SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

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

Date of Report (Date of earliest event reported):

AUGUST 5, 1998

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

DELAWARE	0-25370	48-1024367
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

13800 MONTFORT DRIVE SUITE 300 DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 701-0489
(Registrant's telephone
number, including area code)

NO CHANGE
(Former Name or Former Address, if Changed Since Last Report)

ITEM 2. ACQUISITION OF ASSETS

On August 5, 1998, the Registrant purchased 100% of the capital stock of Thorn Americas, Inc. ("Thorn Americas") for approximately $900 million (including the repayment of certain debt of Thorn Americas), subject to adjustment, pursuant to that certain Stock Purchase Agreement, dated June 16, 1998, by and among the Registrant, Thorn International BV and Thorn plc (the "Stock Purchase Agreement"). Immediately following the closing, Thorn Americas name was changed to Rent-A- Center, Inc. Prior to its acquisition by the Registrant, Thorn Americas was the largest rent-to-own operator with 1,404 company-owned stores and 65 franchised stores. Thorn Americas operated under three brand names, "Rent-A-Center," "Remco" and "U-Can Rent." In addition, Thorn Americas operated certain non-rent-to-own businesses, including automobile retailing, credit retailing and check cashing that represented less than 2.3% of Thorn Americas revenues during the fiscal year ended March 31, 1998.

Pursuant to the Stock Purchase Agreement, the Registrant paid the purchase price in cash and repaid certain debt of Thorn Americas owed to a subsidiary of Thorn plc. The total purchase price and structure of the consideration paid was determined by negotiation between the Registrant and Thorn plc. The source of the cash consideration was the proceeds from (i) a newly established $926.25 million senior credit facility with Chase Manhattan Bank, as Administrative Agent, Comerica Bank, as Documentation Agent, and NationsBank, N.A., as Syndication Agent, (ii) a $175 million senior subordinated credit facility with The Chase Manhattan Bank, as Administrative Agent and Chase Securities Inc., as Arranger, and (iii) the issuance of $235 million of preferred stock to Apollo Investment Fund IV, L.P. These proceeds were also used to retire the Registrants prior revolving credit facility with Comerica Bank, as Agent. There was no material relationship between (i) the Registrant, any of its affiliates, any of its officers or directors, or any associate of such officers and directors, and (ii) Thorn Americas, Thorn International BV, or Thorn plc, any affiliates of Thorn Americas, Thorn International BV, or Thorn plc, any of the officers or directors of Thorn Americas, Thorn International BV, or Thorn plc or any associate of such officers and directors.

The Registrant intends to continue operating the acquired stores as rent-to-own stores and discontinue Thorn Americas non-rent-to-own businesses. Thorn Americas generated approximately $880 million in rent-to-own revenue during its fiscal year 1998.

The Registrant is the largest rent-to-own operator and franchisor in the United States. The Registrant operates 2,084 company owned stores and franchises 343 stores in all 50 states and Puerto Rico and the District of Columbia.

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

(a) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED.

Report of Independent Auditors

Balance Sheets as of March 31, 1997 and 1998

Statements of Operations for the years ended March 31, 1996, 1997 and 1998

Statements of Stockholder's Equity for the years ended March 31, 1996, 1997 and 1998

Statements of Cash Flows for the years ended March 31, 1996, 1997 and 1998

Notes to Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

THORN AMERICAS, INC. AND SUBSIDIARIES

YEARS ENDED MARCH 31, 1996, 1997 AND 1998
WITH REPORT OF INDEPENDENT AUDITORS

THORN Americas, Inc. and Subsidiaries

Consolidated Financial Statements

Years ended March 31, 1996, 1997 and 1998
With Report of Independent Auditors

CONTENTS

Report of Independent Auditors

The Board of Directors
THORN Americas, Inc.

We have audited the accompanying consolidated balance sheets of THORN Americas, Inc. and subsidiaries as of March 31, 1997 and 1998, and the related consolidated statements of operations, stockholder's equity and cash flows for each of the three years in the period ended March 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of THORN Americas, Inc. and subsidiaries at March 31, 1997 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 1998, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

April 24, 1998
except for Note 14, as to which
the date is June 25, 1998
Wichita, Kansas

THORN Americas, Inc. and Subsidiaries

Consolidated Balance Sheets
(Dollars in thousands, except share amounts)

	MARCH 31 1997	MARCH 31 1998	JUNE 30 1998 (UNAUDITED)
Cash	$ 26,077	$ 23,755	$ 27,486
Accounts receivable - other	10,339	26,937	22,322
Accounts receivable - affiliated companies, net	62,101	15,024	702
Prepaid expenses	9,169	8,114	8,555
Deferred income taxes	21,209	21,113	21,113
Merchandise and auto inventory	38,231	39,443	43,068
Rental merchandise, at cost	509,183	521,482	539,539
Less accumulated depreciation	233,171	228,517	235,857
Net rental merchandise	276,012	292,965	303,682
Property and equipment, at cost			
Land and building	19,810	22,855	22,971
Furniture and equipment	84,083	95,594	98,189
Transportation and equipment	86,140	87,494	87,851
Leasehold improvements	59,206	63,593	73,616
	249,239	269,536	282,627
Less accumulated depreciation and amortization	130,736	146,016	152,475
Net property and equipment	118,503	123,520	130,152
Goodwill, less accumulated amortization	499,471	479,636	479,517
Other assets, less accumulated amortization	47,168	48,602	49,199
	$1,108,280	$1,079,109	$1,085,796

See accompanying notes.

	MARCH 31 1997	MARCH 31 1998	JUNE 30 1998 (UNAUDITED)
Liabilities and Stockholder's Equity			
Accounts payable	$ 62,222	$ 31,717	$ 41,334
Accrued expenses:			
Salaries, wages and fringe benefits	31,523	32,492	31,305
Other	18,948	9,047	9,495
Other liabilities	40,776	52,986	47,383
Accrued incentives	1,550	2,161	1,853
Long term loans from affiliates	714,235	714,223	714,663
Total liabilities	869,254	842,626	846,033
Stockholder's equity:			
Common stock of $1 par value; 1,000 shares authorized, issued and outstanding	1	1	1
Additional paid-in capital	334,681	334,681	334,681
Retained deficit	(95,656)	(98,199)	(94,919)
Total stockholder's equity	239,026	236,483	239,763
	$ 1,108,280	$ 1,079,109	$ 1,085,796

See accompanying notes.

