

RAC

Rent-A-Center®

*Investor Presentation
Second Quarter 2004*



July 26, 2004

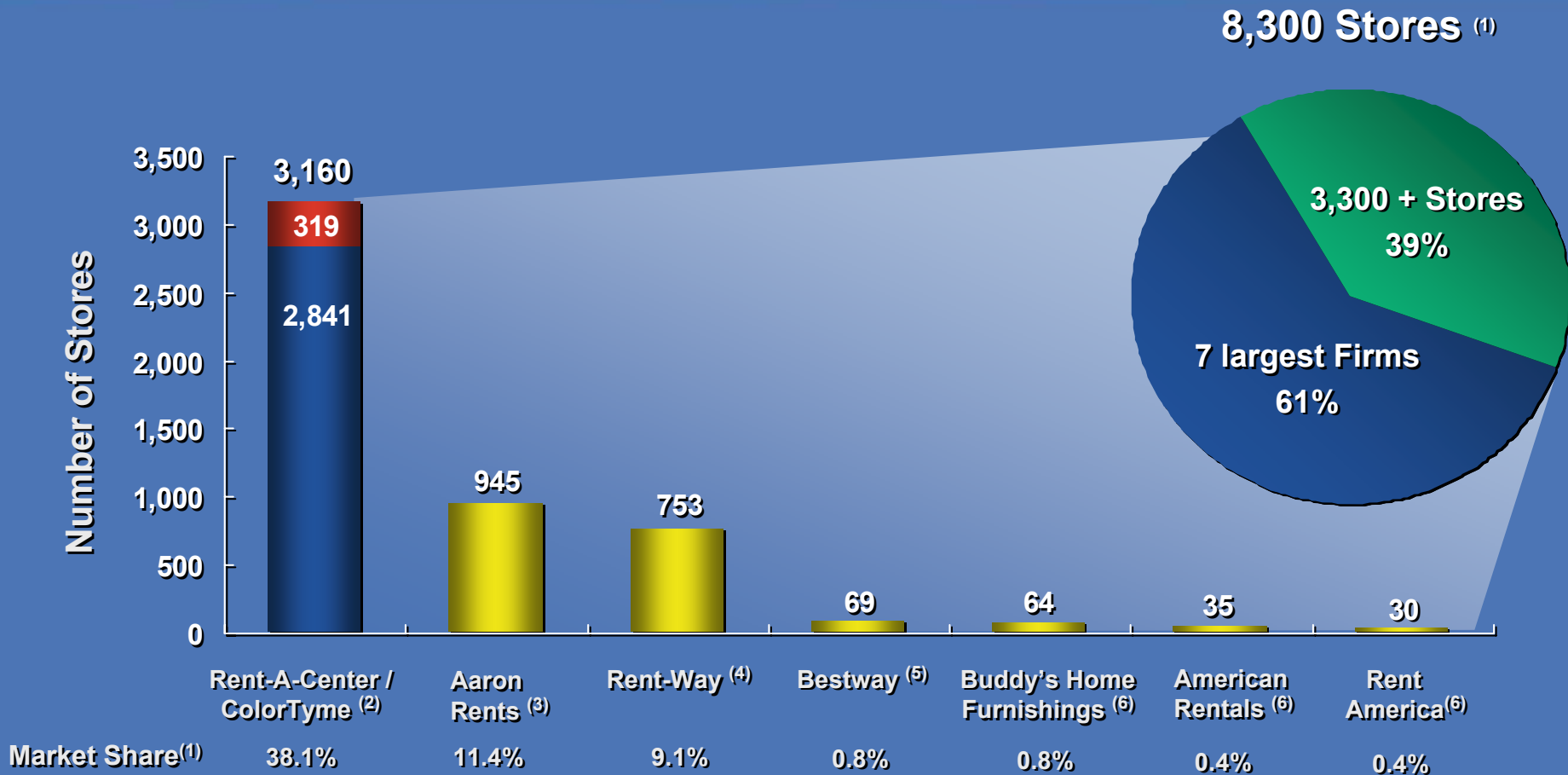
Key Investment Rationale

- 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 2,841 store count as of 06/30/04
 - ColorTyme subsidiary represents an additional 4% market share
- Broad selection of high quality goods through flexible rental agreements
 - Home electronics – 38% of rental revenue
 - Furniture and home accessories - 36% of rental revenue
 - Appliances - 16% of rental revenue
 - Personal computers - 10% of rental revenue
- Primarily serves the “underbanked” consumer
- Generated \$2.27 billion in LTM revenue and \$417.0 million in LTM EBITDA as of June 30, 2004

