

RAC

Rent-A-Center®

*Investor Presentation
Second Quarter 2006*



August 2, 2006

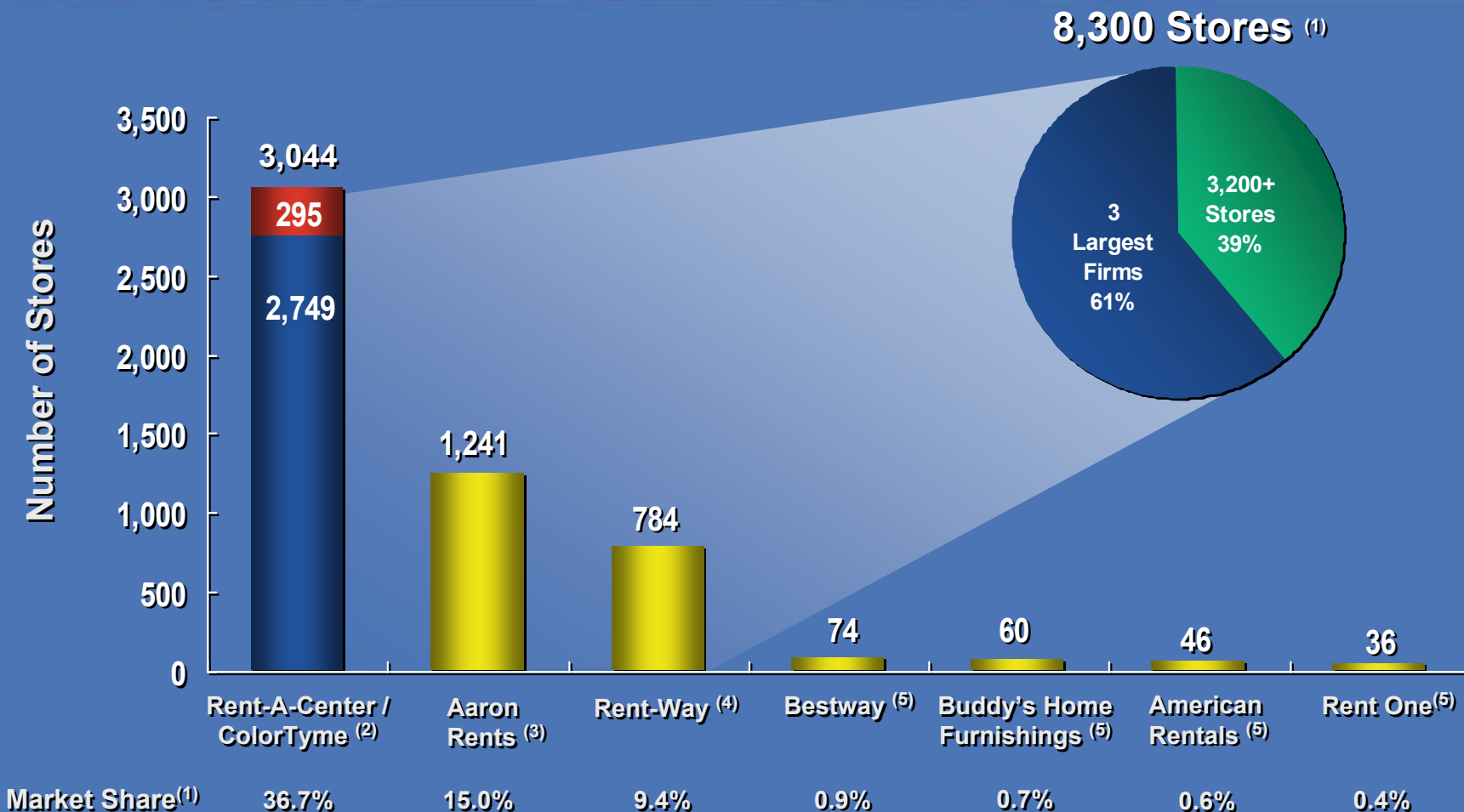
Key Investment Rationale

- Leading rent-to-own operator in the U.S.
- Proven business model
- Experienced management team
- Financially solid
 - Strong cash flow generation
 - Sound balance sheet & strong credit statistics
- Continue expansion of our rent-to-own footprint
- Growth opportunity adding financial services within our existing store locations

Leading RTO Operator in U.S.

- Largest rent-to-own operator in the U.S.
 - 33% market share based on 2,743 domestic store count as of 6/30/06
 - ColorTyme subsidiary represents an additional 4% market share
- Broad selection of high quality, brand-name merchandise through flexible rental agreements
 - Major consumer electronics – 34% of rental revenue
 - Furniture and home accessories - 37% of rental revenue
 - Appliances - 16% of rental revenue
 - Personal computers – 13% of rental revenue
- Primarily serves the “underbanked” consumer
- Generated \$2.35 billion in LTM revenue and \$324.8 million in LTM adjusted EBITDA as of June 30, 2006

Leading Player in Fragmented Marketplace



- Notes: (1) Based on Association of Progressive Rental Organization (APRO) estimates in 2005 Industry Survey of 8,300 total stores
 (2) Company data as of June 30, 2006
 (3) Company earnings press release of July 26, 2006
 (4) Company press release of July 14, 2006
 (5) Company website estimates as of July 28, 2006

Leading National Footprint

2,743 domestic company-owned stores and 295 franchised stores
 6 company-owned stores in Canada

