

RAC

Rent·A·Center®

*Investor Presentation
Fourth Quarter & Year End 2003*



February 25, 2004

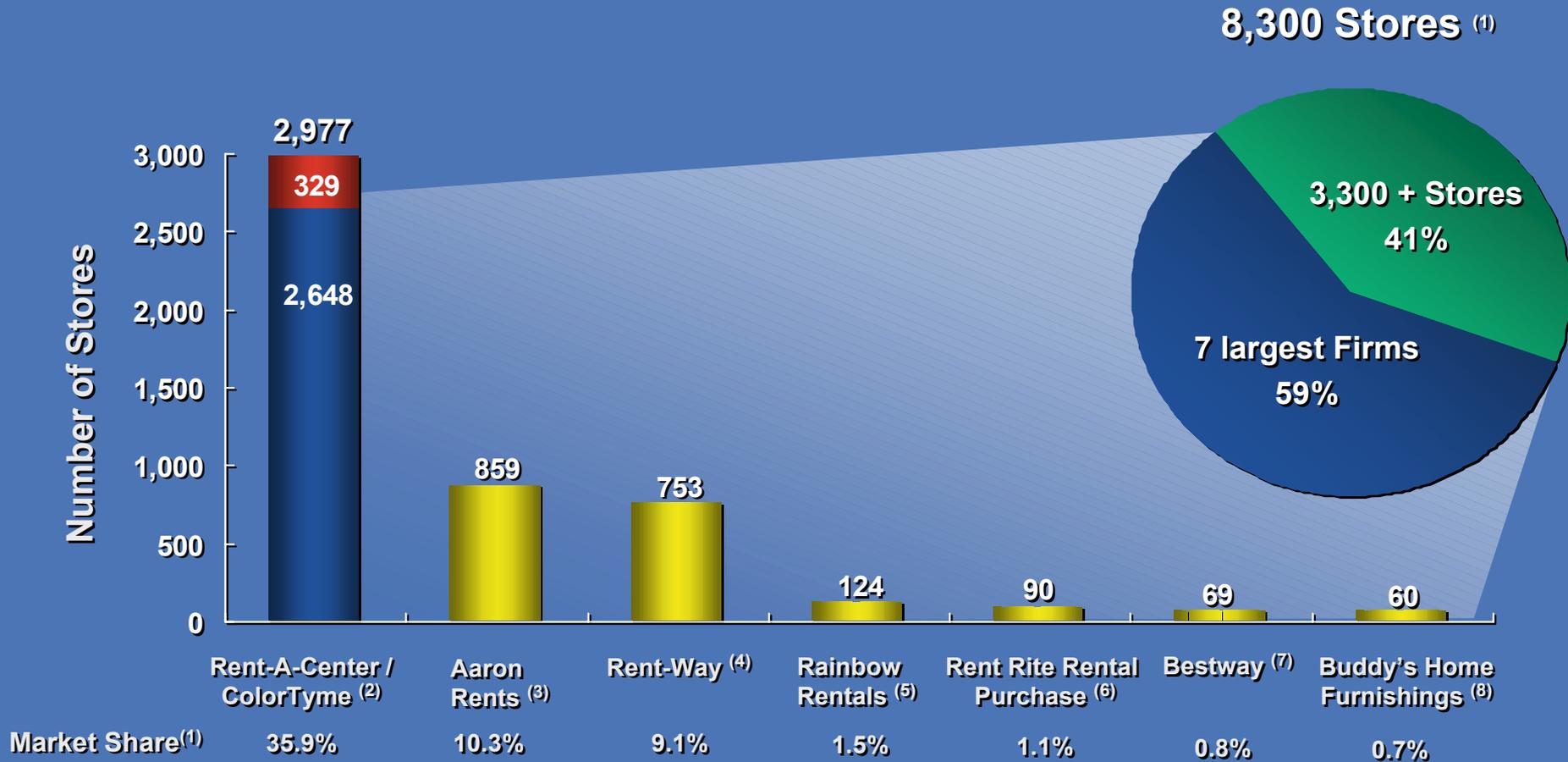
Key Investment Rationale

- Leading rent-to-own operator in the U.S.
- Proven business model
- Multiple growth drivers
- Consistent growth in any economic environment
- Predictable revenue stream
- Strong cash flow generation
- Experienced management team

Leading RTO Operator in U.S.

- Largest rent-to-own operator in the U.S.
 - 32% market share based on 2,648 store count as of 12/31/03
 - ColorTyme subsidiary represents an additional 4% market share
- Broad selection of high quality goods through flexible rental agreements
 - Home electronics – 40% of rental revenue
 - Furniture and home accessories - 34% of rental revenue
 - Appliances - 16% of rental revenue
 - Personal computers - 10% of rental revenue
- Primarily serves the “underbanked” consumer
- Generated \$2.23 billion in revenue and \$425.9 million in EBITDA for the 12 months ended December 31, 2003

