

**SCHEDULE 14A**  
**(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Section 240.14a-11c or Section 240.14a-12

**RAINBOW RENTALS, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1)

Title of each class of securities to which transaction applies:
- (2)

Aggregate number of securities to which transaction applies:
- (3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4)

Proposed maximum aggregate value of transaction:
- (5)

Total fee paid:

- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)

Amount Previously Paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

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(4)      Date Filed:

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April 11, 2003

Dear Fellow Shareholder:

It is a pleasure to extend to you a cordial invitation to attend the 2003 Annual Meeting of Shareholders of Rainbow Rentals, Inc. (the "Company"). This year's Annual Meeting will be held on Wednesday, May 14, 2003.

Shareholders will be asked to approve the election of Directors and to ratify the appointment of auditors. In addition, we will present a report on the operations and activities of the Company. Following the meeting, management will be pleased to answer your questions about the Company.

Please carefully review the Proxy Statement and then complete and sign the proxy card and return it promptly to the Company in the enclosed self-addressed stamped envelope.

I hope you will be able to attend this meeting in person. Whether or not you expect to attend, I urge you to sign, date and return the enclosed proxy card so that your shares will be represented.

I look forward to seeing you on May 14th.

Sincerely,

/s/ Wayland J. Russell

Wayland J. Russell

Chairman of the Board and Chief Executive Officer

RAINBOW RENTALS, INC.  
3711 Starr Centre Drive  
Canfield, Ohio 44406

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held May 14, 2003

The Annual Meeting of Shareholders of Rainbow Rentals, Inc., an Ohio corporation, will be held at the Holiday Inn — Boardman, 7410 South Avenue, Boardman, Ohio on Wednesday, May 14, 2003 at 10:00 a.m.

The purpose of the meeting will be to:

1. Elect six (6) Directors for a term expiring in 2004.
2. Ratify the appointment of KPMG LLP as auditors of the Company for the year ending December 31, 2003.
3. Transact such other business as is properly brought before the meeting.

Only holders of shares of Common Stock of record at the close of business on March 28, 2003 will be entitled to notice of and to vote at the meeting. A list of such shareholders will be open for examination by any shareholder at the meeting.

**All shareholders are invited to attend the meeting in person. To ensure your representation at the meeting, however, please mark, date and sign your proxy card and return it without delay in the enclosed postage-paid envelope. Any shareholder present at the meeting may withdraw his or her proxy and vote personally on each matter brought before the meeting.**

By Order of the Board of Directors

/s/ Michael A. Pecchia  
Michael A. Pecchia  
Secretary

Canfield, Ohio  
April 11, 2003

**RAINBOW RENTALS, INC.  
3711 Starr Centre Drive  
Canfield, Ohio 44406**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS**

**SOLICITATION AND REVOCABILITY OF PROXIES**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Rainbow Rentals, Inc. for use at the Annual Meeting of Shareholders to be held at the time and place, and for the purposes, set forth in the accompanying Notice of Annual Meeting of Shareholders (the “Annual Meeting”). It is anticipated that the Proxy Statement together with the proxy and the 2002 Annual Report to Shareholders will be mailed to the Company’s shareholders commencing on April 11, 2003.

Pursuant to the Ohio General Corporation Law, a person has the power to revoke its proxy at any time before it is exercised by (1) attending the Annual Meeting and voting in person, (2) executing and delivering a proxy bearing a later date, or (3) delivering written notice of revocation to the Secretary of the Company prior to the Annual Meeting.

The Company will bear the cost of this solicitation of proxies, including the charges and expenses of brokerage firms and others for forwarding solicitation materials to beneficial owners of the Company’s shares of Common Stock (the “Common Shares”). In addition, proxies may be solicited by mail, personal interview, telephone or telegraph by Directors, officers or employees of the Company without additional compensation therefor.

**PURPOSES OF ANNUAL MEETING**

The Annual Meeting has been called for the purposes of (1) electing six (6) Directors whose term of office will expire in 2004; (2) ratifying the appointment of KPMG LLP as auditors of the Company for 2003; and (3) transacting such other business as may properly come before the meeting.