Company-owned New Store Openings

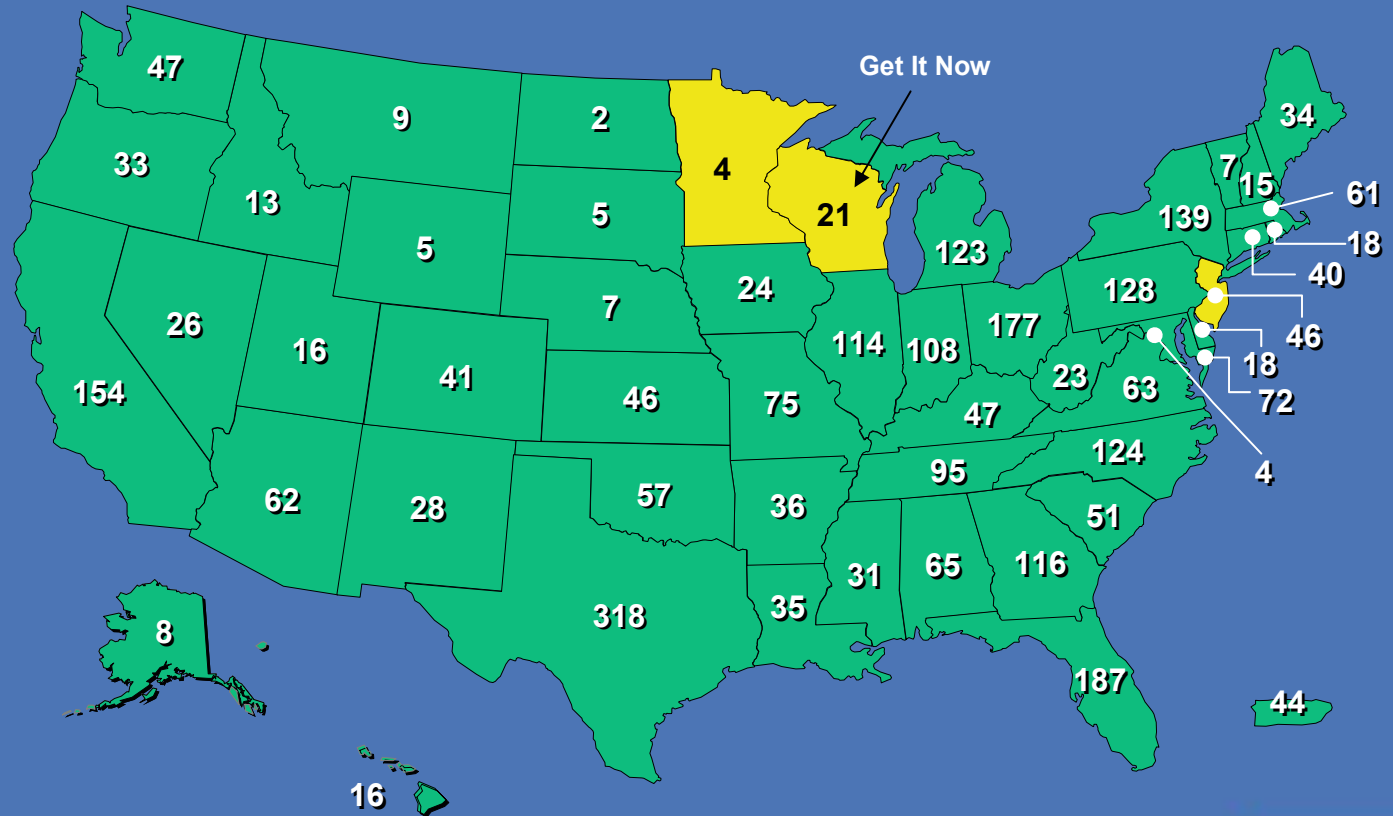
2005A	Q2'06 YTD	2006E
67	19	60-70

Acquisitions - Store Fronts

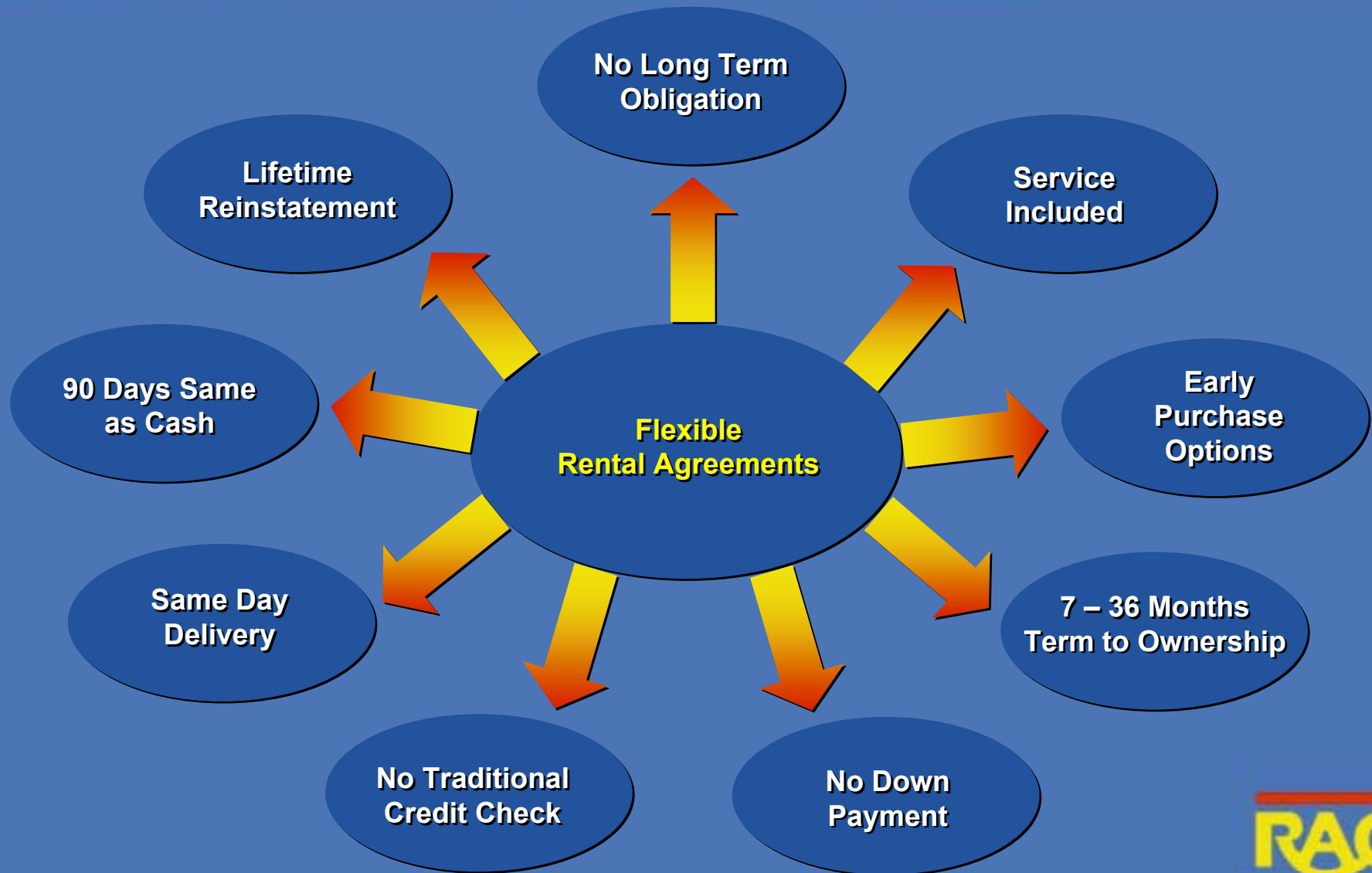
2005A	Q2'06 YTD
44	18

Acquisitions Customer Accounts

2005A	Q2'06 YTD
39	20



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

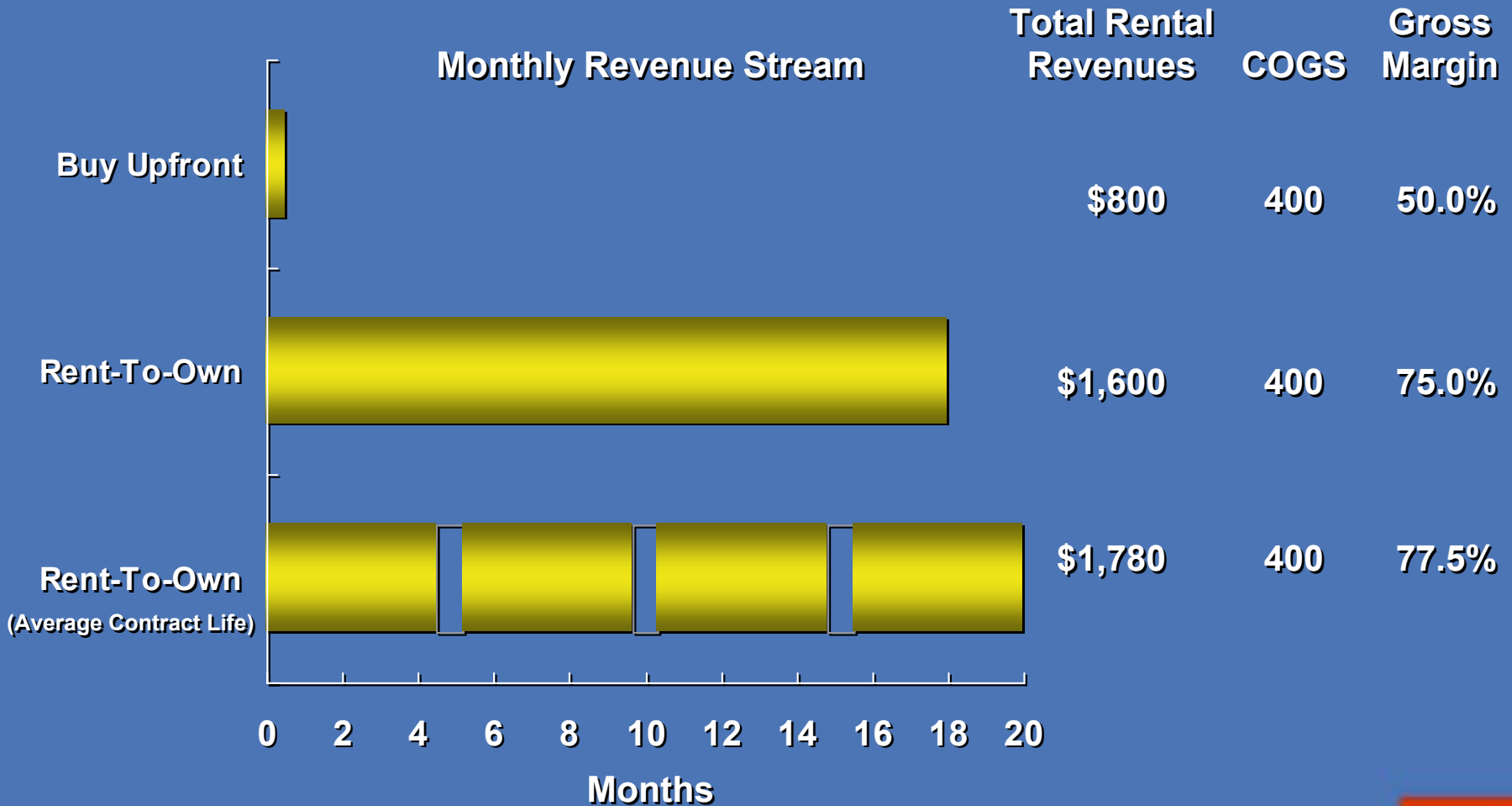


...Serving the “Underbanked Working Family”...

