
RAC

Rent-A-Center®

*Investor Presentation
First Quarter 2003*



June 3, 2003

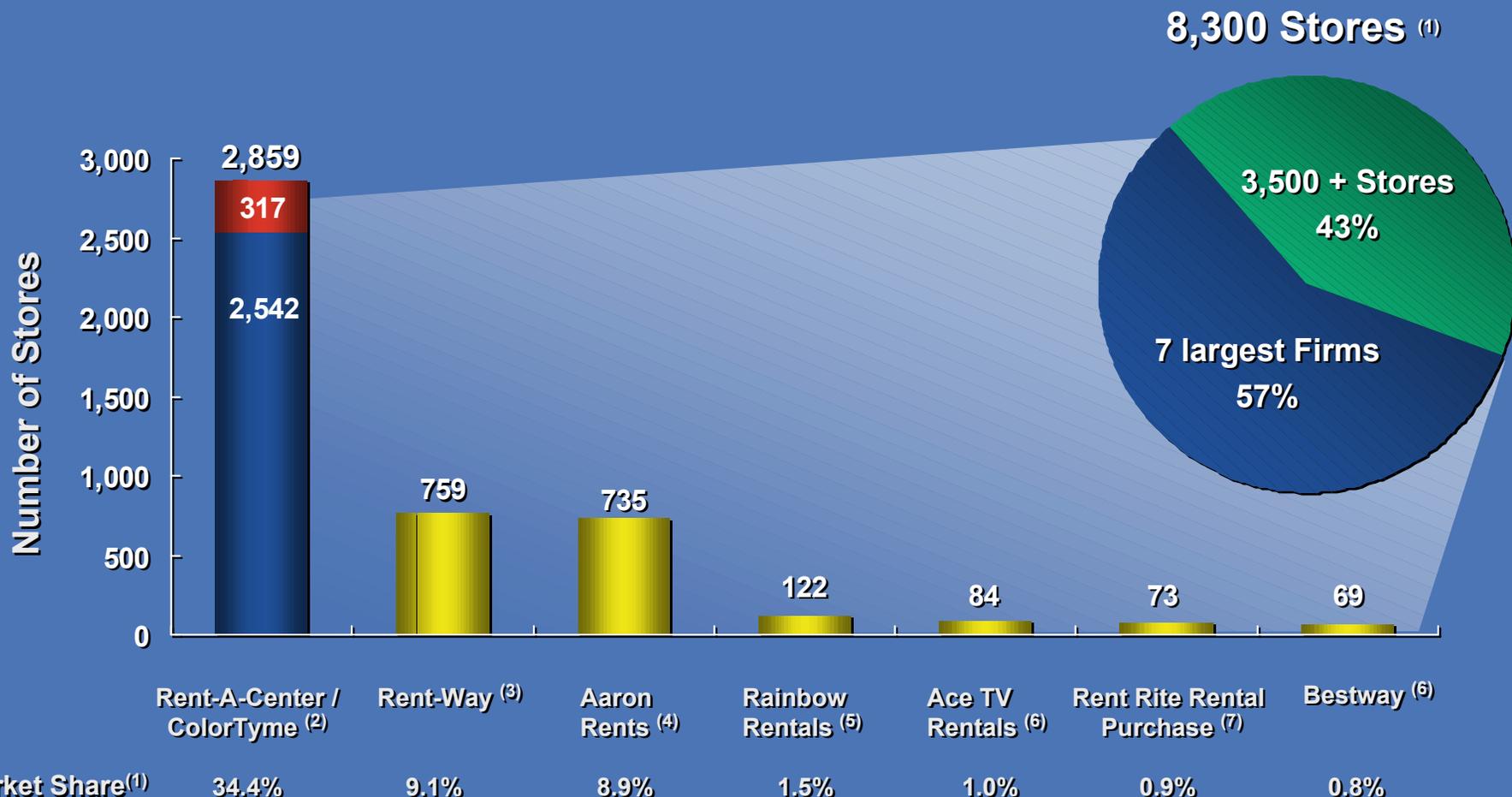
Key Investment Rationale

- 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 2,542 store count as of 3/31/03
 - ColorTyme subsidiary represents an additional 4% market share
- Broad selection of high quality goods through flexible rental agreements
 - Home electronics - 42% of store revenue
 - Furniture and home accessories - 32% of store revenue
 - Appliances - 16% of store revenue
 - Personal computers - 10% of store revenue
- Primarily serves the “underbanked” consumer
- Generated \$2.08BN in LTM revenue and \$406.7MM in LTM EBITDA as of March 31, 2003