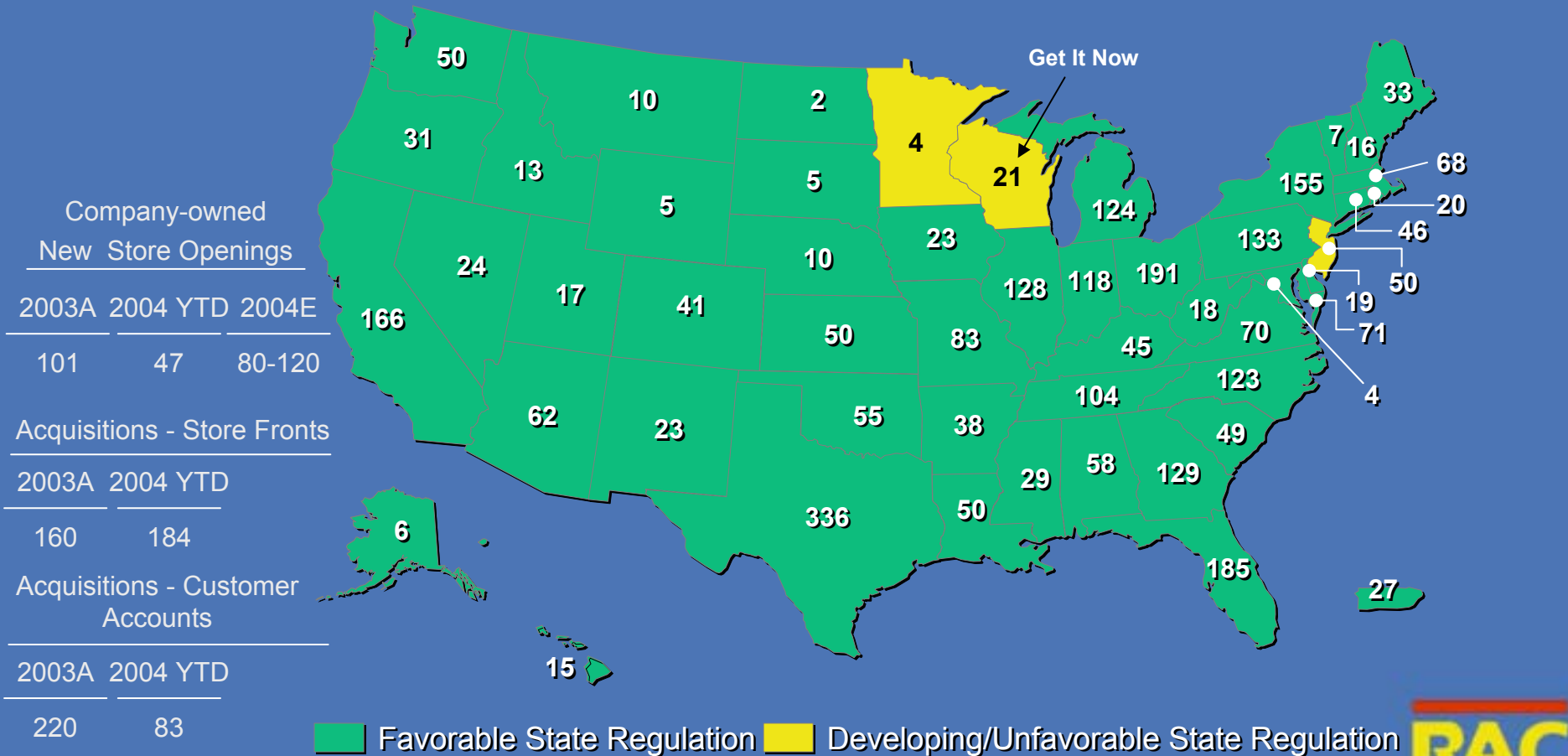
Leading Player in Fragmented Marketplace



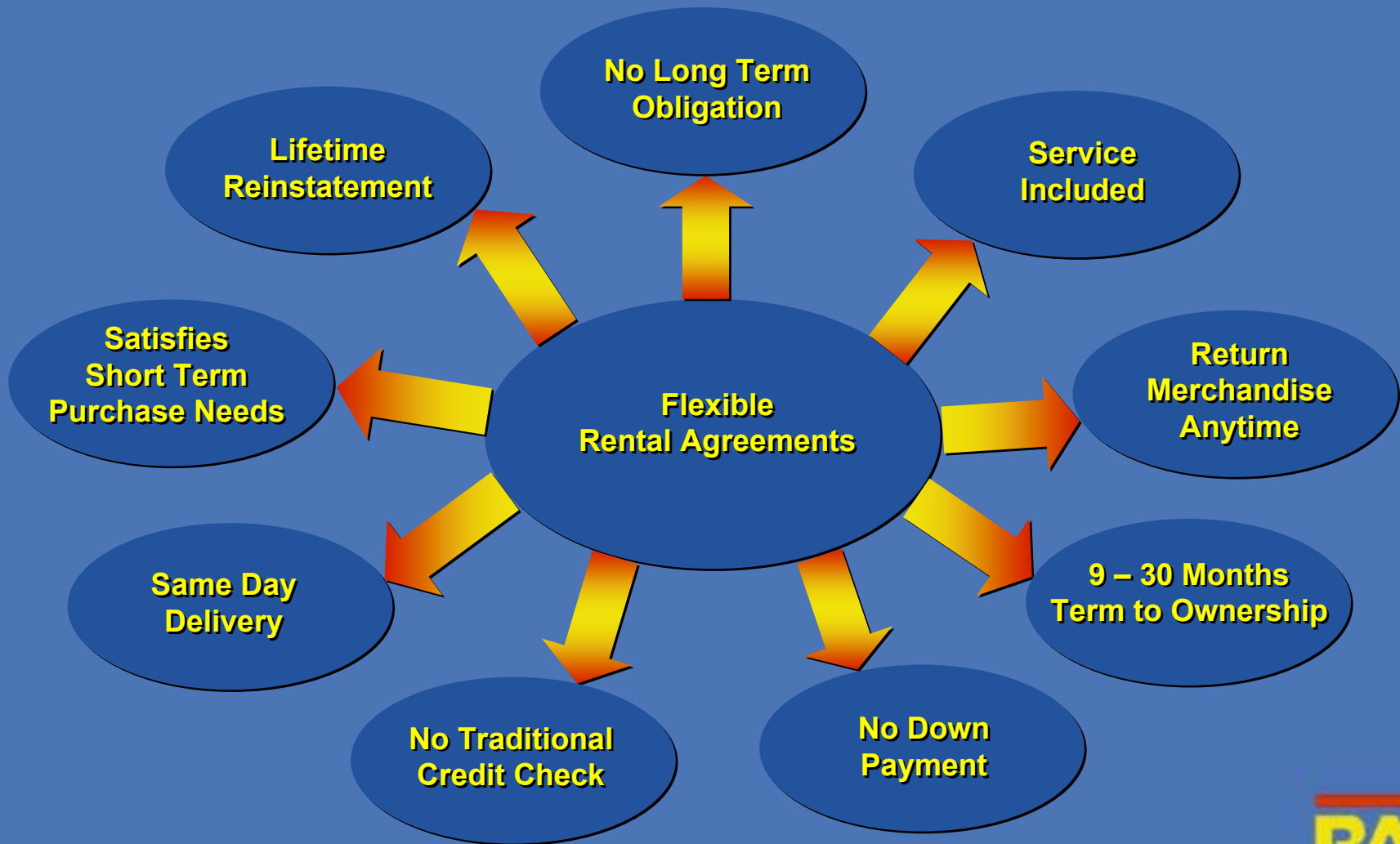
- Notes:
- (1) Based on Association of Progressive Rental Organization (APRO) estimates in 2003 Industry Survey of 8,300 total stores
 - (2) Company data as of June 30, 2004
 - (3) Company press release of July 12, 2004, includes estimated 12 Sight & Sound stores
 - (4) Company press release of July 8, 2004
 - (5) Company press release of June 8, 2004
 - (6) Company website estimates as of July 21, 2004