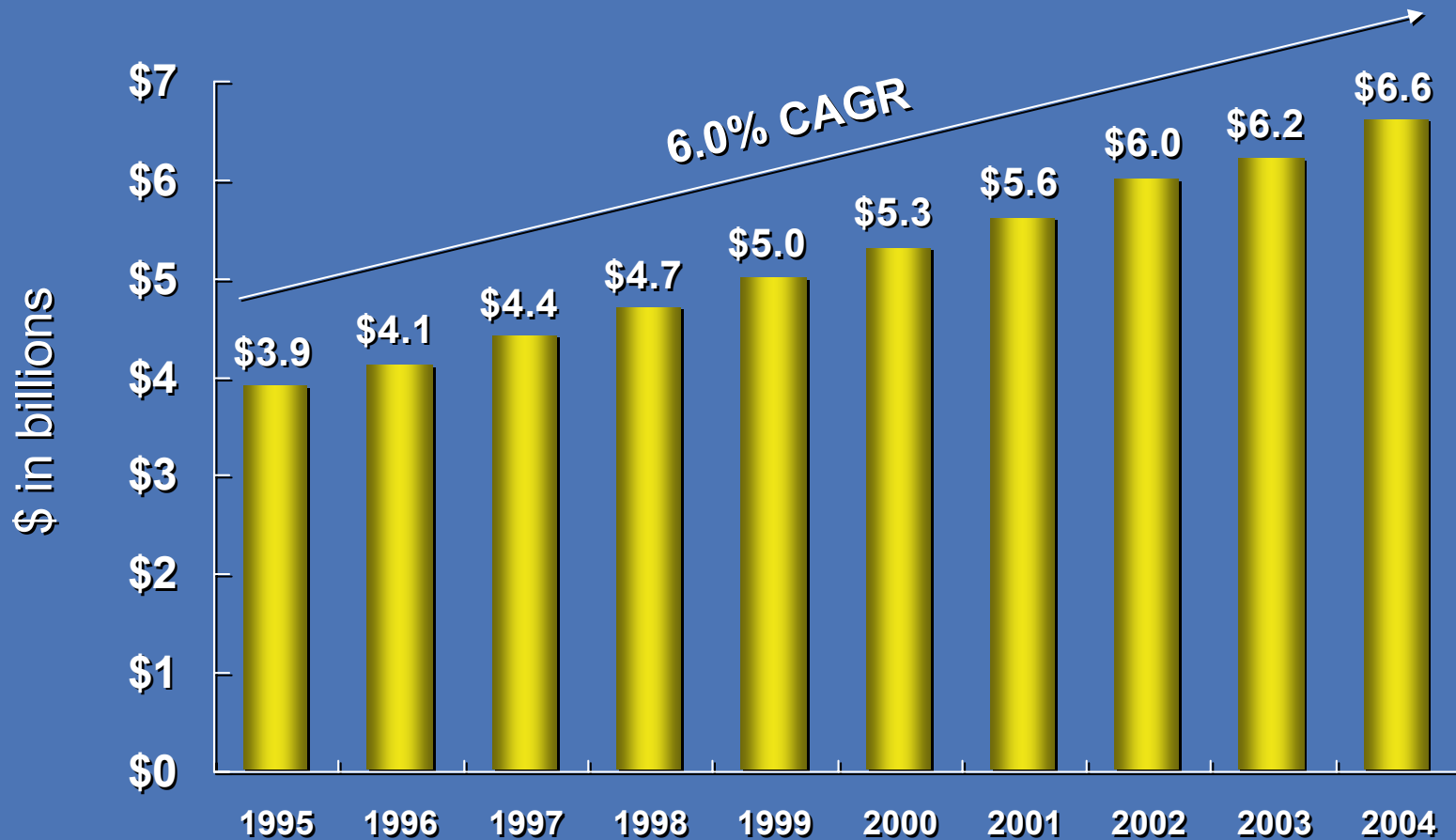
- 75% of customers in the industry have household incomes between \$15,000 and \$50,000⁽¹⁾
- 45 million households with household incomes between \$15,000 and \$50,000⁽²⁾
- Industry is serving only 2.7 million of these households⁽³⁾
- Great market opportunity

Note: (1) America's Research Group, August 2004
(2) U.S. Census Bureau - 2001
(3) APRO 2005 Industry Survey

...With Attractive Economics ...

