates based upon the interest rate option selected by us. As discussed above, we have repaid approximately \$95 million of these amounts as of June 30, 1999.

Capital expenditures are made generally to maintain existing operations and for the acquisition and opening of stores. We spent \$15.6 million in the six months ended June 30, 1999, and expect to spend a total of approximately \$25-\$30 million in the year ended December 31, 1999 on capital expenditures, all of which are to maintain existing operations.

With the major steps of the integration plan relating to Central Rents and Thorn Americas behind us, we are currently focusing our efforts on enhancing the operations and the depth of management in the acquired stores. Eventually we intend to resume our strategy of increasing our store base and annual revenues and profits through the opening of new stores, as well as opportunistic acquisitions. It is our goal to increase the number of stores in which we operate by between 100-150 in the year 2000.

We plan to accomplish our future growth through selective and opportunistic acquisitions, with an increasing emphasis on new store development. Typically, a newly opened rental store is profitable on a monthly basis in the sixth to seventh month after its initial opening. Historically, a typical store has achieved break-even profitability in twelve to fifteen months after its initial opening. Total financing requirements of a typical new store approximates \$0.4 million, with roughly 80% to 85% of that amount relating to the purchase of rental merchandise inventory. A newly opened store historically has achieved results consistent with other stores that have been operating within the system for greater than two years by the end of its third year of operation. There can be no assurance that we will open any new stores in the future, or as to the number, location or profitability thereof.

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

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

EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

During the second quarter of 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" which will be effective for the fiscal year 2001. This statement establishes accounting and reporting standards requiring that derivative instruments, including certain derivative instruments imbedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement also requires that changes in the derivative's fair value be recognized in earnings unless specific hedge accounting criteria are met. We are currently evaluating the impact that this statement will have on our financial statements.

YEAR 2000 OVERVIEW

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

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

As of June 30, 1999, we have incurred costs of approximately \$290,000 in assuring Year 2000 compliance through testing and upgrades. Additionally, as part of our recent expansion, we purchased new hardware and software for our home office that is warranted to be Year 2000 compliant. All upgrades in both our headquarters and ColorTyme's offices have been completed.

Major Suppliers. We have received written assurances from approximately 90% of our vendors, confirming that these vendors are Year 2000 compliant. We utilize many suppliers and no single supplier is material to our operations. As a result, we believe that we have the ability to obtain merchandise for our stores from many different vendors. In the event any of our vendors are not Year 2000 compliant, we anticipate having sufficient alternate supply sources available to serve our needs.

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

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

INTEREST RATE SENSITIVITY

As of June 30, 1999 we had \$175.0 million in subordinated notes at a fixed interest rate of 11.0% and \$625.2 million in term loans indexed to the LIBOR rate. The subordinated notes mature on August 15, 2008 and have a fixed interest rate of 11.0%. The fair value of the subordinated notes is estimated based on discounted cash flow analysis using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of the subordinated notes is \$175.9 million, which is \$0.9 million in excess of their carrying value of \$175 million. Unlike the subordinated notes, the \$625.2 million in term loans have variable interest rates indexed to current LIBOR rates. Because the variable rate structure exposes us to the risk of increased interest cost if interest rates rise, we have entered into interest rate swap agreements to hedge this risk. In 1998, we entered into \$500 million in interest rate swap agreements that lock in a LIBOR rate of 5.59%. These contracts have an average life of four years. Given the current capital structure, including our interest rate swap agreements, we have \$125.2 million, or 15.6% of our total debt, in variable rate debt. A hypothetical 1.0% change in the LIBOR rate would affect pre-tax earnings by approximately \$0.3 million for the three month period.

MARKET RISK

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

INTEREST RATE RISK

We hold long-term debt with variable interest rates indexed to prime or LIBOR which exposes us to the risk of increased interest costs if interest rates rise. To reduce the risk related to unfavorable interest rate movements, we have entered into certain interest rate swap contracts on \$500 million of debt to pay a fixed rate of 5.59%.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we, along with our subsidiaries, are party to various legal proceedings arising in the ordinary course of business. The majority of the material proceedings involve claims that may be generally characterized into one of two categories, recharacterization claims and statutory compliance claims. Recharacterization claims generally involve claims:

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

Statutory compliance claims generally involve claims:

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

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

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

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

Burney v. Thorn Americas, Inc. The plaintiffs originally filed a class action in federal court in Wisconsin alleging Thorn Americas' rent-to-own contracts violated the Wisconsin Consumer Act and federal RICO and truth-in-lending statutes. Plaintiffs' motion for class certification was granted in July, 1998. The class is comprised of the persons who were party to rent-to-own contracts with Thorn Americas in Wisconsin after October 19, 1988 and who have paid Thorn Americas an amount equal to or greater than the value of the merchandise. During this period, Thorn Americas operated approximately 23 stores in Wisconsin. The plaintiffs asserted that the value of the merchandise for class certification purposes is 60% of the amount required to obtain ownership. This limitation on the members of the class distinguishes Burney from Robinson. We settled this matter for \$16.25 million, subject to final approval by the court. The court gave final approval of the settlement on March 19, 1999, and the settlement was paid in May, 1999.

