



# Investor Presentation Third Quarter 2010



# Safe Harbor Statement

*This presentation contains 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 rent-to-own stores; the Company’s ability to acquire additional rent-to-own stores or customer accounts on favorable terms; the Company’s ability to control costs and increase profitability; the Company’s ability to identify and successfully enter new lines of business offering products and services that appeal to its customer demographic; the Company’s ability to enhance the performance of acquired stores; the Company’s ability to retain the revenue associated with acquired customer accounts; the Company’s ability to identify and successfully market products and services that appeal to its customer demographic; the Company’s ability to enter into new and collect on its rental purchase agreements; the Company’s ability to enter into new and collect on its short term loans; the passage of legislation adversely affecting the rent-to-own or financial services industries; the Company’s failure to comply with statutes or regulations governing the rent-to-own or financial services industries; interest rates; increases in the unemployment rate; economic pressures, such as high fuel and utility costs, affecting the disposable income available to the Company’s targeted consumers; changes in the Company’s stock price and the number of shares of common stock that it may or may not repurchase; future dividends; changes in estimates relating to self-insurance liabilities and income tax and litigation 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; conditions affecting consumer spending and the impact, depth and duration of current economic conditions; the resolution of material litigation; our ability and the results therefrom to successfully manage the strategic alternatives process with respect to our financial services business and the results therefrom; and the other risks detailed from time to time in the Company’s SEC reports, including but not limited to, its annual report on Form 10-K for the year ended December 31, 2009, and its quarterly reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010. 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.*



# 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 and strong credit statistics
- Continue execution in our core rent-to-own business
- Seek additional distribution channels for our products and services