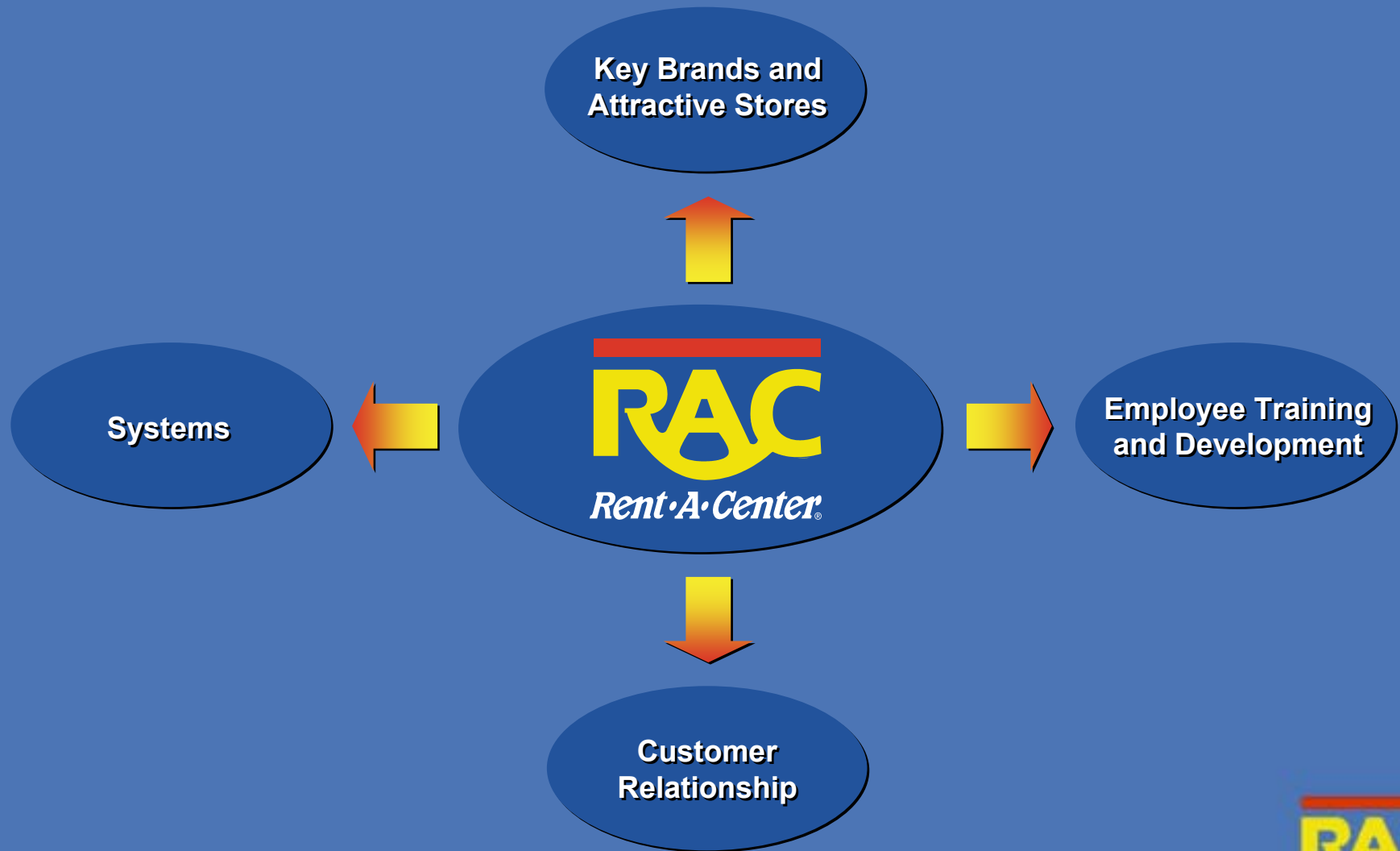


and Consistent Industry Growth



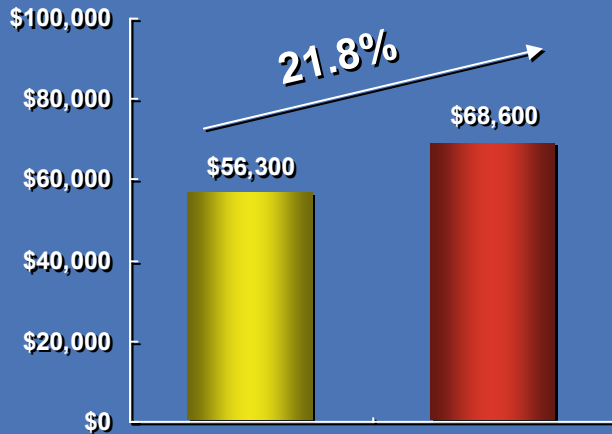
Source: APRO 2005 Industry Survey

Proven Business Model

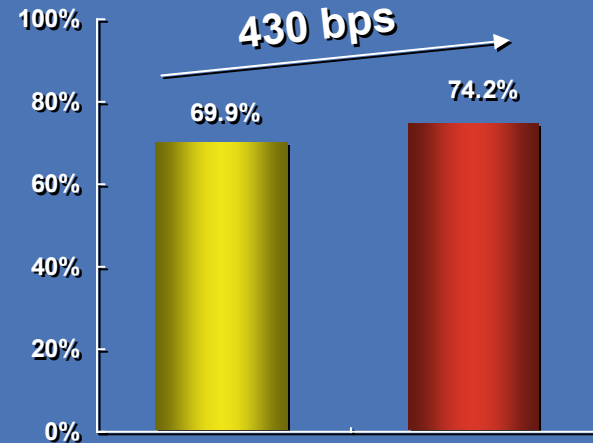


Rent-A-Center Store Profitability vs. Peers

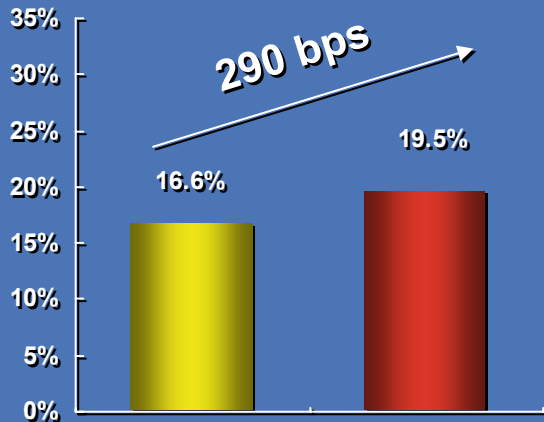
Monthly Revenue



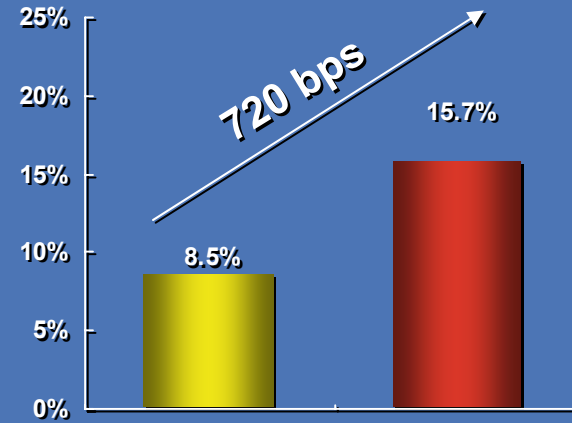
Gross Profit Margin



Store Operating Margin



EBITDA Margin



■ Industry Average ⁽¹⁾

■ Average RCI Store ⁽²⁾

Notes: (1) Source: APRO 2004 Industry Survey.