Leading National Footprint

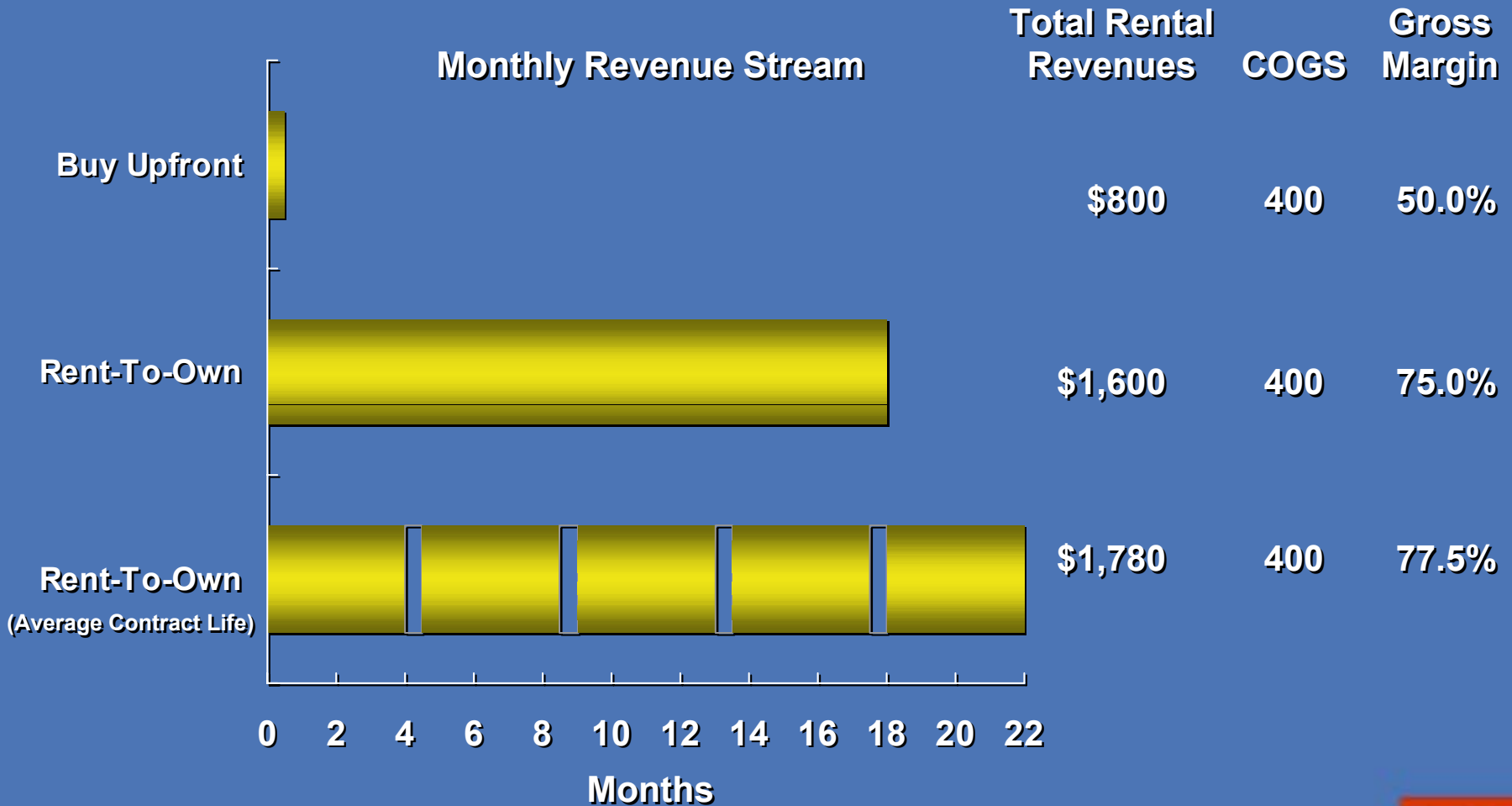
2,841 domestic company-owned stores and 319 franchised stores
 5 company-owned stores in Canada