The three persons named in the enclosed Proxy have been selected by the Board of Directors and will vote Common Shares represented by valid Board of Directors’ Proxies. They have indicated that, unless otherwise indicated in the enclosed Proxy, they intend to vote for the election of the Director nominees named herein and in favor of the proposal listed in Item 2 above.

**VOTING SECURITIES**

The close of business on March 28, 2003 has been fixed as the record date for the determination of holders of record of the Common Shares of the Company entitled to notice of and to vote at the Annual Meeting. On the record date, 5,929,319 Common Shares were outstanding and eligible to be voted at the Annual Meeting. A quorum for the transaction of business at the Annual Meeting is a majority of the outstanding Common Shares. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the election inspector appointed for the Annual Meeting. The election of Directors and the proposal to ratify the appointment of auditors require approval only by a plurality of the votes cast. Abstentions and broker non-votes will not be counted in determining the outcome of the vote with respect to election of Directors or appointment of the auditors.

PROPOSAL ONE  
ELECTION OF DIRECTORS

The business of the Company is managed under the direction of the Company’s Board of Directors. The number of Directors is currently fixed at six. Each of the Directors holds office until the next Annual Meeting or the election and qualification of their respective successors.

The Board of Directors has nominated Wayland J. Russell, Lawrence S. Hendricks, Michael J. Viveiros, Brian L. Burton, Ivan J. Winfield and Robert A. Glick to stand for re-election as Directors until the 2004 Annual Meeting of Shareholders.

At the Annual Meeting, the Common Shares represented by valid Proxies, unless otherwise specified, will be voted to elect the Directors. Each individual nominated for election as a Director of the Company has agreed to serve if elected. However, if any nominee becomes unable or unwilling to serve if elected, the Proxies will be voted for the election of such other person as may be recommended by the Board of Directors. The Board of Directors has no reason to believe that the persons listed as nominees will be unable or unwilling to serve.

The Board of Directors recommends that each shareholder vote “FOR” the Board of Directors’ nominees.

NOMINEES FOR TERMS TO EXPIRE IN 2004

Name of Director	Age	Principal Occupation Past Five Years, Other Directorships	Director Since
Wayland J. Russell	51	Chairman of the Board and Chief Executive Officer of the Company since February 1997, having previously served as the Company’s President since its inception in 1986.	1986
Lawrence S. Hendricks	45	Chief Operating Officer of the Company since February 1997, having previously served as Vice President for Store Operations since the Company’s inception in 1986.	1986
Michael J. Viveiros	47	President of the Company since February 1997, having previously served as Vice President since the Company’s inception in 1986.	1986
Brian L. Burton	62	Executive Vice President and Chief Financial Officer of KST Coatings Manufacturing, Inc. since 2002, a manufacturer of roofing products. Prior thereto, Mr. Burton was President of Vertical Merchandising Systems, a distributor of impulse merchandising systems to supermarkets, for over five years	1998
Ivan J. Winfield	68	Associate Professor at Baldwin-Wallace College, Cleveland, Ohio, and business consultant since 1995. Prior thereto, Mr. Winfield was Managing Partner of Coopers & Lybrand, Cleveland, Ohio from 1978 to 1994. He is a director of Boykin Lodging Co., HMI Industries, Inc. and OfficeMax, Inc.	1998
Robert A. Glick	56	Chairman and Chief Executive Officer of Dots, Inc., a retailer of women’s apparel. He is a director of the National Retail Federation and Chairman of the Advisory Board of the Shannon Rodgers and Jerry Silverman School of Fashion Design and Merchandising at Kent State University	2001

## BOARD OF DIRECTORS MEETINGS AND COMMITTEES

The Board of Directors of the Company held four meetings in 2002. The Board of Directors has an Audit Committee and a Compensation Committee, which held three and two meetings, respectively, in 2002. All of the Directors of the Company attended at least 75% of the total number of Board and Committee meetings held during 2002.