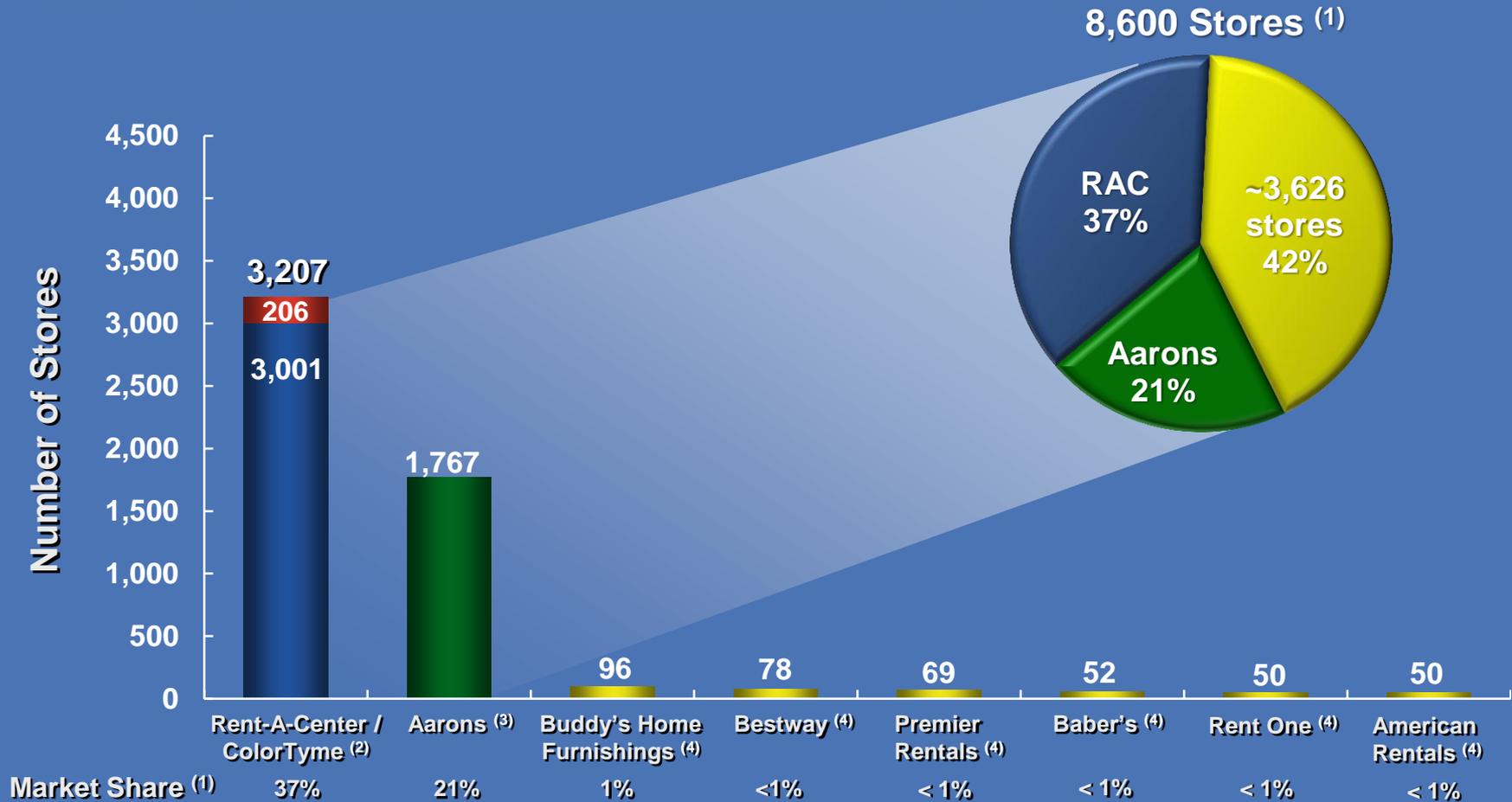


# Leading RTO Operator in U.S.

- Largest rent-to-own operator in the U.S.
  - 37% market share based on store count
  - National footprint of approximately 3,000 company-owned stores and 200 franchised stores
- Broad selection of high quality, brand-name