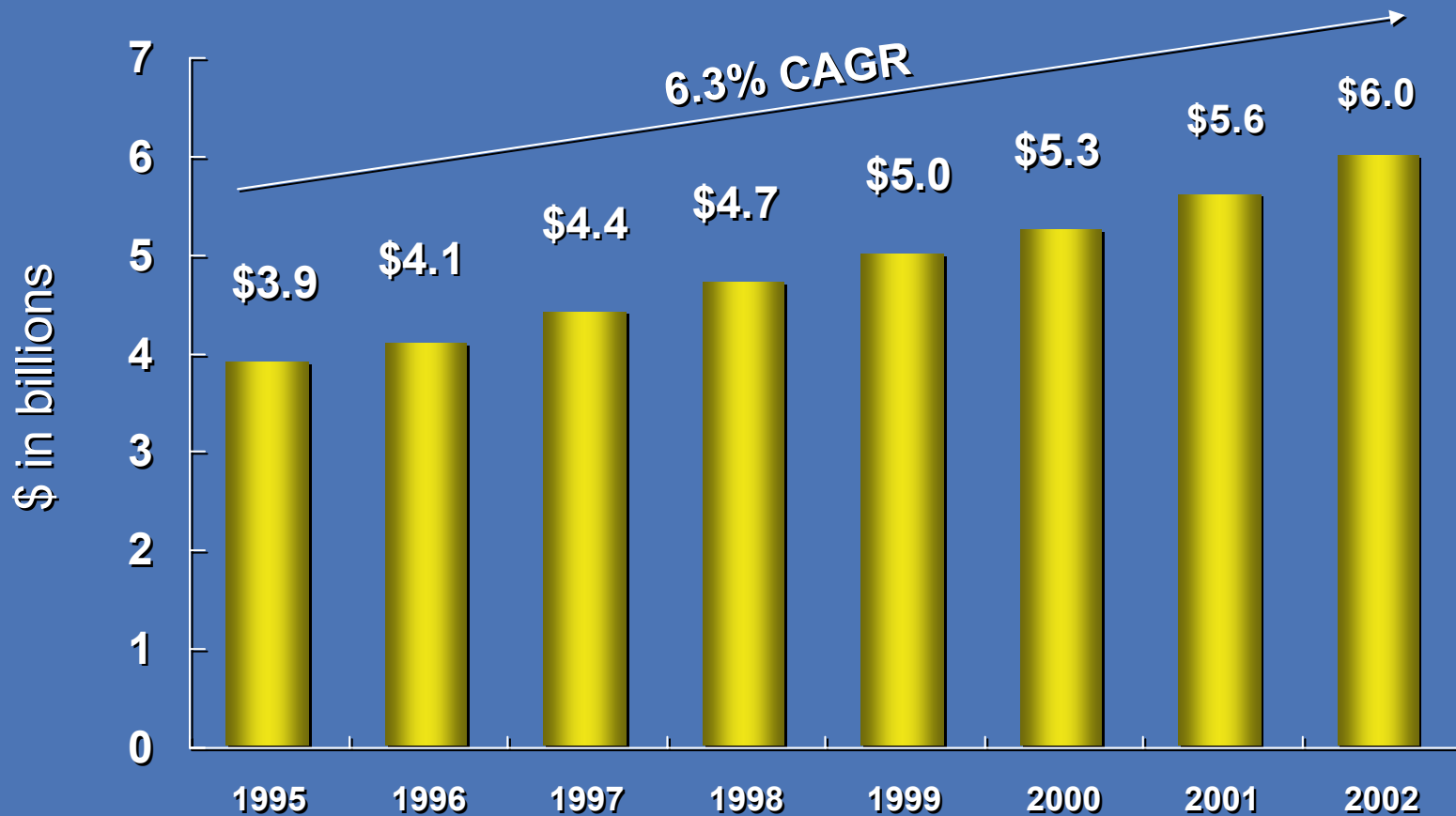
Rent-to-Own is an Appealing Transaction...



...With Attractive Economics ...



...Consistent Industry Growth...