*Audit Committee.* The Committee consists of Directors Winfield (chairman), Burton and Glick. This Committee operates pursuant to a written charter, and is responsible for monitoring and overseeing the Company's internal controls and financial reporting processes, the independent audit of the Company's financial statements by the Company's independent auditors, KPMG LLP, and the selection of the independent auditors.

*Compensation Committee.* The Compensation Committee of the Company consists of Directors Burton (chairman), Winfield and Glick. This Committee reviews and approves the Company's executive compensation policy, makes recommendations concerning the Company's employee benefit policies, and has authority to administer the Company's stock option and other management compensation plans.

## COMPENSATION OF DIRECTORS

During 2002, the Company's policy was to pay each outside Director a retainer of \$15,000 and a fee of \$10,000 for attendance at up to four meetings per year, together with reimbursement of out-of-pocket expenses incurred in connection with the Directors' attendance at such meetings. In addition, each outside Director receives \$2,500 per meeting for each meeting attended in excess of four per year. Each outside Director will also receive \$1,000 for each Committee meeting attended in excess of four per year. No additional compensation is to be paid for Committee meetings held on the same day as a Board of Directors' meeting. Officers of the Company who are also Directors will receive no additional compensation for serving as Directors.

Each current outside Director of the Company, upon their initial election, received a stock option to purchase 10,000 Common Shares at the fair market value of the Company's Common Stock on the date of the shareholders' meeting at which they were initially elected. All Directors' options vest ratably over a period of three years and expire ten years from date of grant.



SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of March 28, 2003, or as of the date specified, with respect to the beneficial ownership of the Common Shares. Unless otherwise indicated below, the persons named below have the sole voting and investment power with respect to the number of Common Shares set forth opposite their names. All information with respect to beneficial ownership has been furnished by the respective Director, Officer or 5% or greater shareholder, as the case may be.

Names and, where necessary, addresses of Beneficial Owners (1)	Number of Shares Beneficially Owned	Ownership Percentage
Wayland J. Russell	2,536,675	42.8%
Lawrence S. Hendricks	548,240	9.3%
Michael J. Viveiros	255,620	4.3%
Ivan J. Winfield	12,000(2)	*
Brian L. Burton	15,000(2)	*
Robert A. Glick	4,333(3)	*
Michael A. Pecchia	60,000(4)	1.0%
Wasatch Advisors, Inc. 150 Social Hall Ave. Salt Lake City, UT 84111	792,831(5)	13.4%
T. Rowe Price Associates, Inc. 100 E. Pratt St. Baltimore, MD 21202	553,700(6)	9.3%
Aaron Rents, Inc. 309 E. Paces Ferry Road Atlanta, GA 30305-2377	474,500(7)	8.0%
Dimensional Fund Advisors, Inc. 1299 Ocean Ave., 11th Floor Santa Monica, CA 90401	317,100(8)	5.3%
All Directors and Executive Officers of the Company (7 Persons)	3,431,868(9)	57.1%

\* Less than one percent

(1) Unless otherwise indicated, the address of all persons listed above is c/o Rainbow Rentals, Inc., 3711 Starr Centre Drive, Canfield, Ohio 44406.

(2) Includes 10,000 shares subject to options that are currently exercisable.

(3) Includes 3,333 shares subject to options that are currently exercisable.

(4) Includes 60,000 shares subject to options that are currently exercisable.

(5) As of December 31, 2002, based on a Schedule 13G filed with the SEC on February 13, 2003.

(6) As of December 31, 2002, based on a Schedule 13G filed with the SEC on February 14, 2003.

(7) Based on a Schedule 13D, as amended, filed with the SEC on January 22, 2003.

(8) As of September 30, 2002, based on a Schedule 13G filed with the SEC on November 8, 2002.

