

RAC

Rent-A-Center®

*Investor Presentation
First Quarter 2004*



May 20, 2004

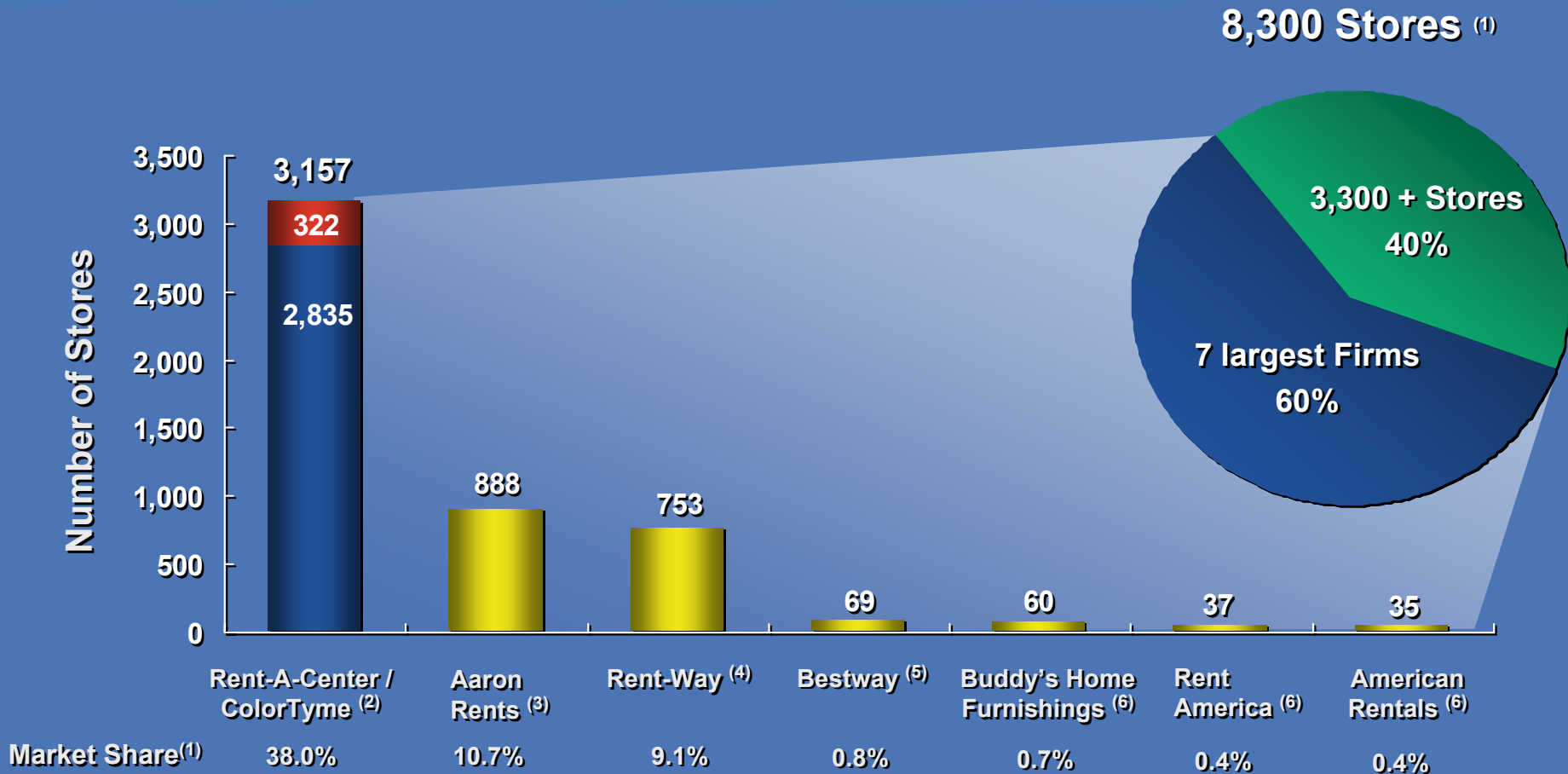
Key Investment Rationale

- Leading rent-to-own operator in the U.S.
- Proven business model
- Multiple growth drivers
- 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.
 - 34% market share based on 2,835 store count as of 05/19/04
 - ColorTyme subsidiary represents an additional 4% market share
- Broad selection of high quality goods through flexible rental agreements
 - Home electronics – 39% of rental revenue
 - Furniture and home accessories - 35% of rental revenue
 - Appliances - 16% of rental revenue
 - Personal computers - 10% of rental revenue
- Primarily serves the “underbanked” consumer
- Generated \$2.25 billion in LTM revenue and \$423.0 million in LTM EBITDA as of March 31, 2004