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

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

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

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

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

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

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

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

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

This case had been dormant since 1995, and was dismissed in May, 1999.

Abels v. Rent-A-Center, Inc. In April 1999, the plaintiff filed suit in state court in Michigan alleging violations of the Michigan Consumer Protection Act pertaining to our basis for setting the cash purchase price on goods rented by plaintiff pursuant to two rental purchase agreements with us. Plaintiff's complaint seeks individual declaratory, injunctive and monetary damages relief, as well as monetary damages on behalf of a putative class of our past, current and future customers in Michigan. We have filed an answer in the matter denying plaintiff's claims and intend to vigorously defend this action. Discovery in the case has only recently commenced. Given the early stage of this proceeding, there can be no assurance that we will be found to have no liability in this matter.

Murray v. Rent-A-Center, Inc. The plaintiffs filed a putative nationwide class action suit in federal court in Missouri on May 20, 1999, alleging that we have discriminated against African Americans in our hiring, compensation, promotion and termination policies. Plaintiffs' alleged no specific amount of damages in their complaint. We have filed an answer in the matter denying plaintiffs' allegations and intend to vigorously defend this action. No discovery in this litigation has occurred to date. Members of the regional class defined in our completed settlement of the Allen v. Thorn Americas, Inc. litigation would not be included in the Murray case. We believe plaintiffs' claims in this suit are without merit. However, given the early stage of this proceeding, there can be no assurance that we will be found to have no liability.

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

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

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

Gallagher v. Crown Leasing Corporation. On January 3, 1996, we were served with a class action complaint adding us as a defendant in this action originally filed in April 1994 against Crown and certain of its affiliates in state court in New Jersey. The class consists of all New Jersey residents who entered into rent-to-own contracts with Crown between April 25, 1988 and April 20, 1995. During this period, Crown operated approximately five stores in New Jersey. The lawsuit alleges, among other things, that under certain rent-to-own contracts entered into between the plaintiff class and Crown, some of which were purportedly acquired by us pursuant to the acquisition of Crown and certain of its affiliates, the defendants failed to make the necessary disclosures and charged the plaintiffs fees and expenses that violated the New Jersey Consumer

Fraud Act and the New Jersey Retail Installment Sales Act. The plaintiffs seek damages including, among other things, a refund of all excessive fees and/or interest charged or collected by the defendants in violation of such acts, state usury laws and other related statutes and treble damages, as applicable. Pursuant to the Asset Purchase Agreement entered into between Crown, its controlling shareholder and us in connection with the Crown acquisition, we did not contractually assume any liabilities pertaining to Crown's rent-to-own contracts for the period prior to the acquisition of Crown. The plaintiffs have obtained class certification and a summary judgment against Crown on the liability issues. Subsequent to these decisions by the New Jersey state court, Crown filed for protection from its creditors under Chapter 11 of the federal

bankruptcy laws. The bankruptcy court allowed the lawsuit to proceed in New Jersey, where the state court granted summary judgment on the plaintiff's damages formula against Crown. The plaintiffs calculated actual damages for purposes of their summary judgment motion at approximately \$7.6 million. The court ruled that the plaintiffs are entitled to three times actual damages. However, the state court's ruling requires certain minor adjustments pursuant to an accounting. Together with the Boykin matter, we settled this matter in principle for approximately \$11.5 million, subject to preliminary and final approval of the court. The final settlement documents were signed on April 23, 1999 and preliminarily approved by the court. We anticipate that the final approval of the court will occur in the fall of 1999.

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

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

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

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

At the Annual Meeting of Stockholders held on May 18, 1999, the nominees for Class II directors were elected. Two of the Class II directors were elected by all of the stockholders and one director was elected by the holders of the Series A Convertible Preferred Stock.