THORN Americas, Inc. and Subsidiaries

Consolidated Statements of Operations
(Dollars in thousands)

	YEARS ENDED MARCH 31			THREE MONTHS ENDED JUNE 30 (UNAUDITED)	
	1996	1997	1998	1997	1998
Revenues:					
Rental revenues and fees	$ 819,452	$ 850,773	$ 819,949	$ 208,444	$ 214,514
Sale of merchandise and autos	64,628	60,249	62,712	12,611	15,141
Franchise income	5,364	2,366	2,266	582	560
Other income	8,483	13,483	19,077	4,004	5,206
Total revenues	897,927	926,871	904,004	225,641	235,421
Costs and operating expenses:					
Cost of sales	43,345	39,793	45,574	8,524	12,503
Depreciation and amortization:					
Rental merchandise	257,383	260,433	244,572	62,852	62,886
Goodwill	19,097	23,164	24,044	6,014	5,884
Other	33,139	35,921	32,825	8,584	8,648
Salaries, wages and fringe benefits	255,768	272,242	279,796	68,488	72,960
Advertising	33,895	30,284	30,320	8,059	8,188
Property costs	52,393	59,244	61,643	15,054	14,886
Other operating expenses	116,289	143,487	117,597	27,541	29,579
Restructuring charges	12,600	--	12,292	--	--
Total costs and operating expenses	823,909	864,568	848,663	205,116	215,534
Operating income	74,018	62,303	55,341	20,525	19,887
Other (income) expense:					
Interest:					
Related parties, net	79,692	53,078	45,961	10,888	11,271
Other interest, net	515	(427)	223	(63)	(80)
Other	101	(254)	(88)	(81)	72
	80,308	52,397	46,096	10,744	11,263
Income (loss) before income taxes	(6,290)	9,906	9,245	9,781	8,624
Income taxes	6,771	13,880	7,760	5,950	5,344
Net income (loss)	$ (13,061)	$ (3,974)	$ 1,485	$ 3,831	$ 3,280

See accompanying notes.

THORN Americas, Inc. and Subsidiaries

Consolidated Statements of Stockholder's Equity
(Dollars in thousands)

For the years ended March 31, 1996, 1997 and 1998

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED DEFICIT	TOTAL STOCKHOLDER'S EQUITY
Balance at March 31, 1995				
As previously reported	$ 1	$ 180,210	$ (75,636)	$ 104,575
Adjustment for reorganization /demerger	--	--	(2,985)	(2,985)
Adjusted balance	1	180,210	(78,621)	101,590
Net loss	--	--	(13,061)	(13,061)
Balance at March 31, 1996	1	180,210	(91,682)	88,529
Net loss	--	--	(3,974)	(3,974)
Capital contributed by Parent	--	154,471	--	154,471
Balance at March 31, 1997	1	334,681	(95,656)	239,026
Net income	--	--	1,485	1,485
Advance to unconsolidated New Zealand division	--	--	(4,028)	(4,028)
Balance at March 31, 1998	1	334,681	(98,199)	236,483
Net income (unaudited)	--	--	3,280	3,280
Balance at June 30, 1998 (unaudited)	$ 1	$ 334,681	$ (94,919)	$ 239,763

See accompanying notes to consolidated financial statements.

THORN Americas, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(Dollars in thousands)

	YEARS ENDED MARCH 31			THREE MONTHS ENDED JUNE 30 (UNAUDITED)	
	1996	1997	1998	1997	1998
Cash flows from operating activities:					
Net income (loss)	$ (13,061)	$ (3,974)	$ 1,485	$ 3,831	$ 3,280
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Rental merchandise losses	9,463	11,152	10,126	1,054	2,656
Depreciation and amortization	309,619	319,518	301,441	77,450	77,418
Interest added to principal balance, loan from affiliates	88,891	34,468	--	--	--
Deferred income taxes	(5,341)	(10,277)	96	--	--
Restructuring charges	7,814	--	6,851	--	--
Changes in operating assets and liabilities net of effects from business combinations:					
Accounts receivable - other	(407)	(3,930)	(16,598)	8,297	4,615
Accounts receivable - affiliated companies	21,826	480	(480)	--	--
Prepaid expenses	(3,697)	1,604	1,055	316	(441)
Merchandise and auto inventory	(6,622)	(9,443)	(1,212)	7,682	(3,625)
Accounts payable	12,748	11,112	(30,505)	(22,860)	9,617
Accrued expenses, other liabilities and accrued incentives	4,968	32,954	(3,100)	(3,059)	(6,650)
Net cash provided by operating activities	426,201	383,664	269,159	72,711	86,870
Cash flows from investing activities:					
Proceeds from sale of rental merchandise	43,858	50,998	39,474	9,441	8,040
Net funds received from affiliated company	17,427	141,672	47,557	914	14,322
Advance to unconsolidated New Zealand division	--	--	(4,028)	--	--
Acquisition of rental merchandise	(299,704)	(289,483)	(306,792)	(64,506)	(83,320)
Acquisition of property and equipment	(44,642)	(32,306)	(38,077)	(5,630)	(15,454)
Acquisition of rental companies, net of cash acquired	(124,577)	(21,073)	(7,626)	(1,448)	(4,040)
Purchase of Minority Interest	--	--	--	--	(3,000)
Decrease in undistributed IRB funds	2,250	--	--	--	--
Other	(10,330)	(10,658)	(1,977)	(752)	(127)
Net cash used by investing activities	$(415,718)	$(160,850)	$(271,469)	(61,981)	(83,579)

Continued on following page.

THORN Americas, Inc. and Subsidiaries

Consolidated Statements of Cash Flows, Continued
(Dollars in thousands)

	YEARS ENDED MARCH 31			THREE MONTHS ENDED JUNE 30	
	1996	1997	1998	1997 (UNAUDITED)	1998
Cash flows from financing activities:					
Advances from parent	$ --	$ --	$ --	$ 592	$ 440
Repayment of bond obligations	(1,740)	(7,322)	--	--	--
Repayments of loan from parent	--	(208,640)	(12)	--	--
Net cash used by financing activities	(1,740)	(215,962)	(12)	592	440
Net increase (decrease) in cash	8,743	6,852	(2,322)	11,322	3,731
Cash at beginning of year	10,482	19,225	26,077	26,077	23,755
Cash at end of year	$ 19,225	$ 26,077	$ 23,755	$ 37,399	$ 27,486

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:					
Interest	$ 4,862	$ 30,431	$ 48,709	$ 11,476	$ 11,502
Income taxes	4,295	17,102	23,991	9,265	252

SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES

During fiscal 1997, as part of the demerger transaction, the Company received a capital contribution of $154,471 related to a reduction of affiliated indebtedness.