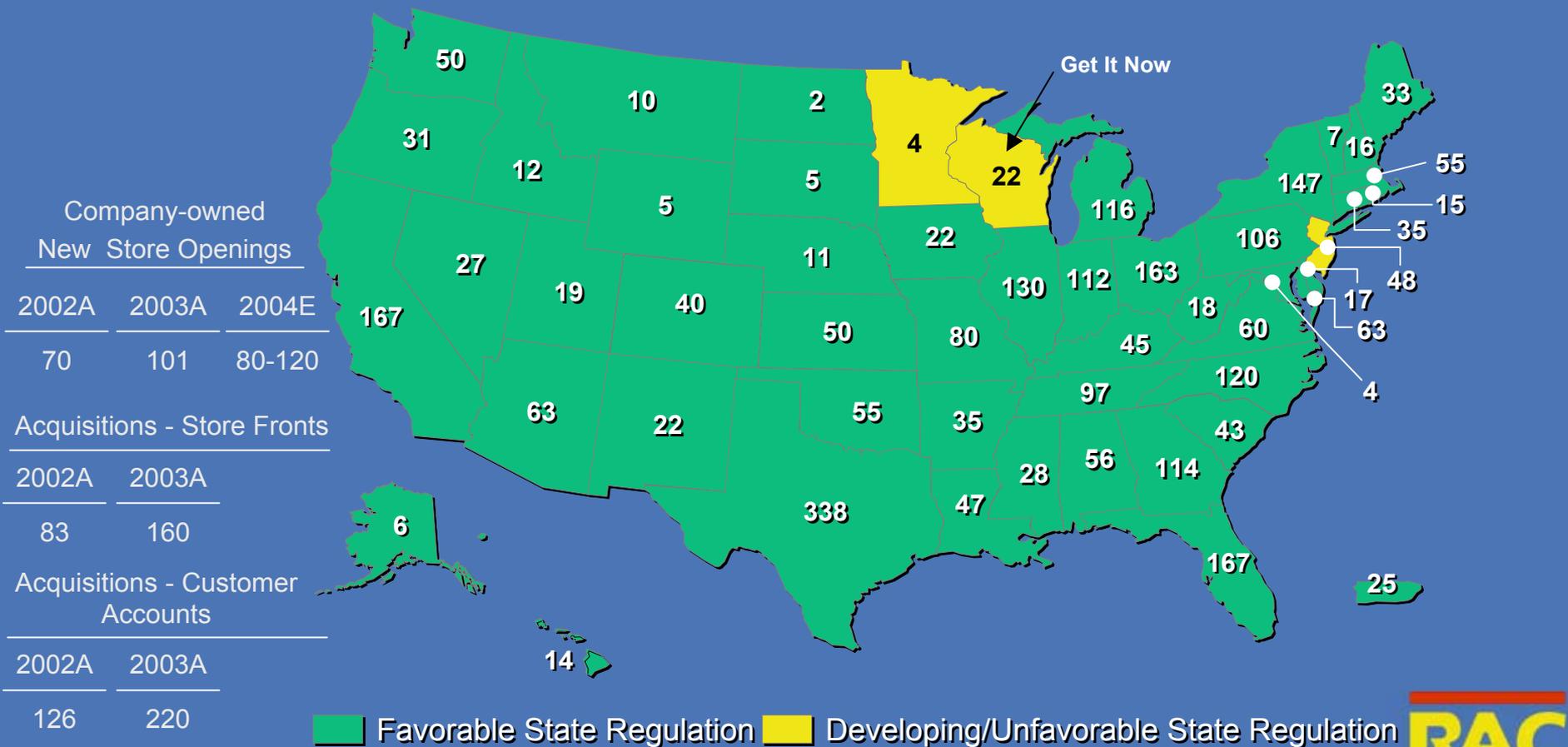
Leading Player in Fragmented Marketplace



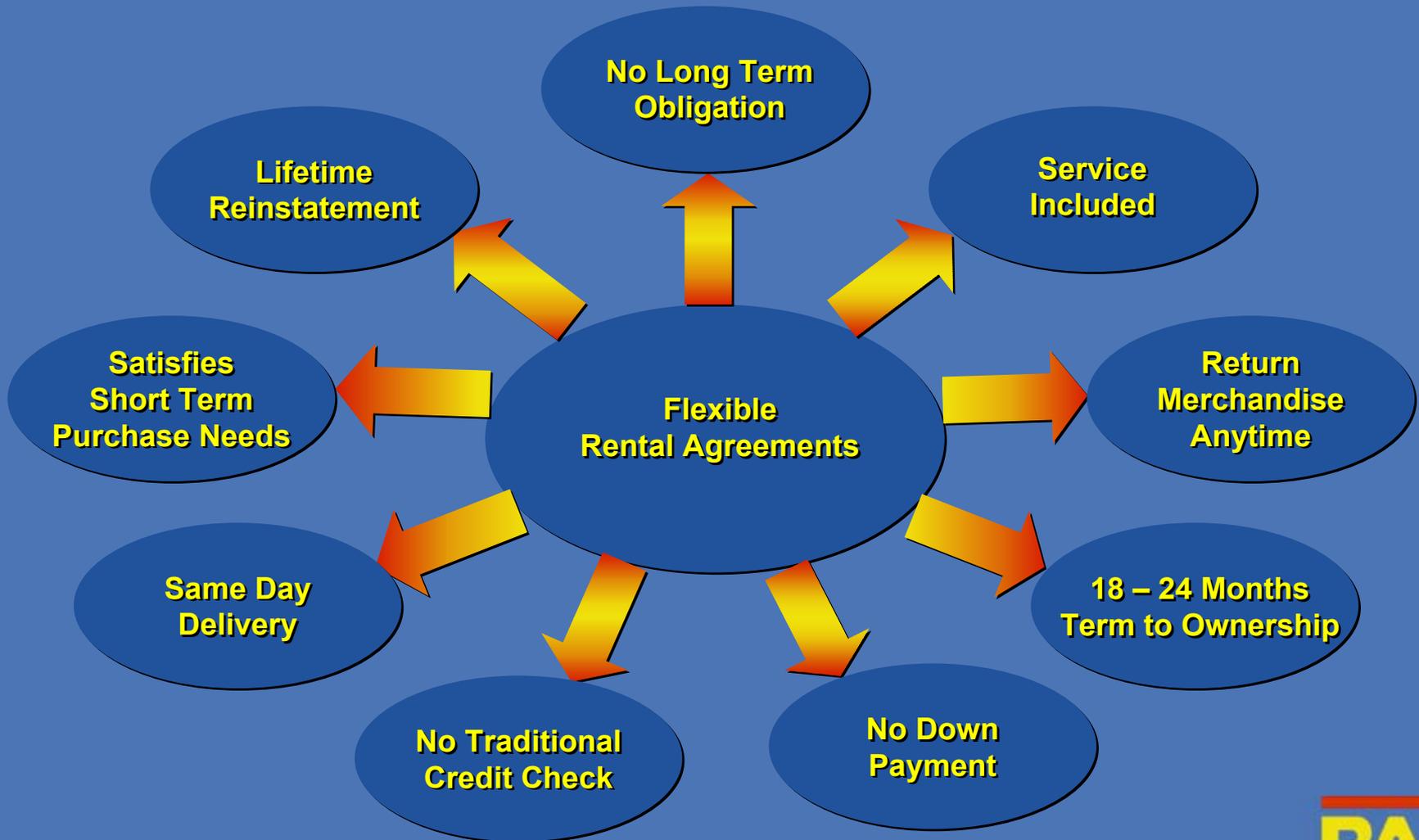
- Notes:
- (1) Based on Association of Progressive Rental Organization (APRO) estimates in 2003 Industry Survey of 8,300 total stores
 - (2) Company data as of December 31, 2003
 - (3) Company press release of January 28, 2004, includes estimated 12 Sight & Sound stores
 - (4) Company press release of February 4, 2004 for period ended December 31, 2003
 - (5) Company press release of February 4, 2004
 - (6) Company website as of February 13, 2004
 - (7) Company website as of February 20, 2004
 - (8) Company website as of February 20, 2004

