



*Rent-A-Center®*

*Investor Presentation  
Fourth Quarter & Year End 2002*



March 4, 2003

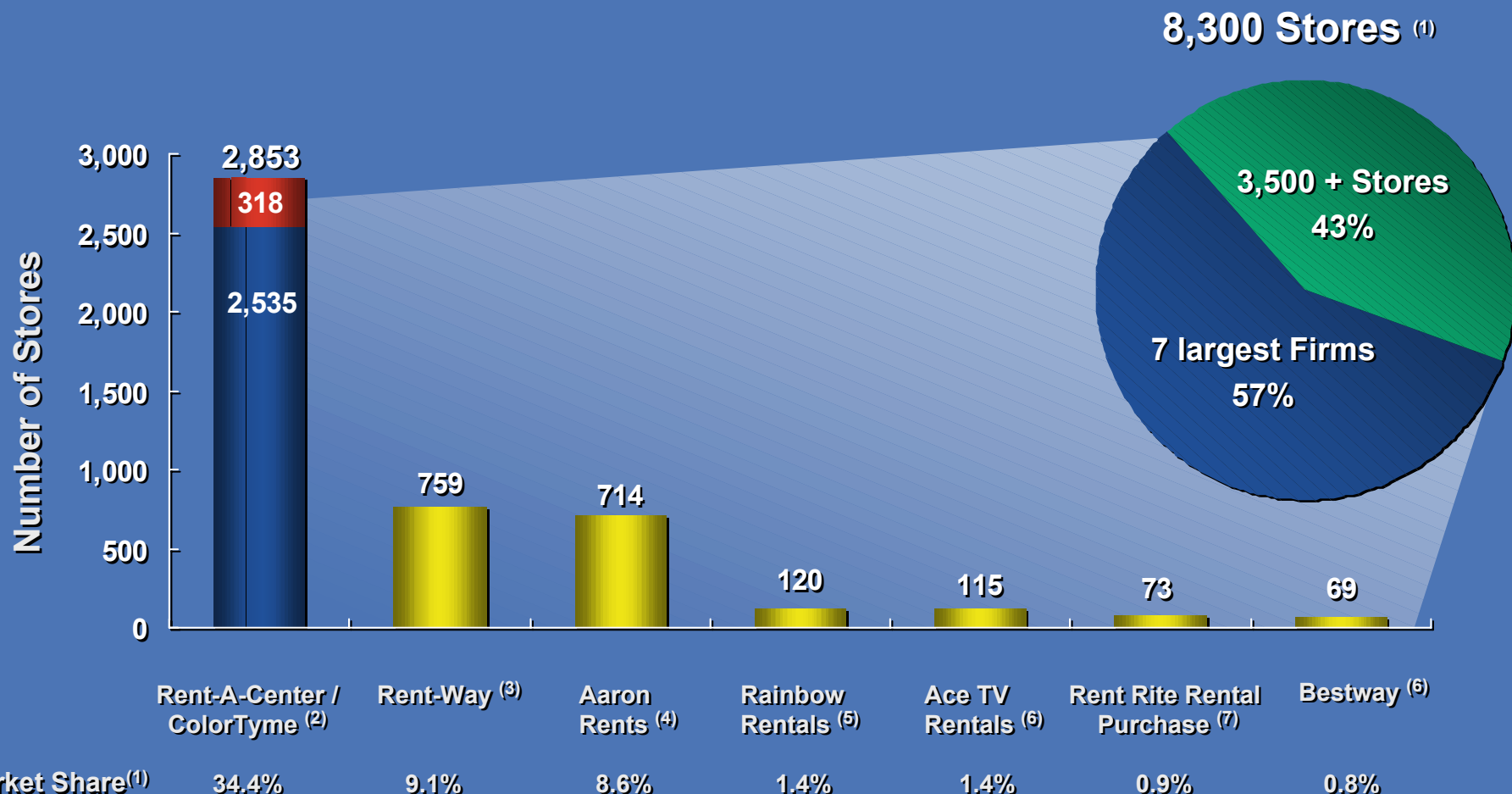
# Key Investment Considerations

- Leading rent-to-own operator in U.S.
- Proven business model
- Multiple growth drivers
- Consistent growth in any economic environment
- Predictable revenue stream
- Strong financial and operating results
- Experienced management team

# Leading RTO Operator in U.S.

- Largest rent-to-own operator in the U.S.
  - 31% market share based on 2,535 store count as of 2/28/03
  - ColorTyme subsidiary represents an additional 4% market share
- Broad selection of high quality goods through flexible rental agreements
  - Home electronics
  - Appliances
  - Personal computers
  - Furniture and home accessories
- Primarily serves the “underbanked” consumer
- Generated \$2.01BN in revenue and \$395.9MM in EBITDA in 2002

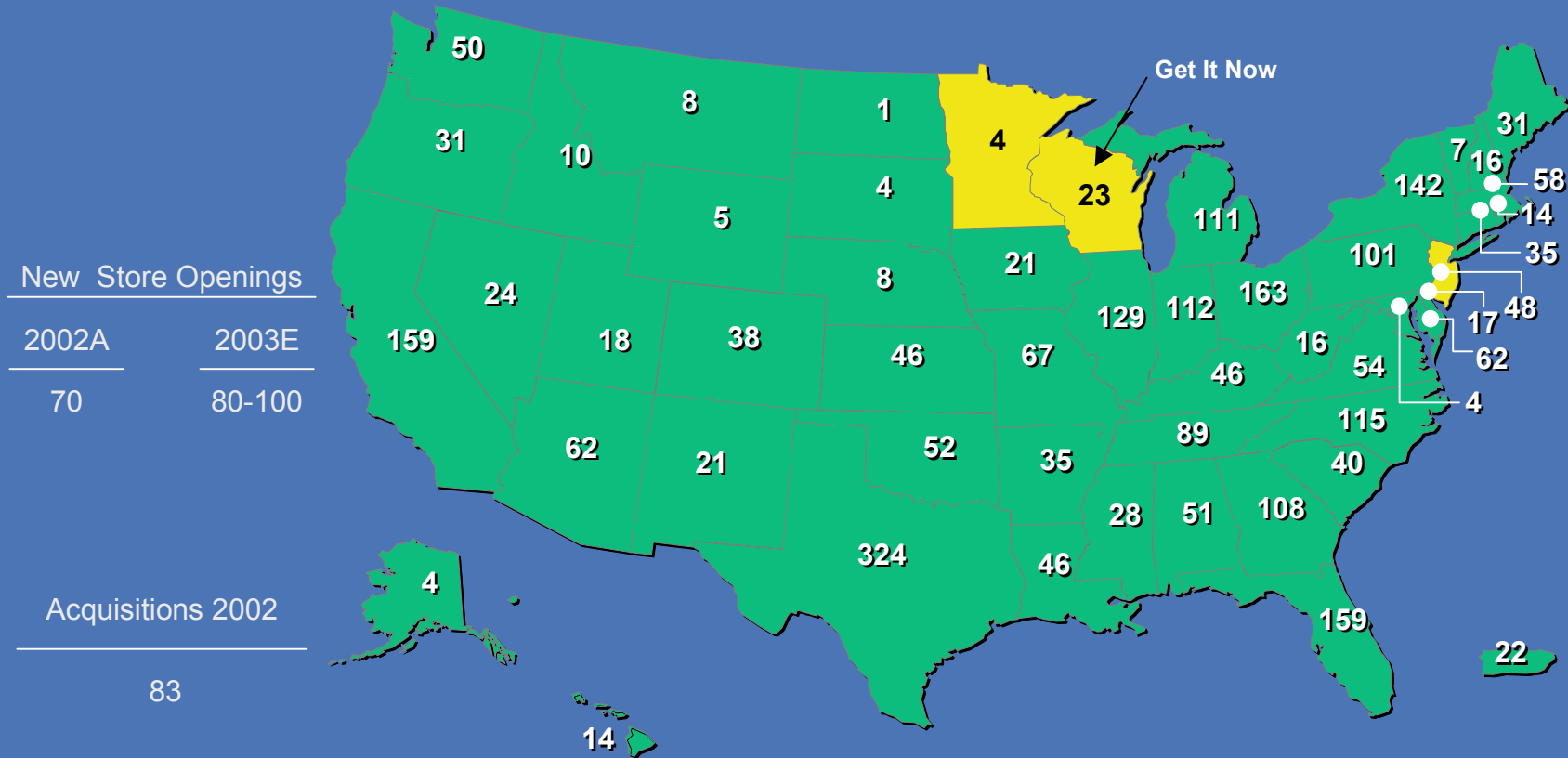
# Dominant Player in Fragmented Marketplace



