

RAC

Rent-A-Center®

*Investor Presentation
Second Quarter 2003*



August 22, 2003

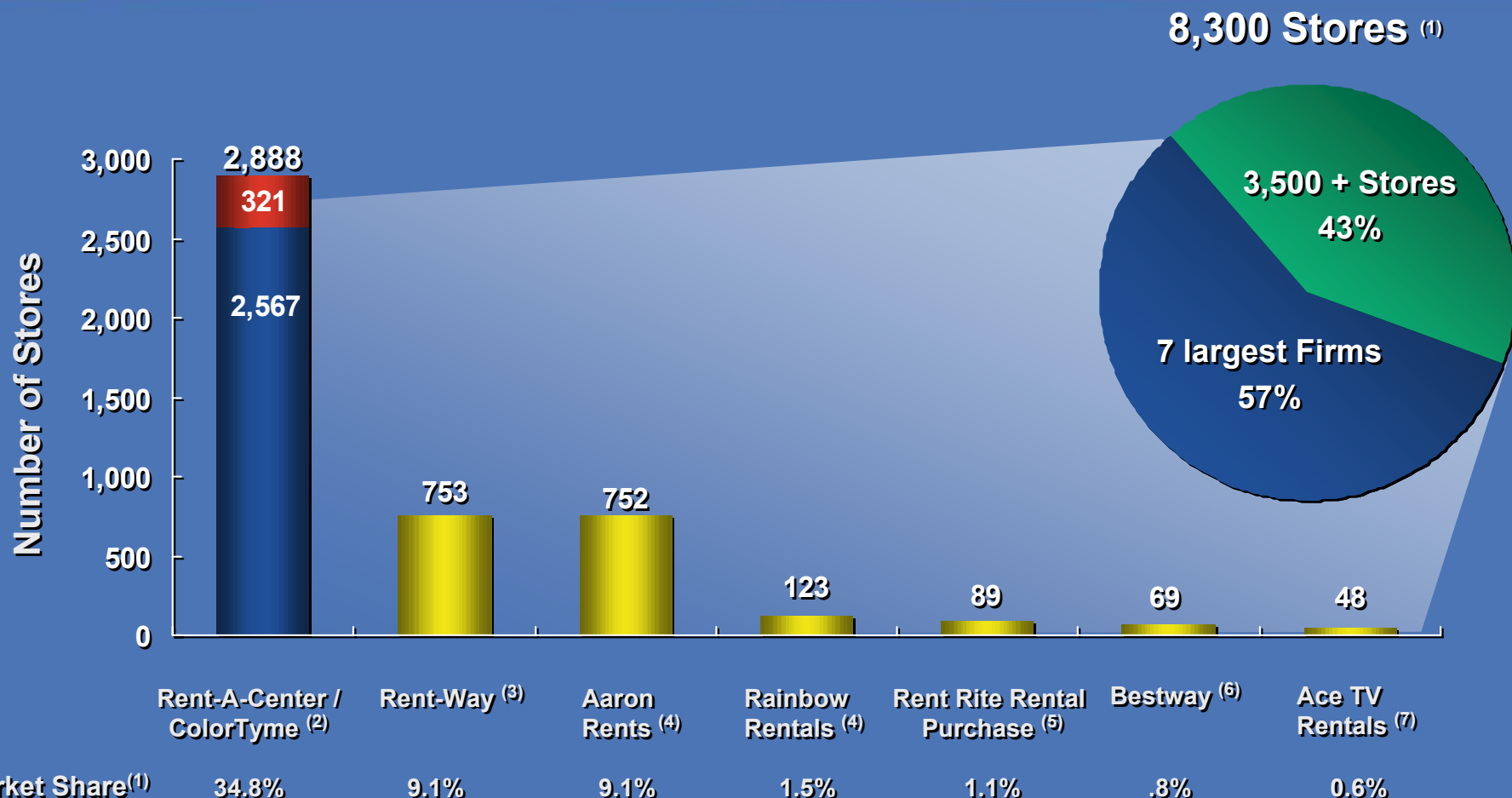
Key Investment Rationale

- 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.
 - 31% market share based on 2,567 store count as of 6/30/03
 - ColorTyme subsidiary represents an additional 4% market share
- Broad selection of high quality goods through flexible rental agreements
 - Home electronics – 41% of rental revenue
 - Furniture and home accessories - 33% of rental revenue
 - Appliances - 16% of rental revenue
 - Personal computers - 10% of rental revenue
- Primarily serves the “underbanked” consumer
- Generated \$2.14 billion in LTM revenue and \$417.4 million in LTM EBITDA as of June 30, 2003

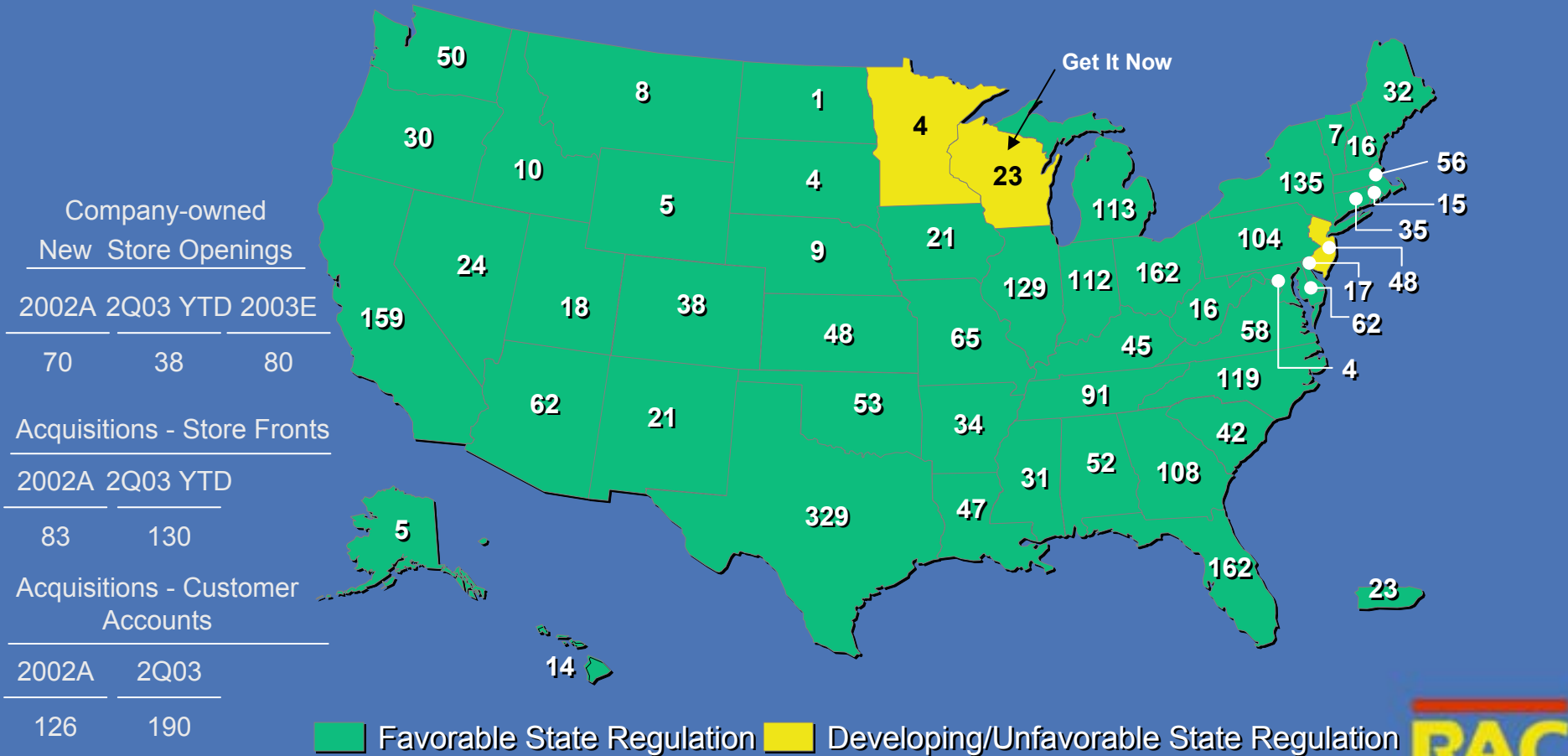
Dominant Player in Fragmented Marketplace