Leading National Footprint

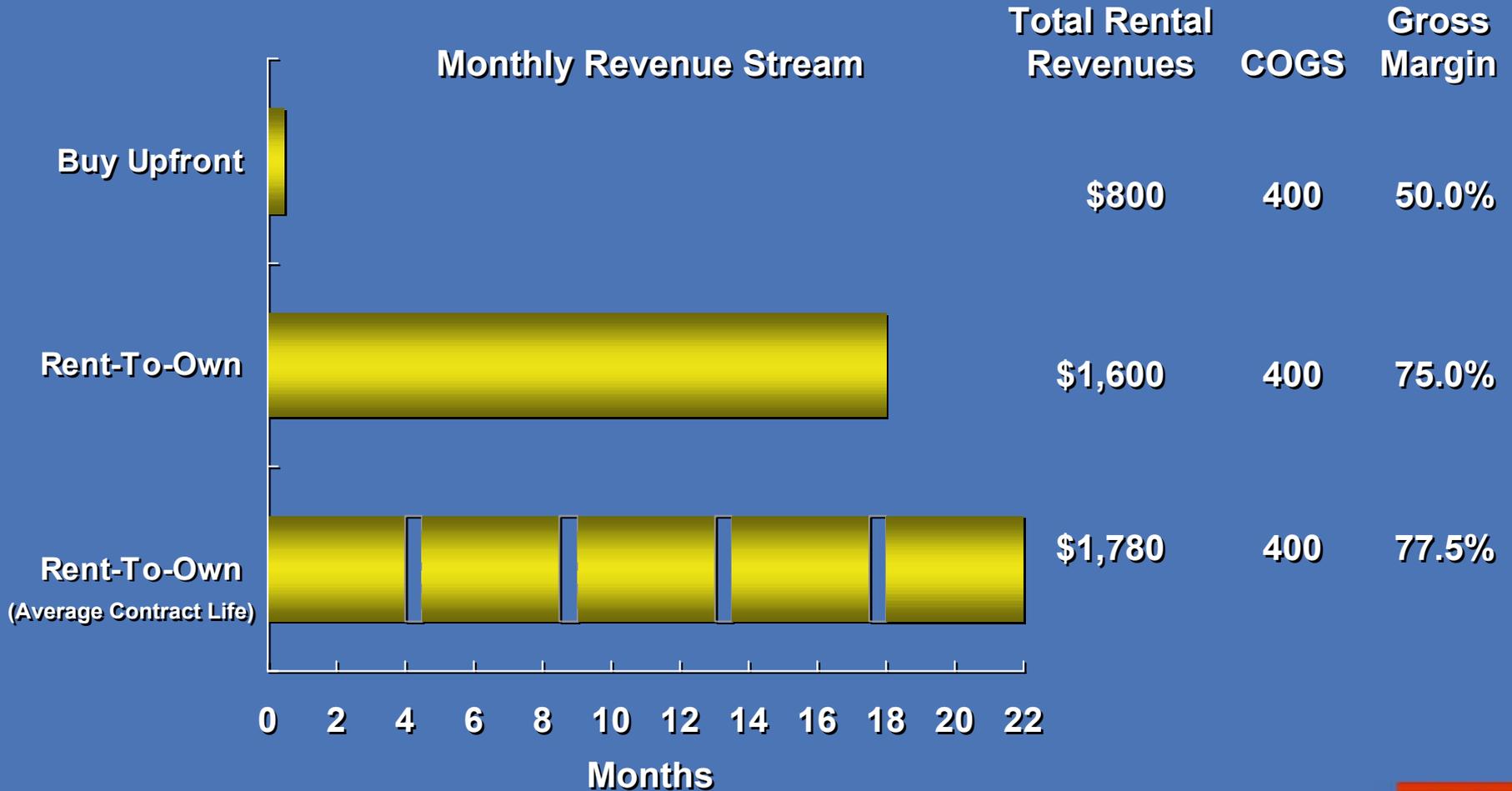
2,648 company-owned stores and 329 franchised stores



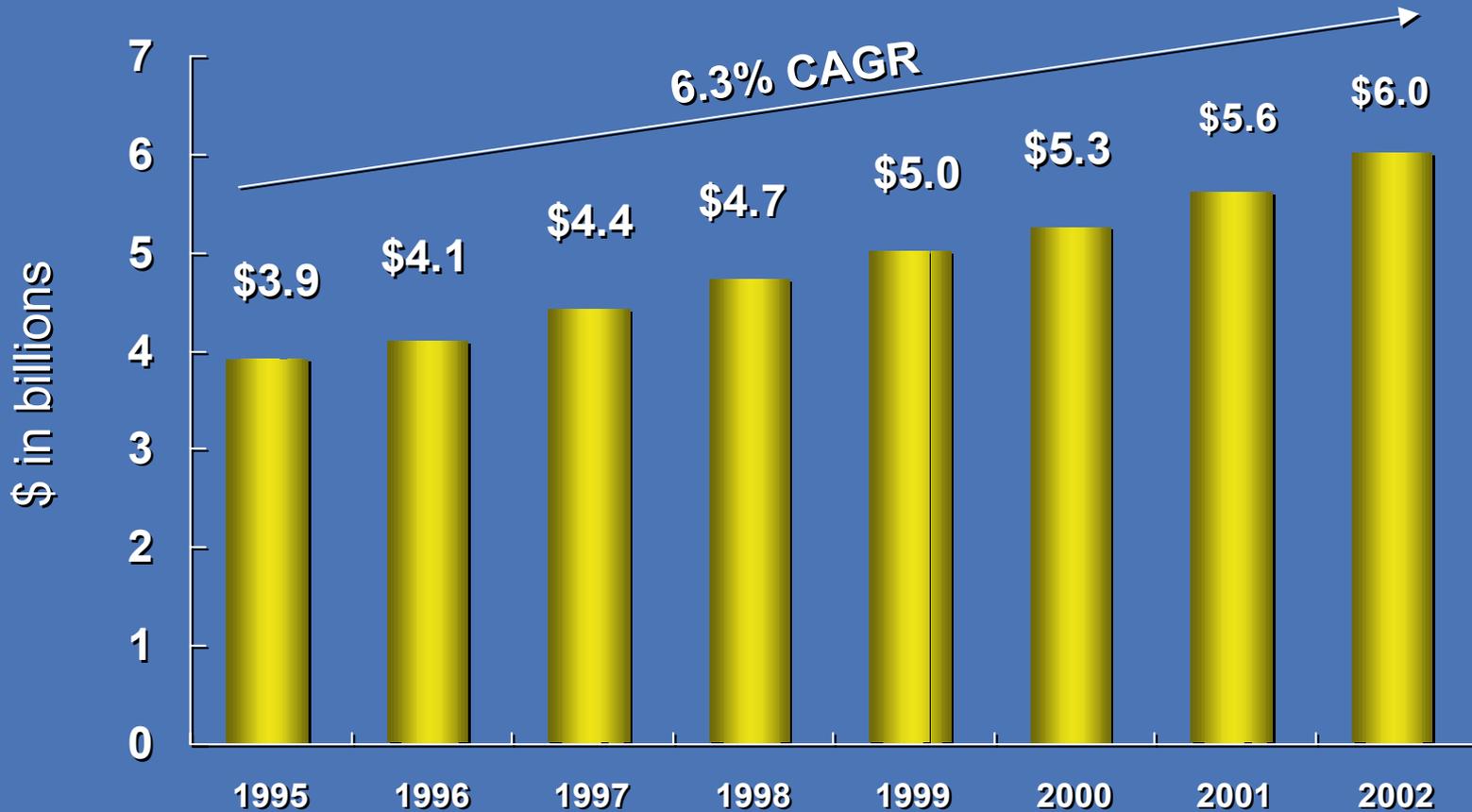
Rent-to-Own is an Appealing Transaction...