- Notes:
- (1) Based on Association of Progressive Rental Organization (APRO) estimates in 2002 Industry Survey of 8,300 total stores
  - (2) Company data as of February 28, 2003
  - (3) Company issued press release February 11, 2003
  - (4) Company issued press release February 26, 2003 - Aaron's Sales & Lease Ownership stores
  - (5) Company issued press release February 26, 2003
  - (6) Company web site - store locations
  - (7) APRO 2002 Industry Survey

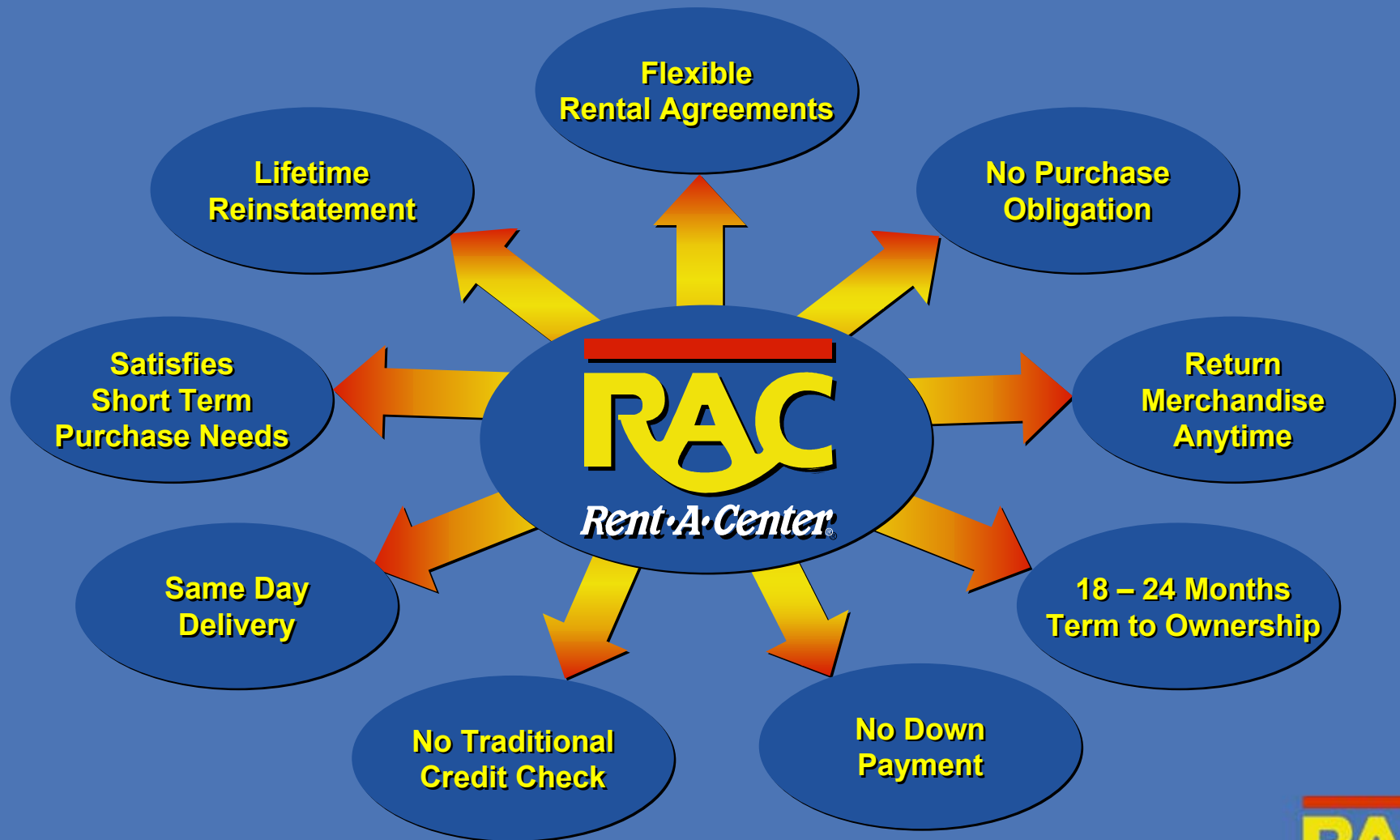
# Leading National Footprint

2,535 company-owned stores and 318 franchised stores

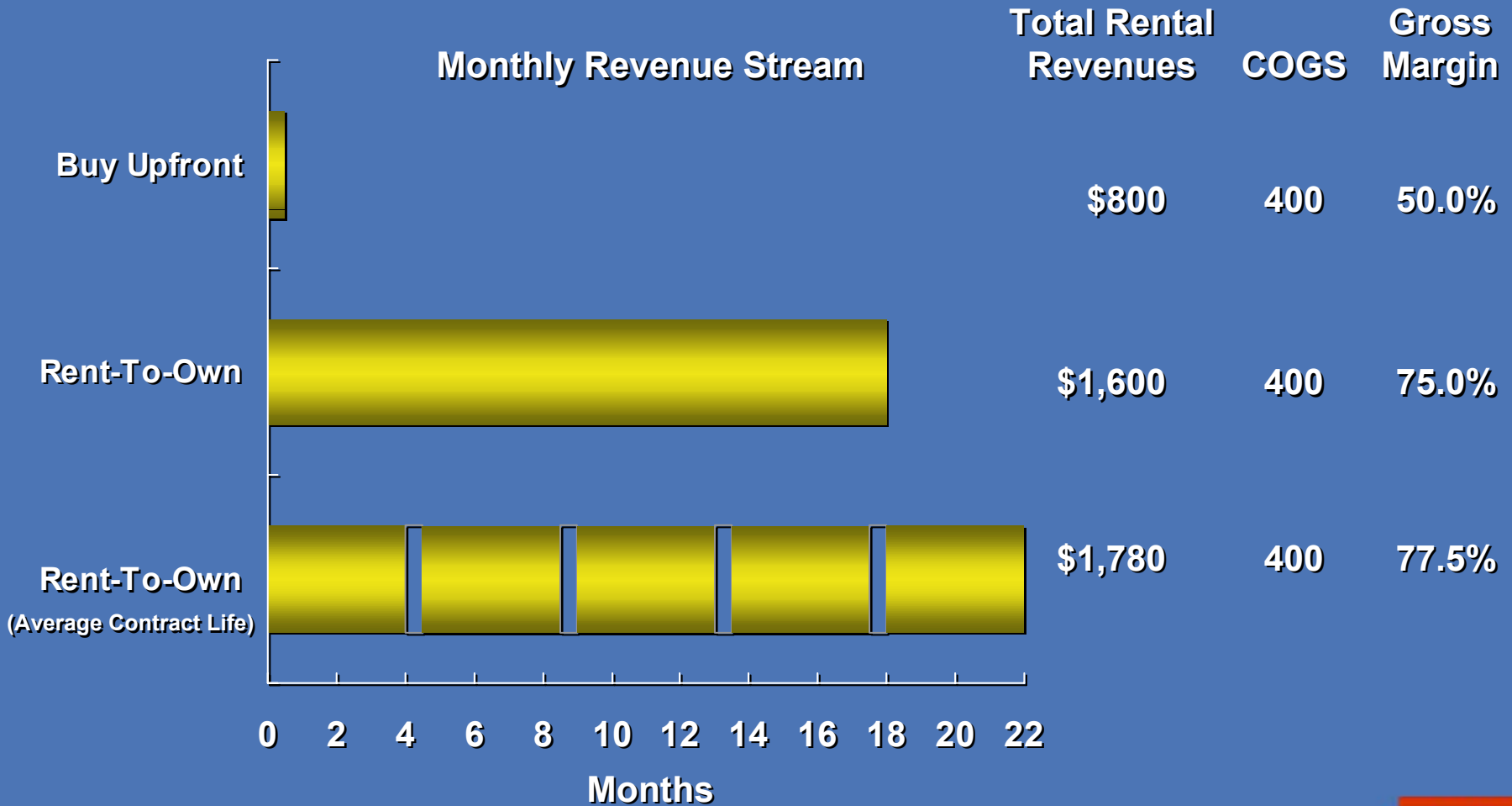


Favorable State Regulation  Developing/Unfavorable State Regulation

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