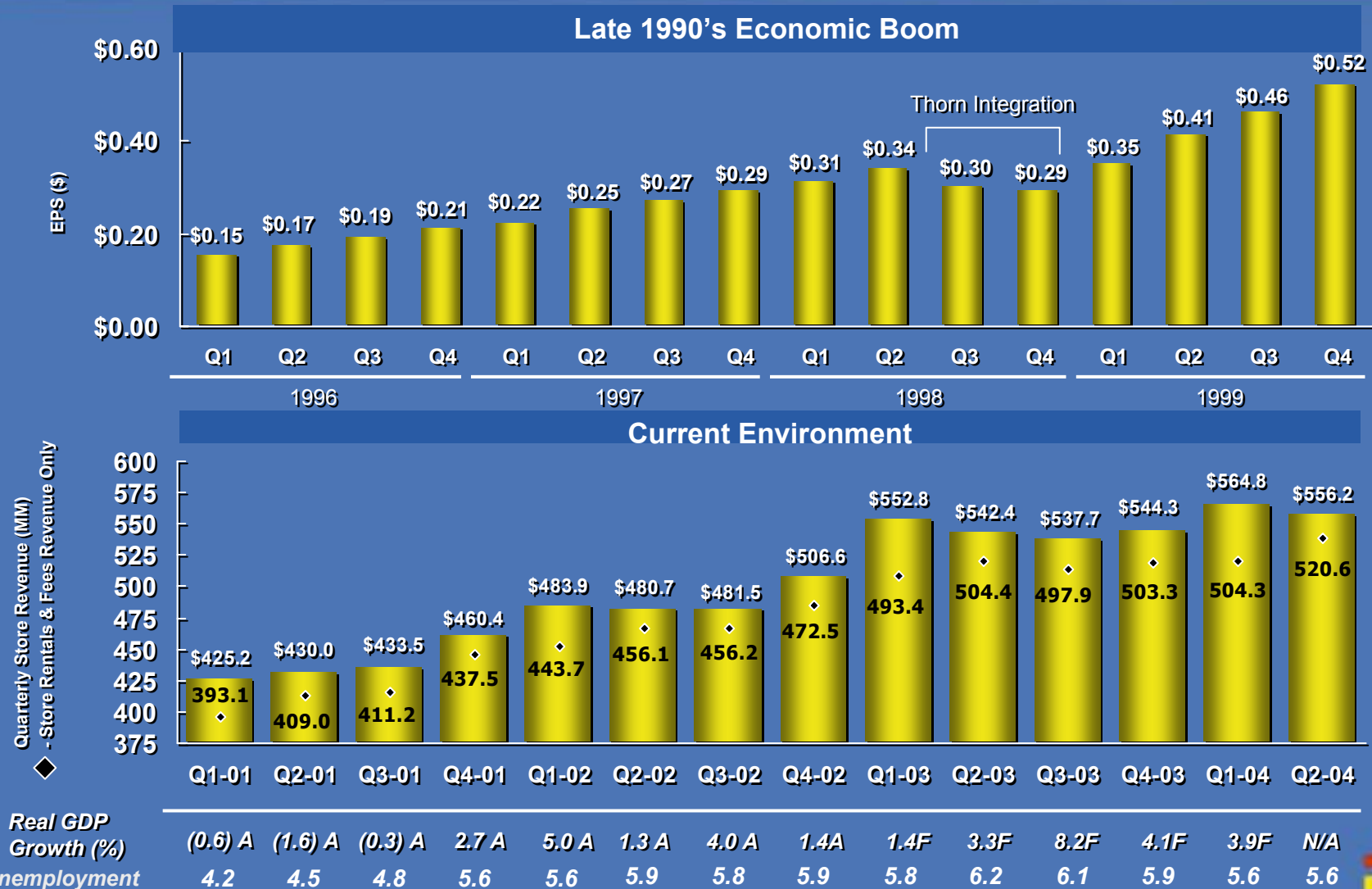


Source: APRO 2003 Industry Survey

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

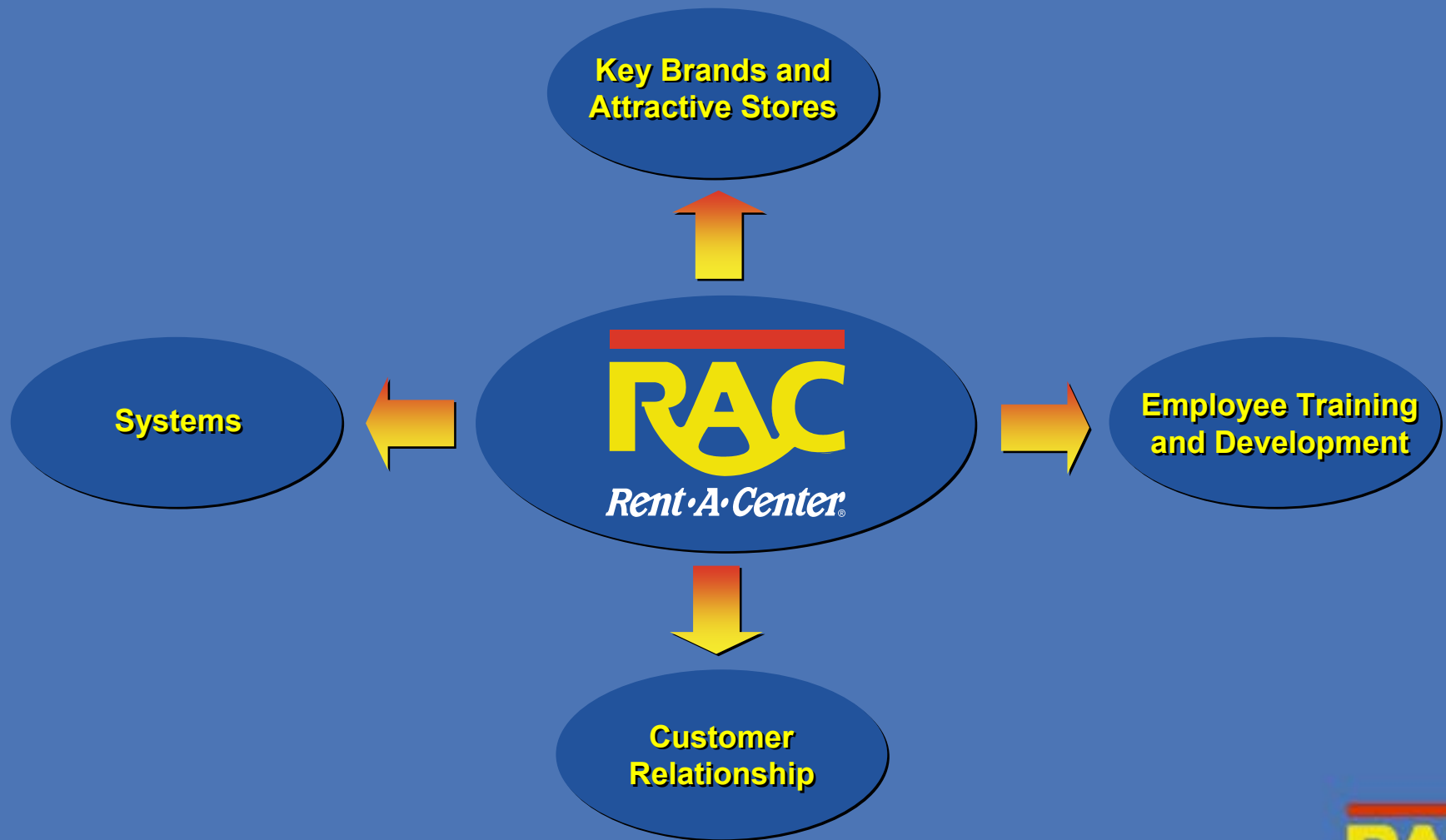


Serves the “Underbanked Working Family”

- 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

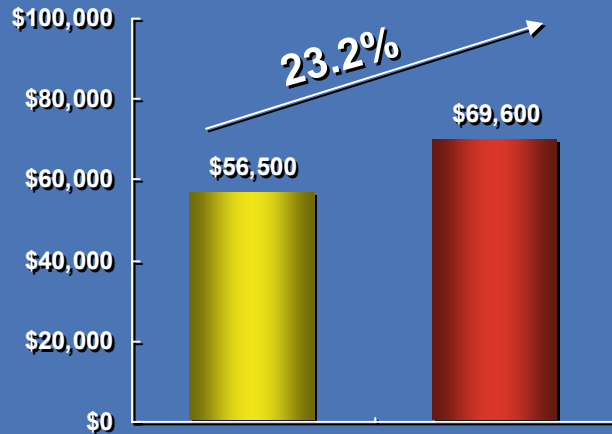
Note: (1) America's Research Group, February 1999
(2) U.S. Census Bureau - 2001
(3) APRO 2003 Industry Survey