merchandise under flexible rental purchase agreements
- Primarily serves the “underbanked” consumer
- Generated \$2.7 billion in LTM revenue and \$382 million in LTM adjusted EBITDA as of September 30, 2010



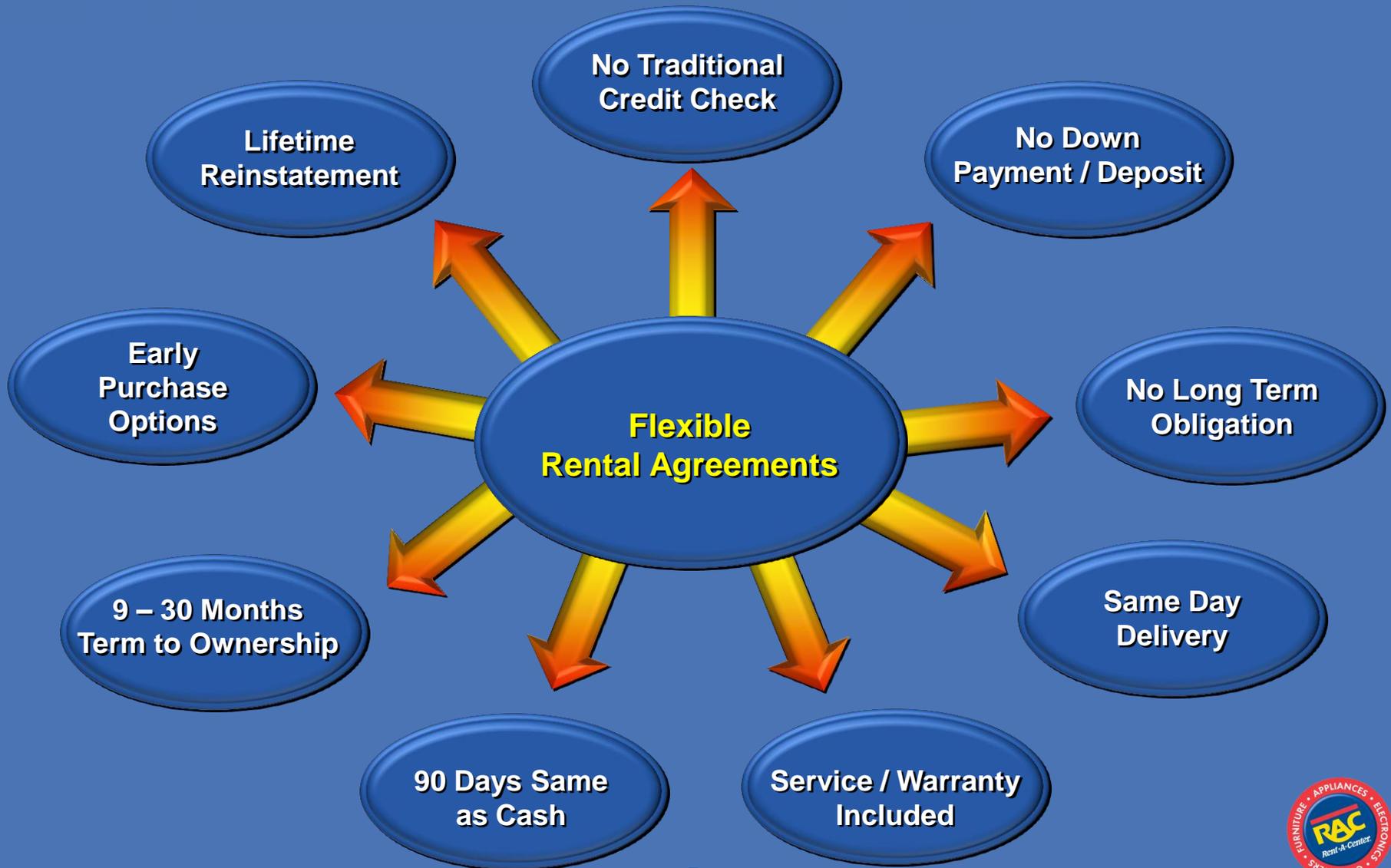
# Leading Player in Fragmented Marketplace