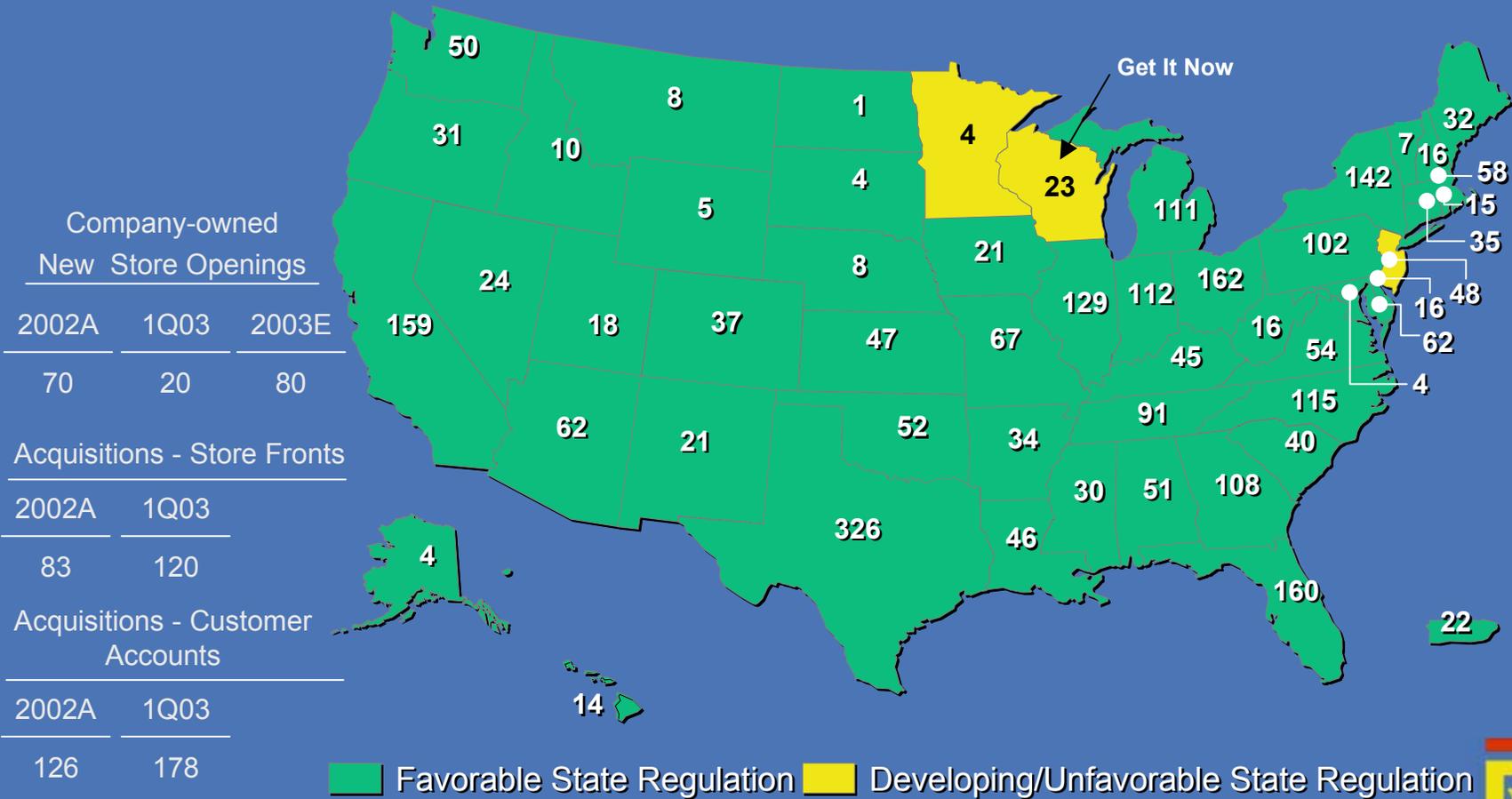
Dominant Player in Fragmented Marketplace



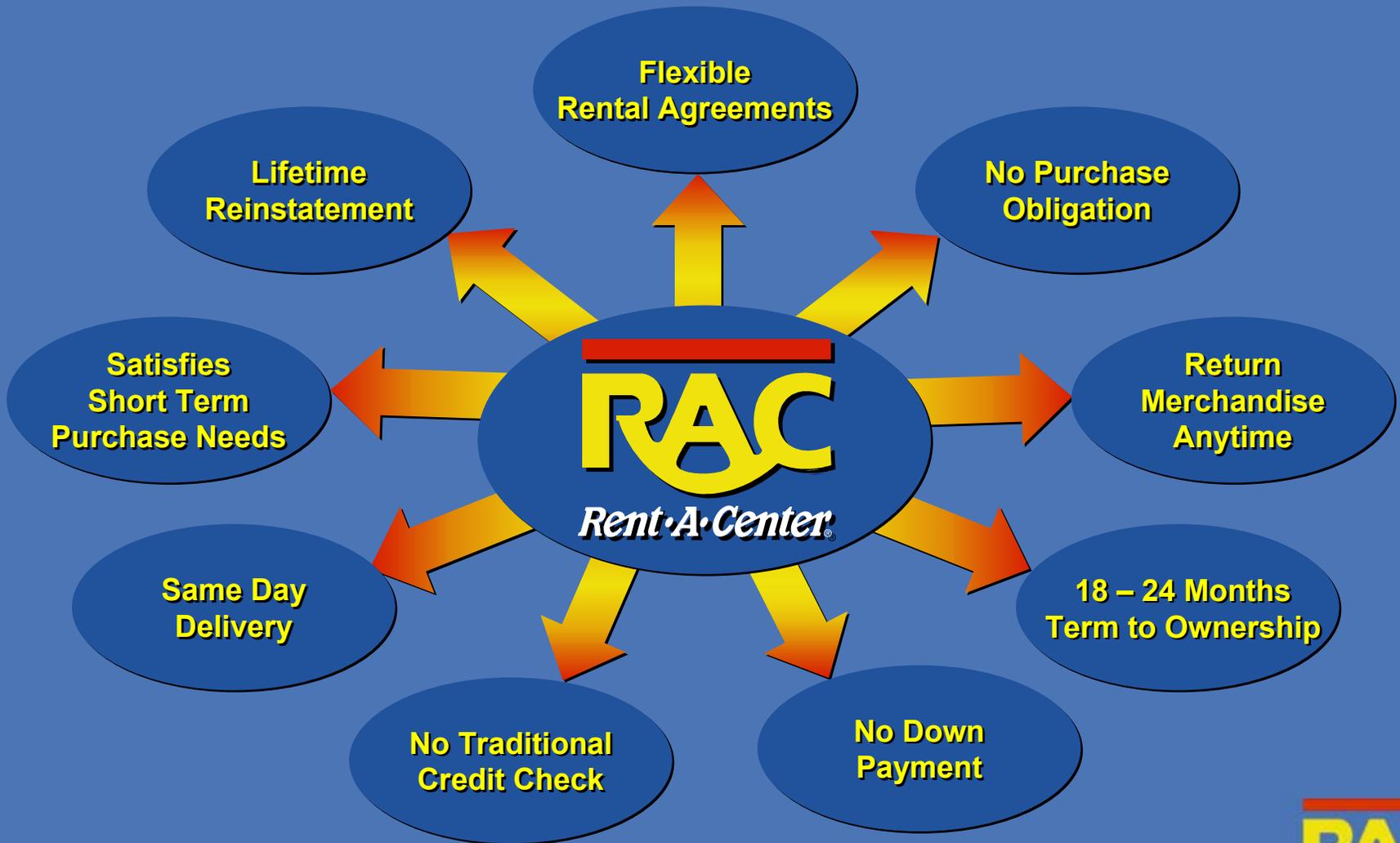
- Notes:
- (1) Based on Association of Progressive Rental Organization (APRO) estimates in 2002 Industry Survey of 8,300 total stores
 - (2) Company data as of March 31, 2003
 - (3) Company issued press release March 31, 2003
 - (4) Company issued press release April 7, 2003 - Aaron's Sales & Lease Ownership stores
 - (5) Company issued 2002 10-K released March 26, 2003
 - (6) Company web site - store locations
 - (7) APRO 2002 Industry Survey