...With Attractive Economics ...



...Consistent Industry Growth...



Source: APRO 2003 Industry Survey

Six Levers of Growth

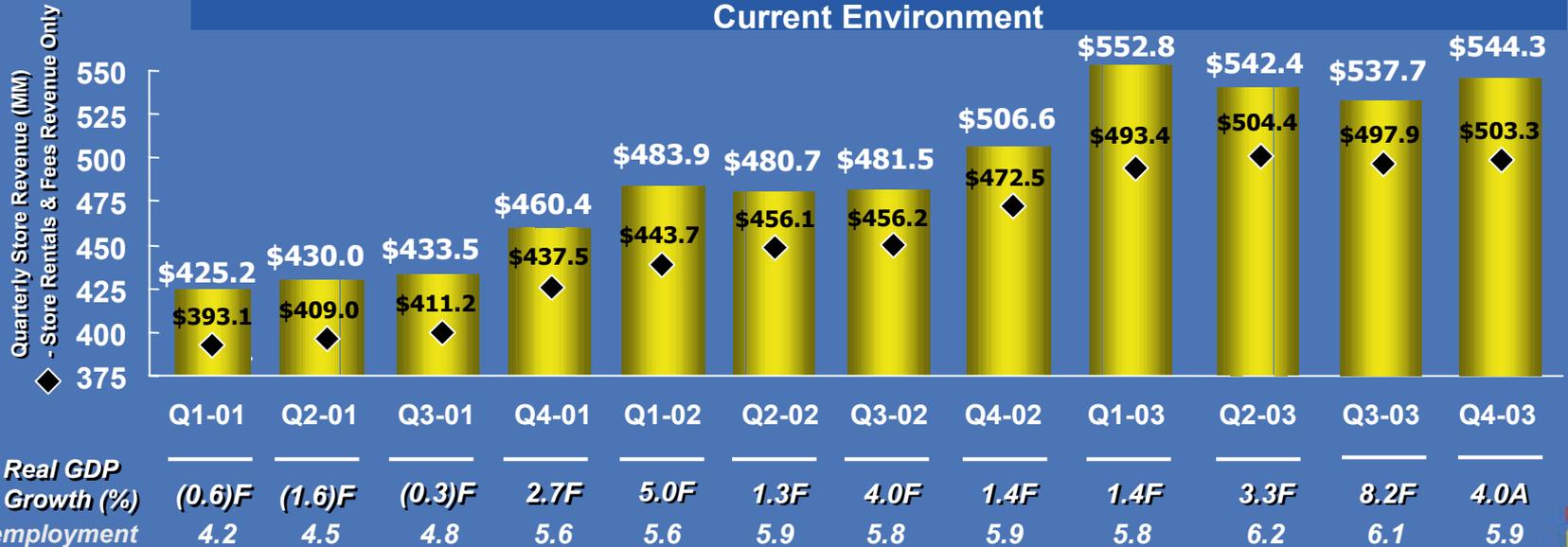
- Open New Stores
- Acquire Existing Rent-to-Own Stores
 - Storefronts
 - Customer Accounts
- Grow Same Store Sales
 - Merchandise Mix
 - Agreements per Customer
 - Customer Growth