- 1) APRO (Association of Progressive Rental Organizations) website dated August 31, 2010
- 2) Company data as of September 30, 2010
- 3) Company press release dated October 25, 2010
- 4) Company website estimate as of October 18, 2010



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



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

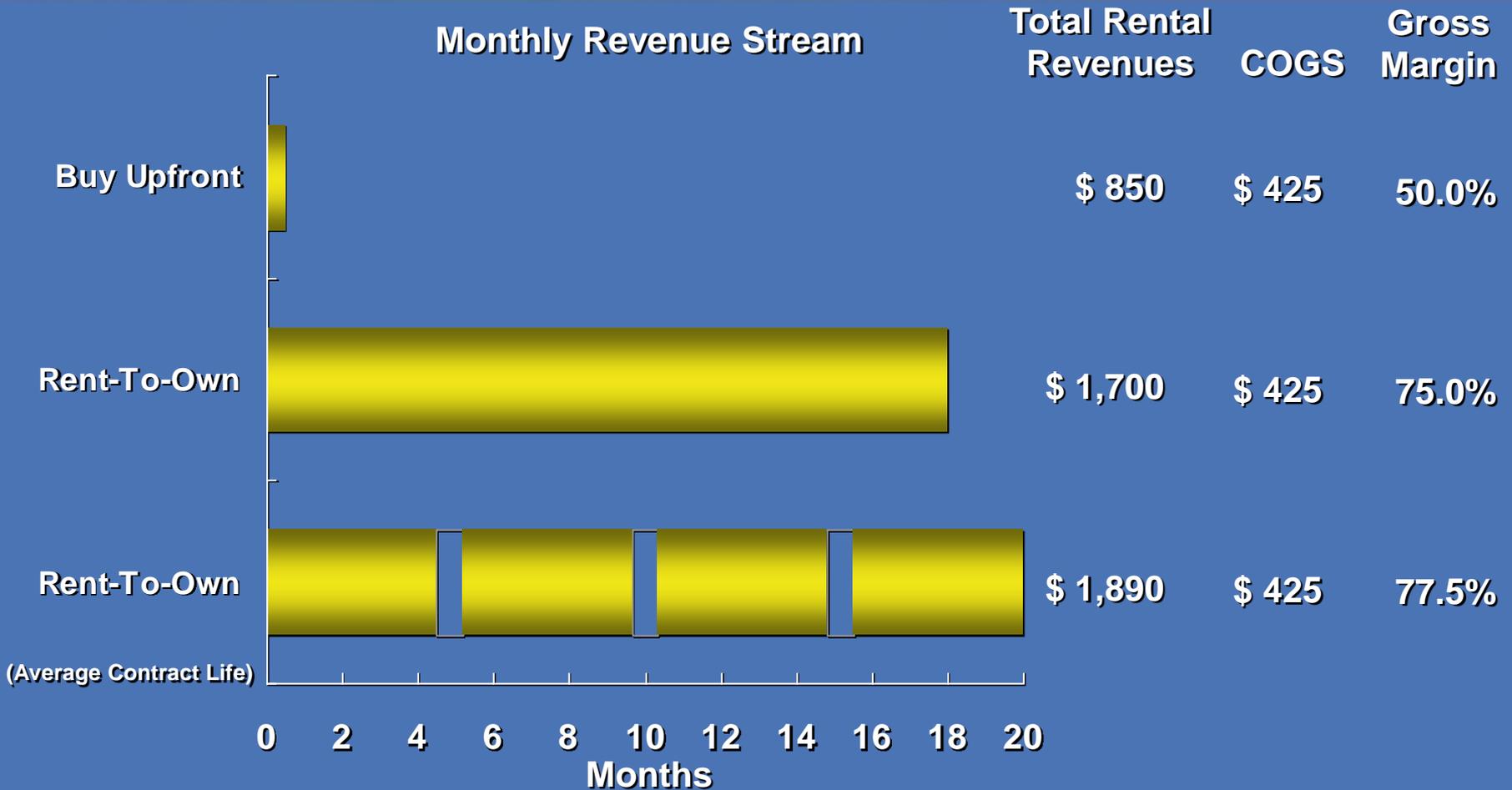
- Approximately 83% of customers in the rent-to-own industry have household incomes between \$15,000 and \$50,000 <sup>(1)</sup>
- Approximately 43.6 million households with household incomes between \$15,000 and \$50,000 <sup>(2)</sup>
- Industry is serving only 4.1 million of these households at a given time<sup>(1)</sup>
- Target market is growing with the “Sub-Prime” market now at 35% of the population (~80 million consumers); up from 28% of the 230 million credit file records