Leading Player in Fragmented Marketplace

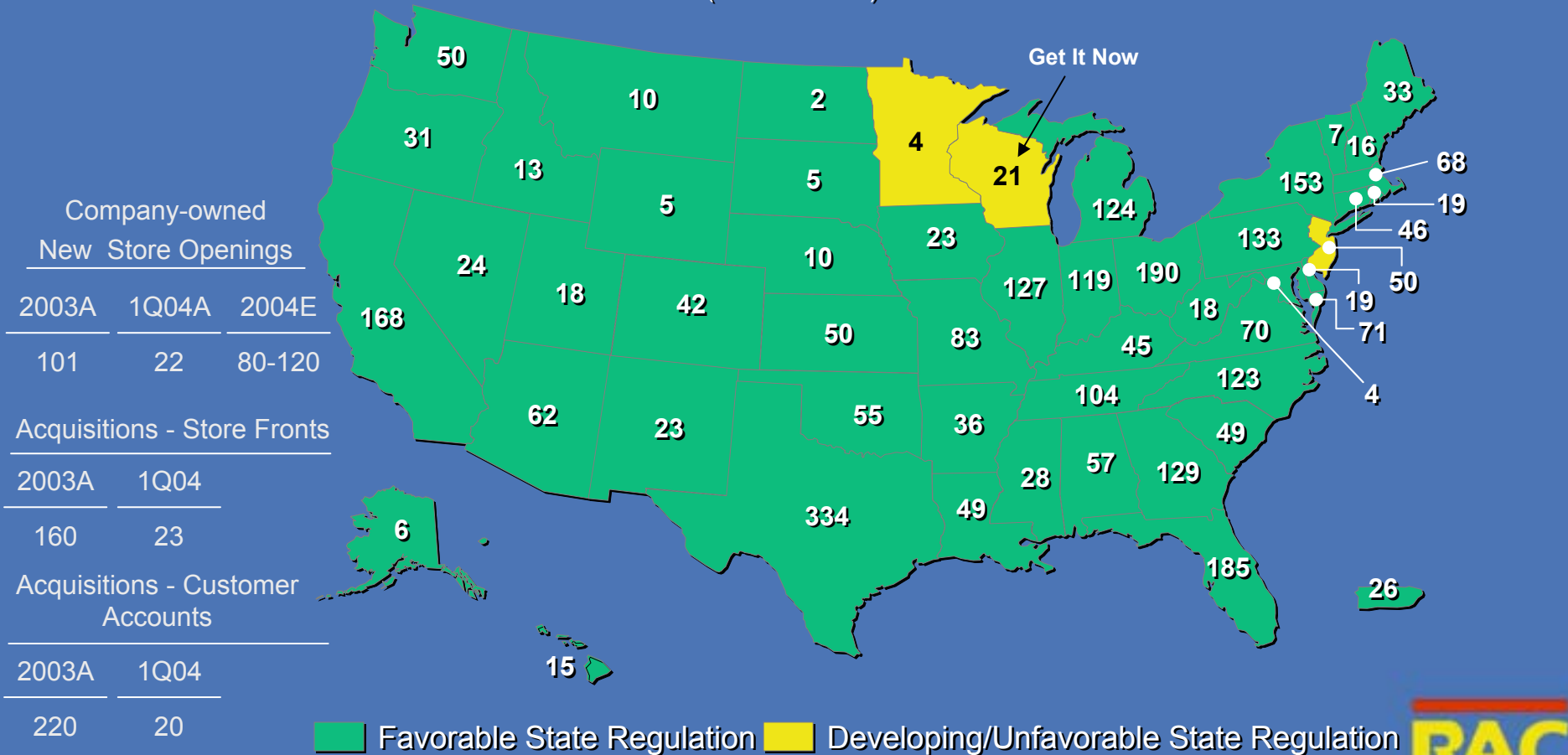


- Notes:
- (1) Based on Association of Progressive Rental Organization (APRO) estimates in 2003 Industry Survey of 8,300 total stores
 - (2) Company data as of May 19, 2004
 - (3) Company press release of March 23, 2004, includes estimated 12 Sight & Sound stores
 - (4) Company press release of April 14, 2004
 - (5) Company press release of April 6, 2004
 - (6) APRO estimates as of May 20, 2004

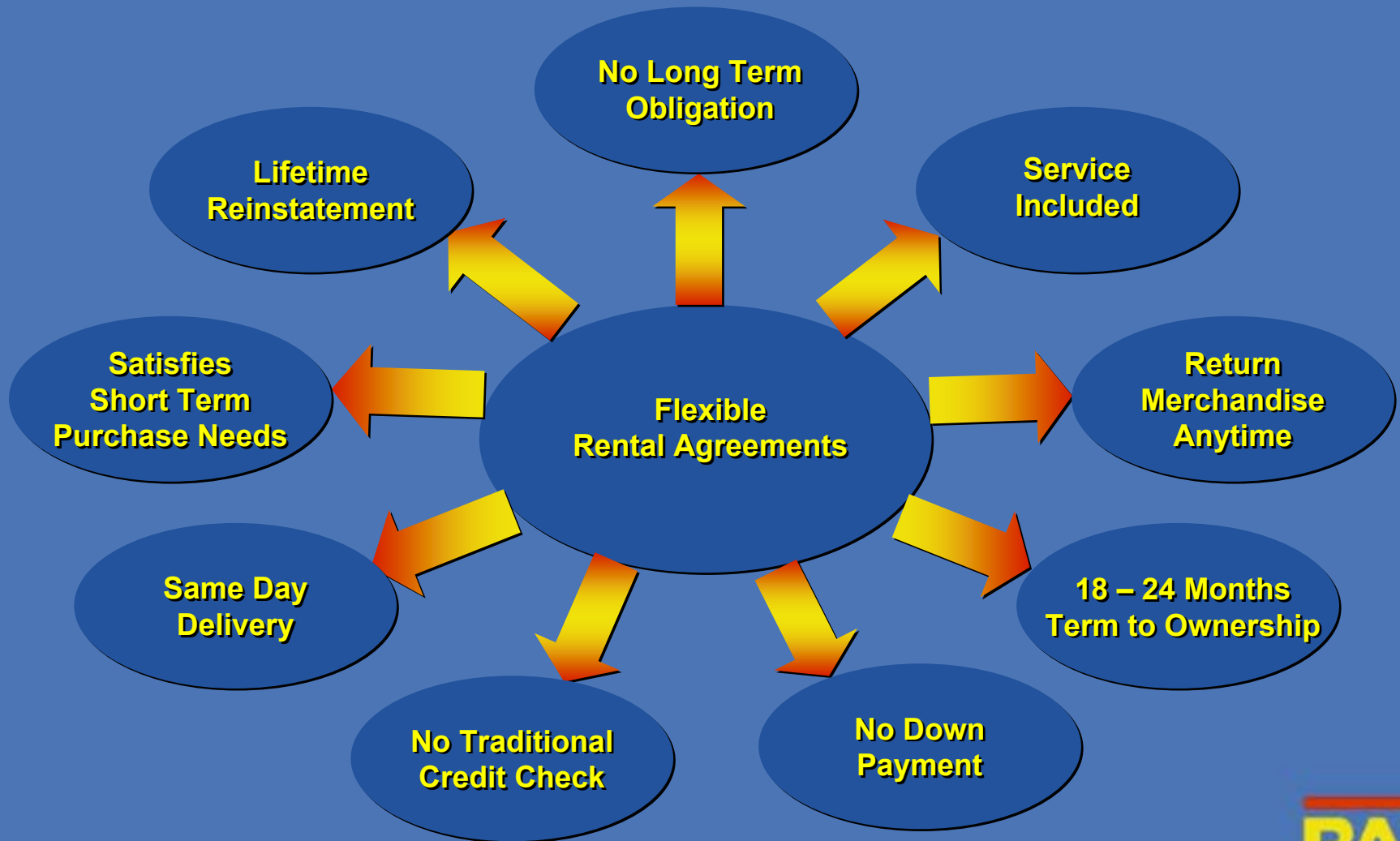
Leading National Footprint

2,835 domestic company-owned stores and 322 franchised stores
 5 company-owned stores in Canada