(9) Includes 83,333 shares subject to options that are currently exercisable.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Act of 1934 requires the Company’s Directors, Executive Officers and persons who own 10% or more of the Company’s Common Shares to file reports of ownership and changes of ownership with the Securities and Exchange Commission and the Company. Based upon a review of these filings and written representations from such individuals, the Company understands that all such filers have adhered to all applicable filing requirements.

EXECUTIVE OFFICERS’ COMPENSATION

The following table sets forth certain information with respect to the compensation earned during the years ended December 31, 2002, 2001 and 2000, respectively, by the Chief Executive Officer and all other named Executive Officers of the Company whose annual salary and bonus exceeded \$100,000:

Summary Compensation Table						
Name and Principal Position	Year	Annual Compensation			Long Term Compensation	
		Salary	Bonus	Other Annual Compensation(1)	Option Awards(#)	All Other Compensation(2)
Wayland J. Russell Chief Executive Officer	2002	\$322,563	\$58,724	\$41,978	0	\$ 6,727
	2001	322,008	50,000	21,258	0	9,805
	2000	322,008	51,200	15,147	0	13,878
Lawrence S. Hendricks Chief Operating Officer	2002	243,243	37,500	21,903	0	2,340
	2001	243,000	41,600	13,994	0	3,557
	2000	243,000	38,500	12,747	0	5,388
Michael J. Viveiros President	2002	223,277	43,850	23,619	0	2,595
	2001	243,000	44,000	17,197	0	3,827
	2000	243,000	45,000	12,718	0	5,776
Michael A. Pecchia Secretary and Chief Financial Officer	2002	125,000	18,750	18,577	0	243
	2001	125,000	18,750	19,602	0	1,237
	2000	98,000	19,750	19,615	0	1,673

- (1) Includes the value of perquisites reported as taxable wages, including for 2002 amounts for the Company’s annual business meeting, personal use of automobiles, country clubs, professional services and other miscellaneous items. For Messrs. Russell, Hendricks, Viveiros and Pecchia the value of the foregoing perquisites were as follows: annual business meeting — \$10,448, \$7,198, \$6,856 and \$3,781, respectively; automobile — \$9,606, \$1,925, \$6,518 and \$8,349, respectively; country club — \$9,600, \$7,200, \$7,200 and \$6,025, respectively; professional services — \$10,994, \$5,376, \$3,045 and \$0, respectively; and other miscellaneous items — \$1,330, \$204, \$0 and \$422, respectively.
- (2) Included in this column are contributions to the Company’s defined contribution plan to the Executive Officers as well as amounts paid by the Company for life insurance coverage for the benefit of the Executive Officers. Contributions to the defined contribution plan to Messrs. Russell, Hendricks, Viveiros and Pecchia were \$517, \$517, \$517 and \$0, respectively. Life insurance premiums paid on behalf of Messrs. Russell, Hendricks, Viveiros and Pecchia were \$6,210, \$1,823, \$2,078 and \$243, respectively.

Stock Options

No options were granted to any of the Executive Officers listed in the Summary Compensation Table pursuant to the Company’s 1998 Stock Option Plan during 2002.

AGGREGATED OPTION EXERCISES  
IN 2002 AND YEAR-END OPTION VALUES

Shown below is information with respect to the unexercised options to purchase the Company’s Common Shares under the Company’s Stock Option Plan held by the Executive Officers listed in the Summary Compensation Table at December 31, 2002. None of the Executive Officers listed in the Summary Compensation Table executed any stock options during 2002.

Name	Shares Acquired On Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at 12/31/02 (#)		Value of Unexercised In-the Money Options At 12/31/02 (\$) (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Wayland J. Russell	0	0	0	0	0	0
Lawrence S. Hendricks	0	0	0	0	0	0
Michael J. Viveiros	0	0	0	0	0	0
Michael A. Pecchia	0	0	60,000	0	0	0

(1) Calculated in the basis of the fair market value of the underlying securities at December 31, 2002, minus the exercise price.

COMPENSATION COMMITTEE REPORT  
ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors is generally responsible for determining the nature and amount of compensation for Executive Officers. The Board of Directors approves all decisions made by the Committee. This report documents the basis of executive compensation for 2002.