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

NOMINEE	FOR	WITHHELD
Mark E. Speese	29,224,824	134,540
L. Dowell Arnette	29,224,824	134,540

The voting was as follows for the director elected by the holders of the Series A Convertible Preferred Stock:

NOMINEE	FOR	WITHHELD
Laurence M. Berg	250,000	10,000

The following are directors whose terms of office as a director continued after the Annual Meeting of Stockholders:

Peter P. Copses	J. Ernest Talley
J.V. Lentell	Joseph V. Mariner, Jr.

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

CURRENT REPORTS ON FORM 8-K.

None.

EXHIBITS

EXHIBIT NUMBER -----	EXHIBIT DESCRIPTION -----
2.1(1)	-- Asset Purchase Agreement, dated May 1, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.2(2)	-- Letter Agreement, dated as of May 26, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.3(3)	-- Stock Purchase Agreement, dated as of June 16, 1998, among Renters Choice, Inc., Thorn International BV and Thorn plc (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, the Company will supplementally supply such schedules and exhibits to the Commission.)
3.1(4)	-- Amended and Restated Certificate of Incorporation of Renters Choice
3.2(5)	-- Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Renters Choice
3.3(6)	-- Amended and Restated Bylaws of Rent-A-Center
4.1(7)	-- Form of Certificate evidencing Common Stock
4.2(8)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series A Preferred Stock of Renters Choice, Inc.
4.3(9)	-- Certificate of Designations, Preferences and Relative Rights and Limitations of Series B Preferred Stock of Renters Choice, Inc.
4.4(10)	-- Indenture, dated as of August 18, 1998, by and among Renters Choice, Inc., as Issuer, ColorTyme, Inc. and Rent-A-Center, Inc., as Subsidiary Guarantors, and IBJ Schroder Bank & Trust Company, as Trustee
4.5(11)	-- Form of Certificate evidencing Series A Preferred Stock
4.6(12)	-- Form of Exchange Note
4.7(13)	-- First Supplemental Indenture, dated as of December 31, 1998, by and among Renters Choice Inc., Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and IBJ Schroder Bank & Trust Company, as Trustee
10.1(14)	-- Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan
10.3(15)	-- Credit Agreement, dated August 5, 1998, among Renters Choice, Inc., Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and The Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.4(16)	-- Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent
10.5(17)	-- \$175,000,000 Senior Subordinated Credit Agreement, dated as of August 5, 1998, among Renters Choice, Inc., certain other lenders and the Chase Manhattan Bank

- 10.6(18) -- Stockholders Agreement, dated as of August 5, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Renters Choice, Inc., and certain other persons
- 10.7(19) -- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series A Convertible Preferred Stock
- 10.8(20) -- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series B Convertible Preferred Stock

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

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* Filed herewith.

- (1) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 28, 1998
- (2) Incorporated herein by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K dated May 28, 1998
- (3) Incorporated herein by reference to Exhibit 2.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (4) Incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994
- (5) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996
- (6) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999
- (7) Incorporated herein by reference to Exhibit 4.1 to the registrant's Form S-4 filed on January 19, 1999.
- (8) Incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (9) Incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (10) Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (11) Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (12) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (13) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (14) Incorporated herein by reference to Exhibit 99.1 to the registrant's Registration Statement on Form S-8 (File No. 333-53471)

- (15) Incorporated herein by reference to Exhibit 10.18 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (16) Incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (17) Incorporated herein by reference to Exhibit 10.20 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (18) Incorporated herein by reference to Exhibit 10.21 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (19) Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (20) Incorporated herein by reference to Exhibit 10.23 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (21) Incorporated herein by reference to Exhibit 2.10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (22) Incorporated herein by reference to Exhibit 10.14 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (23) Incorporated herein by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998

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* Filed herewith.

SIGNATURES

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

RENT-A-CENTER, INC.

By: /s/ Robert D. Davis

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

Date: August 4, 1999
Rent-A-Center, Inc.