...In Any Economic Environment

Late 1990's Economic Boom



Current Environment

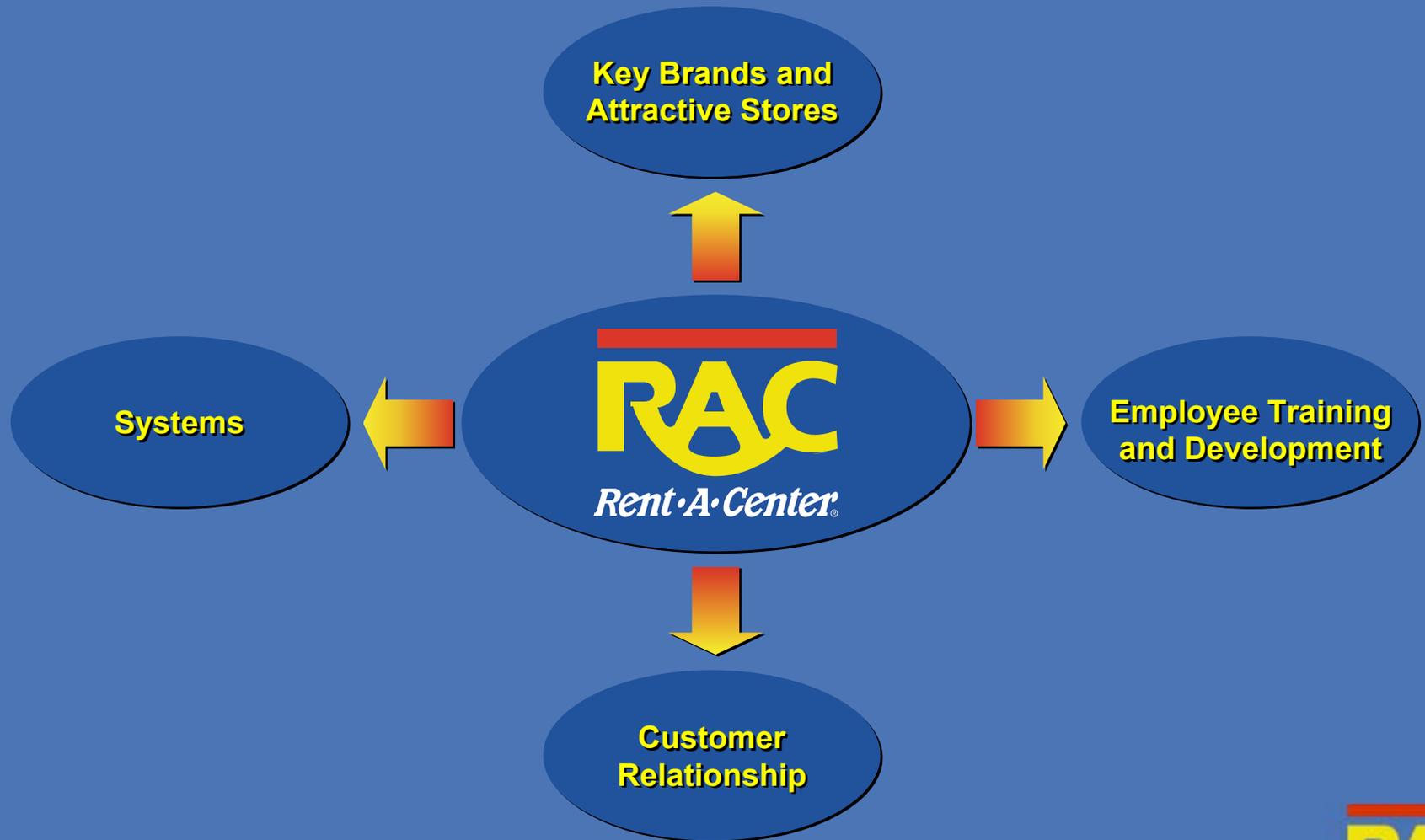


Serves the “Underbanked Working Family”

- 92% of Customers in the Industry have Household Incomes between \$15,000 and \$50,000⁽¹⁾
- 45 million Households with Household Incomes between \$15,000 and \$50,000⁽²⁾
- Industry is Serving only 2.9 million of these Households⁽³⁾
- Great Market Opportunity

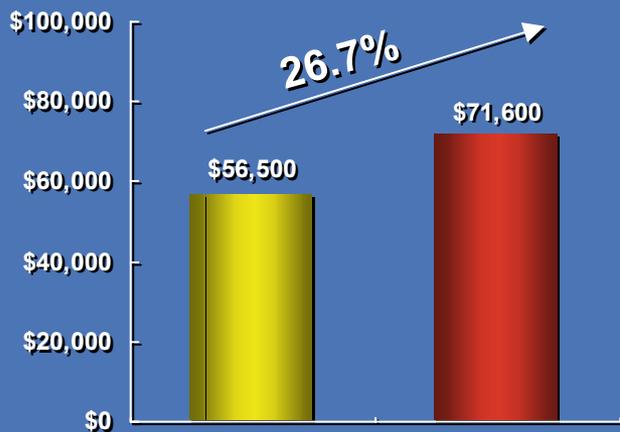
Note: (1) America's Research Group, February 1999
(2) U.S. Census Bureau - 2001
(3) APRO 2003 Industry Survey

Proven Business Model

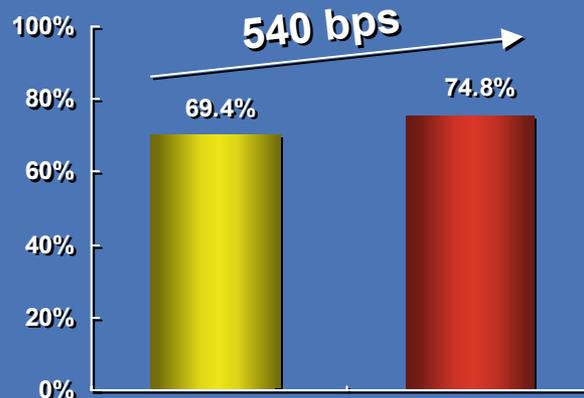


Rent-A-Center Store Profitability vs. Peers

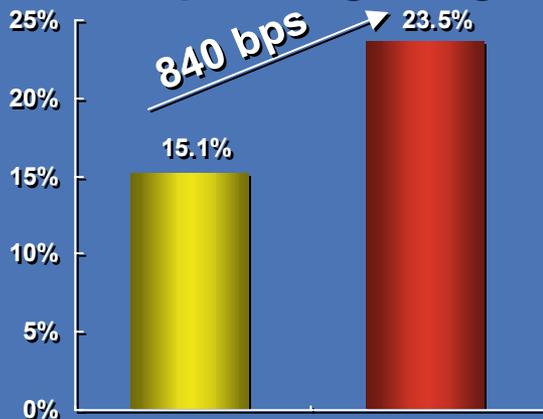
Monthly Revenue



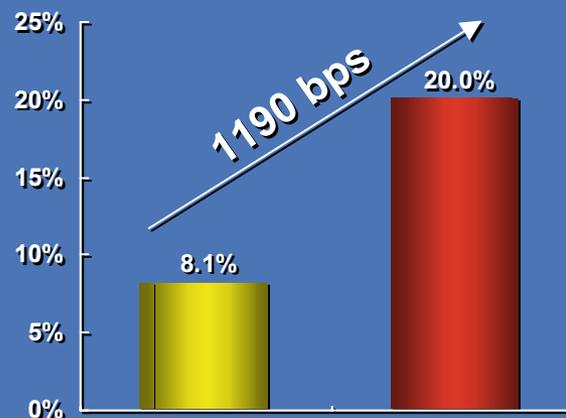
Gross Profit Margin



Store Operating Margin



EBITDA Margin



■ Industry Average ⁽¹⁾

■ Average RCII Store ⁽²⁾

Notes: (1) Source: APRO 2003 Industry Survey.