*Compensation Policy.* The objectives of the Company’s executive compensation policy include retaining, and as necessary, attracting highly qualified executive talent; motivating executive officers to achieve corporate performance objectives; rewarding individual performance and contributions; and aligning the interests of the executive officers with those of the Company’s shareholders. The Company’s executive officers own a significant number of shares of the Company, which provides additional long-term incentive for maximizing shareholder value.

*Base Salaries.* The Committee reviewed the salaries of the Company’s Executive Officers and there were no changes made in 2002 from 2001 base salaries with the exception of one.

*Incentive Compensation.* The Company has not established a formal incentive bonus plan for the Company’s Executive Officers. The Company’s Executive Officers receive a portion of their compensation through incentive bonus compensation, which is based on the individual contributions of the Executive Officers. Based upon their individual contributions for 2002, the Committee approved bonuses for the Executive Officers, which are included in the Summary Compensation Table.

*Compensation of Chief Executive Officer.* The Committee used the same procedures and applied the same philosophy described above for all Executive Officers in setting the annual salary and bonus for the Company’s Chief Executive Officer.

Brian L. Burton, Chairman  
Ivan J. Winfield  
Robert A. Glick

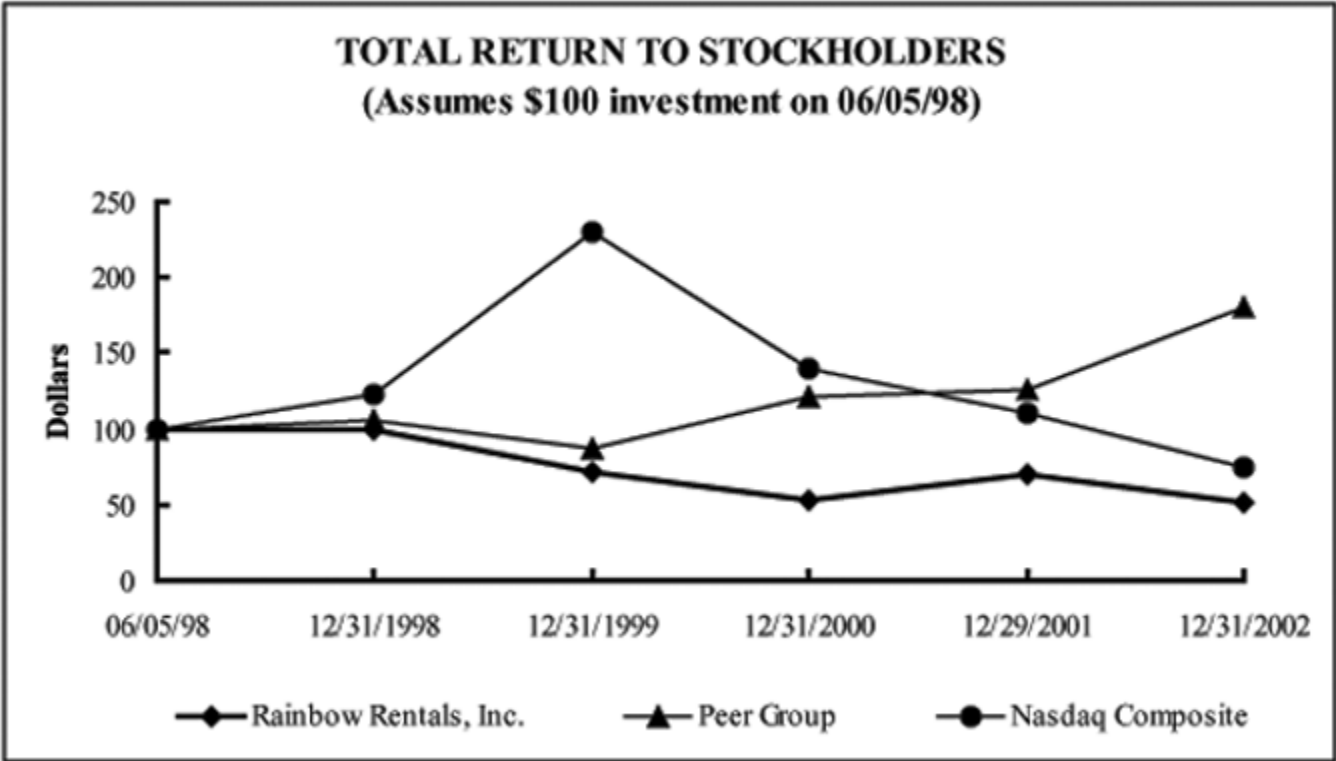
CERTAIN TRANSACTIONS

The Company’s headquarters facility is leased from an entity owned by Messrs. Russell, Hendricks and Viveiros under a ten-year triple-net lease, with three two-year options. In 2002, the rental amount was \$126,000. The Company believes that the rental is at market rates and that the other provisions of the lease are on terms no less favorable to the Company than could be obtained from unrelated parties.

SHAREHOLDER RETURN PERFORMANCE PRESENTATION

Set forth below is a line graph comparing the cumulative total shareholder return on the Company’s Common Shares against the cumulative total return of the Nasdaq U.S. composite index (the “Nasdaq of Composite Index”) and a group consisting of publicly-traded rental — purchase companies (the “Industry Group”) for 2002. The graph assumes that \$100.00 was invested on June 5, 1998 (the date of the Company’s initial public offering) in the Common Shares of the Company, the Nasdaq Composite Index and the Industry Group and assumes reinvestment of dividends. The Industry Group consists of Rent Way, Inc., Aaron Rents, Inc. and Rent-A-Center, Inc. The stock price performance shown on the following graph is not necessarily indicative of future price performance.