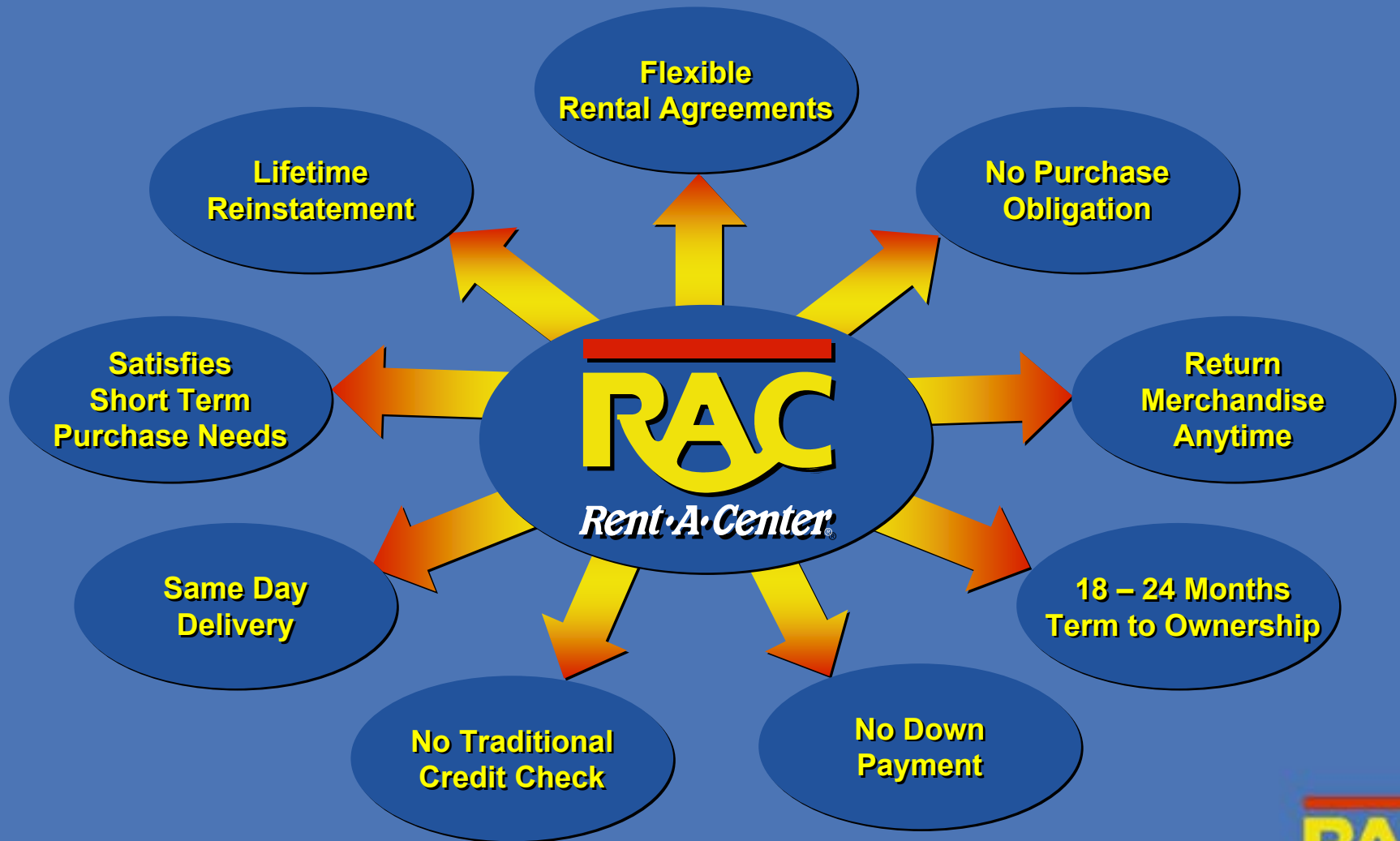
- Notes:
- (1) Based on Association of Progressive Rental Organization (APRO) estimates in 2003 Industry Survey of 8,300 total stores
 - (2) Company data as of June 30, 2003
 - (3) Company Fiscal 2003 Third Quarter Earnings Press Release for period ended June 30, 2003
 - (4) Company 2003 Second Quarter Earnings Press Release for period ended June 30, 2003
 - (5) RTO Magazine – July 2, 2003
 - (6) Company website - store locations
 - (7) Rent-A-Center's Estimate