Proven Business Model

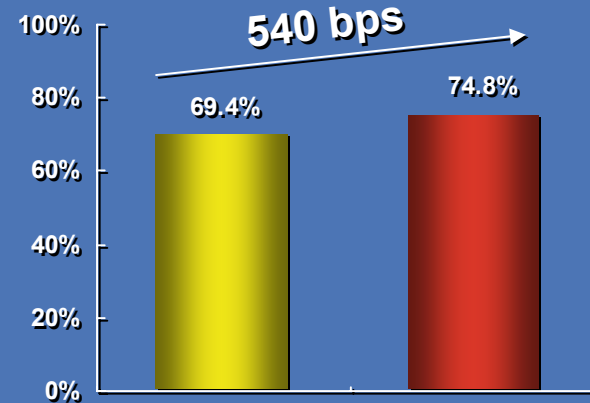


Rent-A-Center Store Profitability vs. Peers

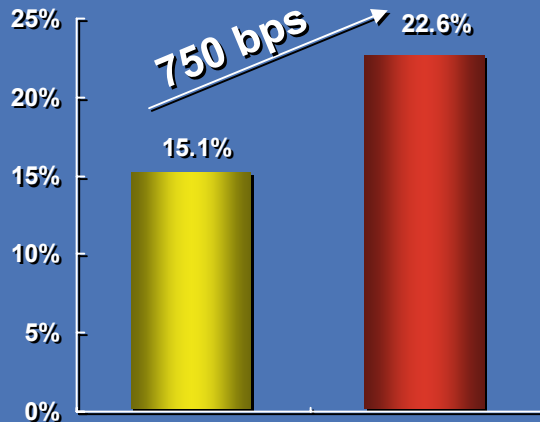
Monthly Revenue



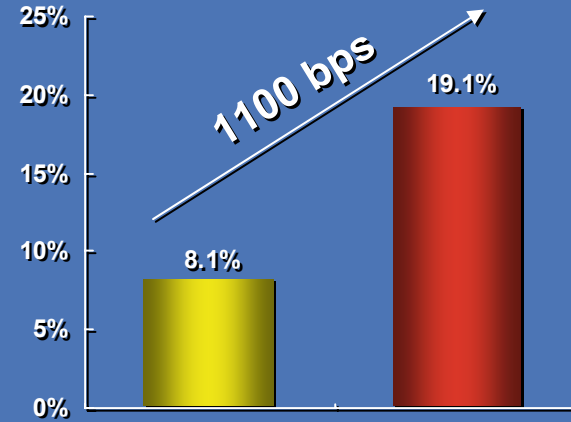
Gross Profit Margin



Store Operating Margin



EBITDA Margin



■ Industry Average ⁽¹⁾

■ Average RCI Store ⁽²⁾

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

(2) Per LTM data for the period ended June 30, 2004 for Rent-A-Center stores (excludes Rainbow & Rent Rite storefronts, 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
38% of Rental
Revenue

SONY

PHILIPS

JVC

HITACHI

 **Mitsubishi**

Furniture
36% 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

RETAIL INVENTORY ANALYSIS

ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	BY	REMARKS
1001	10	EA	1.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1002	5	EA	2.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1003	2	EA	5.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1004	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1005	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1006	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1007	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1008	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1009	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1010	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY

BOR & Credit Analysis

BOR & CREDIT ANALYSIS

ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	BY	REMARKS
1001	10	EA	1.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1002	5	EA	2.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1003	2	EA	5.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1004	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
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1006	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1007	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1008	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1009	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY
1010	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY

Store Income Analysis

STORE INCOME ANALYSIS

ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	BY	REMARKS
1001	10	EA	1.00	10.00	01/01/01	JOE	INITIAL INVENTORY
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Exceptions Report

EXCEPTIONS REPORT

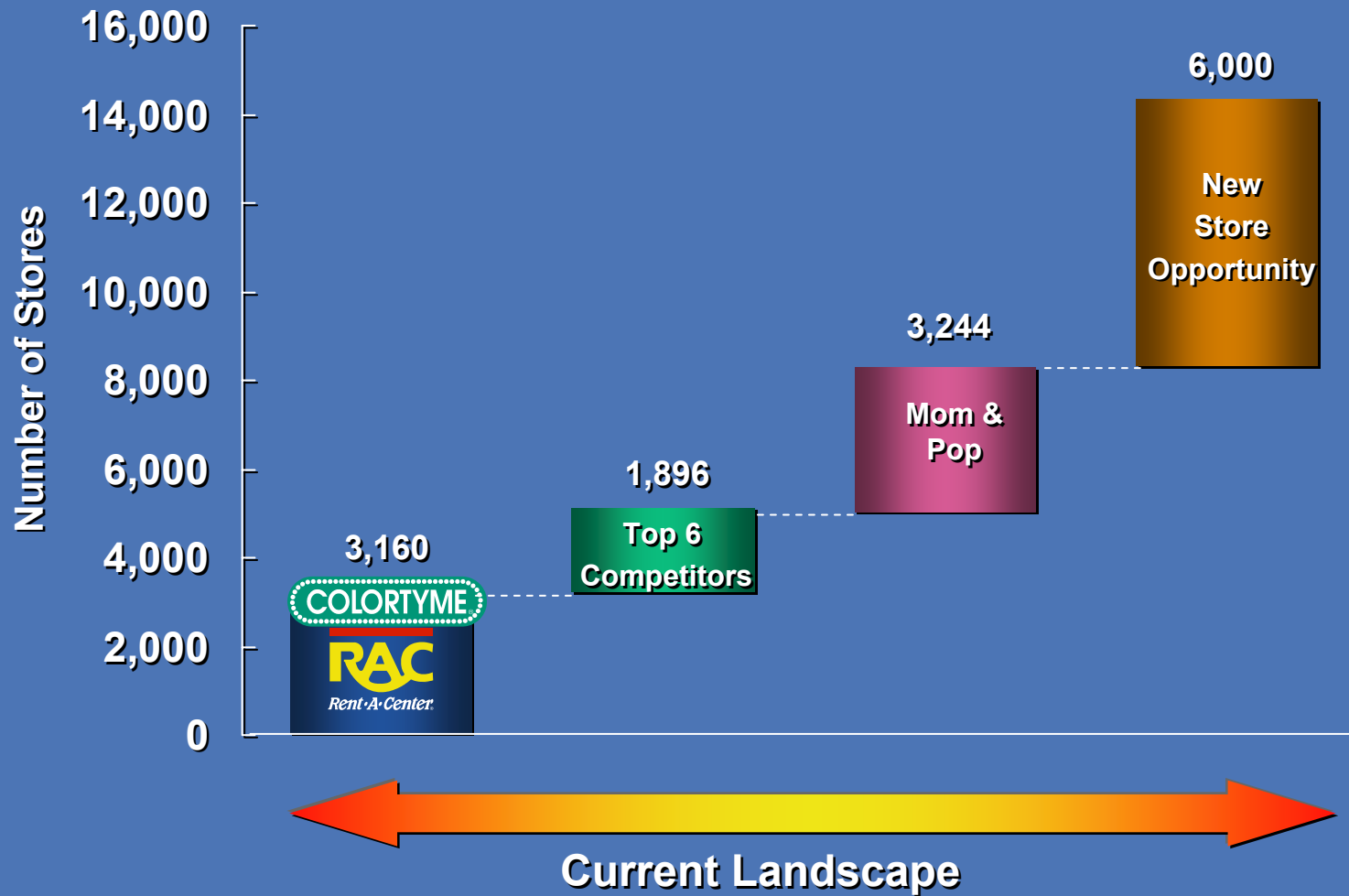
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1010	1	EA	10.00	10.00	01/01/01	JOE	INITIAL INVENTORY