*The stock price performance graph below shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into and filing under the Securities Act of 1933, as amended or under the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference and shall not otherwise be deemed filed under such Acts.*



Total Return Analysis						
	06/05/98	12/31/98	12/31/99	12/31/00	12/29/01	12/31/02
Rainbow Rentals, Inc.	\$100.00	\$ 98.75	\$ 71.43	\$ 52.17	\$ 70.65	\$ 51.67
Peer Group	\$100.00	\$105.07	\$ 87.11	\$120.69	\$126.43	\$179.73
Nasdaq Composite	\$100.00	\$123.27	\$229.43	\$139.29	\$109.97	\$ 75.30

Source: CTA Public Relations, Inc. www.ctapr.com (303) 665-4200. Data from BRIDGE Information Systems, Inc.

## **AUDIT COMMITTEE REPORT**

The Audit Committee is responsible for monitoring and overseeing the Company’s internal controls and financial reporting processes, the independent audit of the Company’s financial statements by the Company’s independent auditors, KPMG LLP, and the selection of the independent auditors. The Board of Directors believes that the Audit Committee’s current member composition satisfies the current rule of the National Association of Securities Dealers, Inc. (“NASD”) that all Audit Committee members be “independent directors” as defined by the NASD rules.

The Audit Committee oversees the Company’s financial process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements with management, including a discussion of the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Audit Committee also reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company’s accounting principles and such other matters as are required to be discussed with the Audit Committee, including Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee discussed with the independent auditors the overall scope, plans and results of their audit activities and met with the auditors, without presence of management, to discuss the results of their examinations, evaluations of the Company’s internal controls, and the overall quality of the Company’s financial reporting.

Based upon the Audit Committee’s review of the audited financial statements and its discussions with management and the Company’s independent auditors, the Audit Committee recommended that the Board of Directors include the audited financial statements for the fiscal year ended December 31, 2002 in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Ivan J. Winfield, Chairman  
Brian L. Burton  
Robert A. Glick

## **PROPOSAL TWO INDEPENDENT AUDITORS**

The Audit Committee of the Board of Directors has selected KPMG LLP as auditors for the year ending December 31, 2003. The Committee requests the ratification of the appointment of KPMG LLP by the shareholders at the Annual Meeting. The Board of Directors recommends that each shareholder vote “FOR” ratification of KPMG LLP as auditors for 2003.