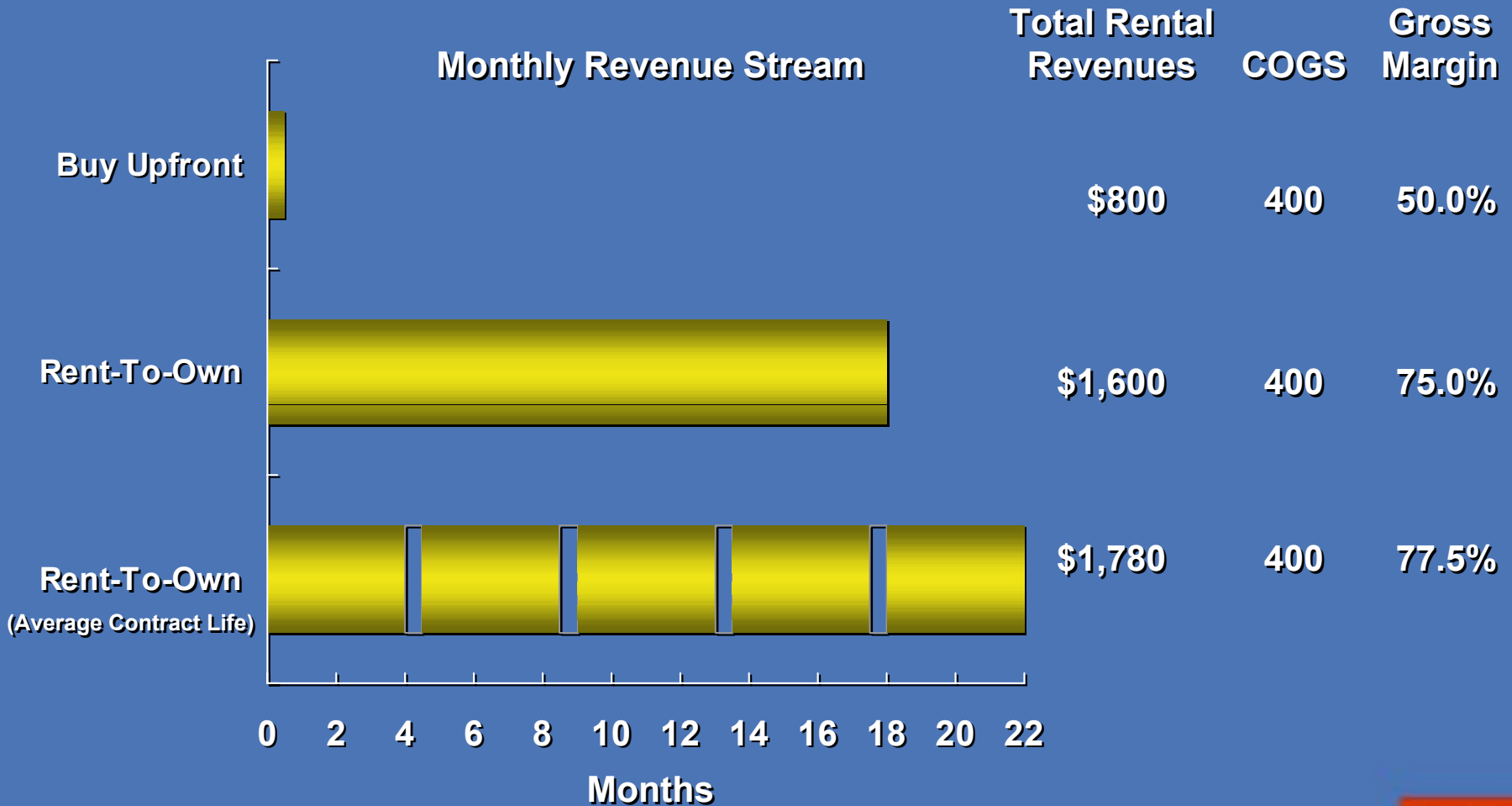
(as of 5/19/04)



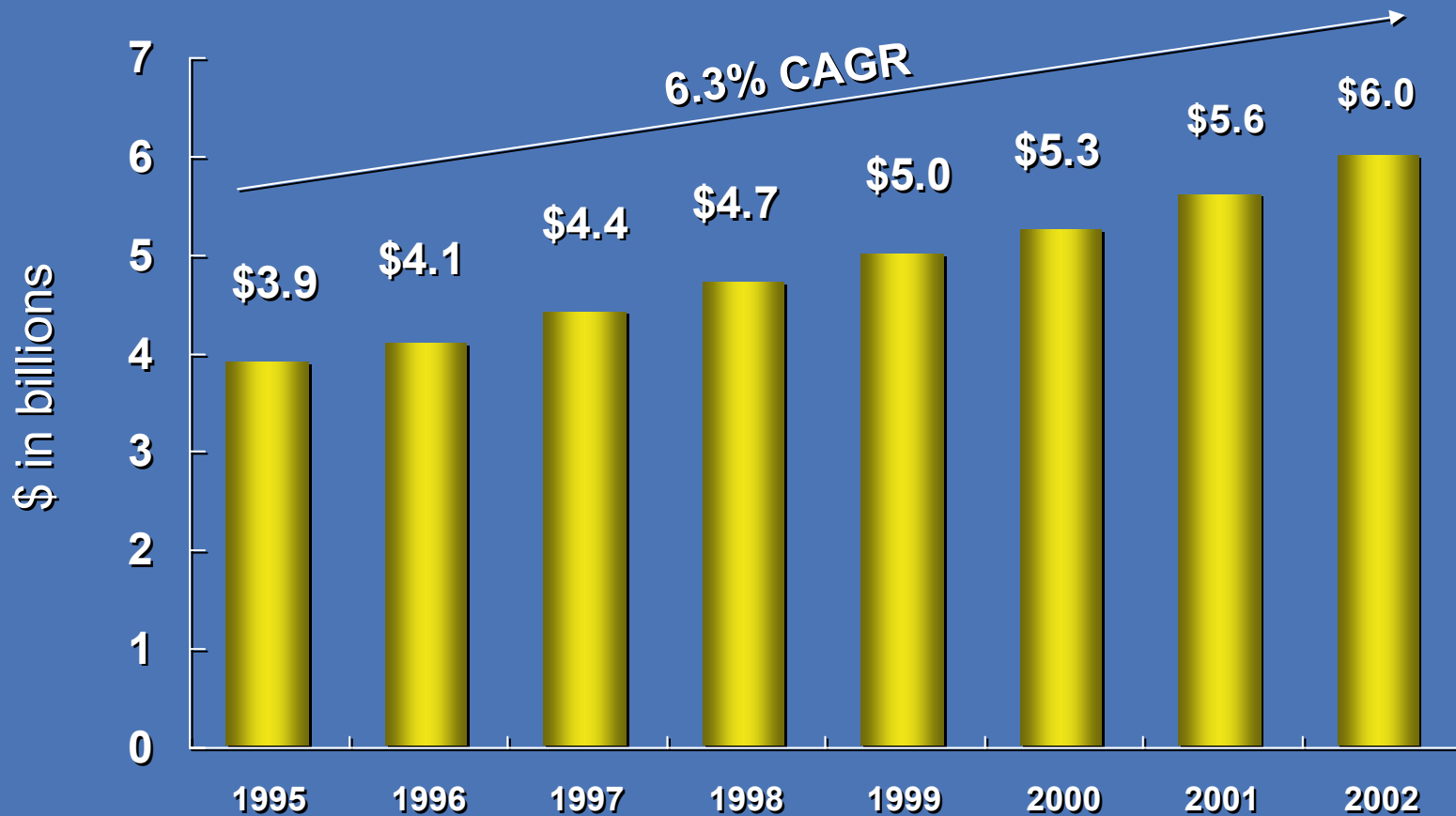
Rent-to-Own is an Appealing Transaction...