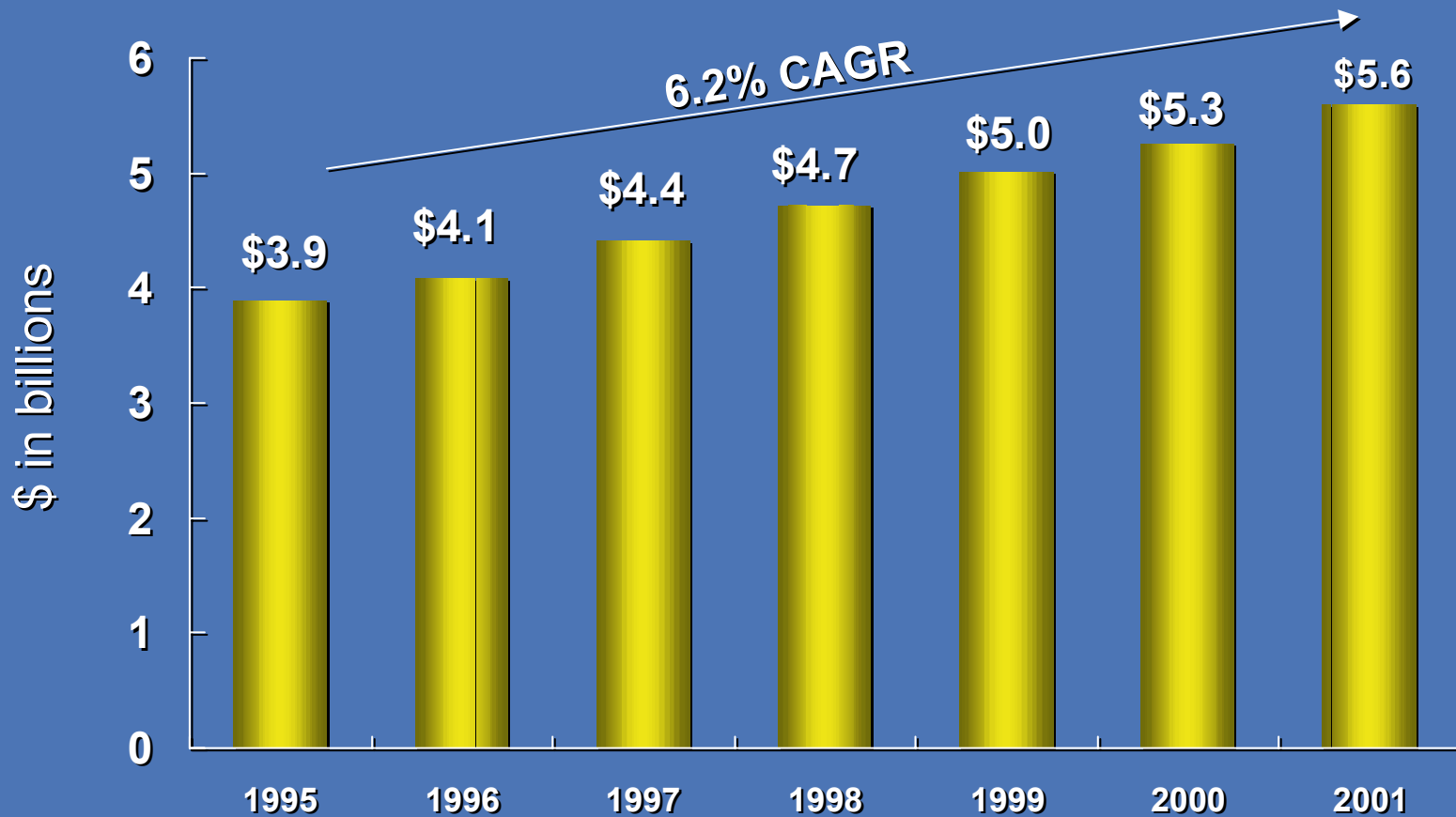


# ...With Attractive Economics ...





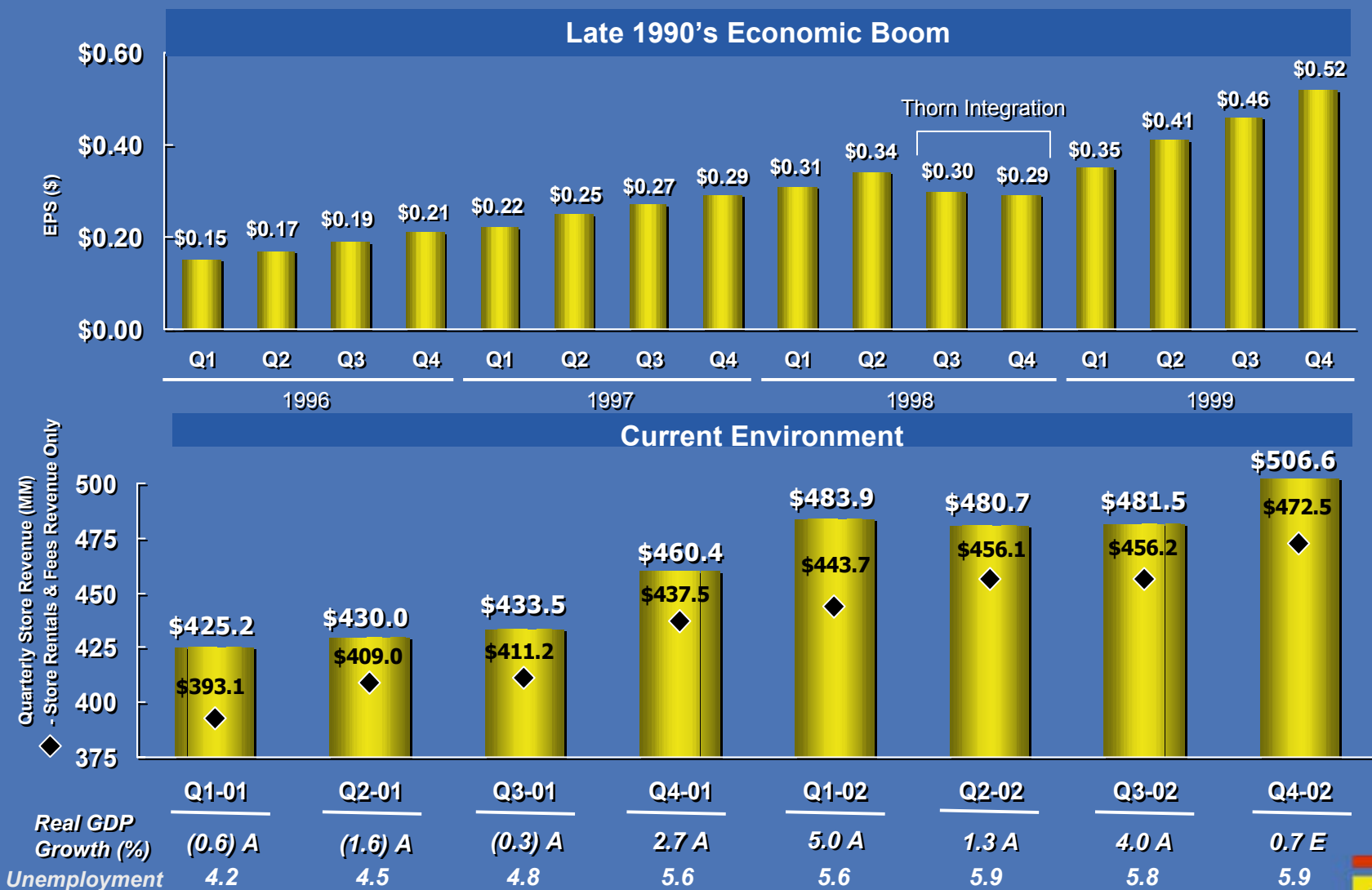
## ...Consistent Industry Growth...



Source: APRO



# ...In Any Economic Environment



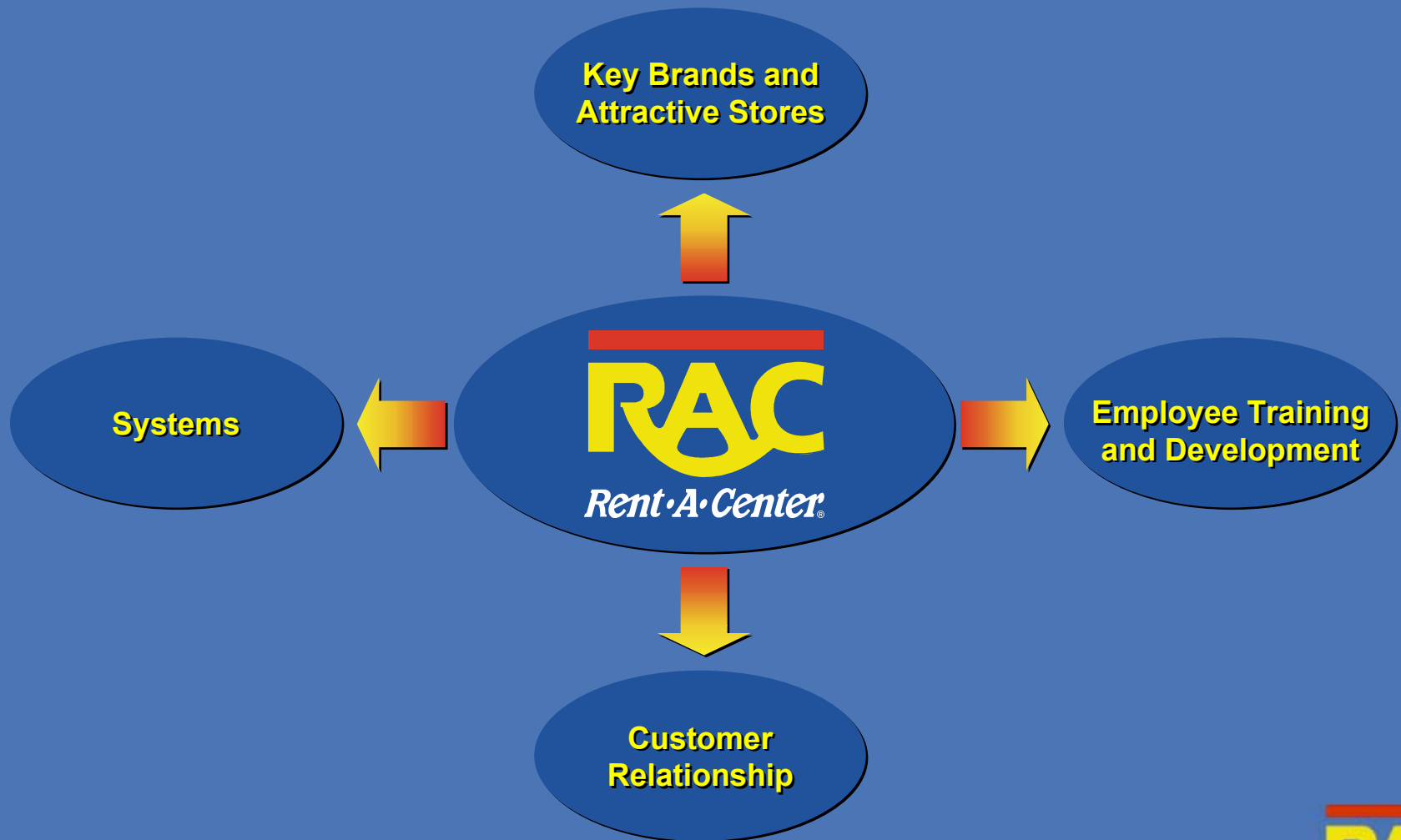
Notes: (1) Represents recurring earnings per share before \$7.5MM and \$11.5MM of non-recurring charges in Q3 1998 and Q4 1998, respectively.