- 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
*FREE DELIVERY, *FREE SETUP, *FREE MAINTENANCE & *FREE PROTECTION PLAN

FREE 'TIL PAYDAY
Up To Seven Days Free

Attention All To Executive Office
Remember To Remember Your Office To Office

EASY OWNERSHIP
No Credit Check
FLEXIBLE PAYMENT OPTIONS
INSTANT CREDIT ADVANCEMENT ON INSTANT
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
All New, Best In Class

21 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, SBERKLINE, Philips, SHARP, SAMSUNG, COMPAQ



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

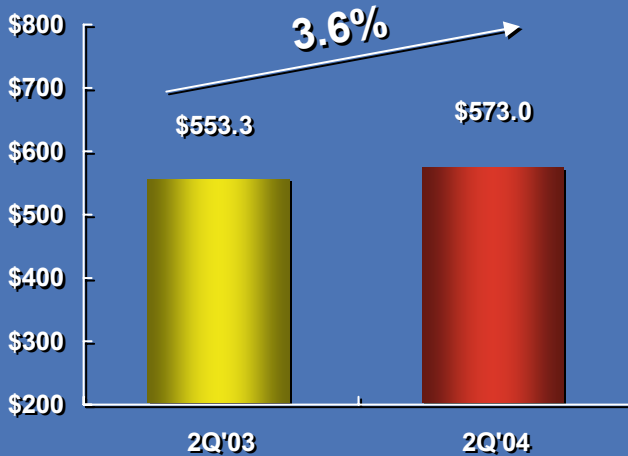
Experienced Management Team

- 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

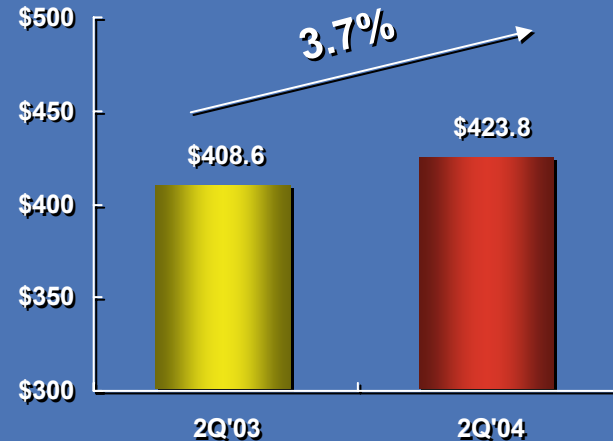
Financial Overview

2Q'04 Review

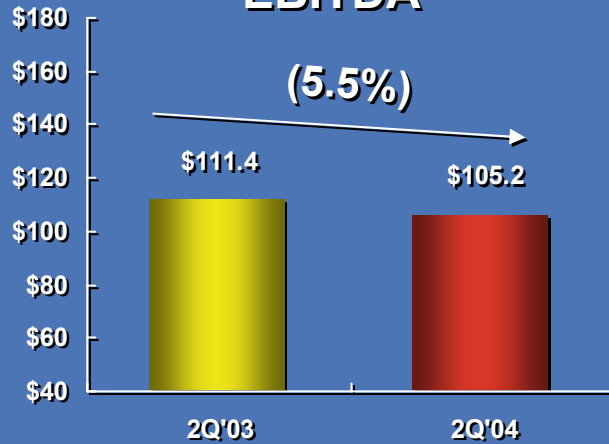
Revenue



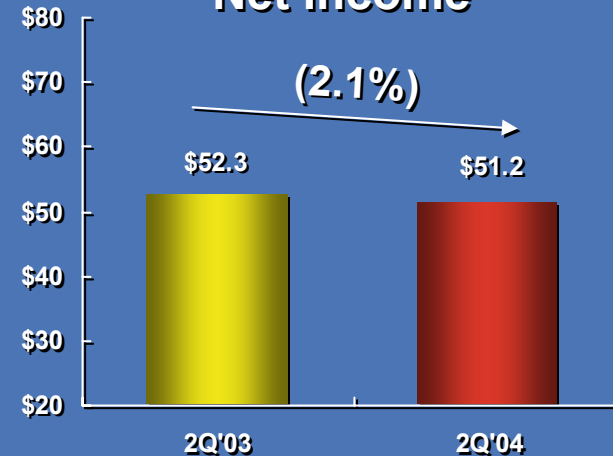
Gross Profit



EBITDA



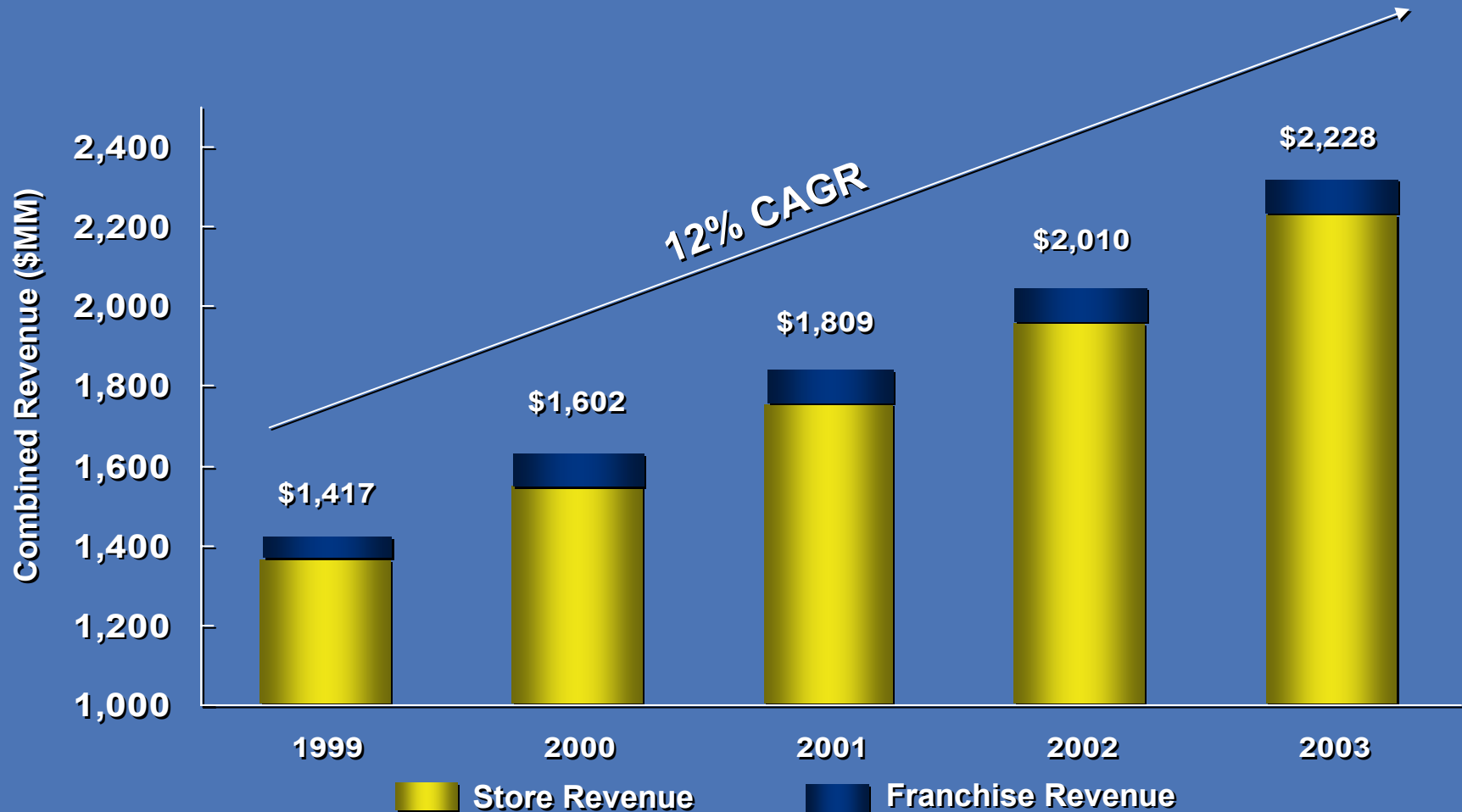
Net Income



EBITDA Margin	2Q'03	2Q'04
	20.1%	18.4%

Net Income Margin	2Q'03	2Q'04
	9.5%	8.9%

Strong, Consistent Sales Growth



Current Capital Structure

<i>(in millions of dollars)</i>	June 30 2003	% of Book Capital	June 30 2004	% of Book Capital
Cash & Equivalents	<u>\$248.3</u>	<u>N/A</u>	<u>\$86.2</u>	<u>N/A</u>