(2) Per LTM data for the period ended December 31, 2003 for Rent-A-Center stores (excludes Rent-Way storefronts, Get It Now & ColorTyme)

(3) Store Operating Margin is before overhead allocation

Easily Accessible, Highly Visible Sites



Leased Sites Only

Spacious Showroom Interior



No Warehouses - Vendors Ship Directly to the Stores

High Quality, Brand-name Merchandise

Electronics
40% of Rental
Revenue

SONY

PHILIPS

JVC

 **Mitsubishi**

Furniture
34% of Rental
Revenue

 **ASHLEY**

 **Simmons**

 **England**

Appliances
16% of Rental
Revenue


Whirlpool

Computers
10% of Rental
Revenue



COMPAQ

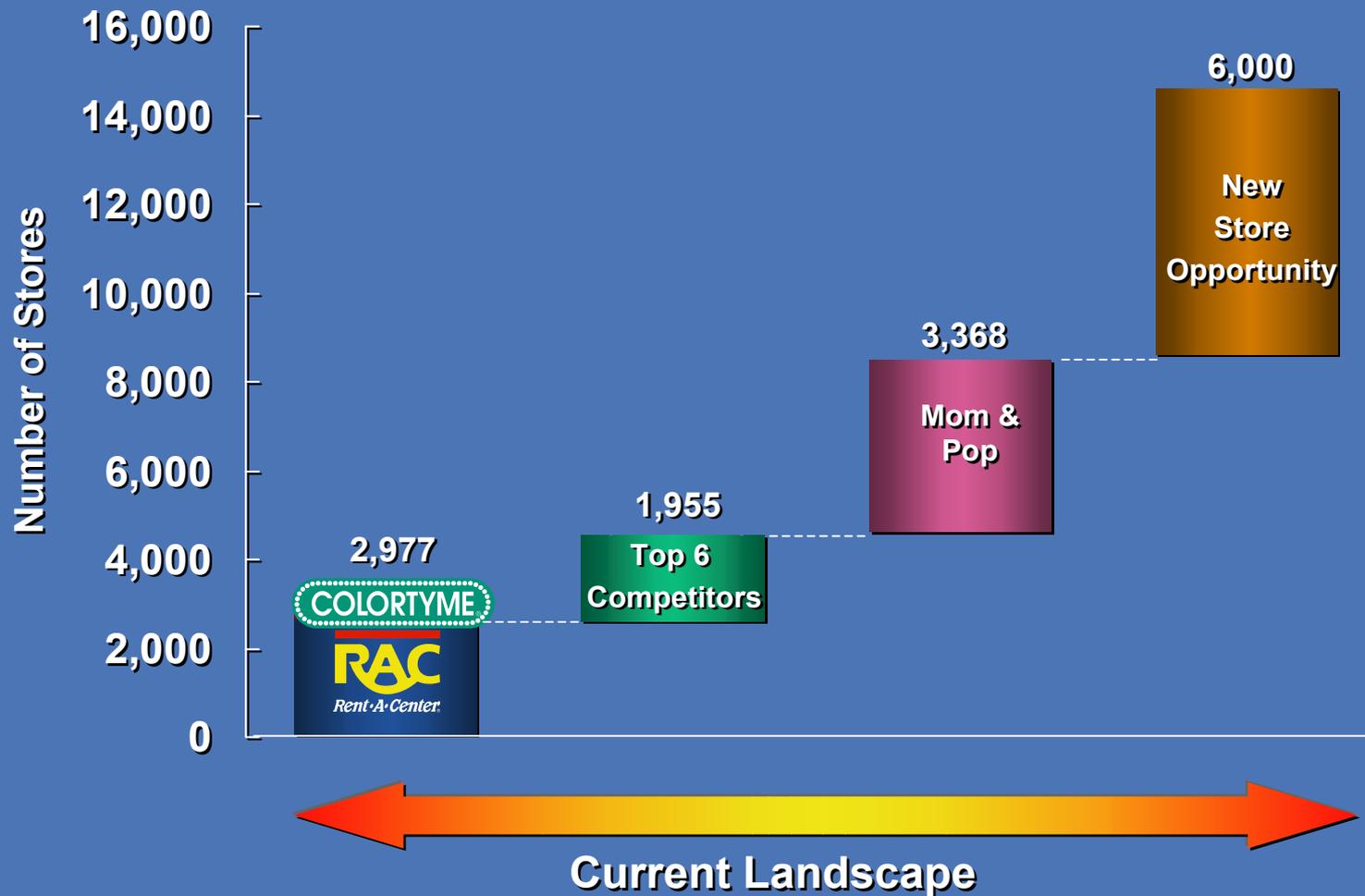
DELL

IBM

Strategic Objectives

- Improve Store Level Profitability
- Open New Stores
- Acquire Existing Rent-to-Own Stores
- Grow Same Store Sales
- Enhance National Brand

Significant Market Opportunity



Strong New Store Economics

- Start-up investment of approximately \$450,000 (2/3 for inventory)
- Begin turning a monthly profit in approximately nine months
- Cumulative break even within 18–24 months
- Internal Rate of Return of approximately 50%⁽¹⁾

	Year 1	Year 2	Year 3	Year 4
Revenues	\$400,000	\$650,000	\$750,000	\$800,000
Store operating margins	(25.0%)	10.0%	17.0%	20.0%
EBITDA	(\$85,000)	\$80,000	\$140,000	\$170,000

Note: (1) Before market and corporate allocation and income tax expense, terminal value of 6.5 X EBITDA in Year 4

Enhancing National Brand

RAC Rent-A-Center
RENT TO OWN FURNITURE, APPLIANCES, ELECTRONICS AND COMPUTERS
Alquiler de Mobiliario, Electrodomésticos, Electrónicos y Computacionales con Opción a Compra

FIRST WEEK \$1 only
WHEN SECOND WEEK IS PAID
LA PRIMERA SEMANA PAGAMOS \$1
SI PAGAS LA SEGUNDA SEMANA

EASY OWNERSHIP
Es Fácil Ser Dueño

FLEXIBLE PAYMENT OPTIONS
Múltiples Opciones de Pagos
Opción de Pago Periódica
Semanal, Cada Dos Semanas O Mensual