(2) Per LTM data for the period ended June 30, 2006 for Rent-A-Center stores (excludes Get It Now, ColorTyme, and Canada)

(3) Store Operating Margin is before overhead allocation, EBITDA Margin is after 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
34% of Rental
Revenue

SONY®

PHILIPS

TOSHIBA

 **MITSUBISHI**

HITACHI

Furniture
37% of Rental
Revenue

 **ASHLEY**

 **Simmons®**

Standard

 **BERKLINE®**

Appliances
16% of Rental
Revenue

 **Whirlpool**

Computers
13% of Rental
Revenue



COMPAQ

DELL™

TOSHIBA

State-of-the-Art Systems Capabilities

Inventory Analysis

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

BOR & Credit Analysis

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

Store Income Analysis

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

Exceptions Report

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

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

Experienced Management Team

- Senior management team is the most experienced in RTO industry
 - CEO Mark Speese has over 27 years of RTO experience
 - President Mitch Fadel has over 23 years of RTO experience
 - Senior executives average over 15 years of RTO experience
- Attracting the best personnel with industry-leading salary and incentive plans

Strategic Objectives

- Enhance store level operations and profitability
 - Grow same store sales
 - Maintain expense control
- Open new stores
- Acquire existing rent-to-own stores
 - Storefronts
 - Customer account
- Growth opportunity adding financial services within our existing store locations

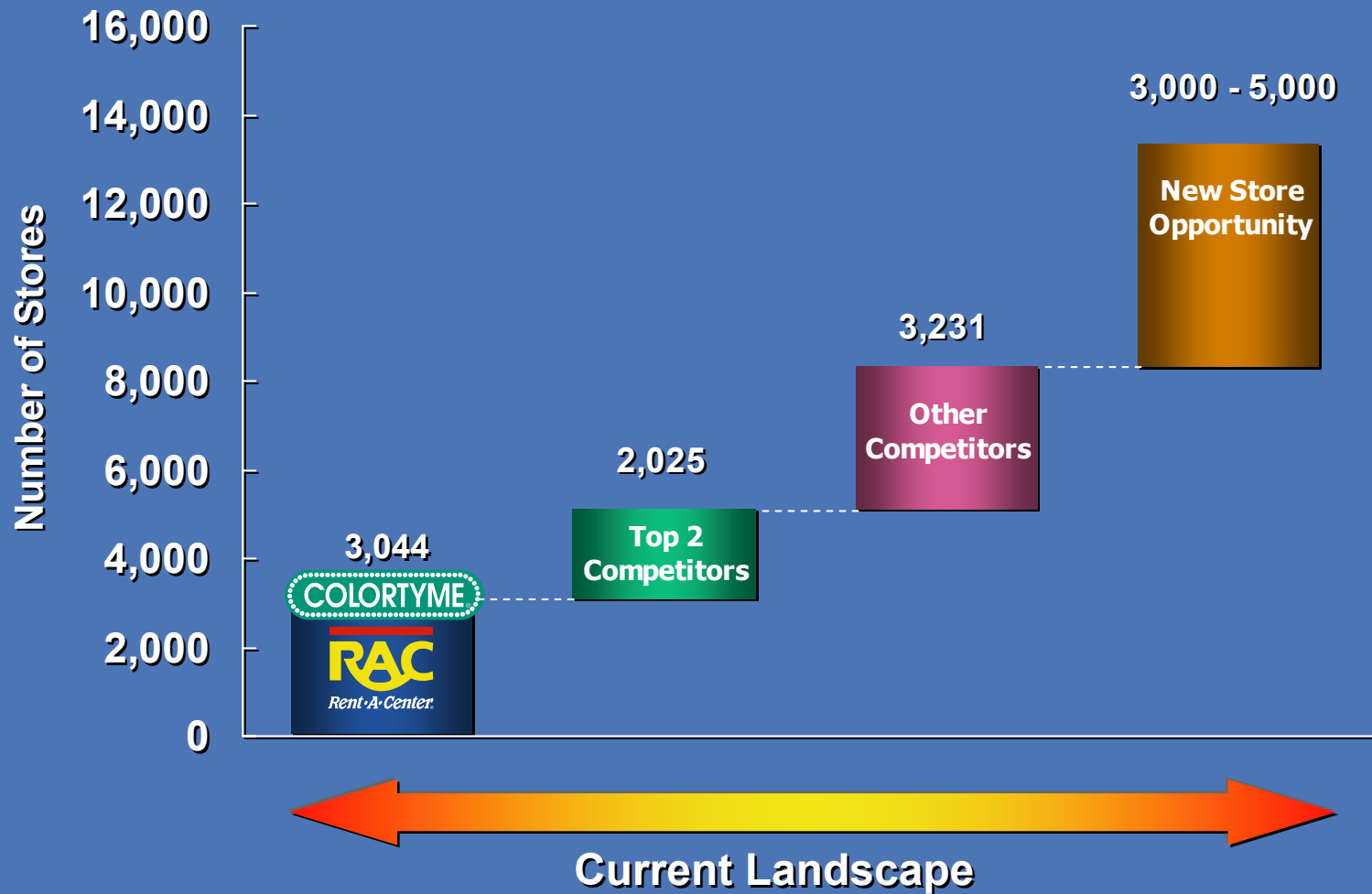
Strong New Store Economics

- Start-up investment of approximately \$500,000 (3/4 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	\$425,000	\$675,000	\$750,000	\$800,000
EBITDA ⁽¹⁾	(\$50,000)	\$110,000	\$140,000	\$160,000
EBITDA Margin ⁽¹⁾	(12%)	16%	19%	20%

Note: (1) Before market and corporate allocation and income tax expense, terminal value of 6.5 x EBITDA in Year 5

Domestic Market Opportunity



Enhance National Brand



**The Rent-A-Center
BACK 2 SCHOOL
SALE**

La Gran Venta De Regreso a Clases de Rent-A-Center

**\$50 OFF
Any New Laptop!***

Ahorra \$50 en Cualquier Computadora Portátil Nueva*

PHILIPS Make the grade with deals for every room! Look inside for details

Mejora tus calificaciones con ahorros para cada habitación. Busca los detalles en el interior.

LG **XBOX 360**

RAC Rent-A-Center

1-800-877-7758
rentacenter.com

We make it EASY to make it your own™
Hacemos FÁCIL que lo hagas tuyo

Brand Names, Brand New
The latest home merchandise from America's most trusted brands.

Pay Your Way
Weekly, Bi-Weekly, Monthly, 90 days same as cash** – more options make it easier for you!

Avoid Credit Card Debt!
"Pay as you go" means no credit needed and no high-interest credit card fees!

Delivery & Service Included**
No extra charge for delivery or service – that's our "We'll take care of it" Guarantee!