Leading National Footprint

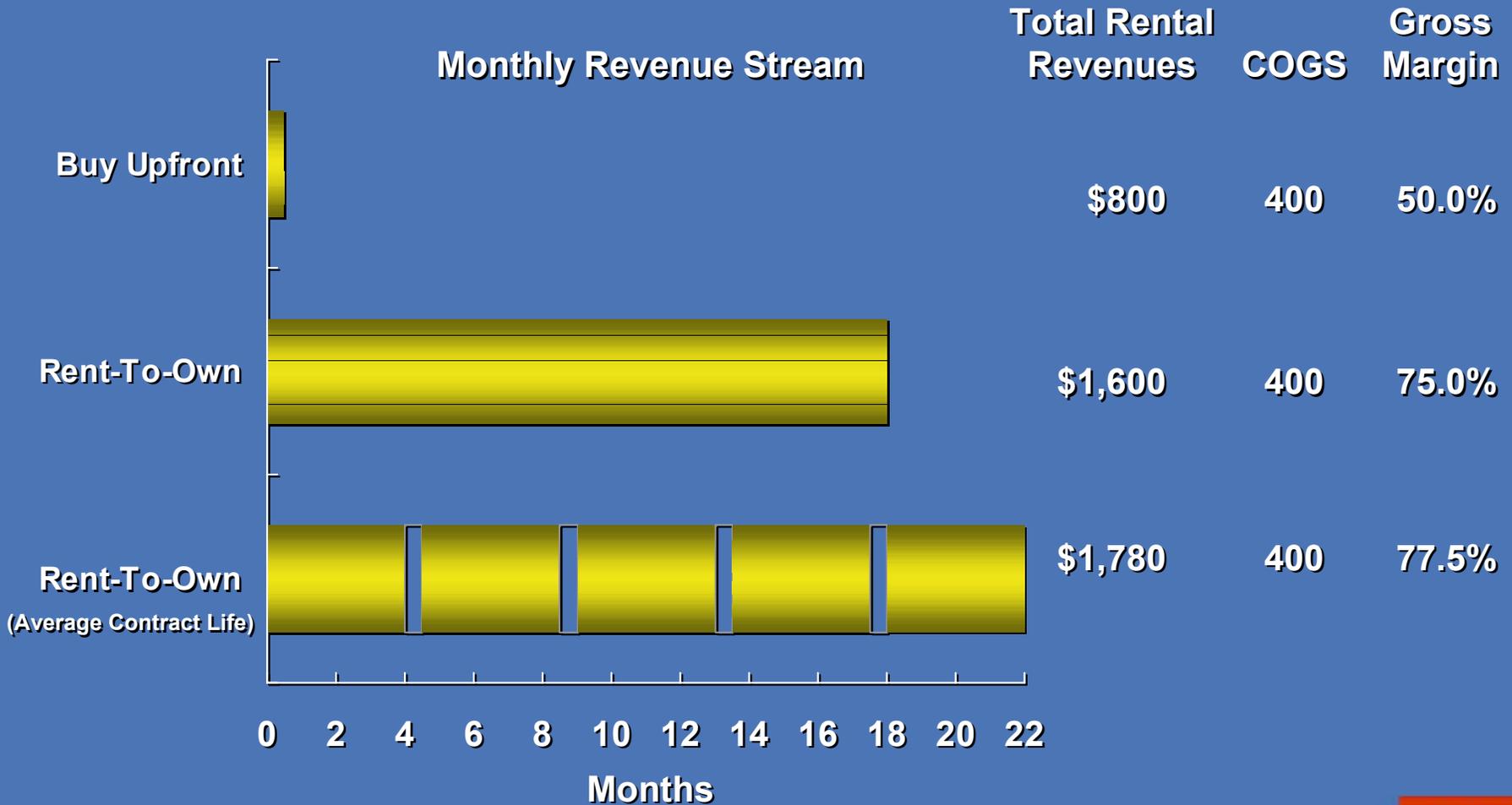
2,542 company-owned stores and 317 franchised stores