NO CREDIT NEEDED
No Necesitas Crédito

SERVICE AND DELIVERY INCLUDED
Servicio Y Entrega Incluidos

RENT SHORT TERM, LONG TERM OR RENT TO OWN
Alquila A Corto Plazo, Largo Plazo O Alquila Con Opción A Comprar

TRY IT BEFORE YOU BUY IT
Pruebalo Antes De Comprarlo

90 DAYS SAME AS CASH
90 Días Igual Al Efectivo

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To Connect To The Store Nearest You
Para Conectarse Con La Tienda Más Cercana
Visit Us At rentacenter.com

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Juegos De Sala

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Televisores Pantalla Ancha De Alta Definición Disponibles

Big-Screen TVs
Tus De Pantalla Grande

Personal Computers
Computadoras Personales

Play Games and Surf The Net



- National and spot media
- Loyalty program
- NASCAR sponsorship with Ford Motor Company and the U.S. Air Force
- Partnerships
 - McDonald's
 - Jackson Hewitt
- Multi-variable testing

Experienced Management Team

- Senior management team is the most experienced in RTO industry
 - CEO Mark Speese has nearly 25 years RTO experience
 - President Mitch Fadel has over 20 years of RTO experience
 - Senior executives average over 10 years of RTO experience
- Attracting the best personnel with industry-leading salary and incentive plans