...With Attractive Economics ...



...Consistent Industry Growth...

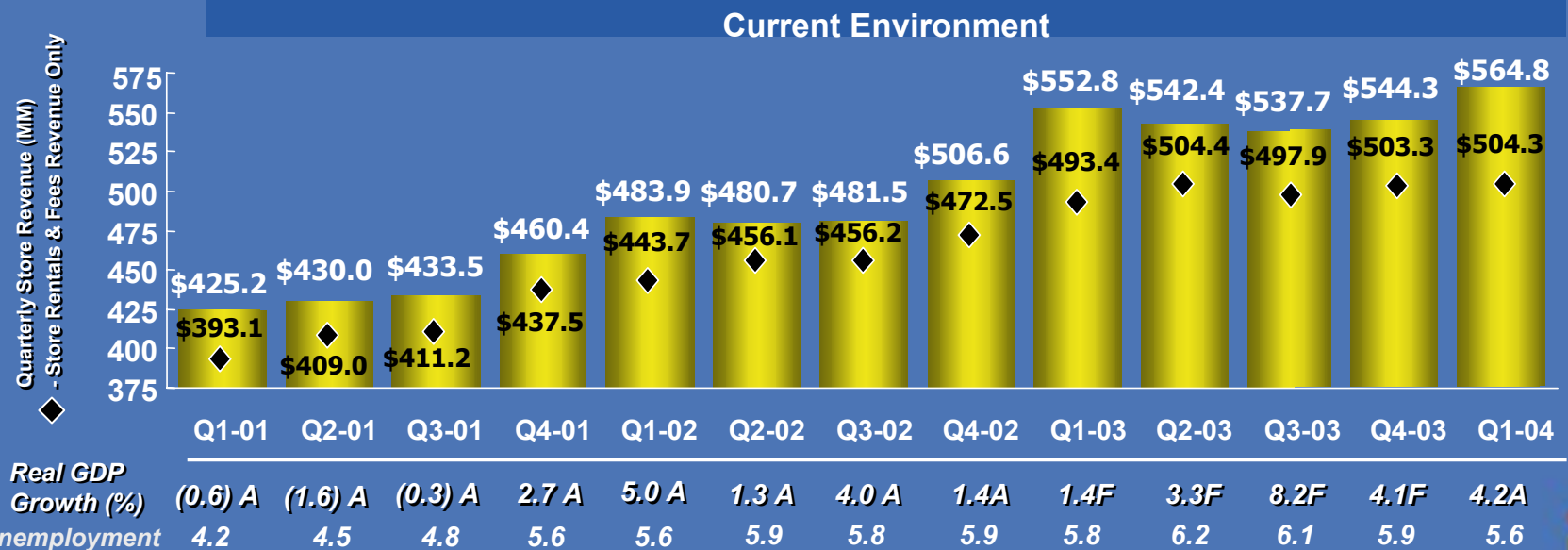
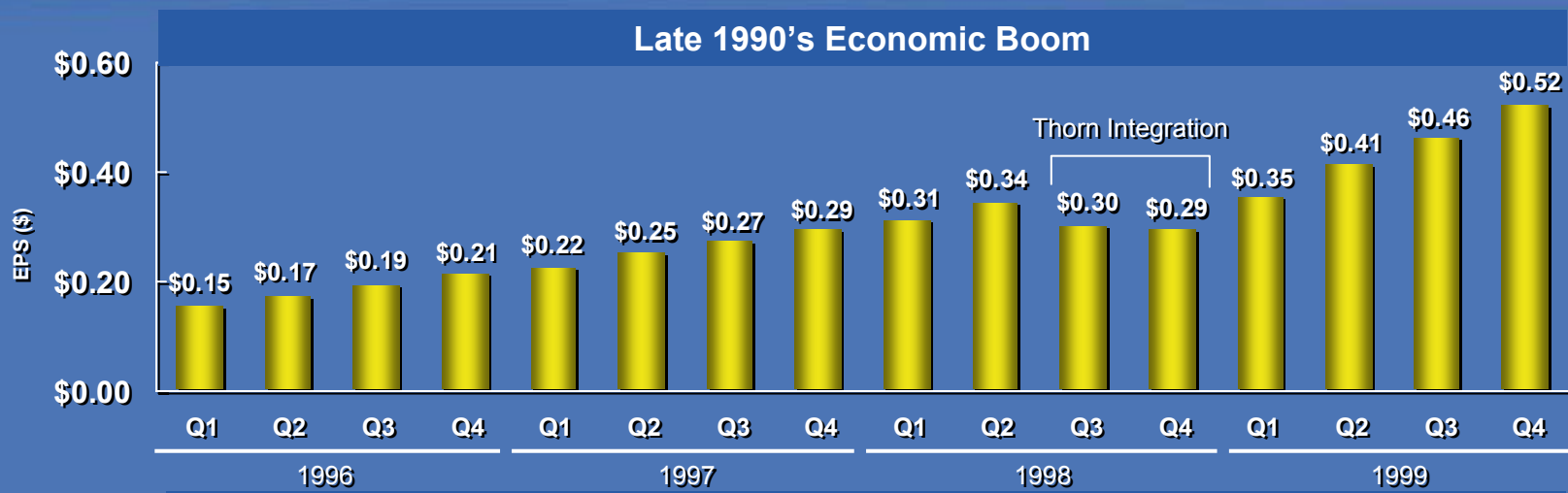