DISCLOSURE OF ACCOUNTING POLICIES

For purposes of the statement of cash flows, the Company considers cash and cash equivalents to include currency on hand, demand deposits and short-term investments with a maturity of three months or less with banks or other financial institutions.

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
(Dollars in thousands)

March 31, 1996, 1997 and 1998

(Information as of June 30, 1998 and for the three-month periods ended June 30, 1997 and 1998 is unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

Prior to April 1996, THORN Americas, Inc. (TA) was a wholly-owned subsidiary of THORN EMI North America Holdings, Inc. (TEMINAH) and TEMINAH was an indirectly wholly-owned subsidiary of THORN EMI plc., a United Kingdom limited liability company. Effective August 19, 1996, the demerger and reorganization of the THORN EMI group was completed and the rental, rental-purchase and related businesses of THORN EMI group were transferred to THORN plc. (THORN), a newly formed United Kingdom limited liability company. As a result of this demerger and reorganization, TA became a wholly owned subsidiary of THORN International BV, (hereinafter referred to as the "Parent"). The Parent is an indirectly wholly-owned subsidiary of THORN. The consolidated financial statements include the accounts of THORN Americas, Inc. and its wholly-owned subsidiaries, except for the net assets and operations of its New Zealand division, which had net assets at March 31, 1997 and 1998 of $7,608 and $10,242, respectively, hereinafter referred to collectively as the Company. All significant intercompany balances and transactions have been eliminated in consolidation.

THORN Americas, Inc., dba Rent-A-Center (RAC), Remco America, Inc. (Remco), U-Can Rent, and THORN Services International (TSI) operate approximately 1,400 rent-to-own stores throughout the United States. RAC, Remco and U-Can Rent principally rent consumer electronics, appliances and furniture on a short or long term basis. Ownership of the merchandise may be transferred to the consumer when rented on a long term basis, usually 6 to 30 months. TSI services the rental merchandise and provides warehouse and merchandise distribution services to the RAC, Remco and U-Can Rent stores.

During fiscal 1998, the Company began testing a used auto sales business, under the tradename AdvantEDGE Quality Cars. This proposition offers a retail transaction on the sale of used autos with installment financing available through the Company.

Certain reclassifications have been made in the 1996 and 1997 consolidated financial statements to conform with the 1998 format.

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

MERCHANDISE AND AUTO INVENTORY

Merchandise inventory consists primarily of rental merchandise which is temporarily stored in distribution centers awaiting assignment to a store. Rental merchandise inventory is stated at average cost. In fiscal 1998, merchandise and auto inventory also includes inventory associated with the Company's auto business. Auto inventory is stated at actual cost.

RENTAL MERCHANDISE, RELATED RENTAL REVENUES AND DEPRECIATION

Rental merchandise is rented to customers pursuant to rental agreements which generally provide for either weekly or monthly rental terms, with rental payments collected in advance. The rental agreements may be terminated at any time by the customers, and if terminated, the rental merchandise is returned to the Company. Rental revenue is recognized as collected.

Merchandise rented to customers or available for rent is classified in the consolidated balance sheets as rental merchandise and is being depreciated on a straight-line basis over various periods ranging from 6 to 30 months (a majority of rental merchandise is depreciated over 18 to 24 month periods).

DEPRECIATION AND AMORTIZATION

Depreciation of furniture and equipment, transportation equipment and buildings is computed on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the term of the related leases.

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOODWILL

Goodwill represents the excess of cost over the fair value of the net assets of businesses acquired and is amortized on the straight-line method over periods ranging from 2 to 40 years. Accumulated amortization of goodwill was $149,210 and $173,254 at March 31, 1997 and 1998, respectively.

OTHER ASSETS

Other assets consist of territory rights, covenants not to compete, deferred software costs, and other tangible and intangible amounts. Other assets, which are amortizable, are amortized using the straight-line method over periods ranging from 3 to 25 years. Accumulated amortization of these assets was $14,797 and $17,091 at March 31, 1997 and 1998, respectively.

SALE OF MERCHANDISE AND AUTOS

Sale of merchandise and autos consists primarily of sales of used rental merchandise, including proceeds from early payoffs of rental purchase contracts, and automobile sales in connection with the Company's auto business which opened in fiscal 1998.

ACCOUNTING FOR IMPAIRMENT OF LONG-LIVED ASSETS

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment is recognized when the carrying amounts of such assets cannot be recovered by the undiscounted future net cash flows likely to be generated.

ADVERTISING COSTS

Costs incurred for communicating and producing advertising are expensed the first time the advertising occurs. During fiscal 1996, 1997 and 1998, advertising expense was $33,895, $30,284 and $30,320, respectively.

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

STOCK-BASED COMPENSATION

The Company participates in stock option and share rights plans sponsored by THORN that provide for the granting of stock options (Thorn Share Option Plan) to exempt level employees and share rights (Share Appreciation Rights Plan) to certain key executives of the Company. The stock options and share rights, which are associated with THORN stock, are typically issued annually and vest over a three year period, subject to certain performance criteria. Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-based Compensation," encourages, but does not require companies to record compensation cost for stock-based employee compensation plans at fair value. The Company applies APB Opinion 25 "Accounting for Stock Issued to Employees" in accounting for stock options.

CONCENTRATION OF CREDIT RISK

The Company's financial instruments that were exposed to concentrations of credit risk consist primarily of cash. The Company places its funds into high credit quality financial institutions and, at times, such funds may be in excess of the Federal Depository insurance limit.

UNAUDITED INTERIM FINANCIAL DATA

The interim financial data at June 30, 1998, and for the three-month periods ended June 30, 1997 and 1998, included herein, are unaudited and, in the opinion of management, reflect all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of financial position and the results of operations and cash flows for such interim periods.