# Serves the “Underbanked Working Family”

- 92% of Customers Have Household Incomes Between \$15,000 and \$50,000<sup>(1)</sup>
- 44MM Households With Household Incomes Between \$15,000 and \$50,000<sup>(1)</sup>
- Industry Is Only Serving 2.8MM of These Households<sup>(2)</sup>
- Great Market Opportunity

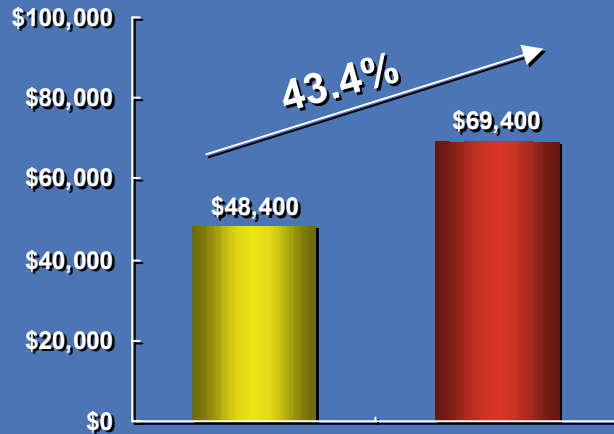
Note: (1) America's Research Group, February 1999  
(2) APRO 2002 Industry Survey

# Proven Business Model

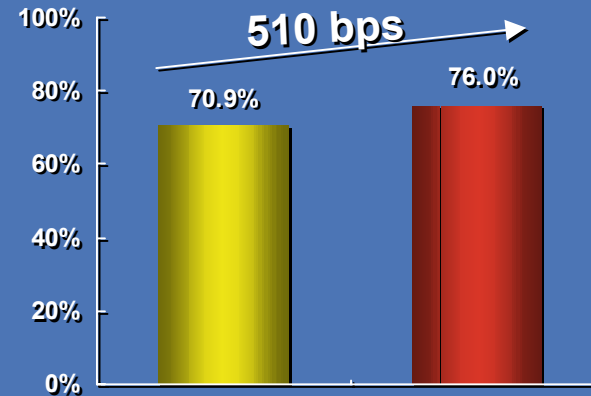


# Rent-A-Center Store Profitability vs. Peers

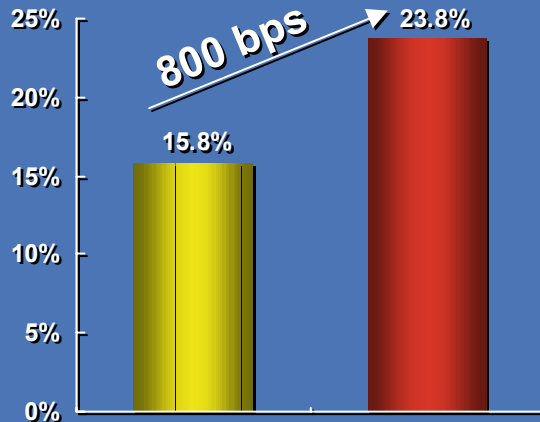
## Monthly Revenue



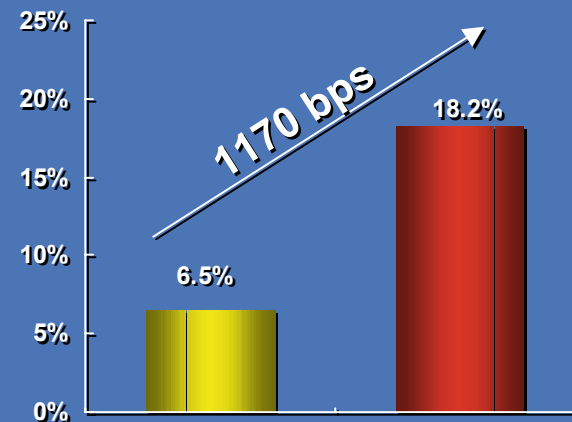
## Gross Profit Margin



## Store Operating Margin



## EBITA Margin



■ Industry Average (1)

■ Average RCII Store (2)

Notes: (1) Source: APRO 2001 Data.

(2) Per LTM data for the period ended December 31, 2002 for Rent-A-Center stores (excludes Get It Now & ColorTyme)

(3) Store Operating Margin is before overhead allocation

# Easily Accessible, Highly Visible Sites





# Spacious Showroom Interior



# High Quality, Brand-name Merchandise

**Electronics**  
*42% of Revenues*

**SONY**

**PHILIPS**

**JVC**

 **Mitsubishi**

**Furniture**  
*32% of Revenues*

  
**England**

  
**Simmons**

 **ASHLEY**

**Appliances**  
*16% of Revenues*

  
**Whirlpool**

**Computers**  
*10% of Revenues*



**COMPAQ**

**DELL**

**IBM**



# State-of-the Art Systems Capabilities

## Inventory Analysis

REPORT: INVENTORY ANALYSIS

ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	LOCATION	STATUS	REMARKS
1001	10	EA	1.00	10.00	01/01/01	1001	OK	
1002	20	EA	2.00	40.00	01/01/01	1002	OK	
1003	30	EA	3.00	90.00	01/01/01	1003	OK	
1004	40	EA	4.00	160.00	01/01/01	1004	OK	
1005	50	EA	5.00	250.00	01/01/01	1005	OK	
1006	60	EA	6.00	360.00	01/01/01	1006	OK	
1007	70	EA	7.00	490.00	01/01/01	1007	OK	
1008	80	EA	8.00	640.00	01/01/01	1008	OK	
1009	90	EA	9.00	810.00	01/01/01	1009	OK	
1010	100	EA	10.00	1000.00	01/01/01	1010	OK	

## BOR & Credit Analysis

ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	LOCATION	STATUS	REMARKS
1001	10	EA	1.00	10.00	01/01/01	1001	OK	
1002	20	EA	2.00	40.00	01/01/01	1002	OK	
1003	30	EA	3.00	90.00	01/01/01	1003	OK	
1004	40	EA	4.00	160.00	01/01/01	1004	OK	
1005	50	EA	5.00	250.00	01/01/01	1005	OK	
1006	60	EA	6.00	360.00	01/01/01	1006	OK	
1007	70	EA	7.00	490.00	01/01/01	1007	OK	
1008	80	EA	8.00	640.00	01/01/01	1008	OK	
1009	90	EA	9.00	810.00	01/01/01	1009	OK	
1010	100	EA	10.00	1000.00	01/01/01	1010	OK	

## Store Income Analysis

ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	LOCATION	STATUS	REMARKS
1001	10	EA	1.00	10.00	01/01/01	1001	OK	
1002	20	EA	2.00	40.00	01/01/01	1002	OK	
1003	30	EA	3.00	90.00	01/01/01	1003	OK	
1004	40	EA	4.00	160.00	01/01/01	1004	OK	
1005	50	EA	5.00	250.00	01/01/01	1005	OK	
1006	60	EA	6.00	360.00	01/01/01	1006	OK	
1007	70	EA	7.00	490.00	01/01/01	1007	OK	
1008	80	EA	8.00	640.00	01/01/01	1008	OK	
1009	90	EA	9.00	810.00	01/01/01	1009	OK	
1010	100	EA	10.00	1000.00	01/01/01	1010	OK	

## Exceptions Report

ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	LOCATION	STATUS	REMARKS
1001	10	EA	1.00	10.00	01/01/01	1001	OK	
1002	20	EA	2.00	40.00	01/01/01	1002	OK	
1003	30	EA	3.00	90.00	01/01/01	1003	OK	
1004	40	EA	4.00	160.00	01/01/01	1004	OK	
1005	50	EA	5.00	250.00	01/01/01	1005	OK	
1006	60	EA	6.00	360.00	01/01/01	1006	OK	
1007	70	EA	7.00	490.00	01/01/01	1007	OK	
1008	80	EA	8.00	640.00	01/01/01	1008	OK	
1009	90	EA	9.00	810.00	01/01/01	1009	OK	
1010	100	EA	10.00	1000.00	01/01/01	1010	OK	