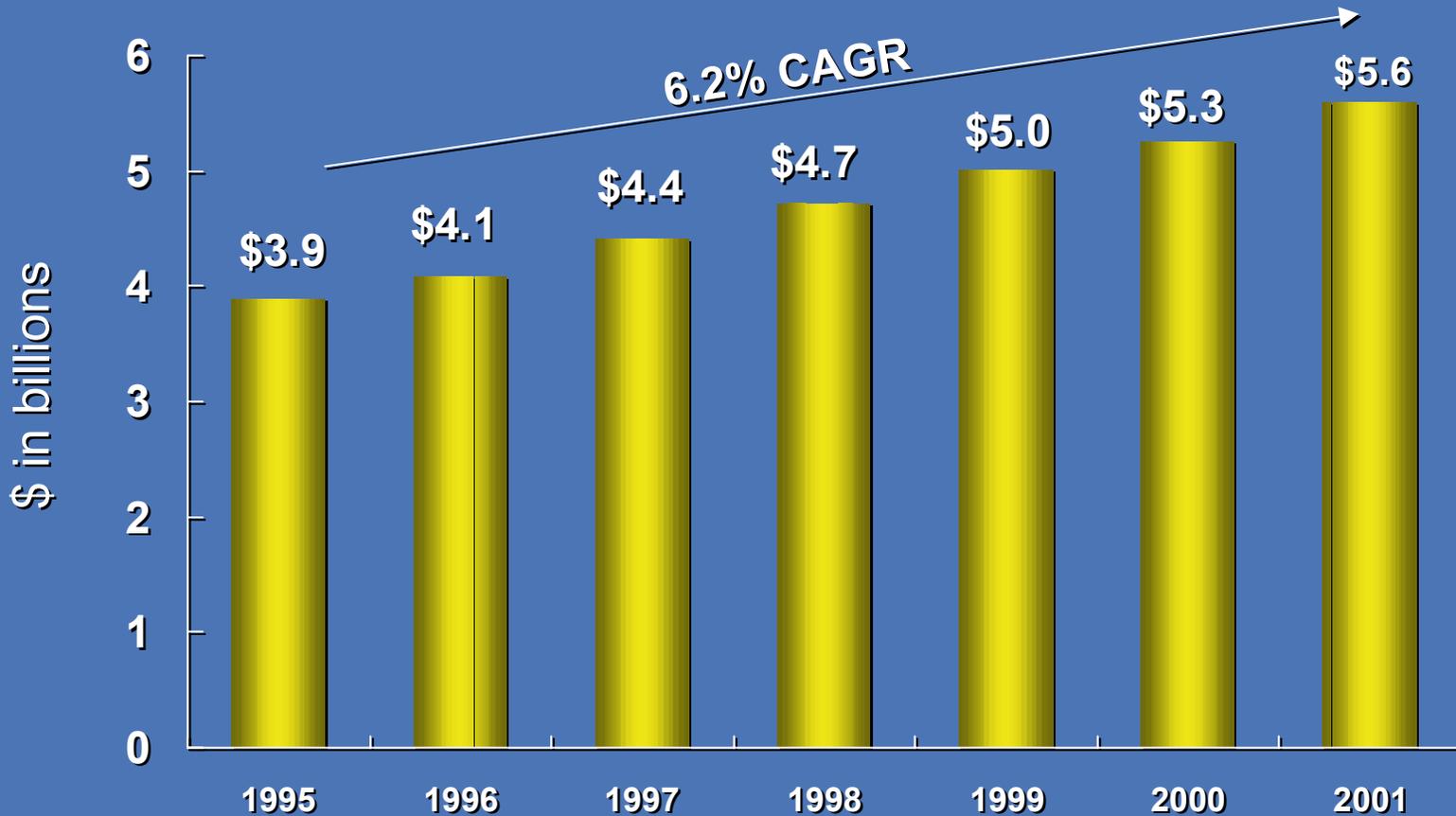
Rent-to-Own is an Appealing Transaction...



...With Attractive Economics ...



...Consistent Industry Growth...