2. ACQUISITIONS AND MERGERS

The Company maintains an ongoing program to acquire selected rental operations. During fiscal 1998, the Company acquired in purchase transactions eight rental operations for an aggregate $7,626 net of cash acquired, of which $4,209 was accounted for as goodwill. During fiscal 1997, the Company acquired in purchase transactions twelve rental operations for an aggregate $21,073 net of cash acquired, of which $15,292 was accounted for as goodwill. During fiscal 1996, the Company acquired in purchase

2. ACQUISITIONS AND MERGERS (CONTINUED)

transactions seven rental operations for an aggregate $124,577 net of cash acquired, of which $85,363 was accounted for as goodwill. The operations of the stores are included in the Company's consolidated financial statements beginning on the date of acquisition. The Company is continuing to consider the acquisition of additional rental operations.

On August 19, 1996 the demerger of the THORN EMI group was completed and the rental, rental-purchase and related businesses of the THORN EMI group were transferred to THORN plc. This resulted in, among other things, the Company acquiring 100 percent of the common stock of Remco Americas, Inc. in exchange for the Company's twelve percent investment interest in the common stock of an affiliated company, Thorn EMI North America, Inc. (TENA). The Company's investment in TENA was accounted for under the cost method of accounting and had a net book carrying value of $50,000. The affiliates from which this common stock and these net assets were purchased were under the common control of the Company's indirect parent at the time of the transaction and accordingly, the assets and liabilities were recorded at their historical cost in a manner similar to that of a pooling of interest. The accompanying financial statements include the accounts and operations of these affiliates as if they were a part of the Company at the beginning of fiscal 1996.

3. LOANS FROM AFFILIATES

Prior to the demerger, the Company had entered into a loan agreement with TEMINAH which required the Company to pay to TEMINAH $2,129,280 on July 2, 2004. This amount consisted of principal plus interest compounded at ten percent (10%) per year. As a part of the demerger transaction the Company and an affiliated company, Thorn Finance, plc. (TFP), refinanced the loan agreement, requiring the Company to pay TFP $710,818 together with all accrued and unpaid interest on the unpaid balance on July 2, 2010. In connection with this refinancing the Company paid $200,000 on the original note. In addition, $50,000 of this note was forgiven by TEMINAH and recorded as a contribution of capital in the accompanying statement of stockholders' equity.

During fiscal 1998, interest accrues at a variable rate equal to 120% of the "Applicable Federal Rate" (AFR), designated as "Compounding Monthly," for debt instruments with a maturity of less than three years (6.3% at March 31, 1998). During fiscal 1997, the interest rate was equal to fifty (50) basis points above the AFR (6.18% at March 31, 1997). The terms of the agreement allow the Company to prepay the note in part or in

(Dollars in thousands)

3. LOANS FROM AFFILIATES (CONTINUED)

full, without premium or penalty. The balance on the note payable to TFP, at March 31, 1997 and 1998 was $714,235 and $714,223, respectively.

4. ACCOUNTS RECEIVABLE - AFFILIATED COMPANIES

Accounts receivable from affiliated companies includes income taxes payable to Parent of $480 at March 31, 1997 (see Note 9). These balances are not subject to interest. The Company has short term loans receivable outstanding from TFP totaling $65,000 and $15,000 as of March 31, 1997 and 1998, respectively. Other intercompany receivables/(payables) with affiliated companies totaled $(2,419) and $24 as of March 31, 1997 and 1998, respectively. The year-end net receivable balances are not subject to specified settlement terms.

Prior to the demerger transaction, advances to or from affiliated companies were made as working capital was available or needed. The Company received interest at 125% of the monthly applicable federal rate on the deposited funds. After the demerger transaction the Company continues to earn interest on its excess cash invested with THORN at rates commensurate with short term interest rates available in major U.S. banking markets.

5. COMMITMENTS

The Company leases its store and distribution facilities. Management expects, in the normal course of business, that leases which expire will be renewed or replaced by other leases. At March 31, 1998, the approximate future annual minimum rental payments required under these noncancelable operating leases were as follows:

1999	$39,886
2000	28,625
2001	14,344
2002	6,114
2003	2,475
Thereafter	2,327
Total minimum payments required	$93,771

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in thousands)

5. COMMITMENTS (CONTINUED)

Rent expense under noncancelable operating leases for fiscal 1996, 1997, and 1998 was approximately $41,197, $45,973 and $47,590, respectively.

6. INCENTIVE PLANS

The Company has long-term incentive plans for key executives. Payments are contingent upon the Company meeting long-term financial objectives based upon three-year operating cycles. Expense associated with such plans during fiscal 1996, 1997 and 1998 totaled $440, $797 and $1,072, respectively. The expected obligations under these plans at March 31, 1997 and 1998 were $1,550 and $2,161, respectively.

7. SAVINGS PLANS

The Company has a trusteed savings plan for the benefit of eligible employees. The plan provides for the participants to make voluntary contributions to the plan ranging from 1% to 20% of their gross compensation which is matched by the Company at a rate each year as determined by the Company's Board of Directors. The Company may, at its sole discretion, match 100% of the amount contributed by the participant up to 4% of the employee's annual gross compensation.

Effective January 1, 1998, the Company offered a nonqualified saving plan (NSP) for certain designated employees who are within a select group of key management or highly compensated employees. Employees eligible to participate in the NSP may elect to defer up to a maximum of 80% of their salary and up to a maximum of 100% of incentive bonuses. The Company will make a matching deferred contribution of up to 15% of the employee's contribution, not to exceed $15 per employee per plan year.

During fiscal 1996, 1997, and 1998 the expense related to these plans, net of forfeitures, amounted to $3,554, $3,359 and $3,295, respectively.

8. STOCK-BASED COMPENSATION PLANS

In fiscal 1997, the Company adopted the disclosure-only provisions of SFAS 123. SFAS 123 encourages entities to adopt a fair value-based method of accounting for employee stock compensation plans, but allows companies to continue to account for those plans using the accounting proscribed by APB 25. The Company has elected to account for

(Dollars in thousands)

8. STOCK-BASED COMPENSATION PLANS (CONTINUED)

stock based compensation using APB 25, while making the required pro forma disclosures of net earnings as if the fair value-based method had been applied.

Accordingly, no compensation expense has been recorded for the stock option or share rights plans. Had the compensation cost for stock based compensation plans been determined using the fair value method of accounting consistent with SFAS 123, there would have been no significant effect on the Company's net income. The Black-Scholes option-pricing model was used to determine the fair value on the date of grant for the stock options and share rights. As of March 31, 1998 there were awards for 9,961,904 shares outstanding.