Leading National Footprint

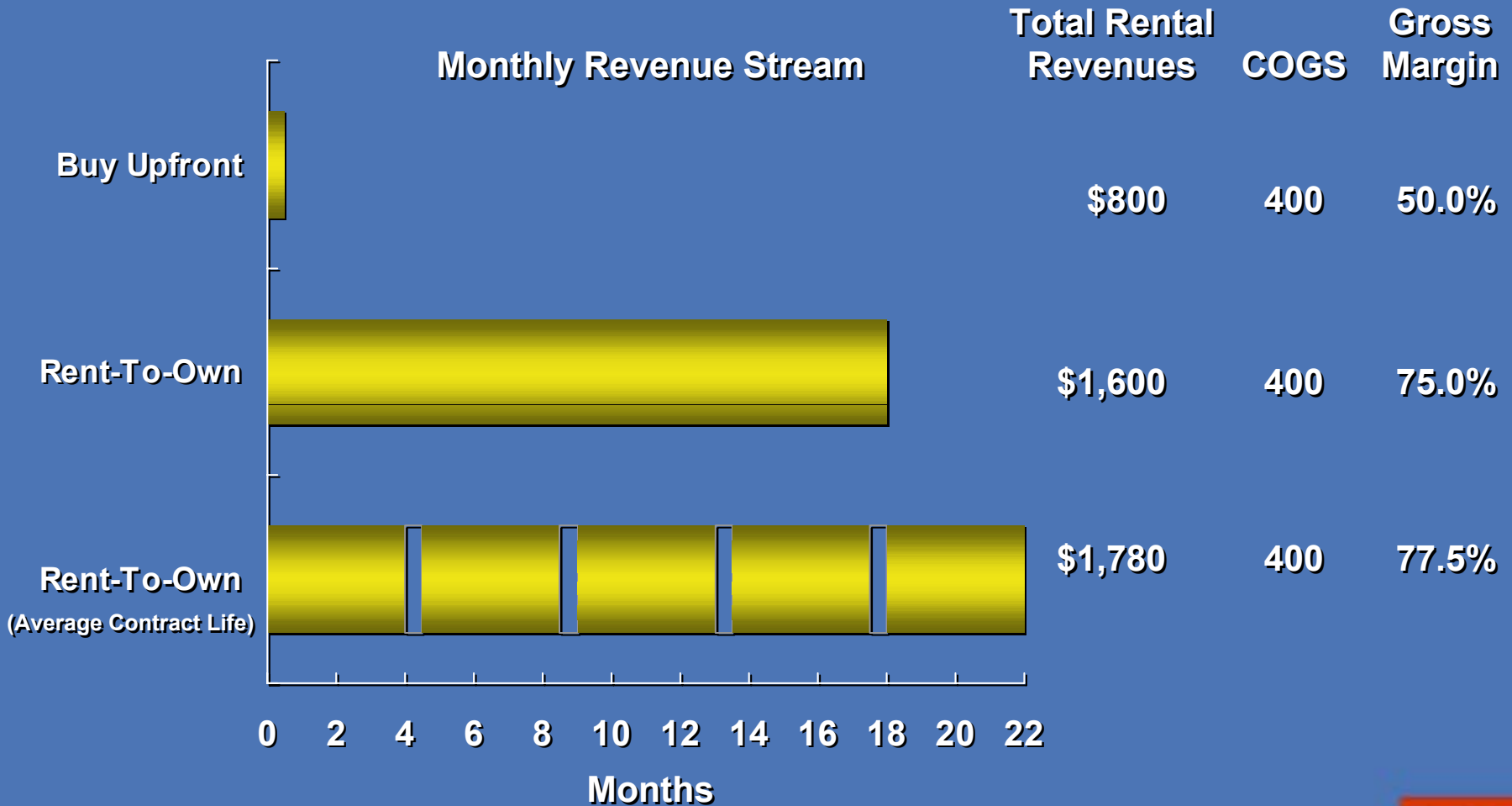
2,567 company-owned stores and 321 franchised stores



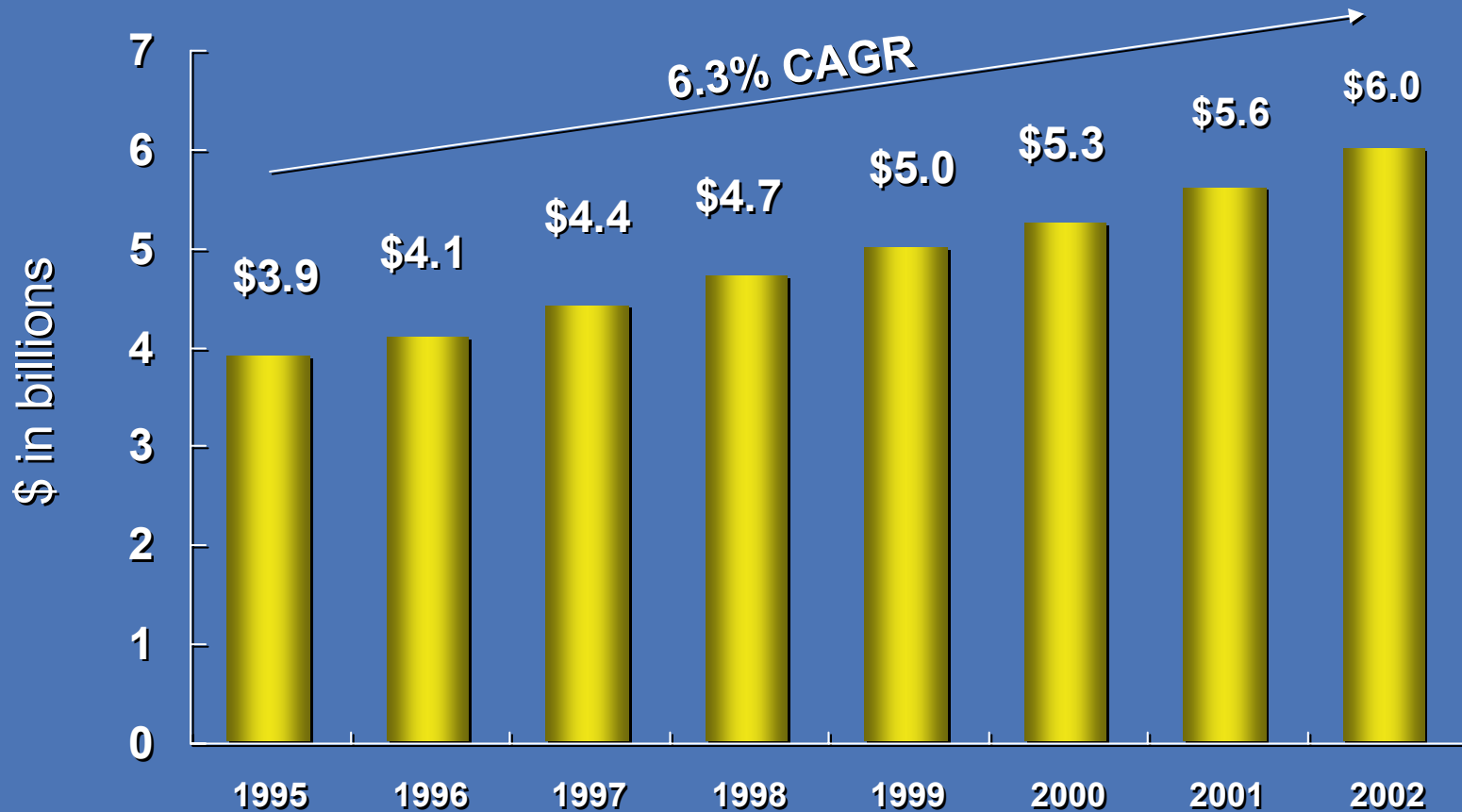
Rent-to-Own is an Appealing Transaction...



...With Attractive Economics ...



...Consistent Industry Growth...