Source: APRO 2003 Industry Survey

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

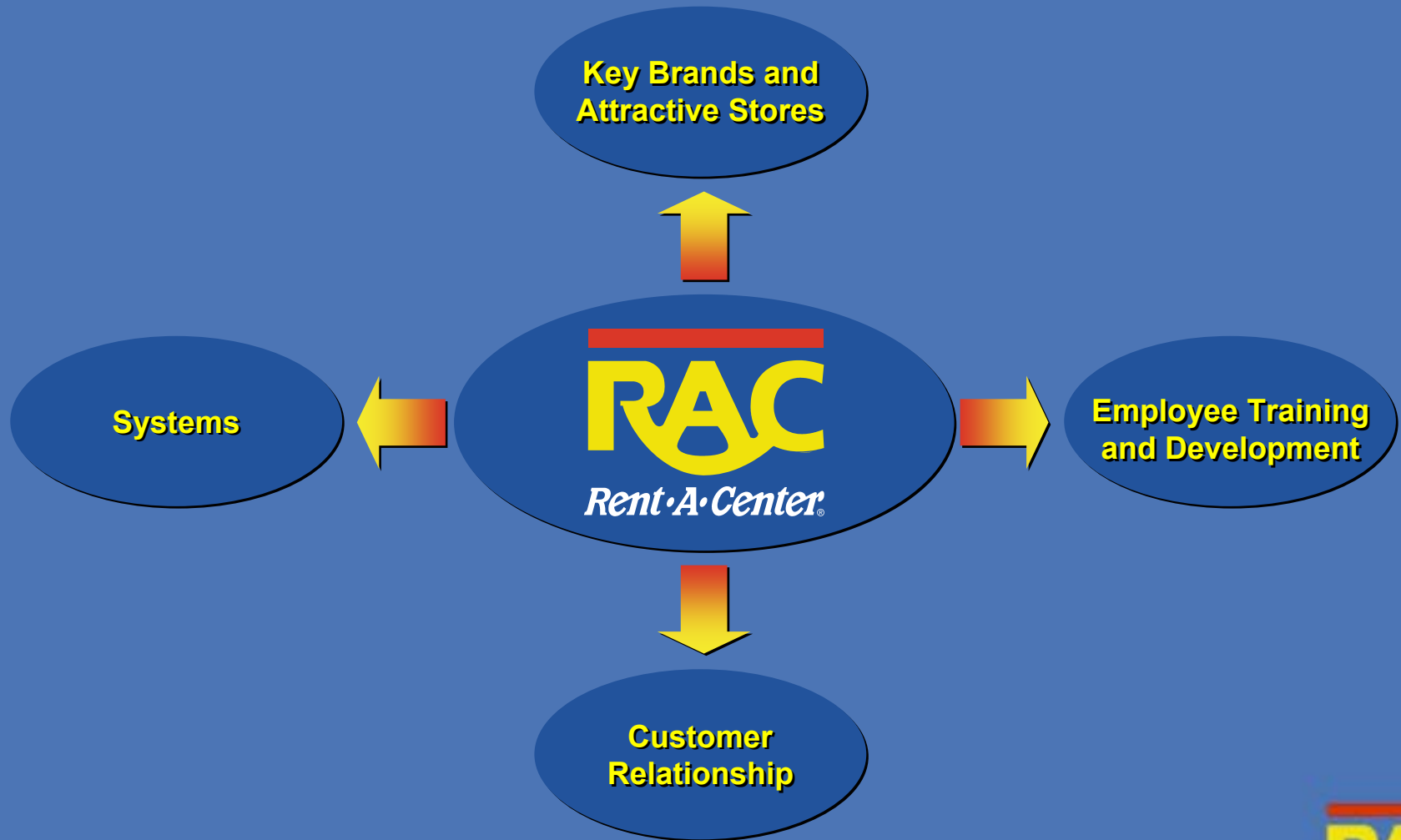


Serves the “Underbanked Working Family”

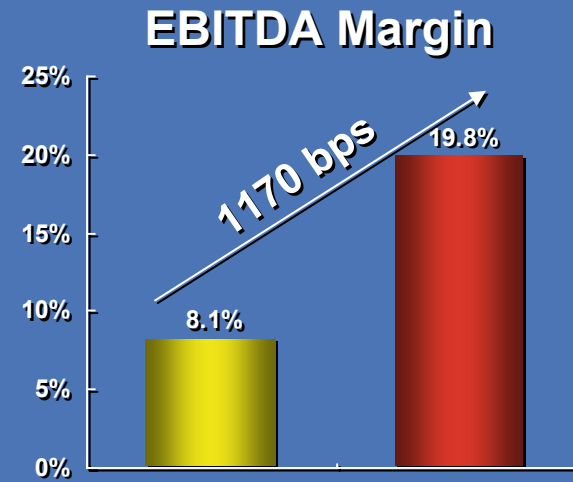
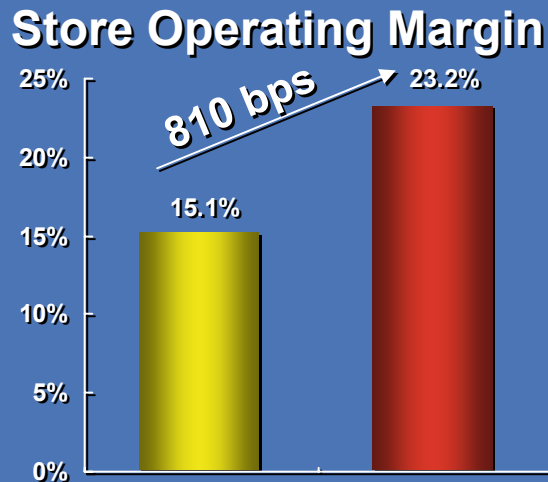
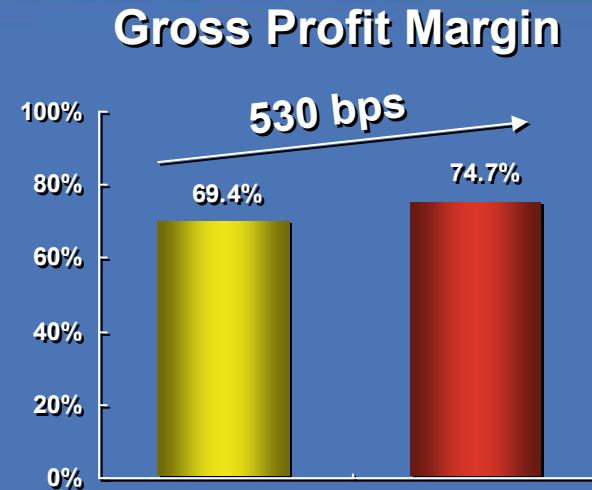
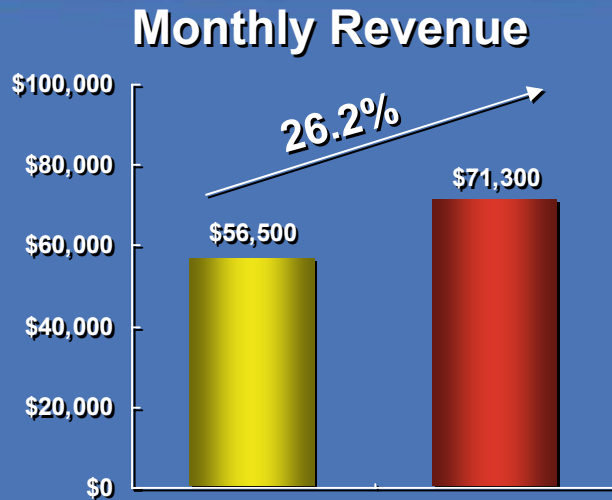
- 92% of Customers in the Industry have Household Incomes between \$15,000 and \$50,000⁽¹⁾
- 45 million Households with Household Incomes between \$15,000 and \$50,000⁽²⁾
- Industry is Serving only 2.9 million of these Households⁽³⁾
- Great Market Opportunity