SFAS 123 requires certain disclosures to be made about the pricing model assumptions used, exercisable options, option activity, weighted average price per option and option exercise price range for each income statement period. Since the stock option and share rights activity relates only to THORN's stockholders' equity, this information is not presented for the Company.

9. INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the provision for income taxes attributable to continuing operations are as follows:

	1996	1997	1998
Current:			
Federal	$ 8,576	$ 17,487	$ 7,050
State	3,536	6,670	614
Total current	12,112	24,157	7,664
Deferred:	(4,384)	(7,998)	(532)
Federal	(957)	(2,279)	628
State	(5,341)	(10,277)	96
Total deferred	$ 6,771	$ 13,880	$ 7,760

(Dollars in thousands)

9. INCOME TAXES (CONTINUED)

Prior to the demerger, the Company filed a consolidated federal tax return with TEMINAH and calculated its tax provision in accordance with TEMINAH's tax allocation policy, which provides for calculations on a stand-alone basis with any tax liability or benefit recorded as a payable to or receivable from TEMINAH. Post- demerger, the Company files a consolidated federal tax return with its U.S. subsidiaries and calculates its tax liability based upon income for the applicable periods. During fiscal 1997 in connection with the demerger, TEMINAH forgave $8,721 in tax liability owed to them from the Company. This reduction in liability was treated as a capital contribution by TEMINAH and recorded as an increase in paid-in capital by the Company.

The income tax provision differed from the amount computed by applying the U.S. federal income tax rate of 35% for fiscal 1997 and 1998 to income before income taxes as a result of the following:

	1996	1997	1998
Computed "expected" tax expense	$ (2,202)	$ 3,466	$ 3,236
Increase (reduction) in income taxes resulting from:			
Amortization of non-deductible goodwill	5,336	6,149	6,123
State and local income tax, net of federal income tax benefit	2,298	4,336	807
Reduction of valuation allowance	--	--	(1,400)
Other, net	1,339	(71)	(1,006)
	$ 6,771	$ 13,880	$ 7,760

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in thousands)

9. INCOME TAXES (CONTINUED)

Significant components of the Company's deferred tax assets and liabilities are as follows:

	1997	1998
Deferred tax assets:		
Reserves for contingencies and restructuring	$10,836	$19,704
Reserves for self-insurance and accrued liabilities	9,997	11,378
Alternative minimum tax credit carryforward	--	6,674
Property and equipment	5,146	10,377
Other	4,324	5,520
Total deferred tax assets	30,303	53,653
Deferred tax liabilities:		
Rental assets	$ 4,875	$26,811
Other	4,219	5,729
Total deferred tax liabilities	9,094	32,540
Net deferred tax assets	$21,209	$21,113

The alternative minimum tax credit carryforward has no expiration date.

10. CONTINGENCIES

The Company is a defendant in a number of class or alleged class action cases relating to Rent-A-Center's rental-purchase or rent-to-rent agreements as detailed below. Each claim is being adjudicated in the context of the relevant state law which is different in each state. The first five cases referred to below, which seek to recharacterize the transaction from a lease to a credit sale, were filed prior to 1995. Of the remaining four cases, two, filed in late 1997 and early 1998, seek to challenge compliance with the relevant rental-purchase statutes. The remaining two cases, filed in early 1998, seek to challenge the reinstatement fee and in addition, one of the cases alleges that the Liability Damage Waiver (LDW) charge is excessive.

10. CONTINGENCIES (CONTINUED)

The Company is a defendant in a class action alleging that Rent-A-Center's rental-purchase agreements are credit sales and do not comply with the requirements of the Minnesota Consumer Protection Statutes and Usury Law. Summary judgment was entered as to liability and was affirmed by the U.S. Eighth Circuit Court of Appeals. The District Court found that the remedy available to the class members would be full recovery of all amounts paid for customers who returned their property and recovery of only the alleged interest for those customers who did not return their property.

Final Judgment as to damages was issued April 15, 1998, in the amount of $29,898 plus interest, although the court is considering the plaintiffs' request for an additional $1,630. The Company will appeal such award of damages and will be required to post a bond in connection therewith. The Company no longer offers its rental-purchase transaction in this state.

The Company and five of its present or former officers are defendants in a Pennsylvania alleged class action resulting from the consolidation of two existing proposed class actions. A third class action lawsuit in Pennsylvania has been stayed pending the outcome of the consolidated action and is incorporated into the settlement relating to that consolidated action. The consolidated action alleges that Rent-A-Center's rental agreements violate the Pennsylvania Goods and Services Installment Sales Act and the federal Racketeer Influenced and Corrupt Organization Act (RICO). A motion for a nationwide class certification has been denied by the court with the provision that plaintiffs may attempt to amend their complaint. A settlement in the amount of $9,350 has been reached with the plaintiffs. A final hearing to obtain the Court's approval was held June 17, 1998, and the Court approved the settlement July 8, 1998.

The class action filed in 1994 in Federal Court in Wisconsin was dismissed for lack of jurisdiction on October 20, 1997. The plaintiffs have re-filed the case in a Wisconsin state court. The new complaint alleges that Rent-A-Center's rental purchase agreements should be deemed consumer credit sales under the Wisconsin Consumer Act, violated Wisconsin's Usury law and violated the Wisconsin Deceptive Practices Act. The Court entered an order July 7, 1998 granting the plaintiff's motion for class certification and denying the Company's motion for partial summary judgment. A pre-trial conference is scheduled August 26, 1998.

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in thousands)

10. CONTINGENCIES (CONTINUED)

The Company is a defendant in a class action alleging that Rent-A-Center's rental-purchase agreements are credit sales and do not comply with the requirements of the New Jersey Retail Installment Sales Act and violate the New Jersey Consumer Fraud Act and Usury law. In January 1997, summary judgment was granted in favor of the plaintiffs in this case as to violation of the Retail Installment Sales Act and the Consumer Fraud Act; the Court denied the plaintiff's motion on the usury count. However, in September 1997, the Court granted the plaintiff's motion for summary judgment on damages for breach of the Retail Installment Sales Act and the Consumer Fraud Act, adopting the plaintiff's formula of 40% of all rental payments, being the time differential interest equivalent, plus reinstatement fees. This amount was trebled pursuant to the Consumer Fraud Act. Judgment has now been entered for an amount of $100,000 subject to further accounting. Initially, a bond was posted for this amount, and pursuant to further accounting was increased by $63,000 to cover potential damages through April, 1999. The injunction to prevent Rent-A-Center from continuing to trade has been stayed pending the appeal. The Company is appealing this decision to the New Jersey Court of Appeals and intends to pursue all further legal proceedings as appropriate.