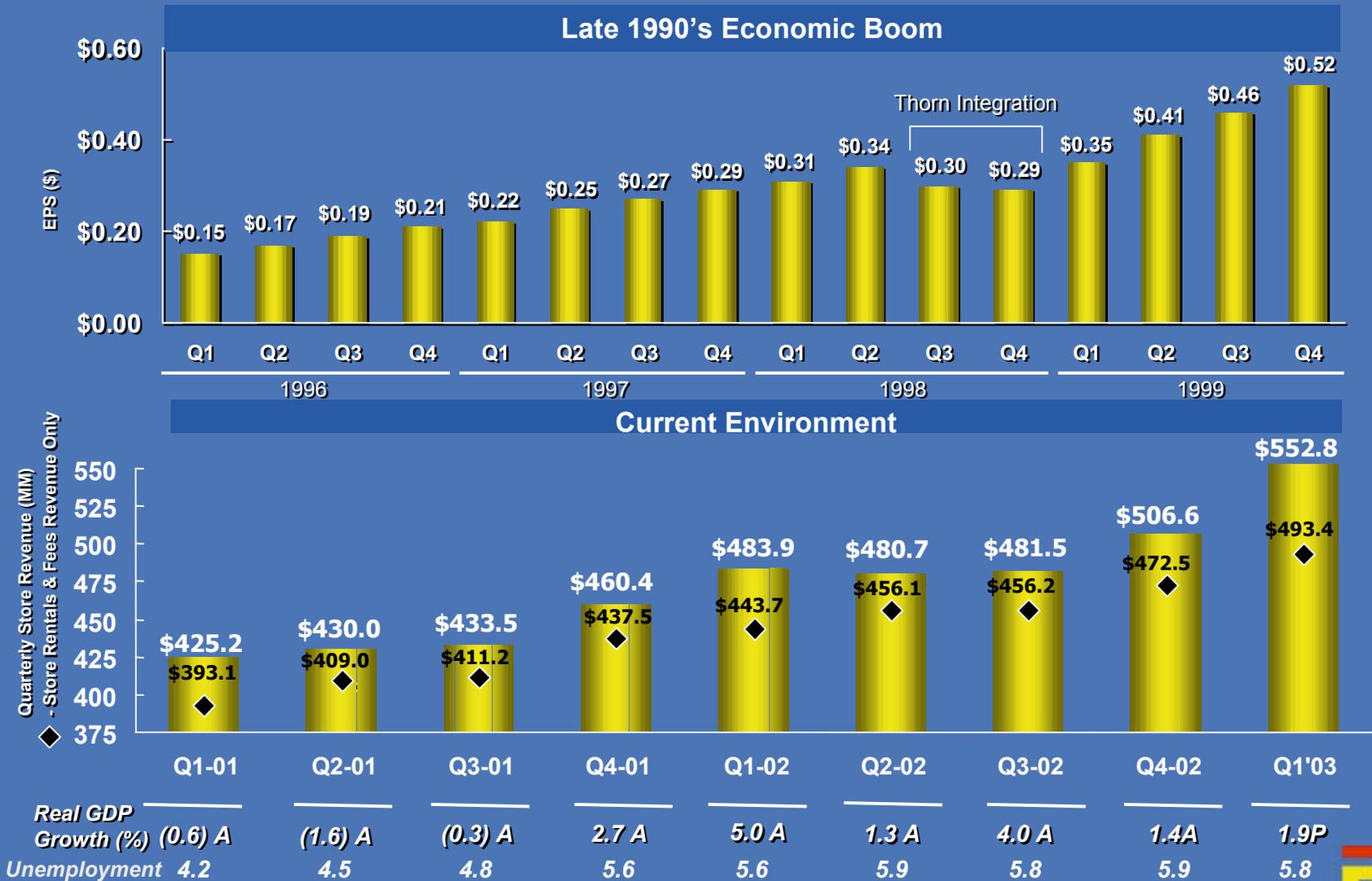


Source: APRO

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



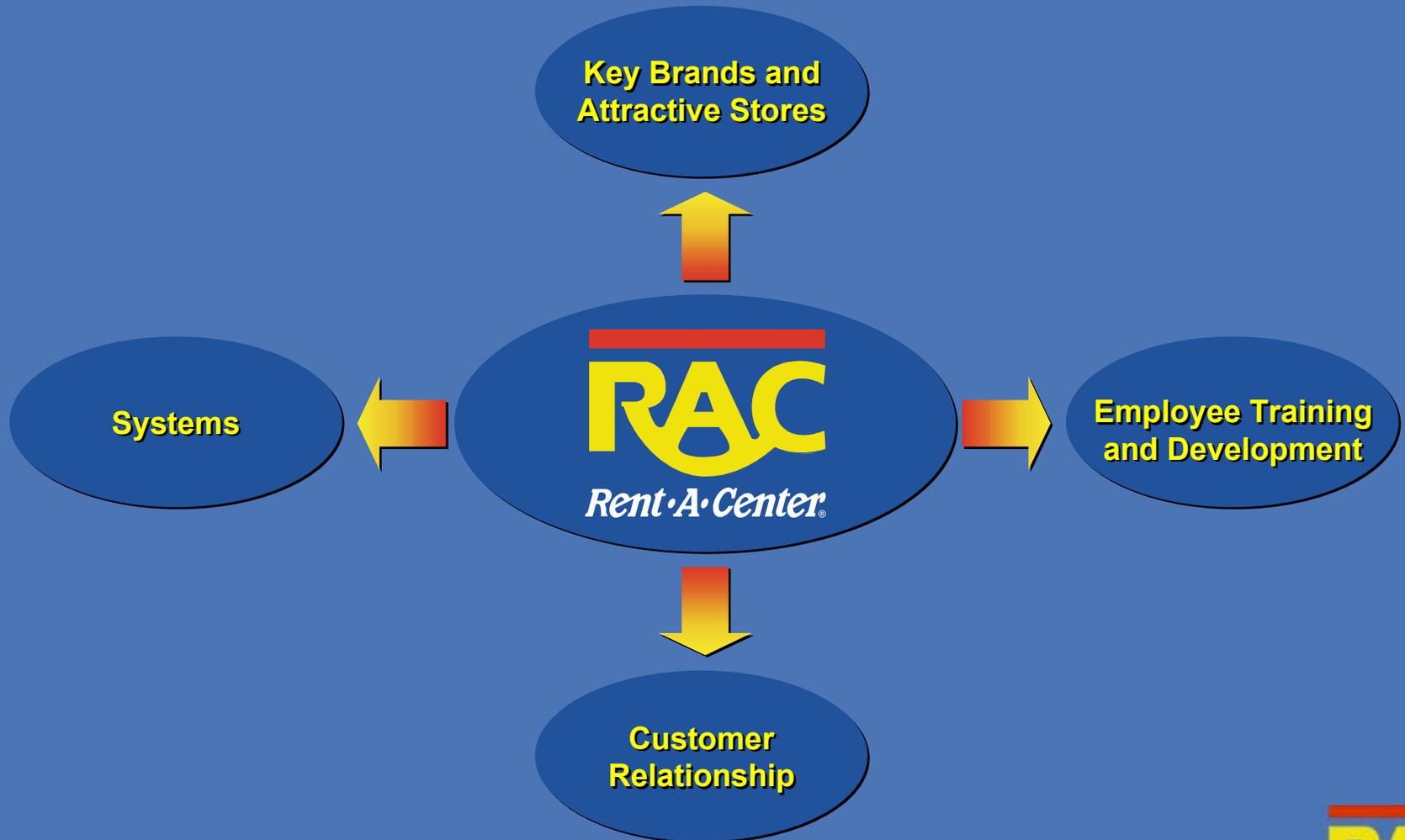
Notes: (1) Represents recurring earnings per share before \$7.5MM and \$11.5MM of non-recurring charges in Q3 1998 and Q4 1998, respectively.