Get It Today
Why wait? In most cases, we'll deliver the same day!

- National and spot media
- Loyalty program
- Strategic business relationships

Financial Services – Business Rationale

■ Financial Services Industry

- High growth – analyst estimate of double digit growth
- Fragmented – similar to rent-to-own 25 years ago
- Customer within RAC's national footprint

■ RAC's Strengths

- Developing ongoing and lasting relationships with customers
- Leveraging our real estate
- Operating cash flow to support growth
- Legislative expertise

Financial Services – Measured Approach Implementation

- Acquired 27 stores from ColorTyme franchisee that offered financial services
 - Easy, relatively inexpensive way to get into industry
 - Use as a platform to offer services in RAC stores
- Product offerings – primarily include deferred deposit and unsecured loans, check cashing, money transfer, bill paying and debit cards
- Focusing on states that have enabling legislation
- Offer in RAC stores that fit the demographic profile or have real estate available – “in store” and “box in box” models
- Fine-tuning processes
 - Approval and collection
 - Cash control and cash management
 - Measure and manage losses
- Build scale
 - Technology
 - Infrastructure
 - Management

Financial Services – The Cash AdvantEdge



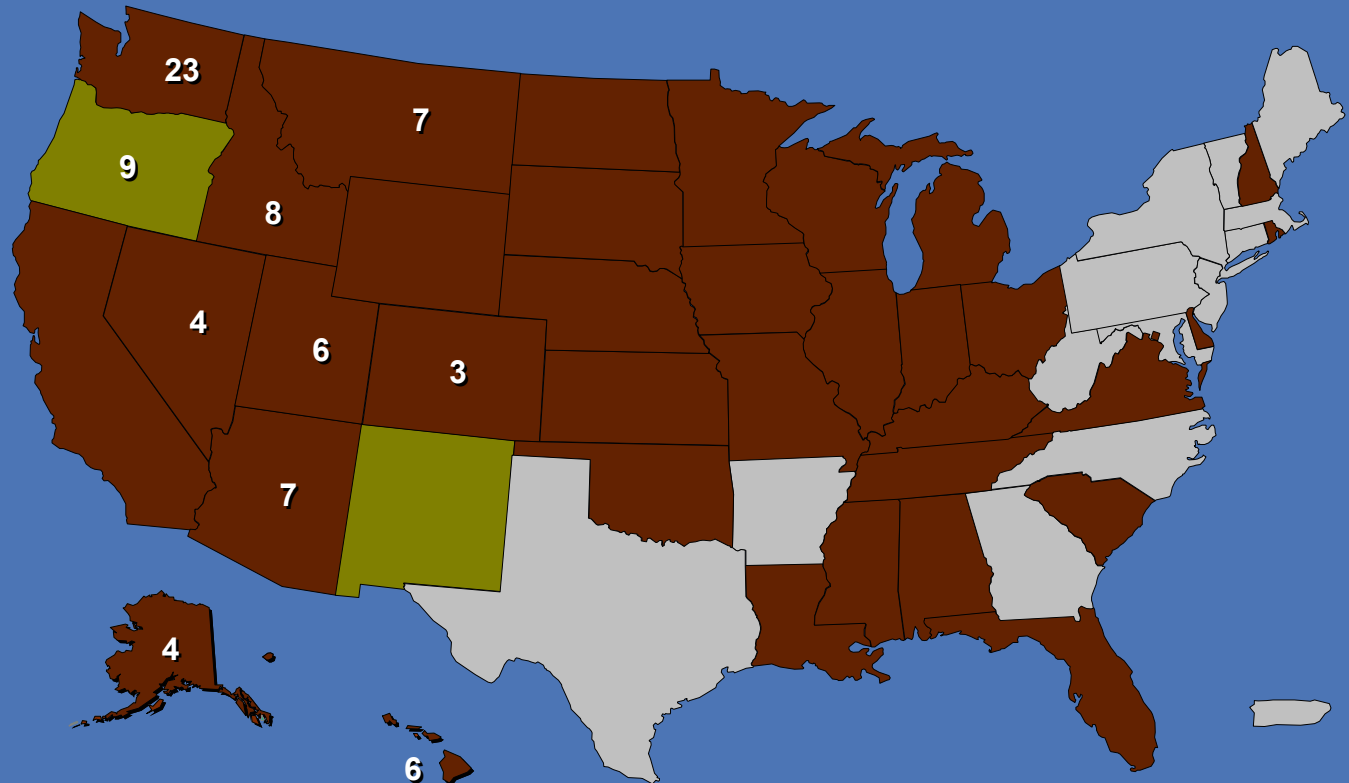
77 domestic financial services stores within existing Rent-A-Center stores