The Company is a defendant in a class action alleging that Rent-A-Center violated the Texas Usury Law, the Texas Insurance Law and the Texas Deceptive and Unfair Trade Practices Act. Texas law presently provides that rental purchase agreements are not credit sales. There have been no developments in this case since 1994 and damages are unspecified.

The following information relates to those claims not seeking recharacterization:

The Company is a defendant in an alleged class action in New York. The case has been removed to Federal Court. The complaint alleges that Rent-A-Center engaged in deceptive or unfair acts in contravention of the New York Personal Property Law (the Rent-to-Own Program Law), as well as provisions of the General Business Law relating to consumer protection for deceptive acts and practices and false advertising. The plaintiffs seek both compensatory and punitive damages.

The Company is a defendant in an alleged class action filed in Massachusetts. This claim alleges that Rent-A-Center's transactions and advertising failed to comply with the Massachusetts rental purchase statute and are deceptive under the Massachusetts Consumer Protection Act. The plaintiffs seek both compensatory and punitive damages.

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in thousands)

10. CONTINGENCIES (CONTINUED)

The Company is a defendant in two alleged class actions filed in the State of Alabama which were filed in January and March, 1998. These claims allege that Rent-A-Center's reinstatement fee constitutes an illegal penalty and that charging such fee constitutes breach of contract. A second claim was added to the second class action alleging the LDW charge is excessive. The plaintiffs seek compensatory damages only.

The claims described above, where not concluded, are being vigorously defended. However, management believes that a loss will be incurred in some of the cases and although a specific amount cannot be estimated due to an inability to reasonably estimate potential losses and potential appellate decisions reversing in whole or in part outstanding lower court judgments, the Company has accrued $34,500 in the accompanying financial statements. If the courts in these actions were to hold that the Company's rental or rental-purchase transactions constitute credit sales, the Company would seek to adapt its agreements, where this has not already occurred, so that they would not be so treated under relevant state laws. Management believes that a final unfavorable outcome in any one of these actions, except for that in Texas, would not have a material adverse effect on the Company's ongoing business. There can be no assurance, however, that final unfavorable outcomes in any of these actions would not have a material effect on the Company's financial condition or results of operations in the year of final adjudication.

The Company is a defendant in an action filed in the Federal District Court in Missouri alleging a policy of racial discrimination against a nationwide class of African-Americans who applied for employment, are currently employed or were formerly employed. The Company denies the allegations and will vigorously oppose certification of a nationwide class. Attempts to certify a nationwide class in a racial discrimination case filed in the Federal District Court in Kansas were dismissed last year.

The Company's management is not aware of any additional legal or arbitration proceedings pending or threatened against the Company which may have any liability significantly in excess of provisions in the accounts.

THORN AMERICAS, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)
(Dollars in thousands)

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of the Company's financial instruments at March 31, 1998 are as follows:

Loans from affiliated company: It was not practicable to estimate the fair value of the Company's loans from its affiliates because no quoted market prices exist for these unique instruments and there is no intent by management to retire the debts.

12. OFF-BALANCE SHEET RISK

Letters of credit are issued by the Company during the ordinary course of business through banks as required by certain vendor contracts. As of March 31, 1997 and 1998, the Company had outstanding irrevocable stand-by letters of credit for $27,336 and $66,842, respectively.

Subsequent to March 31, 1998, the Company secured a bond in the amount of $32,786 and canceled its previously outstanding stand-by letter of credit in the amount of $4,000, in connection with a class action lawsuit in Minnesota (see Note 10). The Company and THORN are both guarantors of the bond.

The Company has secured a bond in the amount of $100,000 in connection with a class action lawsuit in New Jersey (See Note 10). The Company and THORN are both guarantors of the bond.

The Company has a $20,000 unused line of credit with a financial institution.

13. RESTRUCTURING CHARGES

During fiscal 1998, the Company discontinued its new concept tests related to its credit retail and check-cashing businesses, closed certain nonperforming rental purchase stores and reorganized certain administrative support functions resulting in a charge to operating income of $12,292. Such restructuring charges include asset valuation reductions of approximately $3,750, future rent obligations of approximately $2,250, employee severance costs of approximately $5,250 and other costs of approximately $1,042. As of March 31, 1998, $6,851 of total restructuring charges remained in accrued liabilities.

During 1996, the Company recorded restructuring charges of $12,600 related to consolidation of offices and reductions in the number of employees. These charges were

13. RESTRUCTURING CHARGES (CONTINUED)

primarily made up of the expected costs of employee separations. There was no remaining liability at March 31, 1998.

14. SUBSEQUENT EVENT

On June 17, 1998 THORN announced that it has entered into an agreement to sell the Company to Renter's Choice, Inc, a publicly held rent-to-own company for approximately $900,000 subject to shareholder and Federal Trade Commission approval. A closing date for the transaction has not yet been determined.

In August, 1998, subsequent to its change of control, the Company reached a tentative settlement with the plaintiffs in Wisconsin, in the amount of $16.25 million. Such amount is not accrued in the June 30, 1998 financial statements.

(b) PRO FORMA FINANCIAL INFORMATION OF RENTERS CHOICE, INC. AND THORN AMERICAS, INC.