1) APRO (Association of Progressive Rental Organizations) website dated October 26, 2010

2) U.S. Census Bureau – 2010 CPS Survey



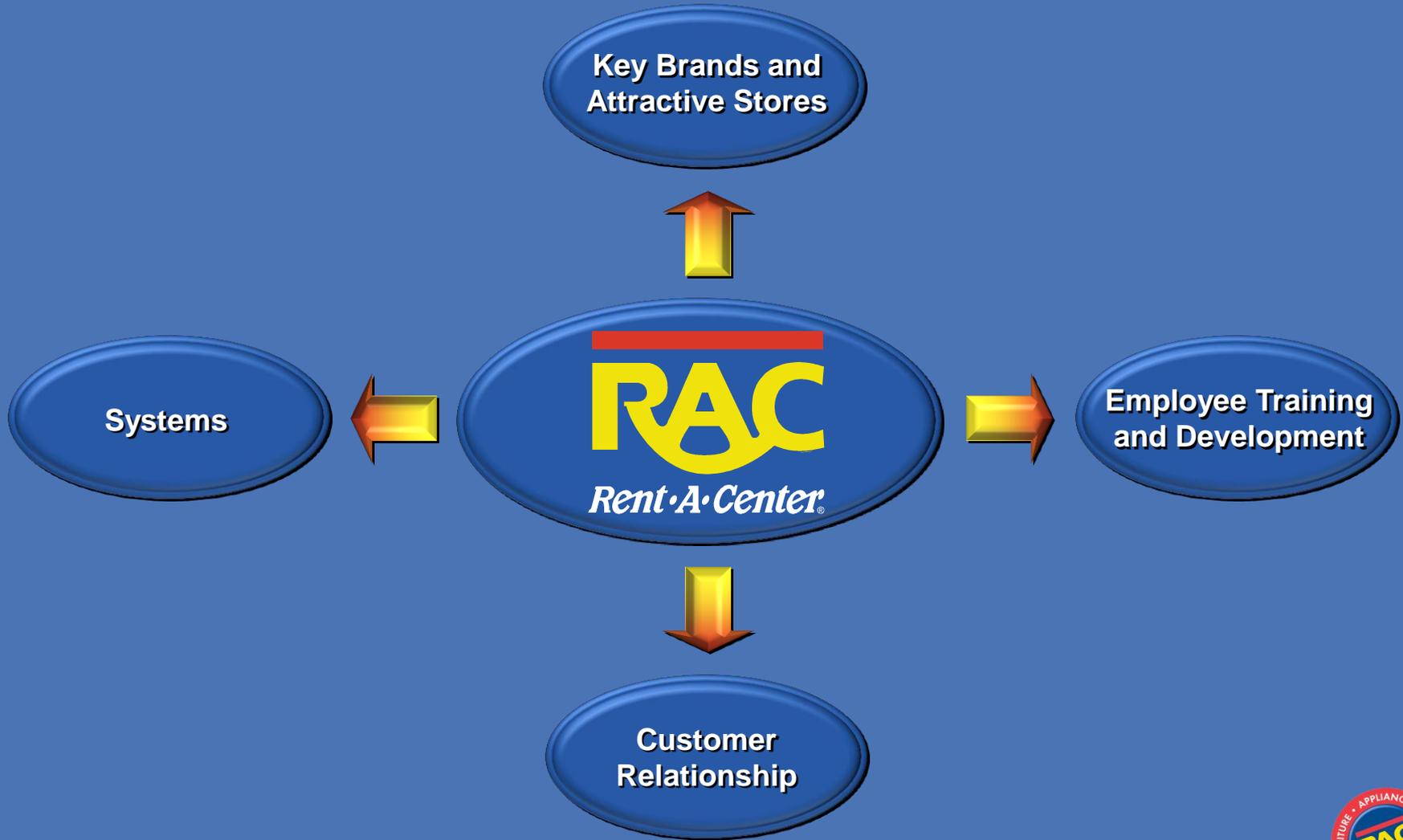
# ...With Attractive Economics



\* The rental purchase transaction is a flexible alternative for consumers with features that include no long-term obligation and the right to terminate the transaction without penalty. For 75% of our initial rental purchase agreements, the customer returns the merchandise before acquiring ownership and the average term of the agreement is 4 to 5 months.