Financial Services New Store Openings

2005A	Q2'06 YTD	2006E
13	38	100-120

Acquisitions - Store Fronts

2005A	Q2'06 YTD
27	0

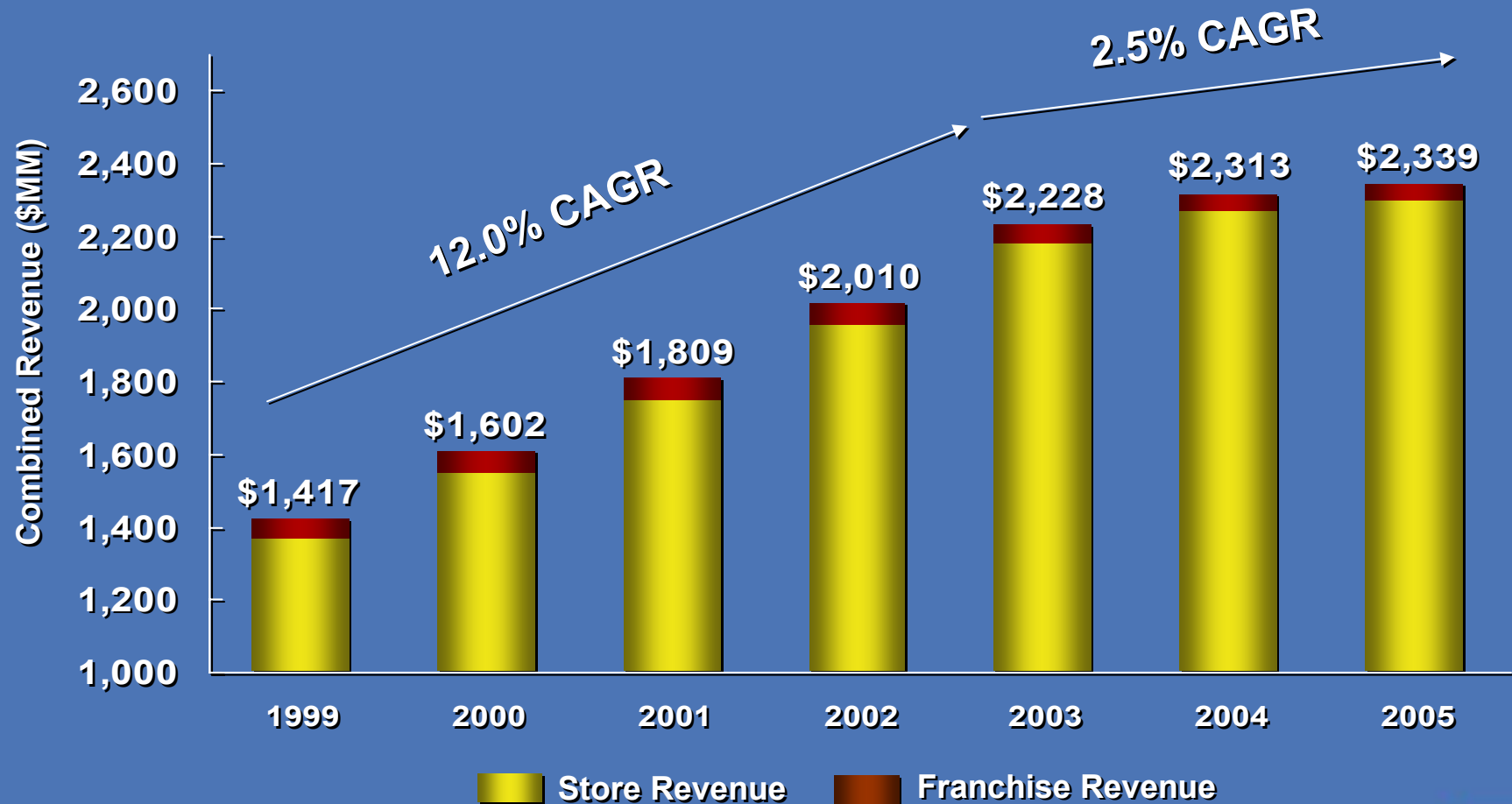


Favorable State Regulation
 Developing/Unfavorable State Regulation
 State Regulation at Risk

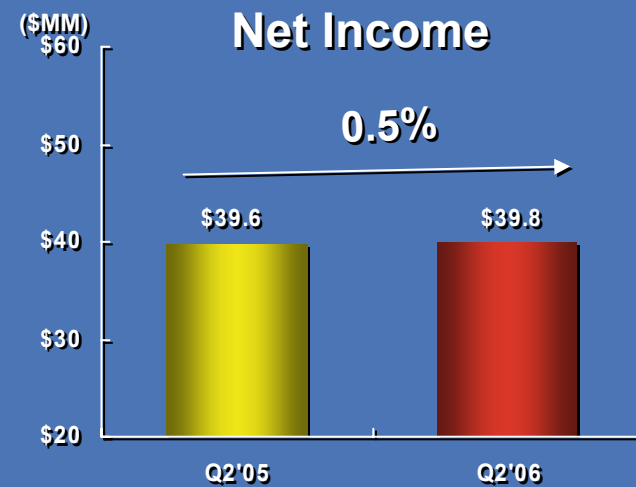
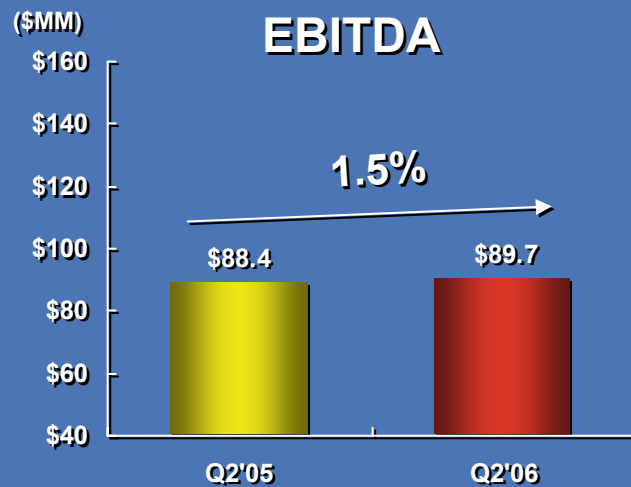
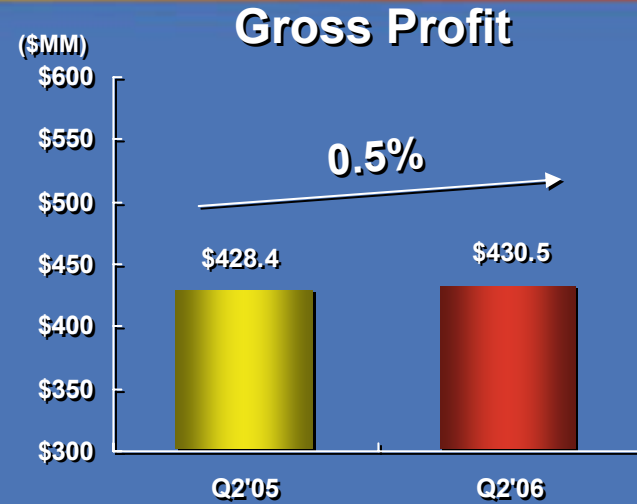
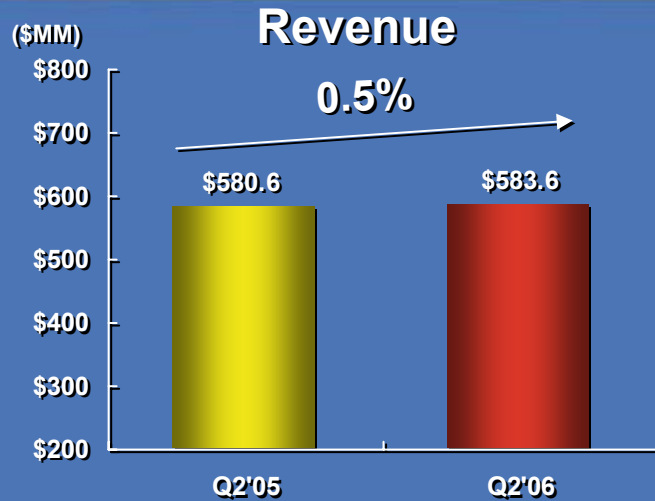


Financial Overview

Transitioning to Mature Sales Growth in Rent-to-Own



Q2'06 Review



EBITDA Margin	Q2'05	Q2'06
	15.2%	15.4%

Net Income Margin	Q2'05	Q2'06
	6.8%	6.8%

Q2'05 excludes the effects of an \$2.0 million tax audit reserve credit associated with the examination and favorable resolution of the Company's 1998 and 1999 federal tax returns.