Unaudited Pro Forma Combined Balance Sheet as of June 30, 1998

Notes to Unaudited Pro Forma Combined Balance Sheet as of June 30, 1998

Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 1997

Notes to Unaudited Pro Forma Combined Statement of Operation for the year ended December 31, 1997

Unaudited Pro Forma Combined Statement of Operations for the six months ended June 30, 1998

Notes to Unaudited Pro Forma Combined Statement of Operation for the six months ended June 30, 1998

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION (DOLLARS IN THOUSANDS)

The following unaudited pro forma combined financial information of Renters Choice, Inc. (RCI or the Company) gives effect to the Thorn Americas, Inc. (Thorn) acquisition (the Acquisition) and the offering of $175 million of 11% Senior Subordinated Notes due 2008 (the Offering) as if such transactions were consummated on June 30, 1998, in the case of the Unaudited Pro Forma Combined Balance Sheet, and as if such transactions and the Central Rents, Inc. (Central Rents) acquisition (the Central Acquisition) were consummated on January 1, 1997, in the case of Unaudited Pro Forma Combined Statements of Operations for the year ended December 31, 1997 and the six months ended June 30, 1998. The Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 1997 includes Thorn historical information for the year ended March 31, 1998, its fiscal year end. The acquisition of Thorn was completed on August 5, 1998 and the acquisition of Central Rents was completed on May 28, 1998. The aforementioned transactions and the related adjustments are described in the accompanying notes. In the opinion of management, all adjustments have been made that are necessary to present fairly the pro forma data.

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

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

UNAUDITED PRO FORMA COMBINED BALANCE SHEET

JUNE 30, 1998
(DOLLARS IN THOUSANDS)

ASSETS

	RCI Historical	Thorn Historical	Thorn Pro Forma Adjustments	Acquisition Pro forma	Offering Adjustments	Pro Forma Combined
Cash and cash equivalents	$ 23,347	$ 27,486	$ 5,835 (1)	$ 56,668	$ (5,750)(5)	$ 50,918
Accounts receivable	1,799	23,024	(702)(2)	24,121	--	24,121
Rental merchandise, net	148,432	303,682	--	452,114	--	452,114
Merchandise and auto inventory	--	43,068	--	43,068	--	43,068
Prepaids and other assets	2,440	8,555	19,465 (3)	30,460	5,750 (5)	36,210
Property assets, net	21,479	130,152	--	151,631	--	151,631
Deferred income taxes	6,479	21,113	26,376 (2)	53,968	--	53,968
Intangible assets, net	131,862	528,716	(39,253)(2)	621,325	--	621,325
Total assets	$ 335,838	$1,085,796	$ 11,721	$1,433,355	$ --	$1,433,355

LIABILITIES AND EQUITY

	RCI Historical	Thorn Historical	Thorn Pro Forma Adjustments	Acquisition Pro forma	Offering Adjustments	Pro Forma Combined
Accounts payable	$ 14,193	$ 41,334	$ --	$ 55,527	$ --	$ 55,527
Accrued liabilities	23,067	90,036	(36,353)(2)	76,750	--	76,750
Debt	128,235	--	767,500 (1)	895,735	--	895,735
Loans from Thorn plc	--	714,663	(714,663)(2)	--	--	--
Total liabilities	165,495	846,033	16,484	1,028,012	--	1,028,012
Redeemable convertible preferred stock	--	--	260,000 (1)	260,000	--	260,000
Stockholders' equity	170,343	239,763	(264,763)(4)	145,343	--	145,343
Total liabilities and stockholders' equity	$ 335,838	$1,085,796	$ 11,721	$1,433,355	$ --	$1,433,355

See accompanying notes to Unaudited Pro Forma Combined Balance Sheet

NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET

JUNE 30, 1998
(DOLLARS IN THOUSANDS)

(1) Adjustment to record the debt and equity required to finance the Acquisition and the repurchase of common stock and use of related proceeds:

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

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

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

(2) The aggregate purchase price assumed to be paid by RCI and the related purchase accounting for the Acquisition is as follows:

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

NOTES TO UNAUDITED PRO FORMA COMBINED BALANCE SHEET - CONTINUED

JUNE 30, 1998
(DOLLARS IN THOUSANDS)

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

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

(b) Elimination of other assets such as territory rights and deferred software costs as a result of the Acquisition.

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

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

(e) Thorn has not accrued a liability for the Robinson v. Thorn Americas, Inc. litigation in which a New Jersey state court has entered a judgment against Thorn and has ordered Thorn to pay the class of plaintiffs an amount in excess of $100 million. Thorn has posted a $163 million supersedeas bond, which amount was derived from an accounting by the plaintiffs of the projected amount of judgment liability as of April 1999. RCI intends to vigorously defend any actions still pending at the time of the consummation of the Acquisition and, accordingly, in its preliminary purchase accounting, RCI has also not recorded an estimated liability related to this case. This will be treated as a preacquisition contingency by RCI. In the event that RCI is unsuccessful under the appeal, excess cost over fair market value of tangible net assets will be increased by any damages required to be paid.

(3) Represents debt issuance costs associated with the Acquisition.

(4) Reflects the following:

Elimination of equity	$(239,763)
Repurchase of RCI common stock	(25,000)
	$(264,763)

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

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

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

	Acquisitions Pro Forma	Offering Adjustments	Pro Forma Combined
Revenues			
Store			
Rentals and fees	$ 1,204,971	$ --	$ 1,204,971
Merchandise sales	65,289	--	65,289
Other	793	--	793

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

See accompanying notes to Unaudited Pro Forma Combined Statement of Operations

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

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

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

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

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

	Increase (decrease)			
	Rentals and Fees Revenue	Store Expenses Depreciation of Rental Merchandise	Salaries and Other	General and Administrative Expenses
(3) Reclassification of Thorn store expenses to conform with RCI's presentation	$ --	$ --	$ 457,807	$(457,807)
Reclassification Thorn volume and cash discounts from purchases to conform with RCI's presentation	(4,202)	(4,202)	--	--
Reclassification of Thorn advertising rebates as a reduction in store expenses to conform with RCI's presentation	--	--	(5,798)	5,798
Elimination of income related to a rebate of management fees from Thorn plc	--	--	--	2,900
Total	(4,202)	(4,202)	452,009	(449,109)
Elimination of duplicate corporate overhead and regional management expenses: (a)				
Corporate overhead				
Salaries and benefits	--	--	--	(17,400)
Administrative expenses	--	--	--	(1,000)
Regional management expenses	--	--	(2,500)	--
Total	--	--	(2,500)	(18,400)
	$ (4,202)	$ (4,202)	$ 449,509	$(467,509)

(a) In addition to cost savings of $20.9 million from the Acquisition and $2.6 million from the Central Acquisition, after the Acquisition is completed the Company is planning to implement certain other initiatives which are expected to generate an additional $9.9 million of annual cost savings. These include making changes to Thorn's product distribution and product service and repair network which would result in estimated annual savings of $22.3 million and $4.6 million, respectively. In addition, the Company is considering other initiatives to increase Thorn's store efficiencies and operating profit. These changes would result in estimated annual additional expenditures of approximately $17.0 million. Therefore, management believes it will achieve $30.8 million of total cost savings from the Acquisition, of which $20.9 million is included in pro forma operating income and $9.9 million of which reflects the net effect of these other initiatives.