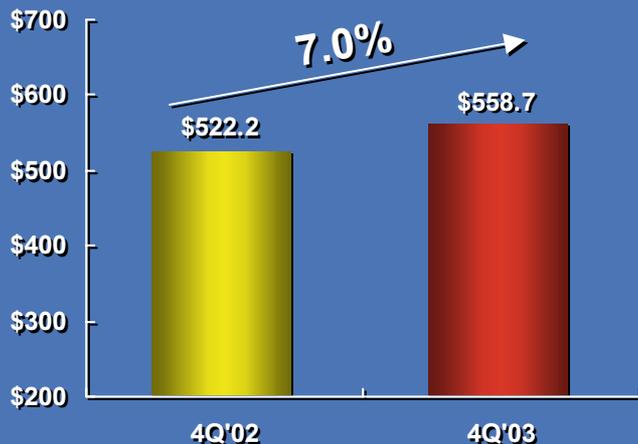


Financial Overview

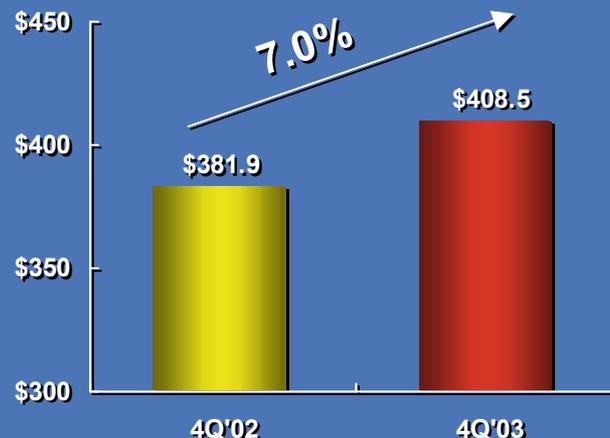


4Q03 Review

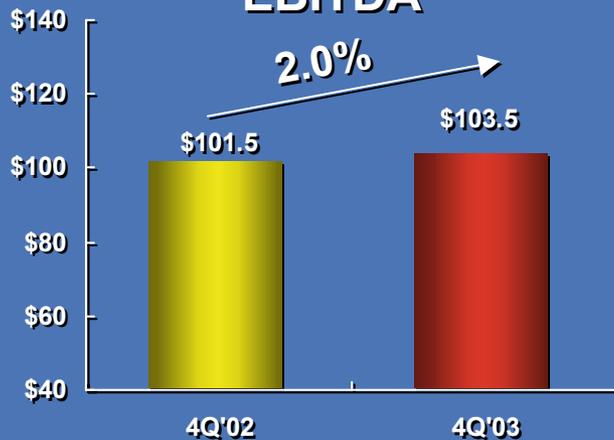
Revenue



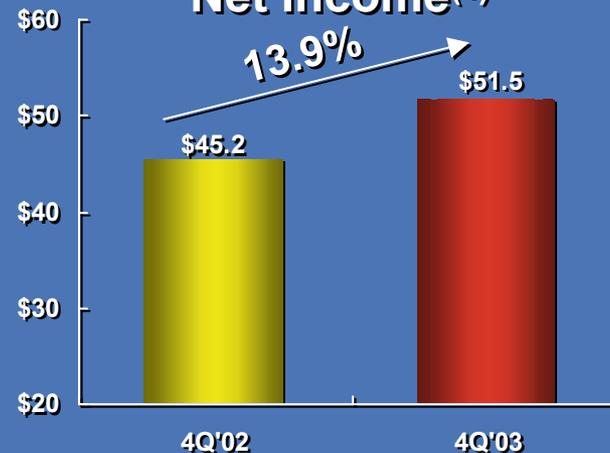
Gross Profit



EBITDA



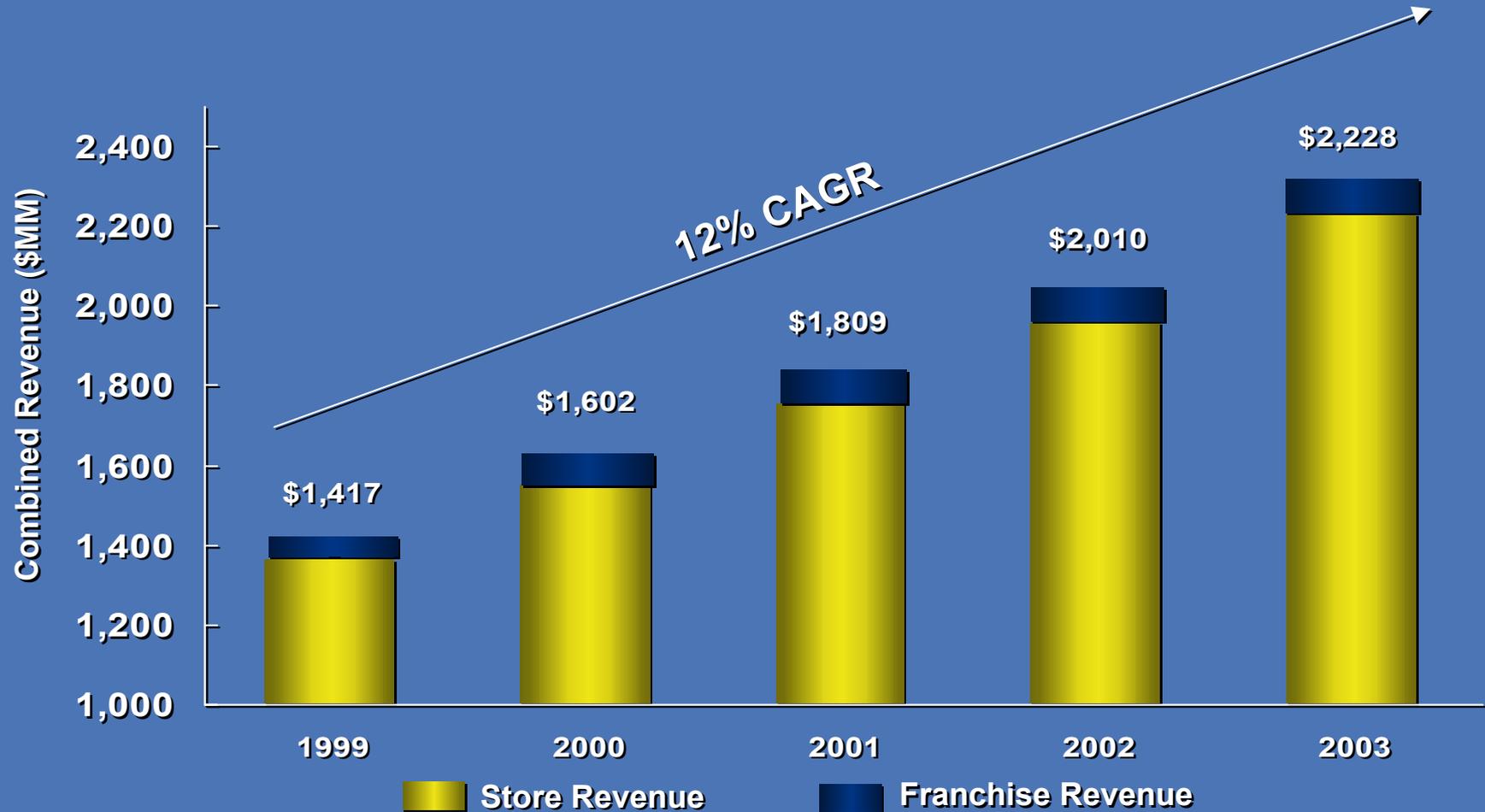
Net Income⁽¹⁾



EBITDA Margin	19.4%	18.5%
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Net Income Margin	8.7%	9.2%
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Strong, Consistent Sales Growth



Consistent Growth in Same Store Sales



Current Capital Structure

<i>(in thousands of dollars)</i>	Dec 31 2002	% of Book Capital	Dec 31 2003	% of Book Capital
Cash & Equivalents	\$85.7	N/A	\$143.9	N/A
Senior Credit Facilities	249.5	18.3%	398.0	26.7%
Subordinated Notes	271.8	19.9%	300.0	20.1%
Total Debt	521.3	38.2%	698.0	46.8%
Shareholders' Equity	842.4	61.8%	794.8	53.2%
Total Capitalization	\$1363.7	100.0%	\$1492.8	100.0%

Consolidated Leverage Ratio 1.52x (4Q'03)

Consolidated Interest Coverage Ratio 6.42x (4Q'03)

Schedule of Free Cash Flow

2004 Estimate

	<u>2004</u>
EBITDA	\$435MM - \$455MM
Net Cash Interest	(\$35MM)
CapEx	(\$55MM)
Net Investment in Rental Merchandise	(\$30MM)
Taxes	(\$110MM)
Free Cash Flow	\$205MM - \$225MM

Free Cash Flow Yield of Approximately 8%

Guidance

<u>QUARTERLY</u>	<u>1Q'03</u>	<u>1Q'04</u>	<u>Growth</u>
Total Revenue	\$566.4MM	\$583.0-\$588.0MM	3-4%
Diluted EPS	\$0.57	\$0.62-\$0.63	9-11%
<u>ANNUAL</u>	<u>2003</u>	<u>2004</u>	<u>Growth</u>
Total Revenue	\$2.23BN	\$2.36-\$2.39BN	6-7%
Diluted EPS	\$2.33*	\$2.62-\$2.70	12-16%

* Excludes \$35.3MM of one-time finance charges for the recapitalization program

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Safe Harbor Statement

This press release contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "could," "estimate," "should," "anticipate," or "believe," or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in such forward-looking statements will prove to be correct, the Company can give no assurance that such expectations will prove to have been correct. The actual future performance of the Company could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to: uncertainties regarding the ability to open new stores; the Company's ability to acquire additional rent-to-own stores on favorable terms; the Company's ability to enhance the performance of these acquired stores, the Company's ability to control store level costs; the results of the Company's litigation; the passage of legislation adversely affecting the rent-to-own industry; interest rates; the Company's ability to collect on its rental purchase agreements; changes in the Company's effective tax rate; changes in the Company's stock price and the number of shares of common stock that the Company may or may not repurchase, and regarding the Company's announced acquisition of Rainbow Rentals, ("Rainbow"), the Company's ability to receive regulatory approval on terms acceptable to them; the approval of the acquisition of Rainbow by Rainbow's shareholders; the ability of the Company to successfully integrate the acquired Rainbow stores into the Company's operating system; the Company's ability to enhance the performance of the acquired Rainbow stores; the ability of the Company to close the transaction in the time period currently anticipated; the satisfaction of the closing conditions to the Rainbow acquisition; the ability to realize the cost savings anticipated; and the other risks detailed from time to time in the Company's SEC filings, including but not limited to, its annual report on Form 10-K for the year ended December 31, 2002 and its quarterly reports on Form 10-Q for the three month periods ending March 31, 2003, June 30, 2003 and September 30, 2003. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company is not obligated to publicly release any revisions to these forward-looking statements to reflect the events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.