Senior Credit Facilities	400.0	25.0%	396.0	25.4%
Subordinated Notes	<u>384.5</u>	<u>24.1%</u>	<u>300.0</u>	<u>19.3%</u>
Total Debt	784.5	49.1%	696.0	44.7%
Shareholders' Equity	<u>812.9</u>	<u>50.9%</u>	<u>860.2</u>	<u>55.3%</u>
Total Capitalization	<u>\$1,597.4</u>	<u>100.0%</u>	<u>\$1,556.2</u>	<u>100.0%</u>

Consolidated Leverage Ratio 1.49x (2Q'04)

Consolidated Interest Coverage Ratio 9.43x (2Q'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>3Q'03</u>	<u>3Q'04</u>	<u>Growth</u>
Total Revenue	\$549.8MM	\$585.0-\$590.0MM	6-8%
Diluted EPS	\$0.57	\$0.58-\$0.60	2-5%
<u>ANNUAL</u>	<u>2003</u>	<u>2004</u>	<u>Growth</u>
Total Revenue	\$2.23BN	\$2.36-\$2.38BN	6-7%
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
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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; 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; the Company’s ability to enhance the performance of the acquired Rainbow and Rent-Rite stores; 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/A for the year ended December 31, 2003 and its quarterly report on Form 10-Q for the three month period ended March 31, 2004. 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.