(4)

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

(5) Elimination of litigation expense relating to Minnesota and Pennsylvania class action litigation indemnified by seller as part of the Acquisition.

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

Central

	Rents	Thorn
Reversal of historical intangible amortization	$ (1,545)	$(24,044)
Pro forma intangible amortization	2,484	16,278
	$ 939	$ (7,766)

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

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

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

(8) Net adjustment to interest expense as a result of the issuance of debt to complete the Thorn acquisition:

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

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

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

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

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

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

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

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

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

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

(15) Weighted average common shares outstanding for both basic and diluted

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

See accompanying notes to Unaudited Pro Forma Combined Statement of Operations

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

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

	Acquisitions Pro Forma	Offering Adjustments	Pro Forma Combined
Revenues			
Store			
Rentals and fees	628,770	$ --	$ 628,770
Merchandise sales	36,505	--	36,505
Other	281	--	281
Franchise			
Merchandise sales	17,061	--	17,061
Royalty income and fees	3,405	--	3,405
Total revenues	686,022	--	686,022
Operating expenses			
Direct store expenses			

Depreciation of rental merchandise	168,911	--	168,911
Cost of merchandise sold	25,868	--	25,868
Salaries and other expenses	346,584	--	346,584
Franchise cost of merchandise sold	16,386	--	16,386
General and administrative expenses	30,401	--	30,401
Indemnified litigation expenses	--	--	--
Nonrecurring charges (14)	5,600	--	5,600
Amortization of intangibles	12,445	--	12,445
Total operating expenses	606,195	--	606,195
Operating profit	79,827	--	79,827
Interest expense	43,135	(259)(9)	42,876
Interest income and other	(238)	--	(238)
Earnings before income taxes	36,930	259	37,189
Income tax expense	18,028	104 (12)	18,132
Net earnings (loss)	18,902	155	19,057
Preferred dividends	4,898	--	4,898
Earnings (loss) allocable to common stockholders	$ 14,004	$ 155	$ 14,159
Basic earnings per share (15):			
Earnings per share	$ .58		$ .59
Weighted average common shares outstanding	23,964		23,964
Diluted earnings per share (15):			
Earnings per share	$ .56		$ .57
Weighted average common and common equivalent shares outstanding	33,563		33,563

See accompanying notes to Unaudited Pro Forma Combined Statement of Operations

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

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

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

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

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

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS - CONTINUED
SIX MONTHS ENDED JUNE 30, 1998
(DOLLARS IN THOUSANDS)

	Increase (decrease)			
	Rentals and Fees Revenue	Depreciation of Rental Merchandise	Store Expenses Salaries and Other	General and Administrative Expenses
(3) Reclassification of Thorn store expenses to conform with RCI's presentation	$ --	$ --	$ 232,107	$(232,107)
Reclassification Thorn volume and cash discounts from purchases to conform with RCI's presentation	(1,398)	(1,398)	--	--
Reclassification of Thorn advertising rebates as a reduction in store expenses to conform with RCI's presentation	--	--	(4,158)	4,158
Elimination of income related to a rebate of management fees from Thorn plc	--	--	--	2,900
Total	(1,398)	(1,398)	227,949	(225,049)
Elimination of duplicate corporate overhead and regional management expenses: (a)				
Corporate overhead				
Salaries and benefits	--	--	--	(8,700)
Administrative expenses	--	--	--	(500)
Regional management expenses	--	--	(1,250)	--
Total	--	--	(1,250)	(9,200)
	$ (1,398)	$ (1,398)	$ 226,699	$(234,249)

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

(4)

	Increase (decrease)	
	Store Expenses Salaries and Other	General and Administrative Expenses
Reclassification of Central Rents other store expenses to conform with RCI's presentation	$ 24,514	$ (24,514)
Elimination of duplicate corporate overhead and additional field expenses as a result of the Central Rents acquisition	84	(1,167)
	$ 24,598	$ (25,681)

(5) Elimination of litigation expense relating to Minnesota and Pennsylvania class action litigation indemnified by seller as part of the Acquisition.

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

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

NOTES TO UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS - CONTINUED
SIX MONTHS ENDED JUNE 30, 1998
(DOLLARS IN THOUSANDS)

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

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

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

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

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

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

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

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

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

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

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

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

(14) Nonrecurring charges relate to Thorn's discontinued non-RTO businesses, the closing of certain non-performing RTO stores, and reorganization of certain administrative support functions aggregating approximately $9.8 million and

approximately $1.1 million related primarily to Thorn's writedown of cellular phone inventory.

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

(c) EXHIBITS

2.1 Stock Purchase Agreement, dated June 16, 1998, by and among the Registrant, Thorn International B.V., and Thorn plc.(1)

23.1 Consent of Ernst & Young LLP.

- ----------

(1) Incorporated herein by reference to Exhibit 2.9 of the Registrants' Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 and filed on August 14, 1998.

SIGNATURES

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

RENTERS CHOICE, INC.

DATE: August 25, 1998

BY: /s/ J. ERNEST TALLEY

J. Ernest Talley
Chief Executive Officer

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1	Stock Purchase Agreement, dated June 16, 1998, by and among the Registrant, Thorn International B.V., and Thorn plc.(1)
23.1	Consent of Ernst & Young LLP.

- ----------

(1) Incorporated herein by reference to Exhibit 2.9 of the Registrants' Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 and filed on August 14, 1998.

EXHIBIT 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in each of the Registration Statements pertaining to the 1994 Renters Choice, Inc. Long-Term Incentive Plan and the Amended and Restated 1994 Renters Choice, Inc. Long-Term Incentive Plan, (Forms S-8 No. 33-98800 and No. 333-53471, respectively) of our report dated April 24, 1998 (except Note 14, as to which the date is June 25, 1998), with respect to the consolidated financial statements of Thorn Americas, Inc. included in Renters Choice, Inc.'s Current Report (Form 8-K/A) dated August 25, 1998.

ERNST & YOUNG LLP

August 24, 1998
Wichita, Kansas