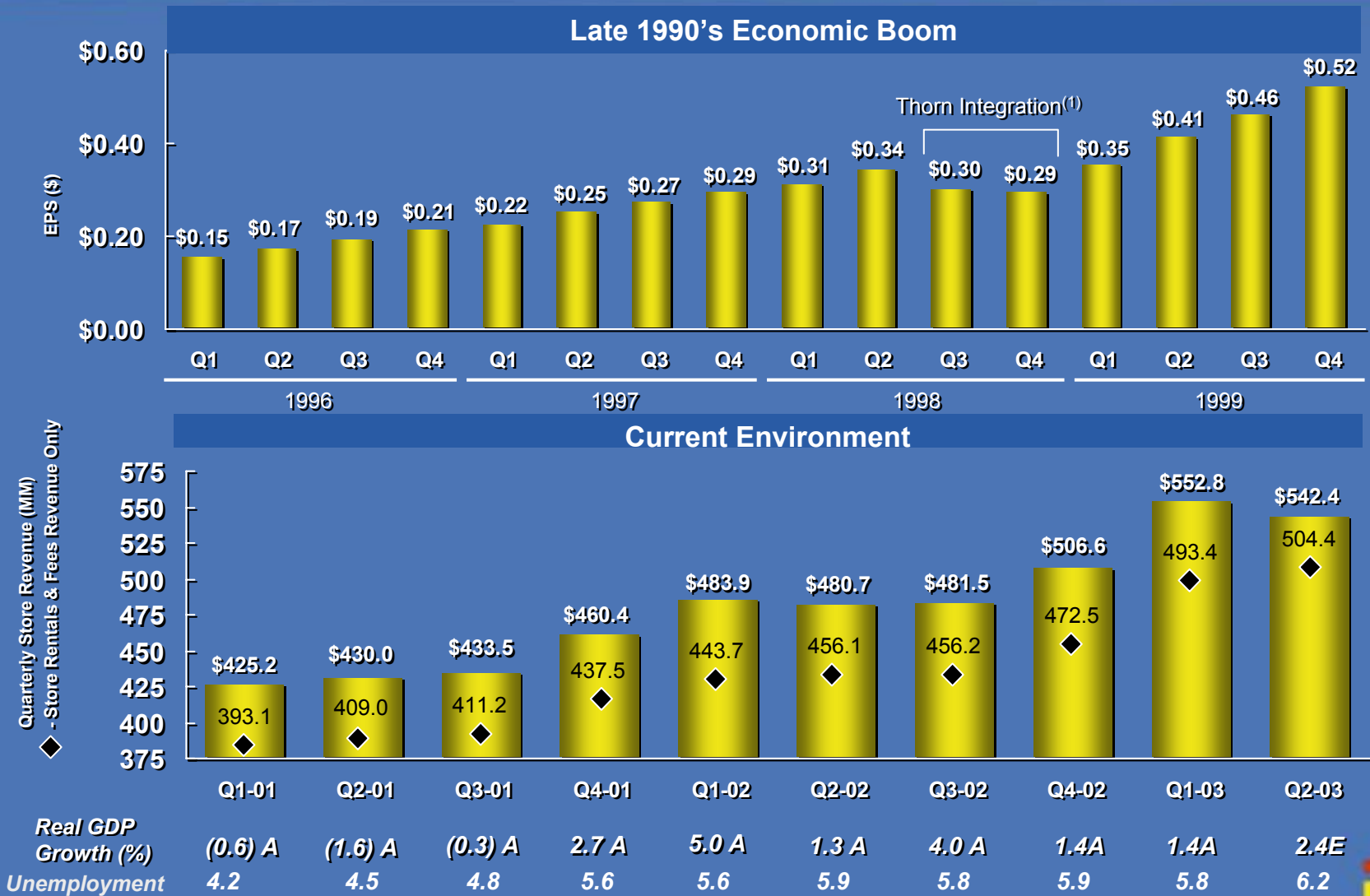


Source: APRO 2003 Industry Survey

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



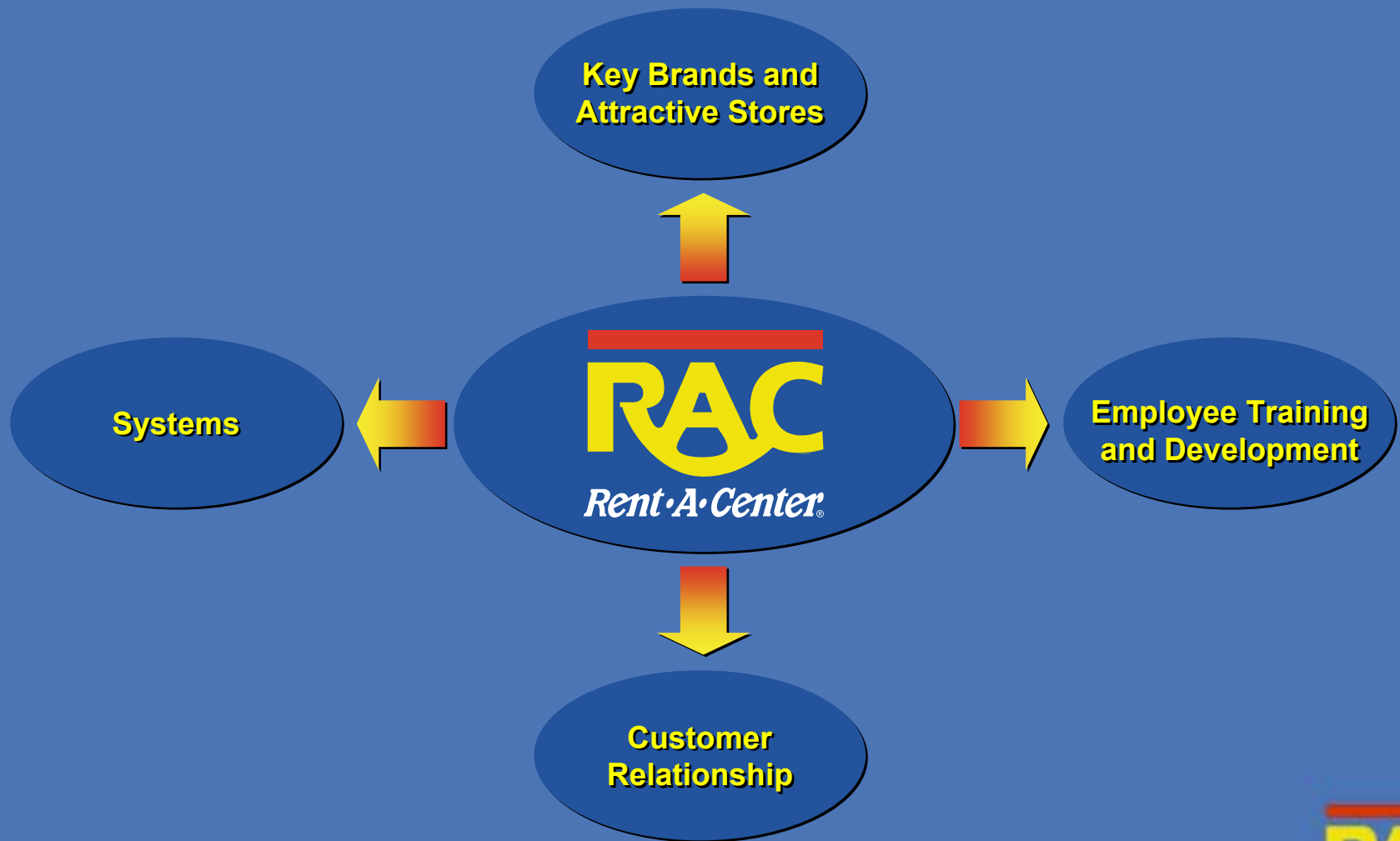
Notes: (1) Represents recurring earnings per share before \$7.5 million and \$11.5 million of non-recurring charges in Q3 1998 and Q4 1998, respectively.