Serves the “Underbanked Working Family”

- 92% of Customers in the Industry have Household Incomes between \$15,000 and \$50,000⁽¹⁾
- 45MM Households with Household Incomes between \$15,000 and \$50,000⁽²⁾
- Industry Is only Serving 2.8MM of these Households⁽³⁾
- Great Market Opportunity

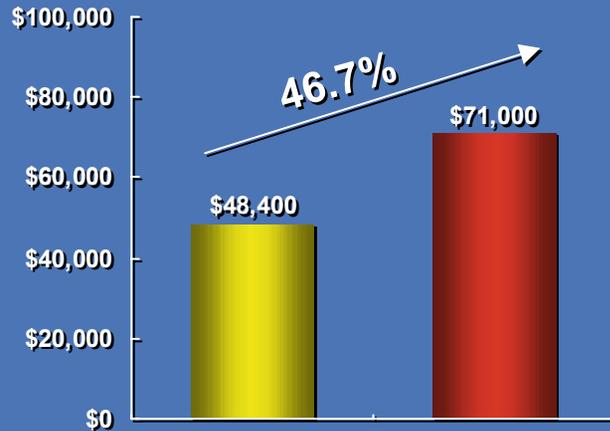
Note: (1) America's Research Group, February 1999
(2) U.S. Census Bureau - 2001
(3) APRO 2002 Industry Survey

Proven Business Model

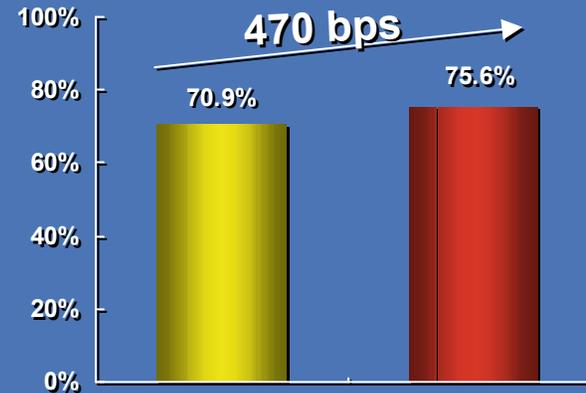


Rent-A-Center Store Profitability vs. Peers

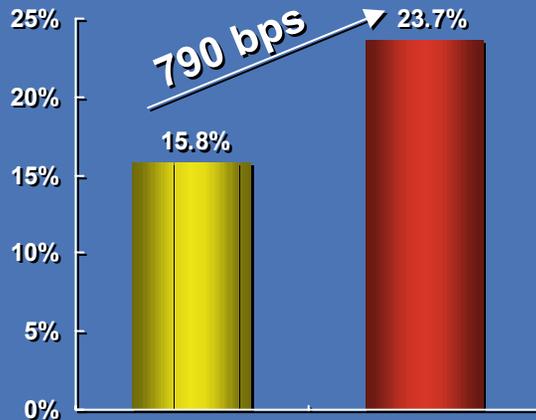
Monthly Revenue



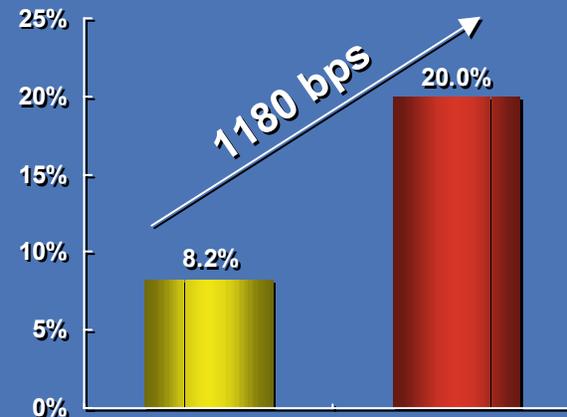
Gross Profit Margin



Store Operating Margin



EBITDA Margin



■ Industry Average (1)

■ Average RCII Store (2)

Notes: (1) Source: APRO 2001 Data.

(2) Per LTM data for the period ended March 31, 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
42% of Revenues

SONY

PHILIPS

JVC

 **Mitsubishi**

Furniture
32% of Revenues


England


Simmons

 **ASHLEY**

Appliances
16% of Revenues


Whirlpool

Computers
10% of Revenues


hp

COMPAQ

DELL

IBM

State-of-the-Art Systems Capabilities

Inventory Analysis

REPORT: INVENTORY ANALYSIS

ITEM	QTY	UNIT	PRICE	AMOUNT	STATUS
1001	100	EA	1.00	100.00	OK
1002	50	EA	2.00	100.00	OK
1003	25	EA	4.00	100.00	OK
1004	10	EA	10.00	100.00	OK
1005	5	EA	20.00	100.00	OK

BOR & Credit Analysis

REPORT: BOR & CREDIT ANALYSIS

ITEM	QTY	UNIT	PRICE	AMOUNT	STATUS
1001	100	EA	1.00	100.00	OK
1002	50	EA	2.00	100.00	OK
1003	25	EA	4.00	100.00	OK
1004	10	EA	10.00	100.00	OK
1005	5	EA	20.00	100.00	OK

Store Income Analysis

REPORT: STORE INCOME ANALYSIS

MONTH	SALES	GROSS	EXPENSES	NET INCOME
JAN	10000	3000	2000	1000
FEB	11000	3300	2100	1200
MAR	12000	3600	2200	1400
APR	13000	3900	2300	1600
MAY	14000	4200	2400	1800
JUN	15000	4500	2500	2000