# Proven Business Model



# Easily Accessible, Highly Visible Sites



Leased Sites Only

No Warehouses – Vendors Ship Directly to the Stores



# High Quality, Brand-Name Merchandise

**Electronics**  
34% of Rental Revenue

**SONY**®

**LG**  
Life's Good

**TOSHIBA**

**JVC**®

**PHILIPS**

**Furniture**  
31% of Rental Revenue

**ASHLEY**  
FURNITURE INDUSTRIES, INC.

**S**

**STANDARD**  
furniture

**Serta**

**klaussner**  
home furnishings

**Appliances**  
18% of Rental Revenue

**Whirlpool**  
Home Appliances

**Computers**  
17% of Rental Revenue

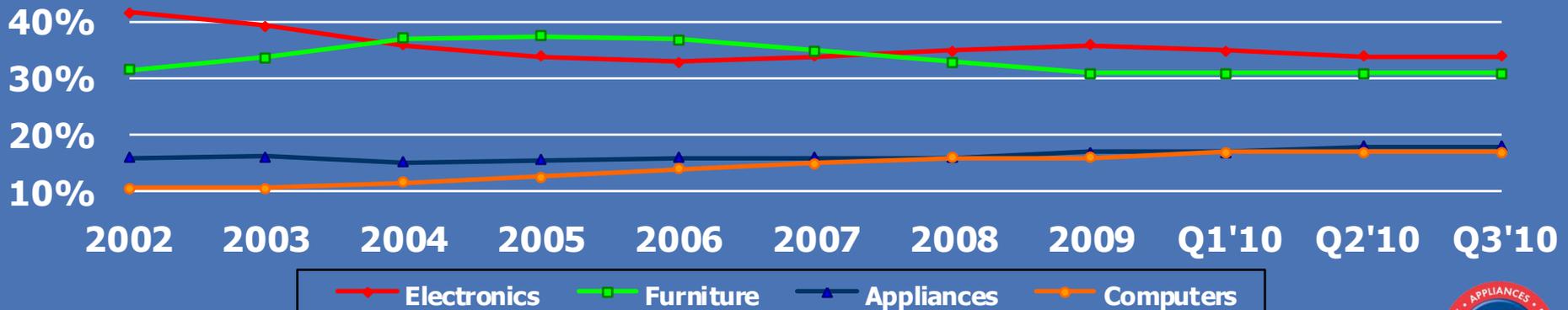
**hp**®

**COMPAQ**

**SONY**®

**DELL**™

**TOSHIBA**



Represents a rolling 12 months of actual data



# Experienced Management Team

- Senior management team is the most experienced in RTO industry
  - CEO Mark Speese has over 30 years of RTO experience
  - President Mitch Fadel has over 25 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

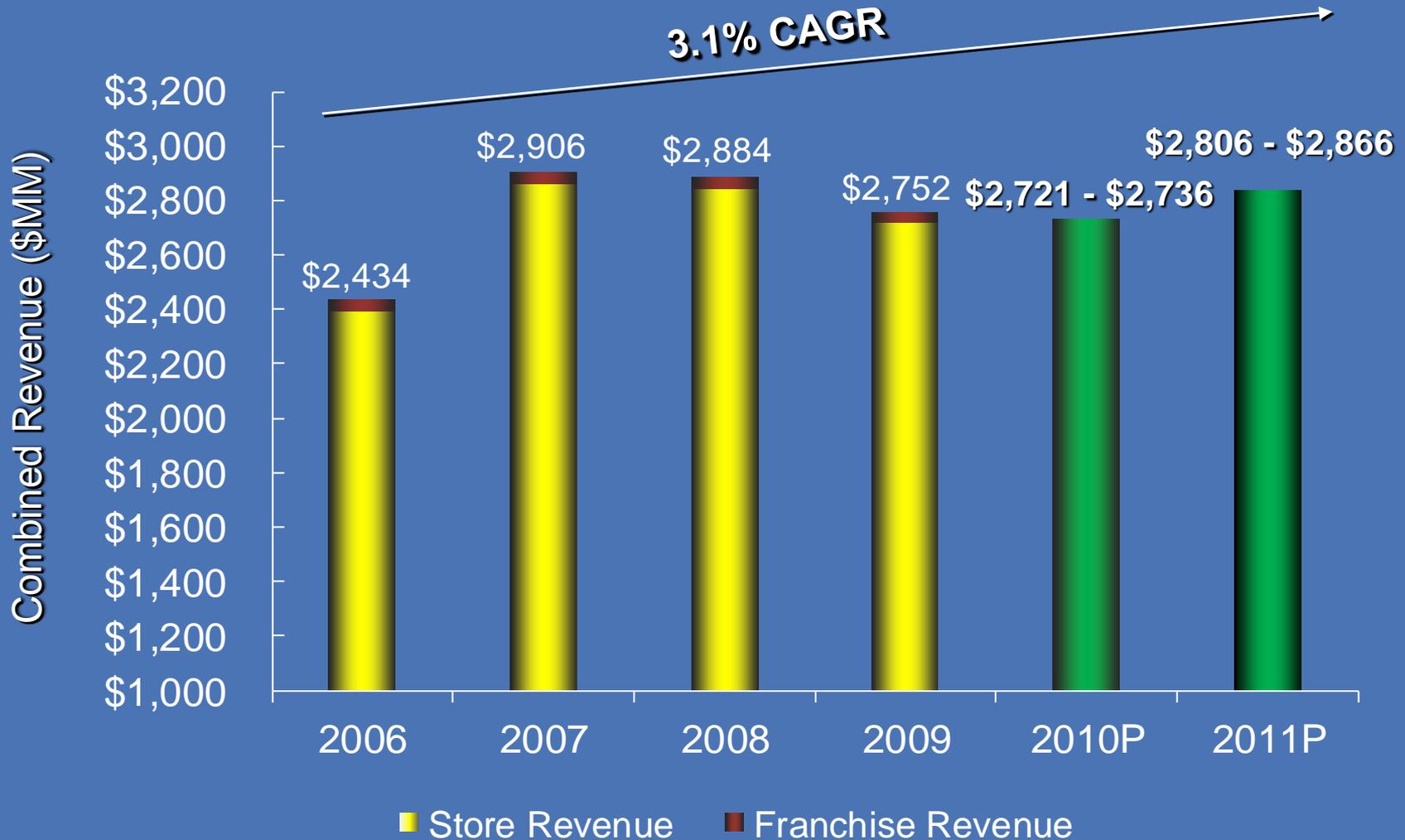
- Enhance store level operations, revenue and profitability
  - Focus on our customer's in-store experience and loyalty
  - Create compelling product values for our customers through the use of strategic merchandise purchases
  - Attract customers with targeted advertising campaigns
  - Improve operational efficiencies
  - Maintain expense control
  