EXHIBIT INDEX

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2.2(2)	-- Letter Agreement, dated as of May 26, 1998, by and among Renters Choice, Inc., Central Rents, Inc., Central Rents Holding, Inc. and Banner Holdings, Inc. (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, Renters Choice will supplementally supply such schedules and exhibits to the Commission.)
2.3(3)	-- Stock Purchase Agreement, dated as of June 16, 1998, among Renters Choice, Inc., Thorn International BV and Thorn plc (Pursuant to the rules of the Commission, the schedules and exhibits have been omitted. Upon the request of the Commission, the Company will supplementally supply such schedules and exhibits to the Commission.)
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4.6(12)	-- Form of Exchange Note
4.7(13)	-- First Supplemental Indenture, dated as of December 31, 1998, by and among Renters Choice Inc., Rent-A-Center, Inc., ColorTyme, Inc., Advantage Companies, Inc. and IBJ Schroder Bank & Trust Company, as Trustee
10.1(14)	-- Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan
10.3(15)	-- Credit Agreement, dated August 5, 1998, among Renters Choice, Inc., Comerica Bank, as Documentation Agent, NationsBank N.A., as Syndication Agent, and The Chase Manhattan Bank, as Administrative Agent, and certain other lenders
10.4(16)	-- Guarantee and Collateral Agreement, dated August 5, 1998, made by Renters Choice, Inc., and certain of its Subsidiaries in favor of the Chase Manhattan Bank, as Administrative Agent
10.5(17)	-- \$175,000,000 Senior Subordinated Credit Agreement, dated as of August 5, 1998, among Renters Choice, Inc., certain other lenders and the Chase Manhattan Bank
10.6(18)	-- Stockholders Agreement, dated as of August 5, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., J. Ernest Talley, Mark E. Speese, Renters Choice, Inc., and certain other persons
10.7(19)	-- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series A

Convertible Preferred Stock

- 10.8(20) -- Registration Rights Agreement, dated August 5, 1998, by and between Renters Choice, Inc., Apollo Investment Fund IV, L.P., and Apollo Overseas Partners IV, L.P., related to the Series B Convertible Preferred Stock
- 10.9(21) -- Stock Purchase Agreement, dated August 5, 1998, among Renters Choice, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
- 10.10(22) -- Exchange and Registration Rights Agreement, dated August 18, 1998, by and among Renters Choice, Inc. and Chase Securities Inc., Bear, Stearns & Co. Inc., NationsBanc Montgomery Securities

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
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LLC and Credit Suisse First Boston Corporation

10.11(23)	-- Employment Agreement, dated October 1, 1998, by and between Rent-A-Center, Inc. and Bradley W. Denison
27.1*	-- Financial Data Schedule

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* Filed herewith.

- (1) Incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated May 28, 1998
- (2) Incorporated herein by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K dated May 28, 1998
- (3) Incorporated herein by reference to Exhibit 2.9 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (4) Incorporated herein by reference to Exhibit 3.2 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994
- (5) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996
- (6) Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999
- (7) Incorporated herein by reference to Exhibit 4.1 to the registrant's Form S-4 filed on January 19, 1999.
- (8) Incorporated herein by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (9) Incorporated herein by reference to Exhibit 4.3 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (10) Incorporated herein by reference to Exhibit 4.4 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (11) Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (12) Incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (13) Incorporated herein by reference to Exhibit 4.7 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (14) Incorporated herein by reference to Exhibit 99.1 to the registrant's Registration Statement on Form S-8 (File No. 333-53471)
- (15) Incorporated herein by reference to Exhibit 10.18 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998

- (16) Incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (17) Incorporated herein by reference to Exhibit 10.20 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (18) Incorporated herein by reference to Exhibit 10.21 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (19) Incorporated herein by reference to Exhibit 10.22 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (20) Incorporated herein by reference to Exhibit 10.23 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (21) Incorporated herein by reference to Exhibit 2.10 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998
- (22) Incorporated herein by reference to Exhibit 10.14 to the registrant's Registration Statement Form S-4 filed on January 19, 1999
- (23) Incorporated herein by reference to Exhibit 10.15 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1998

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* Filed herewith.

THE FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF EARNINGS FOUND ON PAGES 1 AND 2 OF THE COMPANY'S FORM 10-Q FOR THE SIX MONTHS ENDED JUNE 30, 1999.

1,000

6-MOS	
DEC-31-1999	JUN-30-1999
	14,544
	0
	3,008
	14
	101,998
	0
	114,383
	34,126
	1,478,598
	0
	175,000
265,870	0
	253
	177,286
1,478,598	74,000
	696,118
	64,515
	573,531
	35,097
	0
	37,171
	50,319
	24,401
25,918	0
	0
	0
	25,918
	0.87
	0.76

RENTAL MERCHANDISE, HELD FOR RENT.

BALANCE SHEET IS UNCLASSIFIED.

ADDITIONAL PAID IN CAPITAL, RETAINED EARNINGS AND TREASURY STOCK.

STORE AND FRANCHISE MERCHANDISE SALES.

STORE AND FRANCHISE COST OF MERCHANDISE SOLD.

GENERAL AND ADMINISTRATIVE EXPENSE AND AMORTIZATION OF INTANGIBLES.