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



■ Industry Average ⁽¹⁾

■ Average RCII Store ⁽²⁾

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

(2) Per LTM data for the period ended March 31, 2004 for Rent-A-Center stores (excludes RentWay storefronts, Get It Now & ColorTyme)

(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
39% of Rental
Revenue

SONY

PHILIPS

JVC

 **Mitsubishi**

Furniture
35% of Rental
Revenue

 **ASHLEY**

 **Simmons**

 **England**

Appliances
16% of Rental
Revenue

 **Whirlpool**

Computers
10% of Rental
Revenue



COMPAQ

DELL

IBM

State-of-the-Art Systems Capabilities

Inventory Analysis

[illegible]

BOR & Credit Analysis

[illegible]

Store Income Analysis

| WTS IN YR. OR DVD OF OR INHAB. OR DR | INCOME CATEGORY | TODAY | MID | MID | YTD | +/- | WTS IN YR. |
|---|-----------------|--------|------|----------|-------|-----------|------------|
| LIFELINE INCOME | | | | | | | |
| RENTAL INCOME | | | | | | | |
| OWNERS OF HOUSES, APARTMENTS | | | | | | | |
| RENTAL INCOME, OWNERS | | | | | | | |
| | | 174.24 | 4.64 | 2,959.27 | 26.76 | 10,457.12 | 26.84 |
| | | | | | | 76,956.01 | 26.84 |
| | | | | | | -1,374.43 | |
| RENTAL INCOME, OTHER | | | | | | | |
| | | 112.61 | 4.04 | 476.21 | 4.04 | 7,951.20 | 2.34 |
| | | | | | | 582.74 | |
| RENTAL INCOME, OTHER | | | | | | | |
| | | 33.29 | 7.24 | 6,274.49 | 51.94 | 19,612.07 | 49.94 |
| | | | | | | -25.11 | |

Exceptions Report

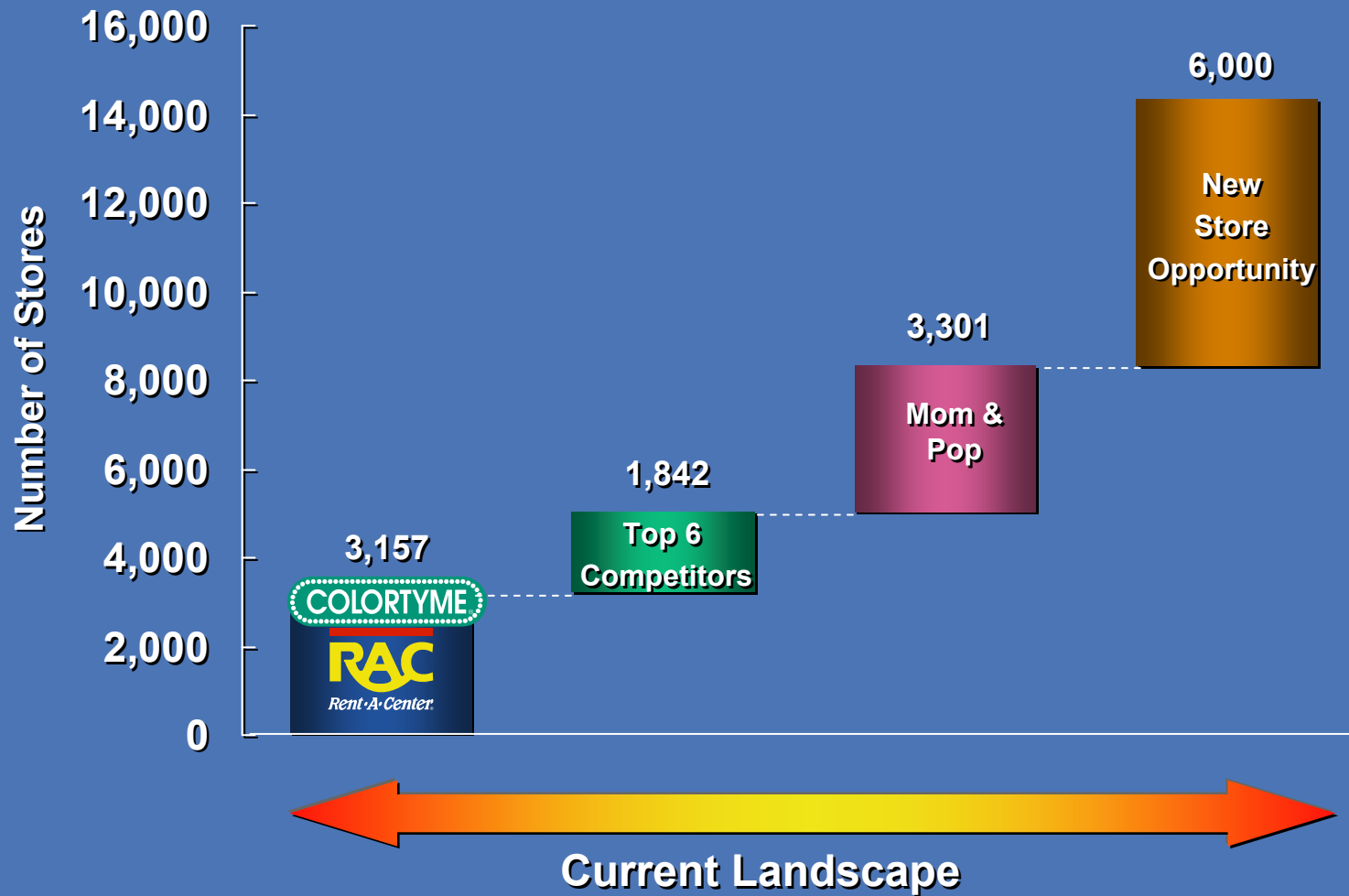
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- Daily reports at all levels of organization from store manager to Chairman/CEO
- Manage by exception philosophy
- Systems help enforce strict inventory/cost control