Exceptions Report

REPORT: EXCEPTIONS REPORT

DESCRIPTION	DATE	AMOUNT	STATUS
Due to be corrected on 03/05/2005	03/05/05	100.00	OPEN
Item 1001 not in inventory	03/05/05	100.00	OPEN
Item 1002 not in inventory	03/05/05	100.00	OPEN
Item 1003 not in inventory	03/05/05	100.00	OPEN
Item 1004 not in inventory	03/05/05	100.00	OPEN
Item 1005 not in inventory	03/05/05	100.00	OPEN

- 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

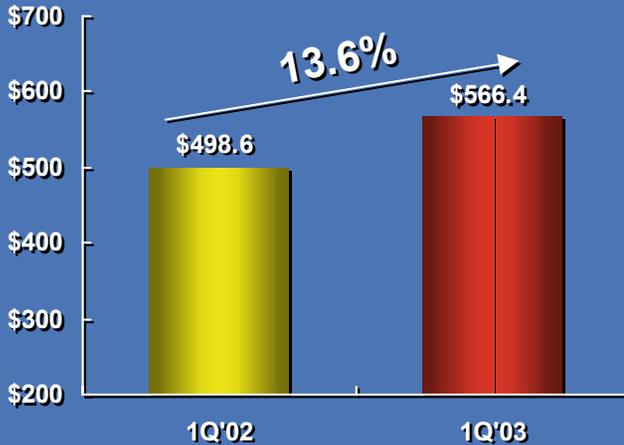
- Integrate the Rent-Way Acquisition of 295 Stores
- Improve Store Level Profitability
- Open New Stores
- Acquire Existing Rent-to-Own Stores
- Grow Same Store Sales
- Enhance National Brand

Rent-Way Acquisition of 295 Stores

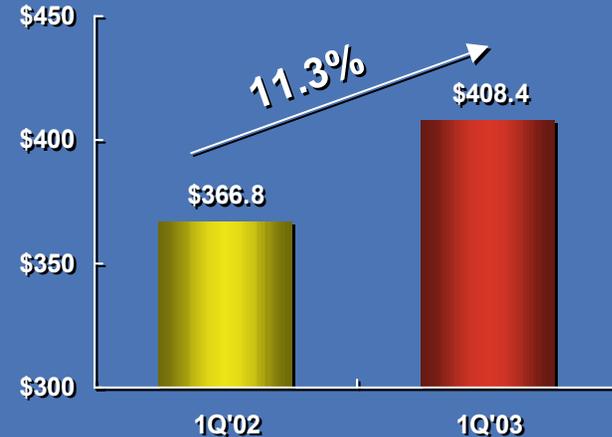
- Completed the acquisition of 295 Rent-Way stores on 2/10/03
- Purchase price of \$100.4 million
 - Slightly less than 10 times average monthly revenue
 - Funded from cash on hand
 - \$10 million held back - \$5 million for 90 days and \$5 million for 18 months
- Merged 176 stores with our existing stores
- Integration completed by mid-March except for permanent signage and capital expenditure improvements
- 2003 Financial Impact
 - \$95 million in revenue
 - EPS - neutral in 1Q, \$0.04/share in 2Q, \$0.05/share in 3Q, \$0.06/share in 4Q

Improved Store Level Profitability - 1Q03 Review

Revenue



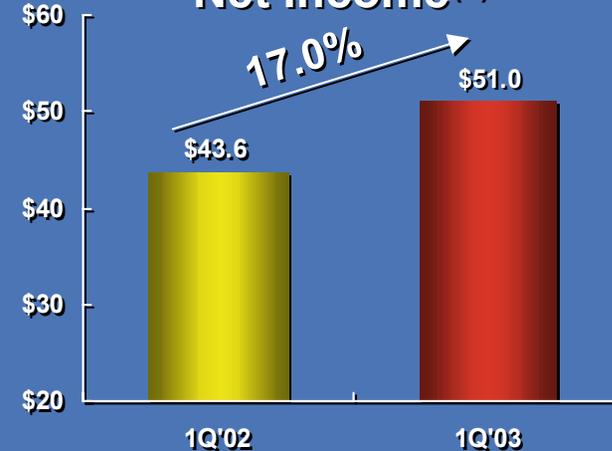
Gross Profit



EBITDA



Net Income⁽¹⁾



EBITA Margin	1Q'02	1Q'03
	19.8%	19.3%

Net Income Margin	1Q'02	1Q'03
	8.7%	9.0%

Note: (1) Before preferred dividend and adjusted to exclude goodwill amortization

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
ALQUILE MUEBLES, ENSERES ELÉCTRICOS, EQUIPOS ELECTRÓNICOS Y COMPUTADORAS CON OPCIÓN A COMPRA

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 Días Gratis*

EASY OWNERSHIP
Es Fácil Ser Dueño

FLEXIBLE PAYMENT OPTIONS
OPCIÓN 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
Alquile A Corto Plazo, Largo Plazo O Alquile Con Opción A Compra

TRY IT BEFORE YOU BUY IT
Pruebe Antes De Comprar

90 DAYS SAME AS CASH
90 Días Igual Al Costo

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To Connect To The Store Nearest You
Para Conectarse Con Su Tienda Más Cercana

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Big-Screen TVs
TVs De Pantalla Gigante

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Air Conditioners
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Play Games and Surf The Net!