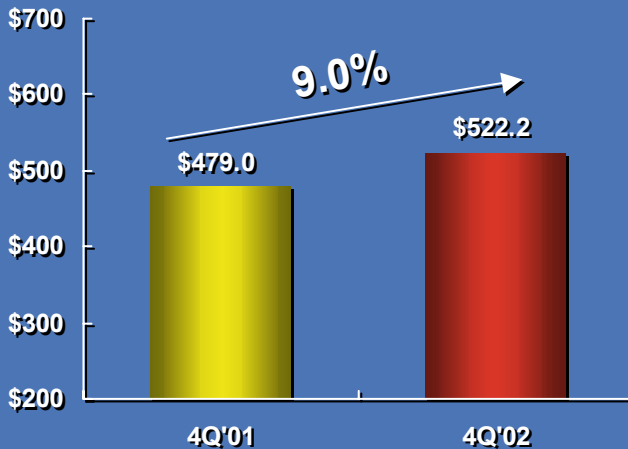
- Daily reports at all levels of organization from store manager to Chairman/CEO
- Manage by exception philosophy
- Systems help enforce strict inventory/cost control

# Strategic Objectives

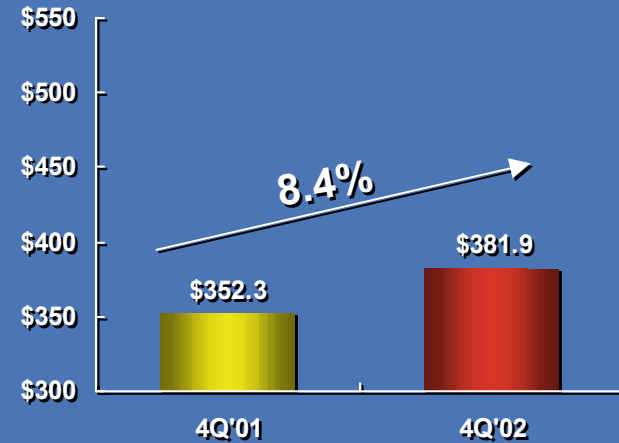
- Integrate the Rent-Way Acquisition of 295 Stores
- Improve store level profitability
- Open new stores
- Acquire existing rent-to-own stores
- National branding