Strategic Objectives

- 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
WEEKLY RENTALS, FINANCIAL OFFERS, RENT-TO-OWN EQUIPMENT, 100% GUARANTEE, LOW WEEKLY RENTALS

12 MONTHS LESS
OWN IT IN 12 MONTHS OR LESS
*SEE STORE FOR DETAILS

GET 2 FOR ONE
LOW WEEKLY RENTALS

1 Week FREE
RENT TO OWN FURNITURE, APPLIANCES, ELECTRONICS AND COMPUTERS
WEEKLY RENTALS, FINANCIAL OFFERS, RENT-TO-OWN EQUIPMENT, 100% GUARANTEE, LOW WEEKLY RENTALS

EASY OWNERSHIP
To Rent See Us!
FLEXIBLE PAYMENT OPTIONS
WEEKLY, 24 MONTHLY OR MONTHLY
RENT TO OWN FURNITURE, APPLIANCES, ELECTRONICS AND COMPUTERS
NO CREDIT NEEDED
SERVICE AND DELIVERY INCLUDED
RENT SHORT TERM, LONG TERM OR RENT TO OWN
TRY IT BEFORE YOU BUY IT
90 DAYS SAME AS CASH
SEE STORE FOR DETAILS

Full Size Refrigerators
Air Conditioners
HD Big Screen TVs
21st Anniversary
RICKY RUDD

CALL 1-800-877-7758 To Connect To Your Local Store
Visit Us At rentacenter.com Para Conectarse Con Su Tienda Local