Internet Service Not Included

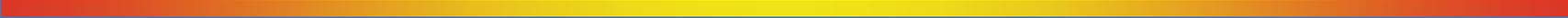
- High brand awareness through comprehensive national and spot media
- Multi-cultural appeal
- Educate consumers about RTO alternative and the availability of quality merchandise
- New loyalty program

Experienced Management Team

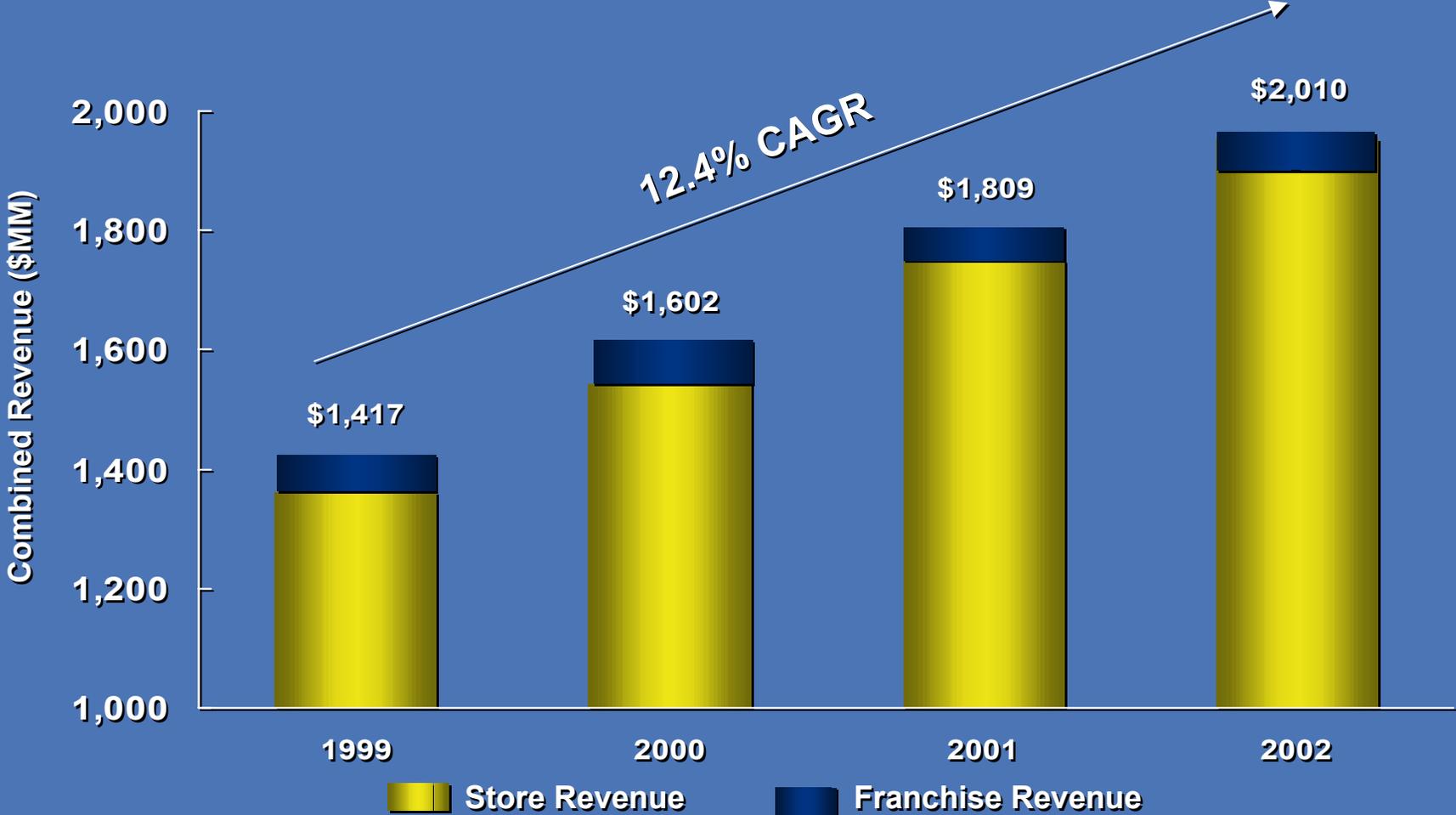
- Senior management team is the most experienced in RTO industry
 - CEO Mark Speese has nearly 25 years RTO experience
 - President Mitch Fadel has over 20 years of RTO experience
 - Senior executives average over 10 years of RTO experience
- Attracting the best personnel with industry-leading salary and incentive plans



Financial Overview



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>271.8</u>	<u>19.9%</u>
Total Debt	702.5	50.2%	521.3	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>\$1,363.7</u>	<u>100.0%</u>

Consolidated Leverage Ratio 1.3x (1Q03)

Consolidated Interest Coverage Ratio 6.8x (1Q03)

Recapitalization

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	1.3	1.7

Accretive Transaction - Additional \$0.30 diluted EPS in 2003

Reduced interest expense

Reduced shares with \$200M share repurchase

Schedule of Free Cash Flow

2003 Estimate

	<u>2003</u>
EBITDA	\$420MM - \$430MM
Net Cash Interest	(\$45MM)
CapEx	(\$40MM)
Net Investment in Rental Merchandise	(\$40MM)
Taxes	(\$120MM)
Free Cash Flow	\$175MM - \$185MM

Free Cash Flow Yield of 8 - 10%

Demonstrated Ability to Delever Rapidly



Note: (1) Excludes nonrecurring charges

2003 Guidance

<u>QUARTERLY</u>	<u>2Q'02</u>	<u>2Q'03**</u>	<u>Growth</u>
Total Revenue	\$494.7MM	\$548.8-553.8MM	10-12%
Diluted EPS	\$1.22*	\$1.41-\$1.44	16-18%
<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%

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

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

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
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- 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, 2002, and its quarterly report Form 10-Q for the three months ended March 31, 2003. 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.