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

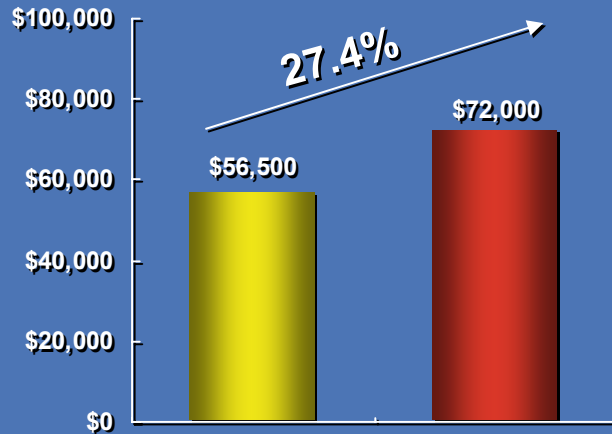
Note: (1) America's Research Group, February 1999
(2) U.S. Census Bureau - 2001
(3) APRO 2003 Industry Survey

Proven Business Model

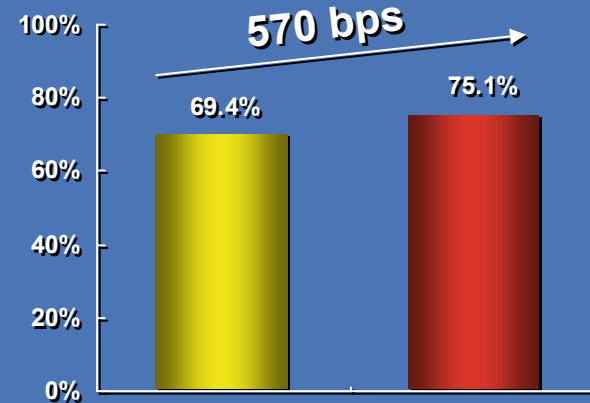


Rent-A-Center Store Profitability vs. Peers

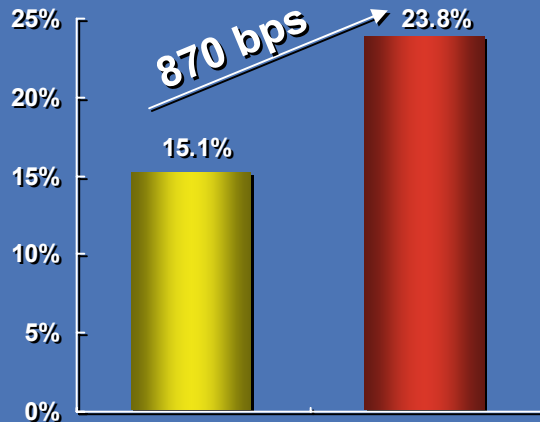
Monthly Revenue



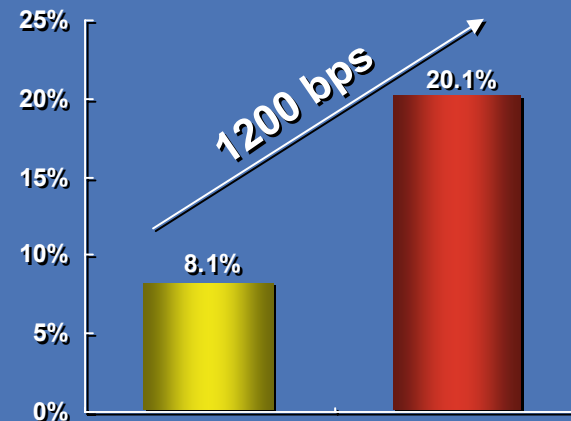
Gross Profit Margin



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 June 30, 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
41% of Rental
Revenue