# Improved Store Level Profitability - 4Q02 Review

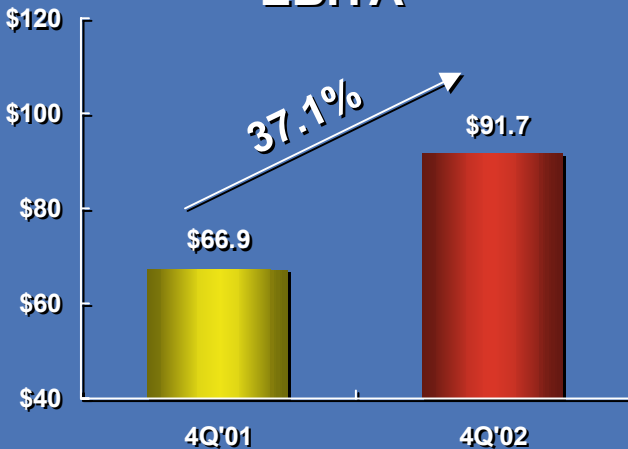
## Revenue



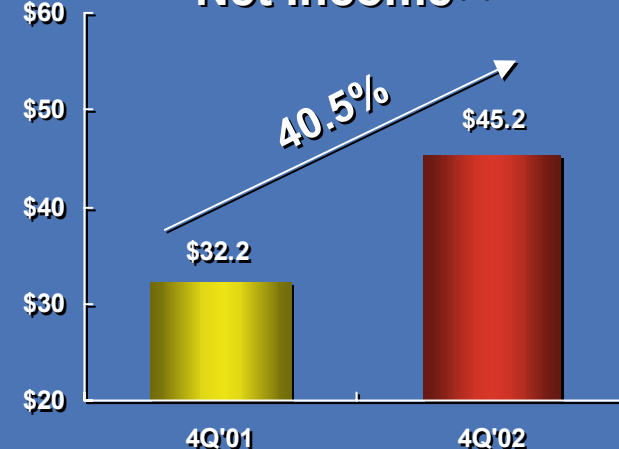
## Gross Profit



## EBITA



## Net Income<sup>(1)</sup>

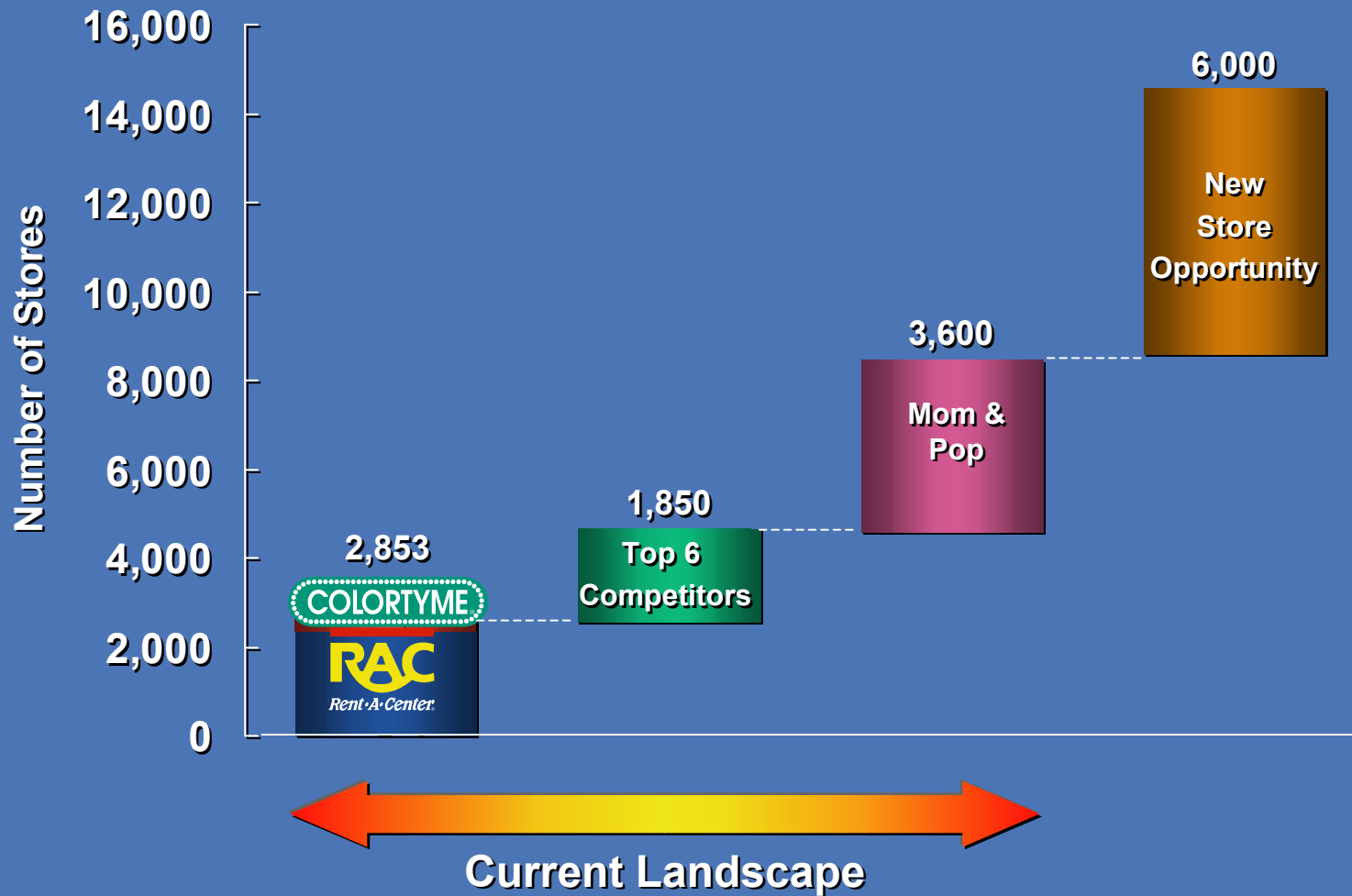


EBITA Margin	4Q'01	4Q'02
	14.0%	17.6%

Net Income Margin	4Q'01	4Q'02
	6.7%	8.7%

Note: (1) Before preferred dividend and adjusted to exclude goodwill amortization and non-recurring charge for gender discrimination lawsuit in Q401.

# 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%<sup>(1)</sup>

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

Note: (1) Before market and corporate allocation and income tax expense.

# Enhancing National Brand – “Get The Good Stuff”

**RAC**  
**Rent-A-Center**  
RENT TO OWN FURNITURE, APPLIANCES, ELECTRONICS AND COMPUTERS  
ALQUILER MUEBLES, ENFEROS ELECTRICOS, EQUIPOS ELECTRONICOS Y COMPUTADORAS CON OPCION A COMPRA

Big-Screen TVs  
TVs De Pantalla Gigante

19" To 36" Televisions  
Televisores De 19" Hasta 36"

Air Conditioners  
Aires Acondicionados

Living Room Groups  
Juegos De Sala

Personal Computers  
Computadoras Personales

Play Games  
and Surf  
The Net!

Internet Service  
Not Included

Mention Ad To  
Receive Offer  
Mencione El Anuncio  
Para Recibir La Oferta

**UP TO 7 DAYS FREE**

**NO UP-FRONT PAYMENTS**

No Pagos Por Adelantado  
Hasta 7 Dias Gratis\*

**EASY OWNERSHIP**  
Es Facil Ser Dueño

**FLEXIBLE PAYMENT OPTIONS**  
Opciones De Pagos Flexibles  
Semanal, Cada Dos Semanas O Mensual

**NO CREDIT NEEDED**  
No Necesita Credito

**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 Opcion A Compra

**TRY IT BEFORE YOU BUY IT**  
Pruebalo Antes De Comprarlo

**90 DAYS SAME AS CASH**  
90 Dias Igual Al Cash

**CALL 1-800-877-7758**  
To Connect To The Store Nearest You  
Para Conectarse Con Su Tienda Más Cercana

**Visit Us At [rentacenter.com](http://rentacenter.com)**

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

# Experienced Management Team

- Senior management team is most experienced in RTO industry
  - CEO Mark Speese has nearly 25 years RTO experience
  - President Mitch Fadel has over 19 years of RTO experience
  - Senior executives average over 10 years of RTO experience
- Attracting the best personnel with industry-leading salary and incentive plans