SONY, Panasonic, BERKLINE, Whirlpool, SAMSUNG, ZENITH, COMPAQ

RAC Rent-A-Center

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

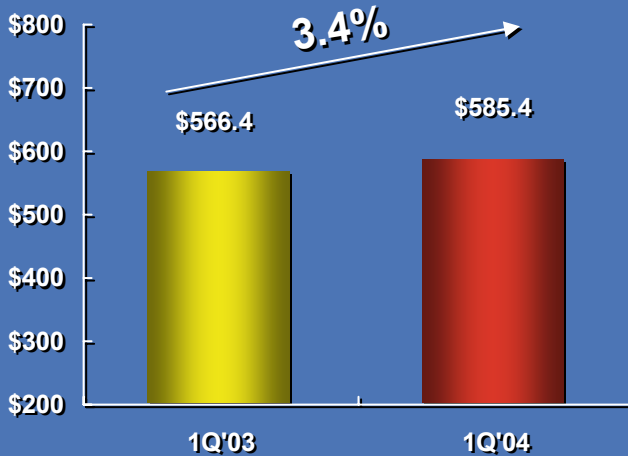
Experienced Management Team

- 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

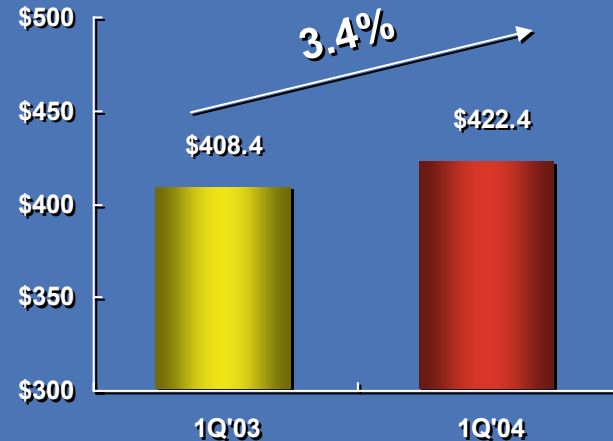
Financial Overview

1Q04 Review

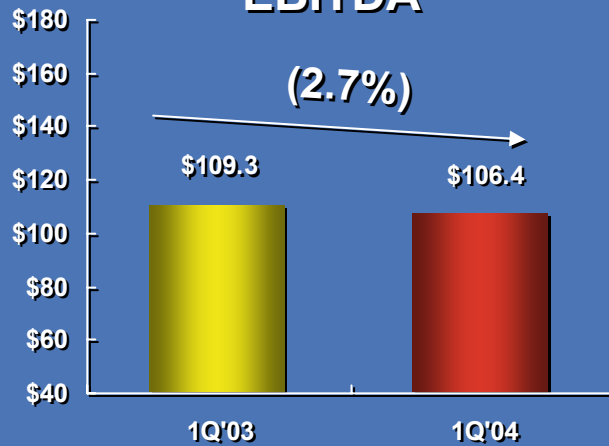
Revenue



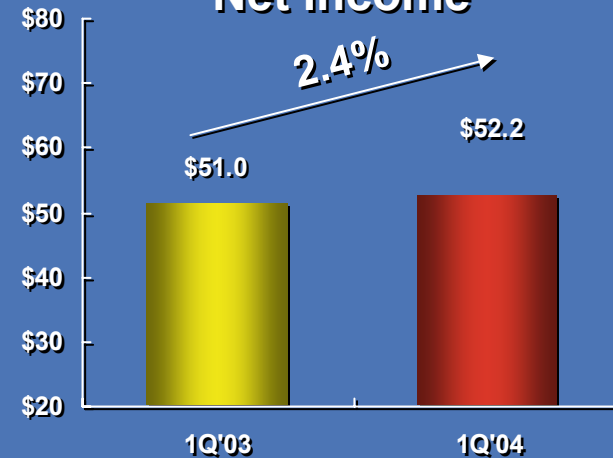
Gross Profit



EBITDA



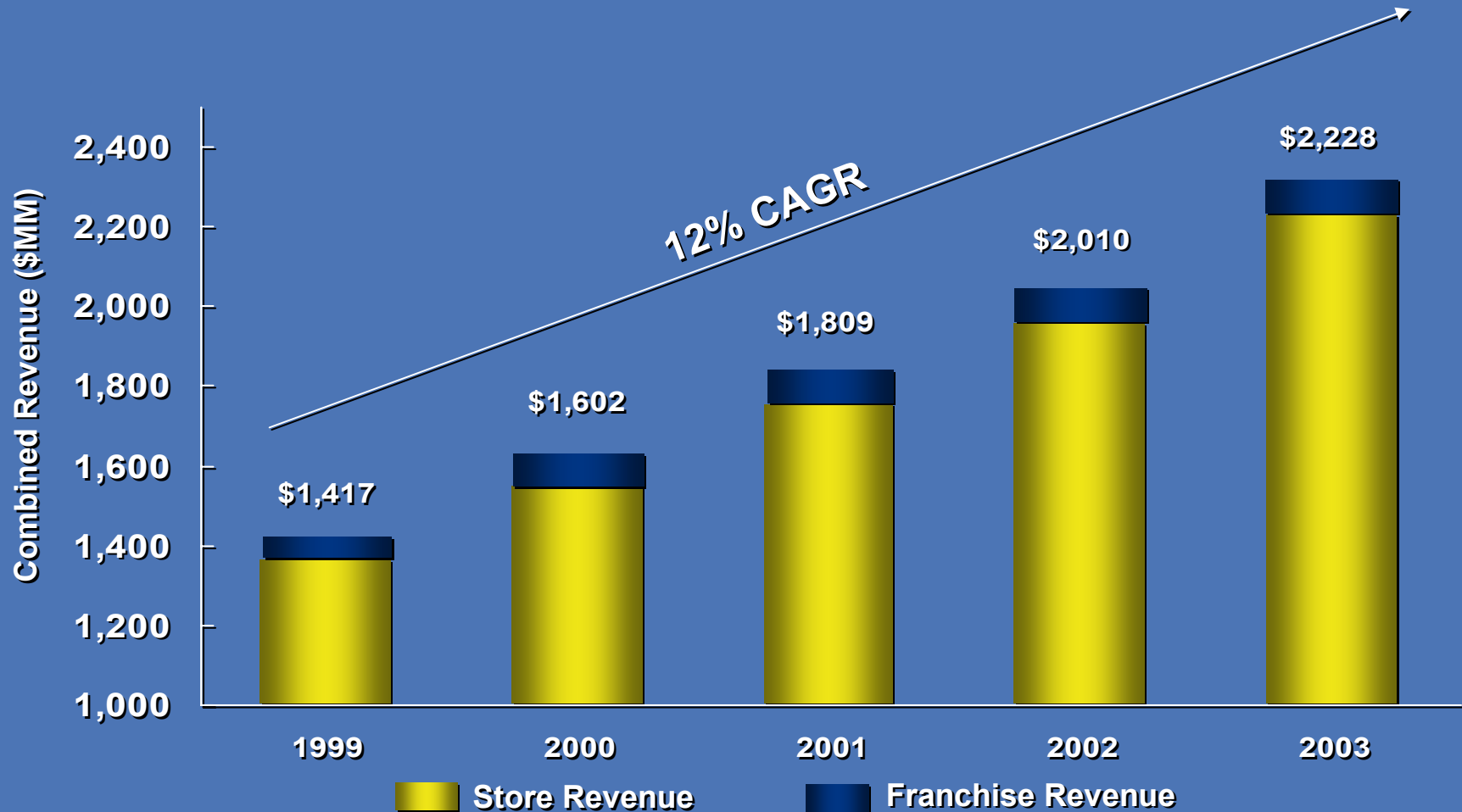
Net Income



| EBITDA Margin | 1Q'03 | 1Q'04 |
|---------------|-------|-------|
| | 19.3% | 18.2% |

| Net Income Margin | 1Q'03 | 1Q'04 |
|-------------------|-------|-------|
| | 9.0% | 8.9% |

Strong, Consistent Sales Growth



Current Capital Structure

| <i>(in thousands of dollars)</i> | Mar 31 2003 | % of Book Capital | Mar 31 2004 | % of Book Capital |
|----------------------------------|------------------------|------------------------------|------------------------|------------------------------|
| Cash & Equivalents | <u>\$103.2</u> | <u>N/A</u> | <u>\$273.4</u> | <u>N/A</u> |
| Senior Credit Facilities | 249.5 | 17.7% | 397.0 | 25.8% |
| Subordinated Notes | <u>271.8</u> | <u>19.3%</u> | <u>300.0</u> | <u>19.4%</u> |
| Total Debt | 521.3 | 37.0% | 697.0 | 45.2% |
| Shareholders' Equity | <u>887.9</u> | <u>63.0%</u> | <u>844.4</u> | <u>54.8%</u> |
| Total Capitalization | <u>\$1409.2</u> | <u>100.0%</u> | <u>\$1541.4</u> | <u>100.0%</u> |

Consolidated Leverage Ratio 1.53x (1Q'04)

Consolidated Interest Coverage Ratio 6.73x (1Q'04)



Schedule of Free Cash Flow

2004 Estimate

| | <u>2004</u> |
|---|-------------------|
| EBITDA | \$430MM - \$440MM |
| Net Cash Interest | (\$35MM) |
| CapEx | (\$55MM) |
| Net Investment in Rental Merchandise | (\$30MM) |
| Taxes | (\$110MM) |
| Free Cash Flow | \$200MM - \$210MM |

Free Cash Flow Yield of Approximately 8%

Guidance

| <u>QUARTERLY</u> | <u>2Q'03</u> | <u>2Q'04</u> | <u>Growth</u> |
|------------------|--------------|-------------------|---------------|
| Total Revenue | \$553.3MM | \$564.0-\$569.0MM | 2-3% |
| Diluted EPS | \$0.58 | \$0.60-\$0.62 | 3-7% |
| <u>ANNUAL</u> | <u>2003</u> | <u>2004</u> | <u>Growth</u> |
| Total Revenue | \$2.23BN | \$2.35-\$2.38BN | 5-7% |
| Diluted EPS | \$2.33* | \$2.62-\$2.70 | 12-16% |

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

Key Investment Rationale

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

Safe Harbor Statement

This presentation 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 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; the Company’s ability to effectively hedge interest rates on its outstanding debt; 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; 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/A for the year ended December 31, 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.