SONY

PHILIPS

JVC

 **Mitsubishi**

Furniture
33% of Rental
Revenue

England

 **Simmons**

 **ASHLEY**

Appliances
16% of Rental
Revenue

 **Whirlpool**

 **General Electric Company**

Computers
10% of Rental
Revenue



COMPAQ

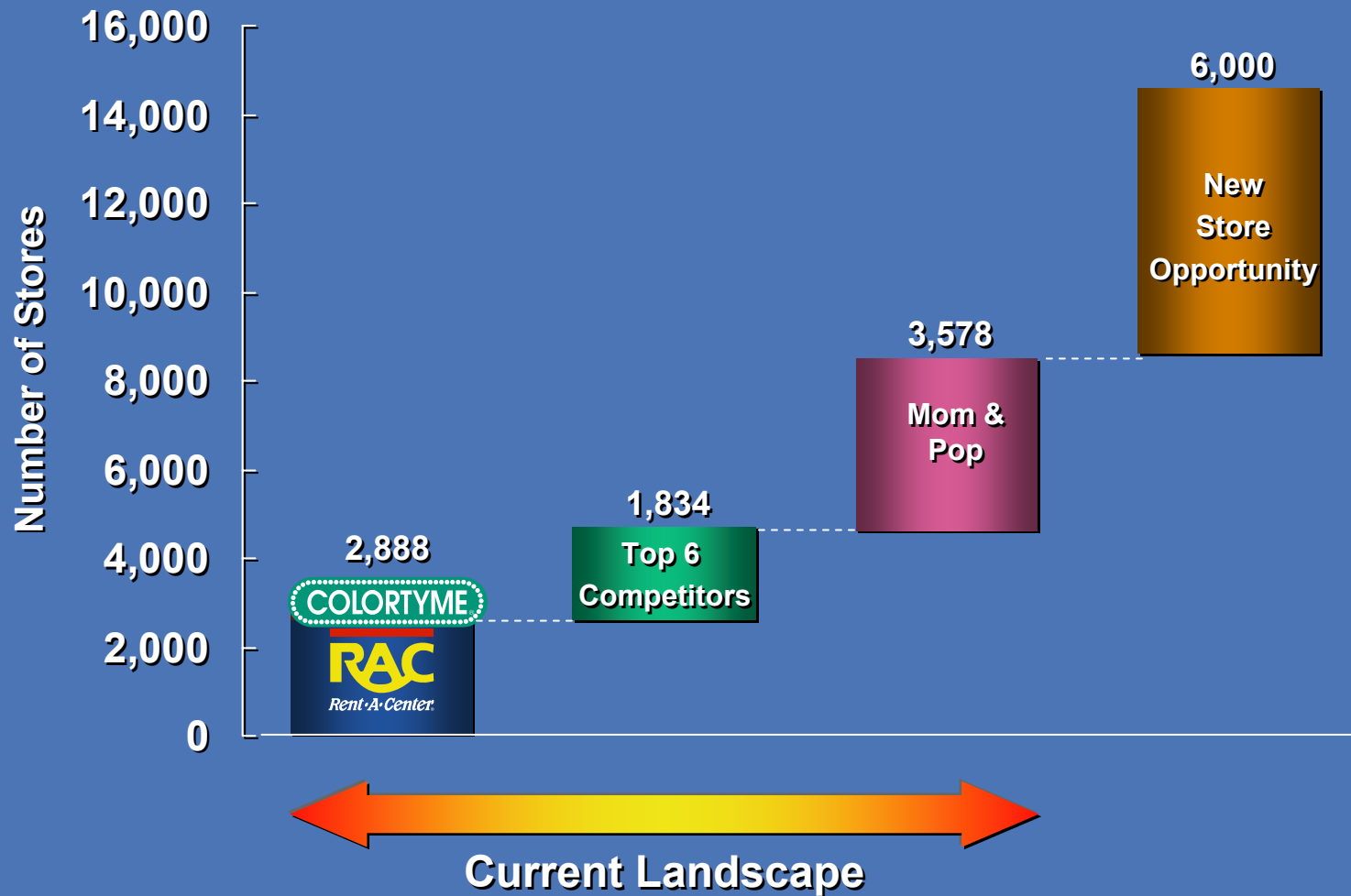
DELL

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
ALGUNOS PRODUCTOS, ELECTRODOMESTICOS, ELECTRONICA Y COMPUTADORES CON OPCIÓN A COMPRA

1 week FREE

WHEN ONE WEEK IS PAID*
Mention Ad To Receive Offer
UNA SEMANA GRATIS AL PAGAR UNA SEMANA*
MENCIONA EL ANUNCIO PARA RECIBIR LA OFERTA

EASY OWNERSHIP
Es Fácil Ser Dueño

FLEXIBLE PAYMENT OPTIONS
OPCIONES DE PAGOS FLEXIBLES
Opción De Pagos Flexibles
Semanal, Cada Dos Semanas O Mensual

NO CREDIT NEEDED
No Necesita 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 Compra

TRY IT BEFORE YOU BUY IT
Pruebalo Antes De Comprar

90 DAYS SAME AS CASH
90 Días Igual Al Contado

CALL 1-800-877-7758
To Connect To The Store Nearest You
Para Conectarse Con Su Tienda Más Cercana
Visit Us At rentacenter.com

Big-Screen TVs
TVs De Pantalla Grande

HIGH-DEFINITION WIDESCREEN TVs ARE AVAILABLE!
Televisores Pantalla Ancha De Alta Definición Disponibles

Personal Computers
Computadores Personales

Living Room Groups
Juegos De Sala

Bedroom Suites
Juegos De Cuarto

- High brand awareness through comprehensive national and spot media
- Multi-cultural appeal
- Educate consumers about RTO alternative and the availability of quality merchandise
- Loyalty program
- NASCAR sponsorship