Current Capital Structure

<i>(in millions of dollars)</i>	Jun 30 2005	% of Book Capital	Jun 30 2006	% of Book Capital
Cash & Equivalents	\$25.1	N/A	\$41.2	N/A
Senior Credit Facilities	364.5	23.5%	417.2	25.5%
Subordinated Notes	300.0	19.3%	300.0	18.4%
Total Debt	664.5	42.8%	717.2	43.9%
Shareholder's Equity	889.3	57.2%	915.8	56.1%
Total Capitalization	\$1,553.8	100.0%	\$1,633.0	100.0%

Consolidated Leverage Ratio 2.12x (Q2'06)

Consolidated Interest Coverage Ratio 6.49x (Q2'06)

Operating Cash Flow



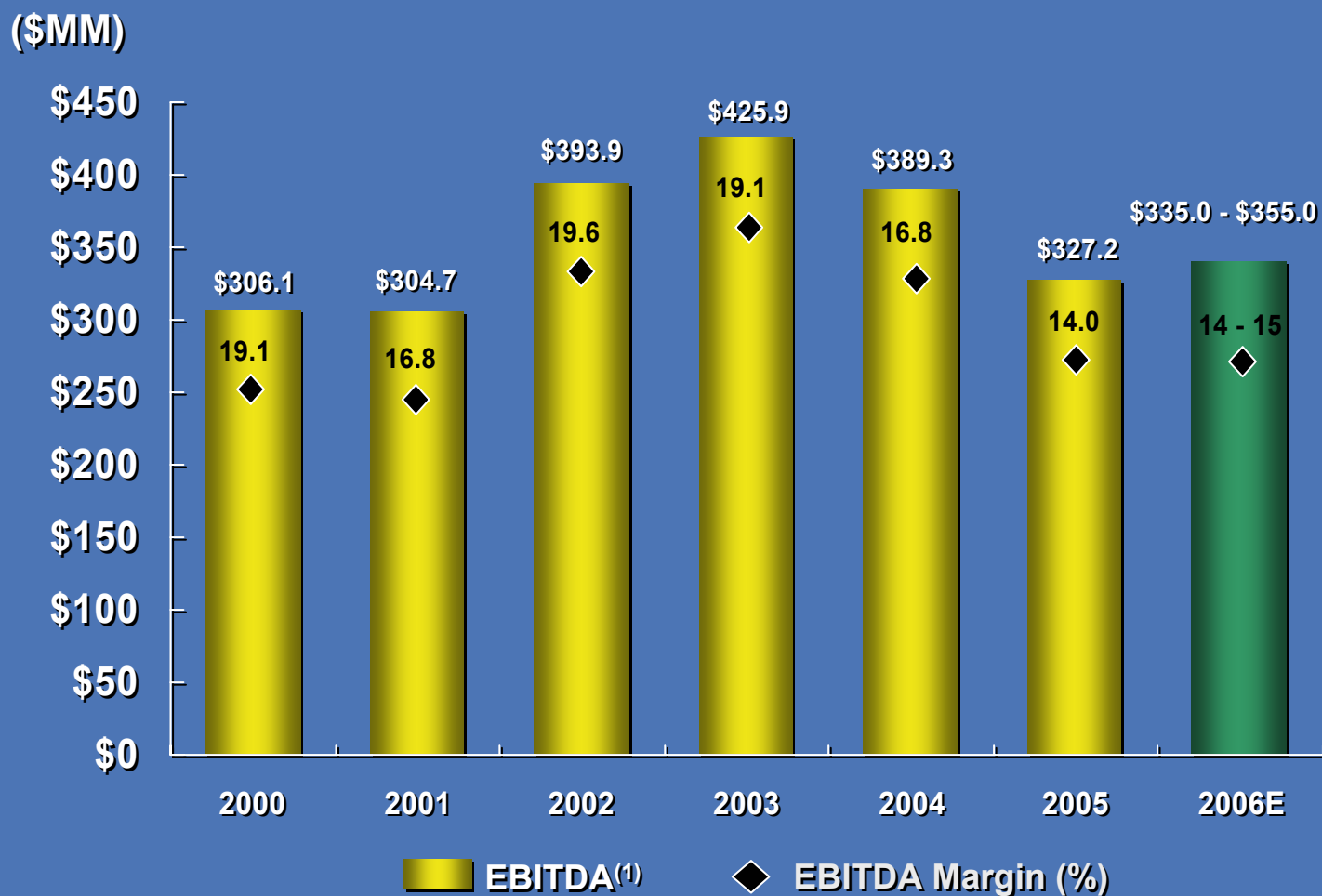
Schedule of Free Cash Flow

2006 Estimate (\$ MM)

EBITDA	\$335 - \$355
Net Cash Interest	(\$45)
CapEx	(\$80)
Working Capital	(\$30)
Taxes	(\$75)
Free Cash Flow	\$105 - \$125

Free Cash Flow Yield of Approximately 7%

EBITDA and EBITDA Margin



Notes: (1) Excludes nonrecurring charges and credits

Guidance (per July 24, 2006 press release)

<u>QUARTERLY</u>	<u>Q3'05A</u>	<u>Q3'06P</u>
Total Revenue	\$573.5 MM	\$584.0-\$592.0 MM
Diluted EPS	\$0.35 ⁽¹⁾	\$0.46 - \$0.50

<u>ANNUAL</u>	<u>2005A</u>	<u>2006P</u>
Total Revenue	\$2.34 BN	\$2.36-\$2.38 BN
Diluted EPS	\$1.91 ⁽²⁾	\$2.08-\$2.15 ⁽³⁾

(1) Excludes the effects of a \$13.0 million pre-tax restructuring expense as part of the store consolidation plan announced September 6, 2005 and \$7.7 million in pre-tax expenses related to the damage caused by Hurricanes Katrina and Rita. Excluding these expenses increased diluted earnings per share in the third quarter of 2005 by \$0.12 for the restructuring expense and by \$0.08 for the hurricanes expense.

(2) Excludes the effects of a \$15.2 million pre-tax restructuring expense as part of the store consolidation plan announced September 6, 2005; \$8.9 million in pre-tax expenses related to the damage caused by Hurricanes Katrina, Rita, and Wilma; a \$3.7 million state tax reserve credit for a reserve adjustment; a \$2.0 million tax audit reserve credit associated with the examination and favorable resolution of the Company's 1998 and 1999 federal tax returns; and an \$8.0 million pre-tax credit associated with the Griego/Carrillo litigation reversion. Excluding these expenses and credits increased diluted earnings per share for the twelve month period ending December 31, 2005 by \$0.08.

(3) Includes stock option expense of \$0.06.

Key Investment Rationale

- Leading rent-to-own operator in the U.S.
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- Continue expansion of our rent-to-own footprint
- Growth opportunity adding financial services within our existing store locations

Safe Harbor Statement

This press release and the 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 Company’s ability to open new rent-to-own 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 Company’s ability to identify and successfully market products and services that appeal to the Company’s customer demographic; the Company’s ability to identify and successfully enter into new lines of business offering products and services that appeal to the Company’s customer demographic, including the Company’s financial services products; the results of the Company’s litigation; the passage of legislation adversely affecting the rent-to-own or financial services industries; interest rates; the Company’s ability to enter into new and collect on the Company’s rental purchase agreements; the Company’s ability to enter into new and collect on the Company’s short term loans; economic pressures affecting the disposable income available to the Company’s targeted consumers, such as high fuel and utility costs; changes in estimates with respect to self insurance liabilities and income tax reserves; changes in the Company’s effective tax rate; the Company’s ability to maintain an effective system of internal controls; changes in the number of share-based compensation grants, methods used to value future share-based payments and changes in estimated forfeiture rates with respect to share-based compensation; changes in the Company’s stock price and the number of shares of common stock that we may or may not repurchase; and other risks detailed from time to time in the Company’s SEC reports, including but not limited to, the Company’s annual report on Form 10-K for the year ended December 31, 2005 and its quarterly reports on Form 10-Q for the quarters ended March 31, 2006 and June 30, 2006. 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.