- Seek additional distribution channels for our products and services
  - Expand our offering of the rent-to-own transaction through agreements with other retailers
  - Enter the Mexico market, expand in the Canadian market and identify additional international rent-to-own markets
  - Grow square footage of our core business by implementing a market planning process
  - Expand our retail installment sales operations
  
- Leverage our financial strength
  - Invest in technology to increase revenue and support our growth initiatives
  - Declare and pay dividends on our common stock, and opportunistically repurchase shares of our common stock as well as continue to enhance our balance sheet



# Financial Overview



# Sales Growth



# EBITDA and EBITDA Margin



(1) Excludes non-recurring charges and credits



# Schedule of Free Cash Flow

## 2011 Estimate (\$MM)

|                   |               |
|-------------------|---------------|
| EBITDA            | \$390 - \$410 |
| Net Cash Interest | (\$25)        |
| CapEx             | (\$75)        |
| Working Capital   | (\$5)         |
| Taxes             | (\$130)       |
| Free Cash Flow    | \$155 - \$175 |

|                     |               |
|---------------------|---------------|
| OPERATING CASH FLOW | \$230 - \$250 |
| CapEx               | (\$75)        |
| Free Cash Flow      | \$155 - \$175 |

Note: Potential uses of Free Cash Flow include acquisitions, common stock repurchases or reduction in outstanding indebtedness.



# Current Capital Structure

|                                      | Sep 30,<br>2010 | % of<br>Book<br>Capital | Sep 30,<br>2009 | % of<br>Book<br>Capital |
|--------------------------------------|-----------------|-------------------------|-----------------|-------------------------|
| Cash                                 | \$ 80.8         |                         | \$ 39.9         |                         |
| Senior Credit Facilities             | 596.1           | 30.6%                   | 659.1           | 35.3%                   |
| Sub Notes                            | -               | 0.0%                    | -               | 0.0%                    |
| <b>Total Equity</b>                  | 596.1           | 30.6%                   | 659.1           | 35.3%                   |
| Shareholder's Equity                 | 1,352.9         | 69.4%                   | 1,209.3         | 64.7%                   |
| <b>Total Capitalization</b>          | \$ 1,949.0      | 100.0%                  | \$ 1,868.4      | 100.0%                  |
| <b>Net Debt/Total Capitalization</b> |                 | 26.4%                   |                 | 33.1%                   |

Consolidated Leverage Ratio 1.42x (Q3'10)

Consolidated Fixed Charge Coverage Ratio 2.03x (Q3'10)



# Guidance (per October 25, 2010 press release)

## QUARTERLY

Total Revenue  
Diluted EPS

## Q4'10P

\$666.0 - \$681.0 MM  
\$0.64 - \$0.70

## Q4'09A

\$672.9 MM  
\$0.66

## ANNUAL

Total Revenue  
Adj. Diluted EPS

## 2011P

\$2.81 - \$2.87 BN  
\$2.85 - \$3.05

## 2010P

\$2.72 - \$2.74 BN  
\$2.75 - \$2.81

## 2009A

\$2.75 BN  
\$2.48 <sup>(1)</sup>

- 1) Excludes the effects of a \$4.9 million pre-tax litigation credits (\$0.04 per diluted earnings per share for the twelve month period ended December 31, 2009) related to the *Hilda Perez* matter.



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