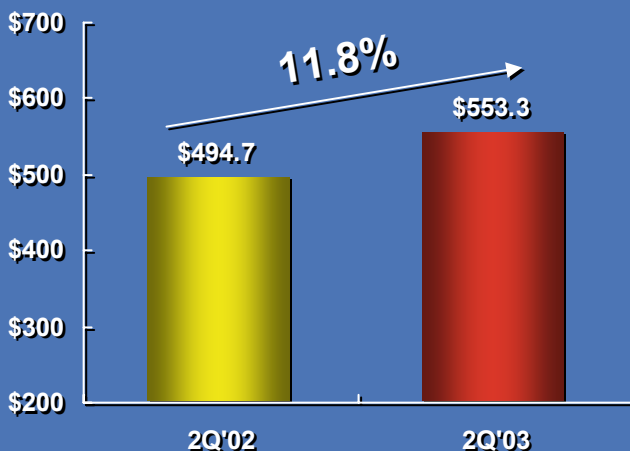
Experienced Management Team

- 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

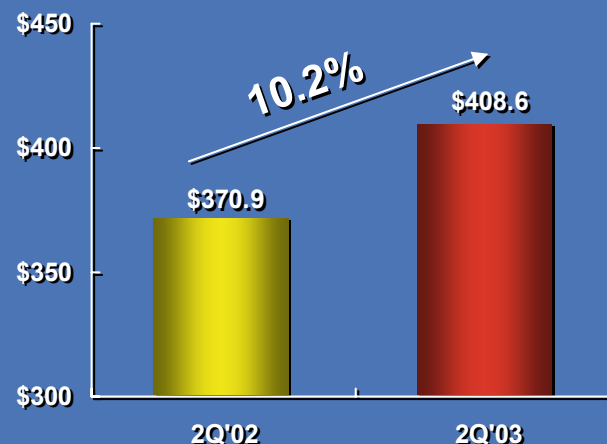
Financial Overview

2Q03 Review

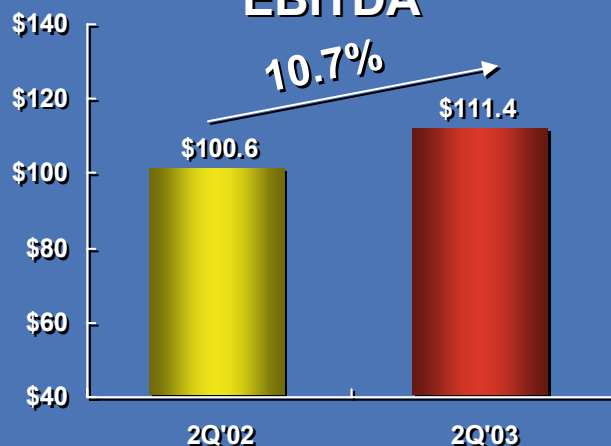
Revenue



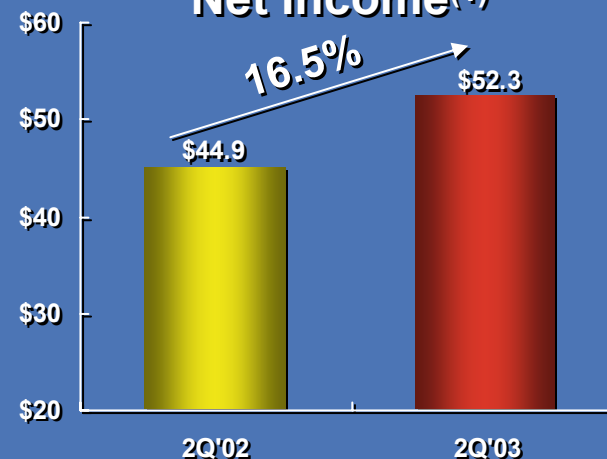
Gross Profit



EBITDA



Net Income⁽¹⁾

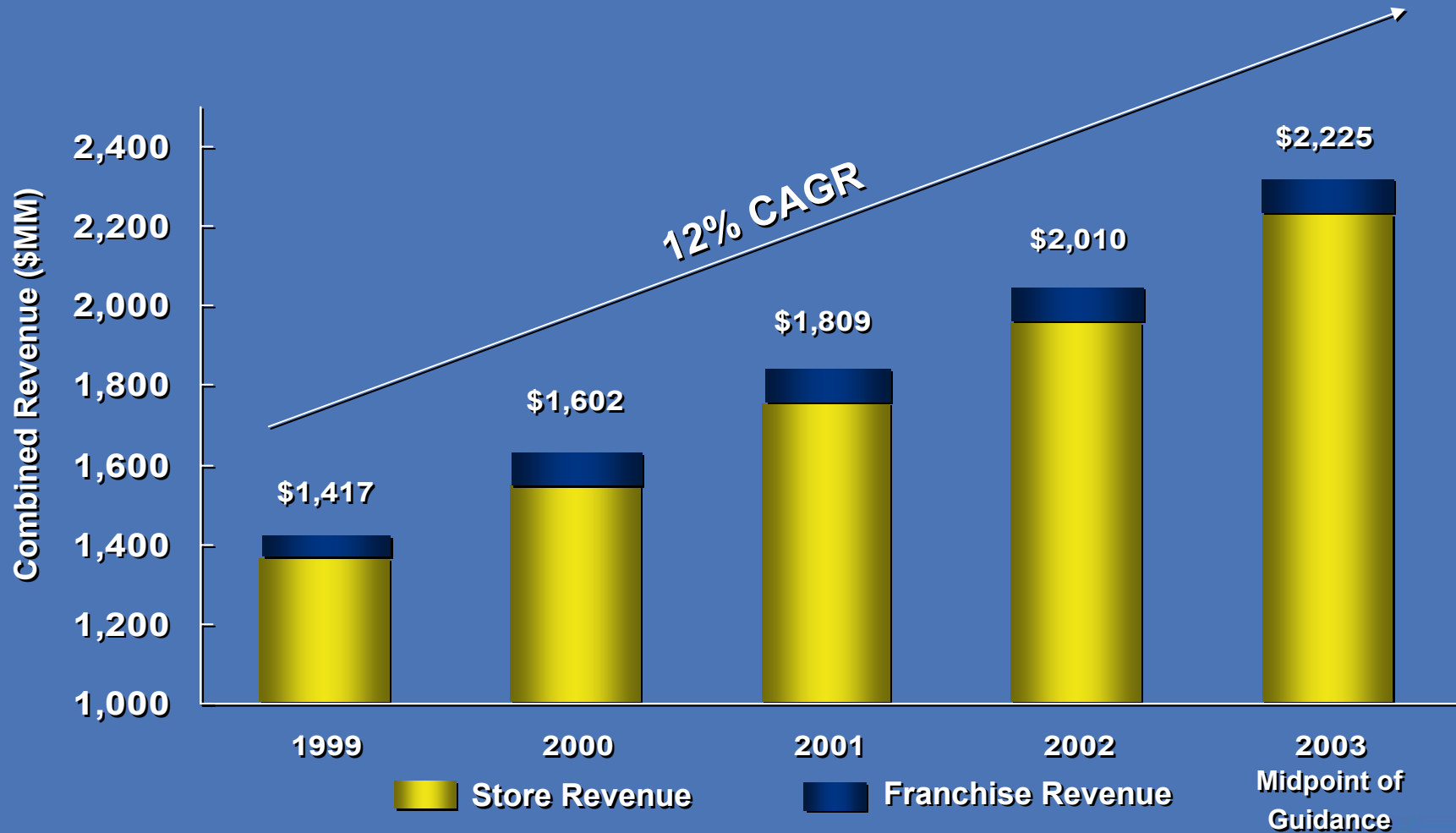


EBITDA Margin	20.3%	20.1%
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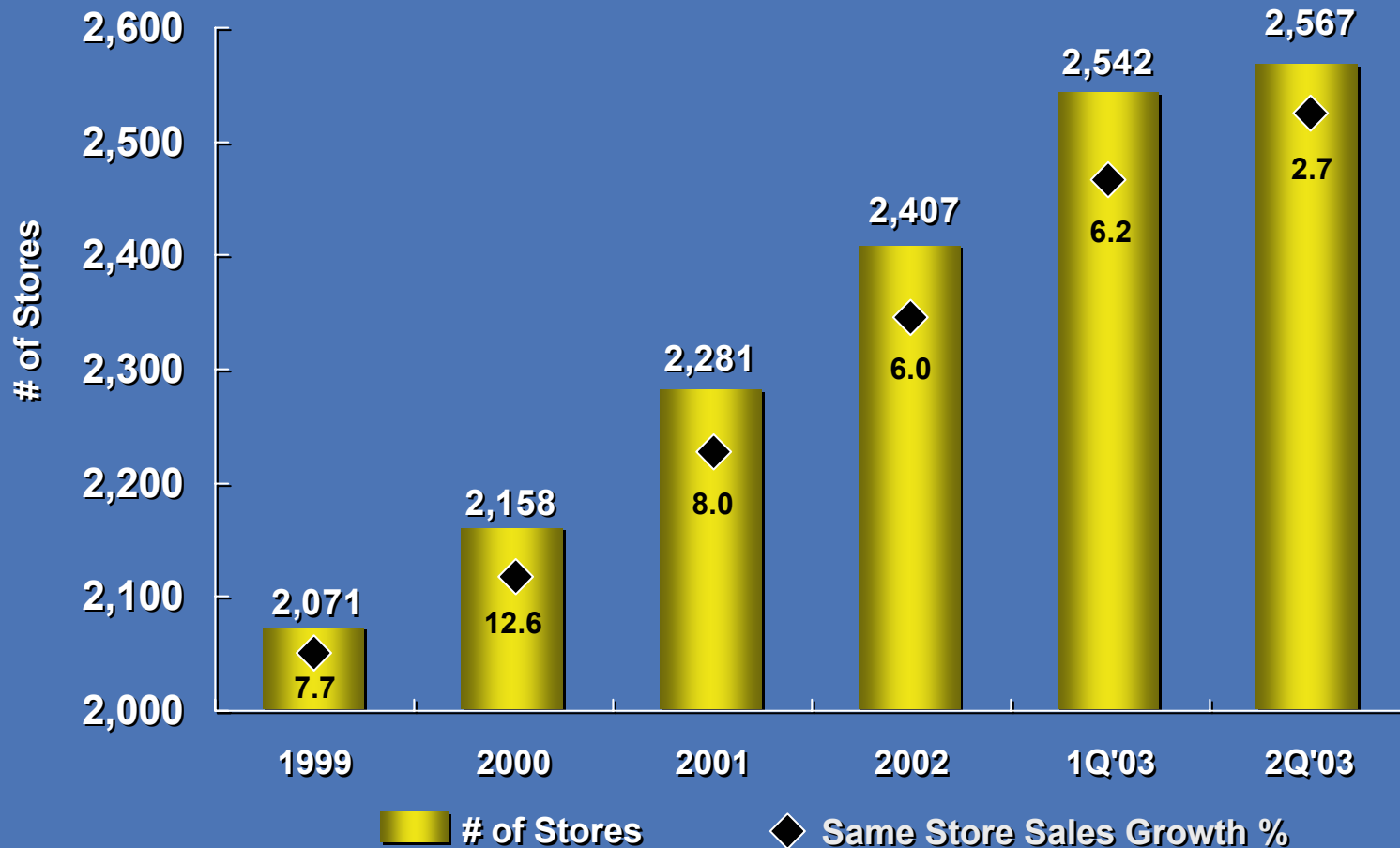
Net Income Margin	9.1%	9.5%
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Note: (1) Before preferred dividend and adjusted to exclude goodwill amortization Before \$27.7 million in financing costs in 2Q'03 & \$2.0 million litigation cost and \$2.9 million financing costs in 2Q'02.