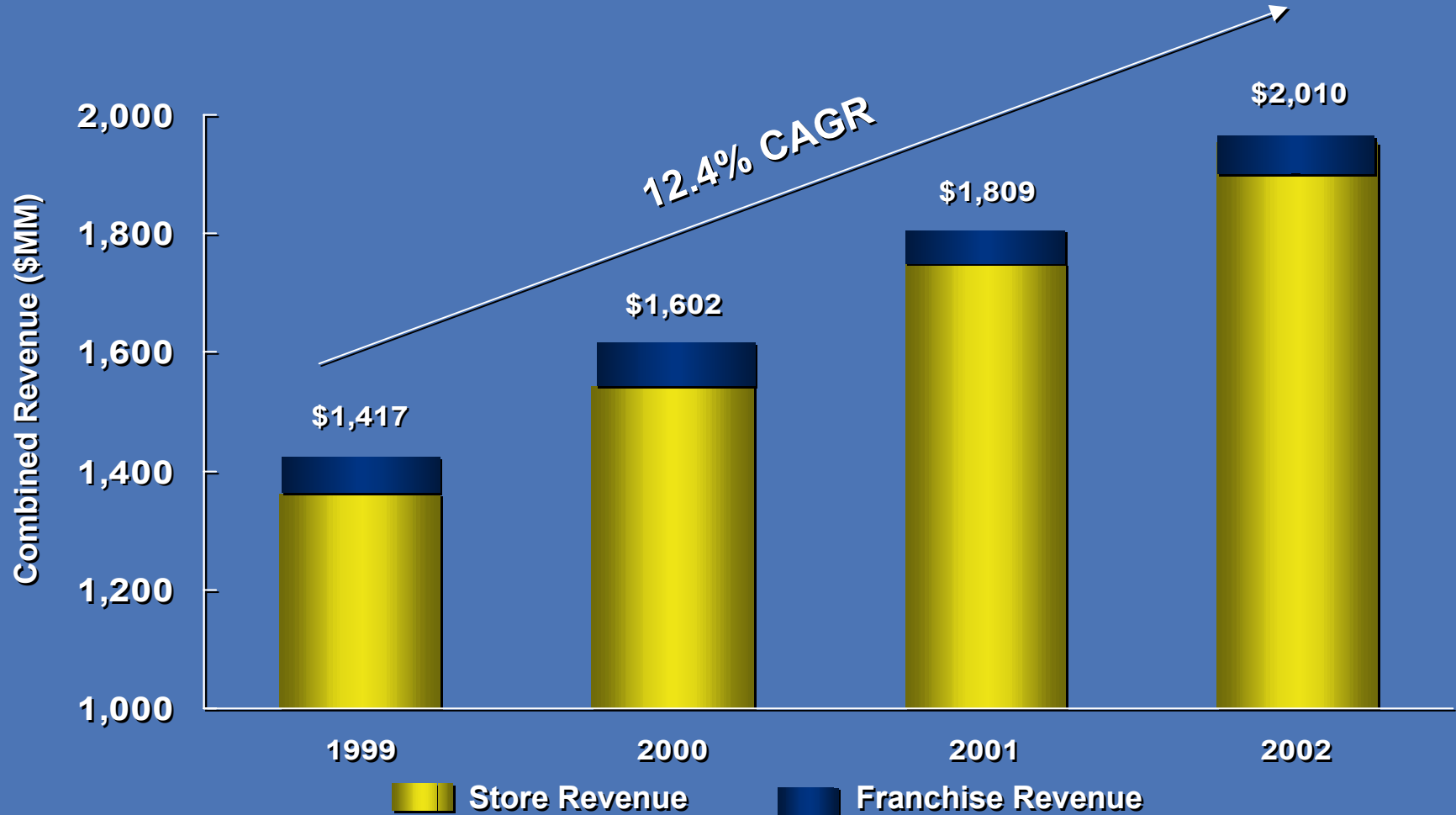


---

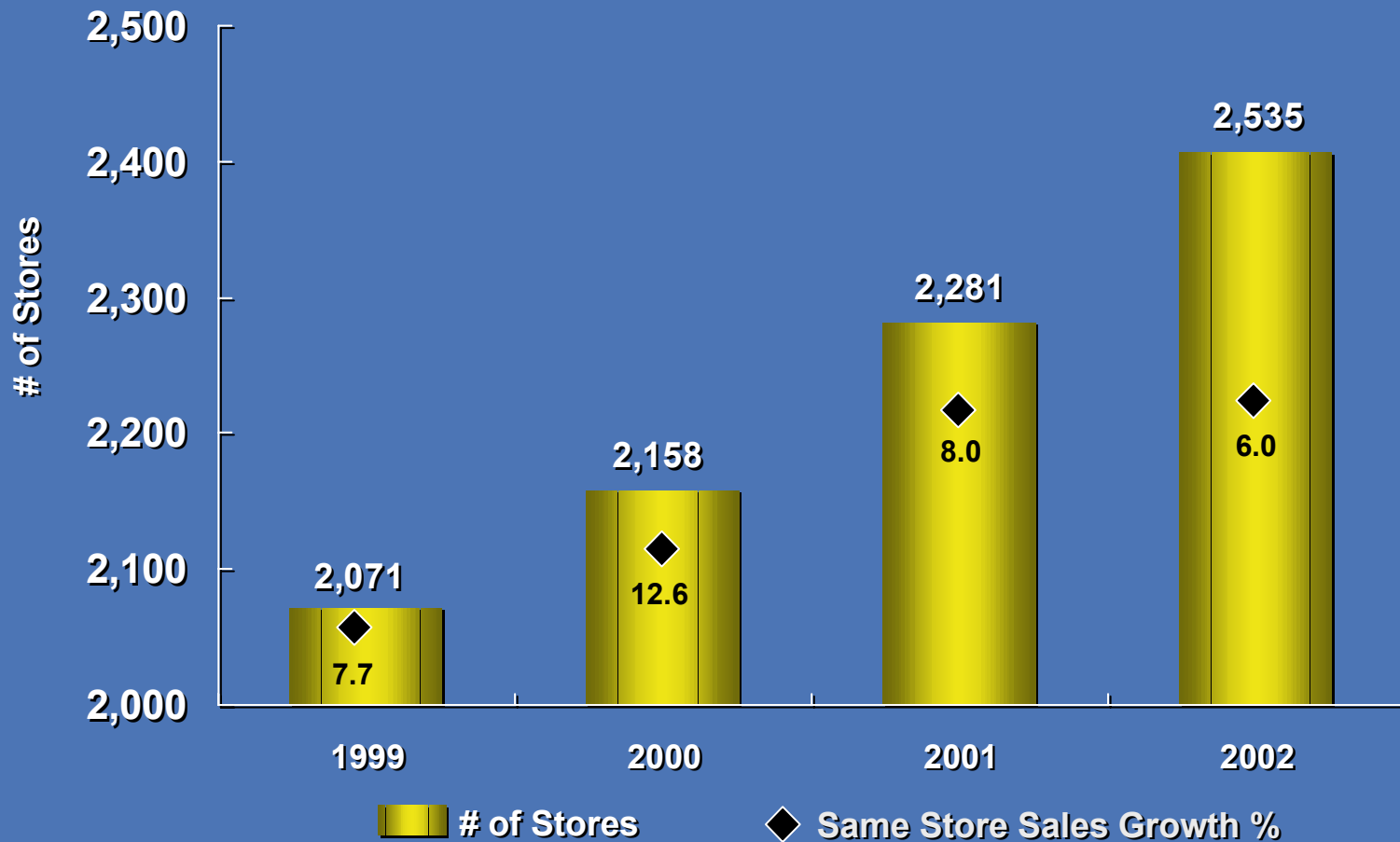
# Financial Overview

---

# Strong, Consistent Sales Growth



# Consistent Growth in Same Store Sales



# Current Capital Structure

	<u>Dec 31 2001</u>	<u>% of Book Capital</u>	<u>Dec 31 2002</u>	<u>% of Book Capital</u>
Cash & Equivalents	<u>\$108.0</u>	<u>N/A</u>	<u>\$85.7</u>	<u>N/A</u>
Senior Credit Facilities	428.0	30.6%	249.5	18.3%
Subordinated Notes	<u>274.5</u>	<u>19.6%</u>	<u>272.3</u>	<u>19.9%</u>
Total Debt	702.5	50.2%	521.8	38.2%
Shareholders' Equity	<u>697.3</u>	<u>49.8%</u>	<u>842.4</u>	<u>61.8%</u>
Total Capitalization	<u>\$1,399.8</u>	<u>100.0%</u>	<u>\$1,364.2</u>	<u>100.0%</u>

Consolidated Leverage Ratio 1.25x (4Q02)

Consolidated Interest Coverage Ratio 6.35x (4Q02)

# Substantial Cash Flow to Reduce Debt & Repurchase Common Stock

<b>Cash Flow Generation</b>	<b>2002</b>
Net Income	\$ 172.2
Amortization of Intangibles	5.0
Amortization of Financing Fees	5.9
Depreciation of Property Assets	38.4
Net Investment in Rental Merchandise	40.5
Change in Other Assets/Liabilities	32.5
<b>Cash Flow from Operating Activities</b>	<b>\$ 294.5</b>
Capital Expenditures	(37.6)
Acquisitions	(59.5)
Sale of Property Assets	0.4
<b>Cash Flow before Financing Activities</b>	<b>\$ 197.8</b>

# Schedule of Free Cash Flow

## 2002 Actual vs. 2003 Estimate

	<u>2002</u>	<u>2003</u>
EBITDA	\$396MM	\$425MM - \$445MM
Interest	(\$62MM)	(\$55MM)
CapEx	(\$38MM)	(\$40MM)
Working Capital	\$41MM	(\$60MM)
Taxes	(\$30MM)	(\$120MM)
Free Cash Flow	\$307MM	\$150MM - \$170MM

**Free Cash Flow Yield of 8 - 10%**

# 2003 Guidance

	<u>2002</u>	<u>2003*</u>	<u>Growth</u>
Total Revenue	\$2.010BN	\$2.195-2.230BN	9-11%**
Diluted EPS	\$4.82	\$5.45-\$5.60	13-16%

\* Includes the Rent-Way acquisition of 295 stores only

\*\* 4.5% - 6.0% excluding Rent-Way acquisition



# Key Investment Considerations

- Leading rent-to-own operator in U.S.
- Proven business model
- Multiple growth drivers
- Consistent growth in any economic environment
- Predictable revenue stream
- Strong financial and operating results
- Experienced management team

*These materials contain forward-looking statements that involve risks and uncertainties. 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, (i) the ability to enhance the performance of existing stores, (ii) the Company's ability to find locations that meet the Company's criteria for new store locations, and the Company's ability to locate existing stores that the Company could acquire under acceptable terms, (iii) the passage of legislation adversely affecting the rent-to-own industry, (iv) the result of our litigation, (v) the ability of the Company to collect on its rental purchase agreements at the current rate, (vi) the ability of the Company to control expenses and improve operating margins, and (vii) the other risks detailed from time to time in the Company's SEC reports, including its annual report Form 10-K for the year ended December 31, 2001, and its quarterly report Form 10-Q for the three months ended September 30, 2002. You are cautioned not to place reliance on these forward-looking statements, which speak only as of the date of these materials. Excepts as required by law, the Company is not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.*