Aggregate fees billed by KPMG LLP for the audit of the Company’s annual financial statements and quarterly reviews of the financial statements in 2002 were \$133,000.

Aggregate fees billed for all other services rendered by KPMG LLP to us during 2002, exclusive of those services described above, were \$2,000.

Representatives of KPMG LLP are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

## **OTHER MATTERS**

The Board of Directors of the Company is not aware of any matters other than those listed in the Notice of Meeting that are to be presented for action at the Annual Meeting. If any of the Board's nominees is unavailable for election as a Director or any other matter should properly come before the Annual Meeting, it is intended that votes will be cast pursuant to the Proxy in respect thereto in accordance with the best judgment of the person or persons acting as proxies.

## **SHAREHOLDERS' PROPOSALS**

The deadline for shareholders to submit proposals to be considered for inclusion in the Proxy Statement for the 2004 Annual Meeting of Shareholders is expected to be December 11, 2003.

MICHAEL A. PECCHIA  
Secretary

By Order of the Board of Directors  
April 11, 2003

RAINBOW RENTALS, INC.  
3711 Starr Centre Drive  
Canfield, Ohio 44406

PROXY

The undersigned, a holder of shares of Common Stock of Rainbow Rentals, Inc. (the “Company”), an Ohio corporation, hereby appoints WAYLAND J. RUSSELL, LAWRENCE S. HENDRICKS and MICHAEL J. VIVEIROS, and each of them, the proxies of the undersigned, each with full power of substitution, to attend, represent and vote for the undersigned, all of the shares of the Company which the undersigned would be entitled to vote, at the Annual Meeting of Shareholders of the Company to be held on May 14, 2003, and any adjournments thereof, as follows:

1. The election of six members to the Board of Directors to hold office for a one-year term and until their successors are duly elected and qualified, as provided in the Company’s Proxy Statement:

<b>FOR all nominees listed below</b>	<b>WITHHOLD AUTHORITY to vote for all nominees listed below</b>
<input type="checkbox"/>	<input type="checkbox"/>

*(INSTRUCTIONS: To withhold authority to vote for any individual nominee, strike a line through or otherwise strike out his or her name below)*

Wayland J. Russell, Lawrence S. Hendricks, Michael J. Viveiros, Brian L. Burton, Ivan J. Winfield and Robert A. Glick.

2. The ratification of the appointment of KPMG LLP as the Company’s auditors for the year ending December 31, 2003.

<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Upon such other matters as may properly come before the meeting or any adjournments thereof.

The undersigned hereby revokes any other proxy to vote at such Annual Meeting, and hereby ratifies and confirms all that said attorneys and proxies, and each of them, may lawfully do by virtue hereof. With respect to matters not known at the time of the solicitations hereof, said proxies are authorized to vote in accordance with their best judgment.

(Continued, and to be dated and signed, on the other side)

(Continued from the other side)

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN ACCORDANCE WITH THE INSTRUCTIONS ON THE OTHER SIDE HEREOF. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE SIX DIRECTORS NAMED IN PROPOSAL 1, FOR THE ADOPTION OF PROPOSAL 2, AND AS SAID PROXIES SHALL DEEM ADVISABLE ON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.**

**The undersigned acknowledges receipt of a copy of the Notice of Annual Meeting and accompanying Proxy Statement dated April 11, 2003 relating to the Annual Meeting and the 2002 Annual Report to Shareholders.**

**PLEASE MARK, SIGN, DATE AND RETURN THE PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.**

Date: \_\_\_\_\_, 2003

\_\_\_\_\_  
Signature(s) of Shareholder(s)

The signature(s) hereon should correspond exactly with the name(s) of the Shareholder(s) appearing on the Share Certificate. If stock is jointly held, all joint owners should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If signer is a corporation, please sign the full corporate name, and give title of signing officer.

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF RAINBOW RENTALS, INC.**