Strong, Consistent Sales Growth



Consistent Growth in Same Store Sales



Current Capital Structure

	<u>Jun 30 2002</u>	<u>% of Book Capital</u>	<u>Jun 30 2003</u>	<u>% of Book Capital</u>
Cash & Equivalents	<u>\$93.8</u>	<u>N/A</u>	<u>\$248.3</u>	<u>N/A</u>
Senior Credit Facilities	300.0	22.2%	400.0	25.0%
Subordinated Notes	<u>274.5</u>	<u>20.4%</u>	<u>384.5</u>	<u>24.1%</u>
Total Debt	574.5	42.6%	784.5	49.1%
Shareholders' Equity	<u>774.3</u>	<u>57.4%</u>	<u>812.9</u>	<u>50.9%</u>
Total Capitalization	<u>\$1348.8</u>	<u>100.0%</u>	<u>\$1597.4</u>	<u>100.0%</u>

Consolidated Leverage Ratio 1.76x (2Q03)

Consolidated Interest Coverage Ratio 5.78x (2Q03)

Recapitalization - Complete

New Structure	Mar 31 2003 <u>(millions)</u>	New Structure <u>(millions)</u>
Senior Credit Facilities	\$249.5	\$400.0
Subordinated Notes	<u>271.8</u>	<u>300.0</u>
Total Debt	\$521.3	\$700.0
Leverage Ratio	1.2	1.6

Accretive Transaction

Reduced interest expense

3.2 million shares repurchased between late June & early August

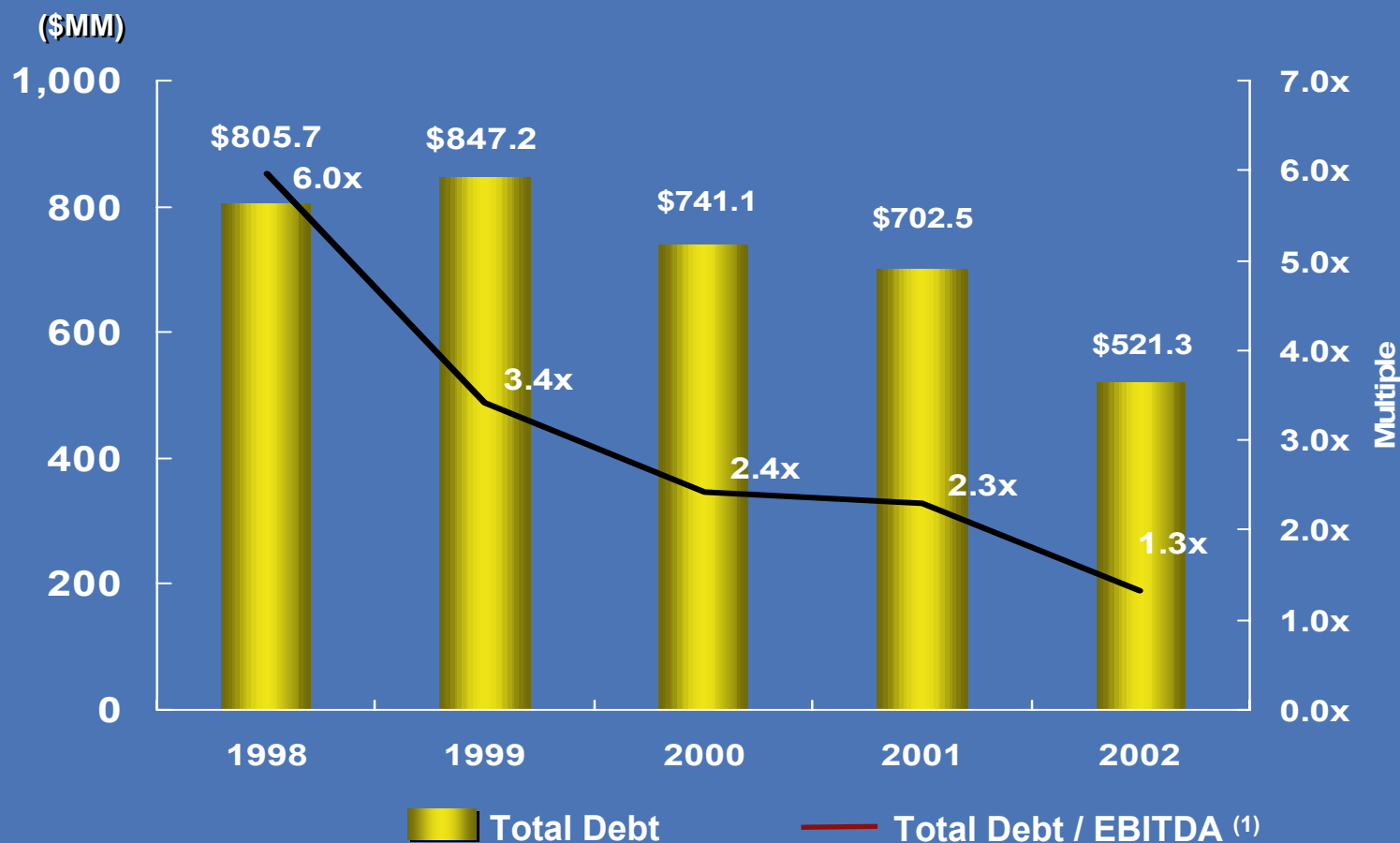
Schedule of Free Cash Flow

2003 Estimate

	<u>2003</u>
EBITDA	\$430MM - \$440MM
Net Cash Interest	(\$45MM)
CapEx	(\$50MM)
Net Investment in Rental Merchandise	(\$40MM)
Taxes	(\$100MM)
Free Cash Flow	\$195MM - \$205MM

Free Cash Flow Yield of Approximately 8%

Demonstrated Ability to Delever Rapidly



Note: (1) Excludes nonrecurring charges

2003 Guidance

<u>QUARTERLY</u>	<u>3Q'02</u>	<u>3Q'03*</u>	<u>Growth</u>
Total Revenue	\$494.6MM	\$546.0-551.0MM	10-12%
Diluted EPS	\$1.14	\$1.42-\$1.44	24-26%
<u>ANNUAL</u>	<u>2002</u>	<u>2003*</u>	<u>Growth</u>
Total Revenue	\$2.01BN	\$2.21-2.24BN	10-12%
Diluted EPS	\$4.82**	\$5.80-\$5.90	20-22%

* Includes the Rent-Way acquisition of 295 stores

** Excludes \$2.9M of one-time financing fees and \$2.0M in litigation expenses

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Safe Harbor Statement

This guidance above contain 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, including the stores acquired in the Rent-Way acquisition; 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; uncertainties and volatility in the credit markets; factors that may restrict the Company’s ability to redeem any outstanding notes on August 15, 2003, including the Company’s financial situation at that time; 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 report on Form 10-Q for the three month period ending June 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.