

RAC

Rent-A-Center®

*Investor Presentation
Third Quarter 2003*



October 27, 2003

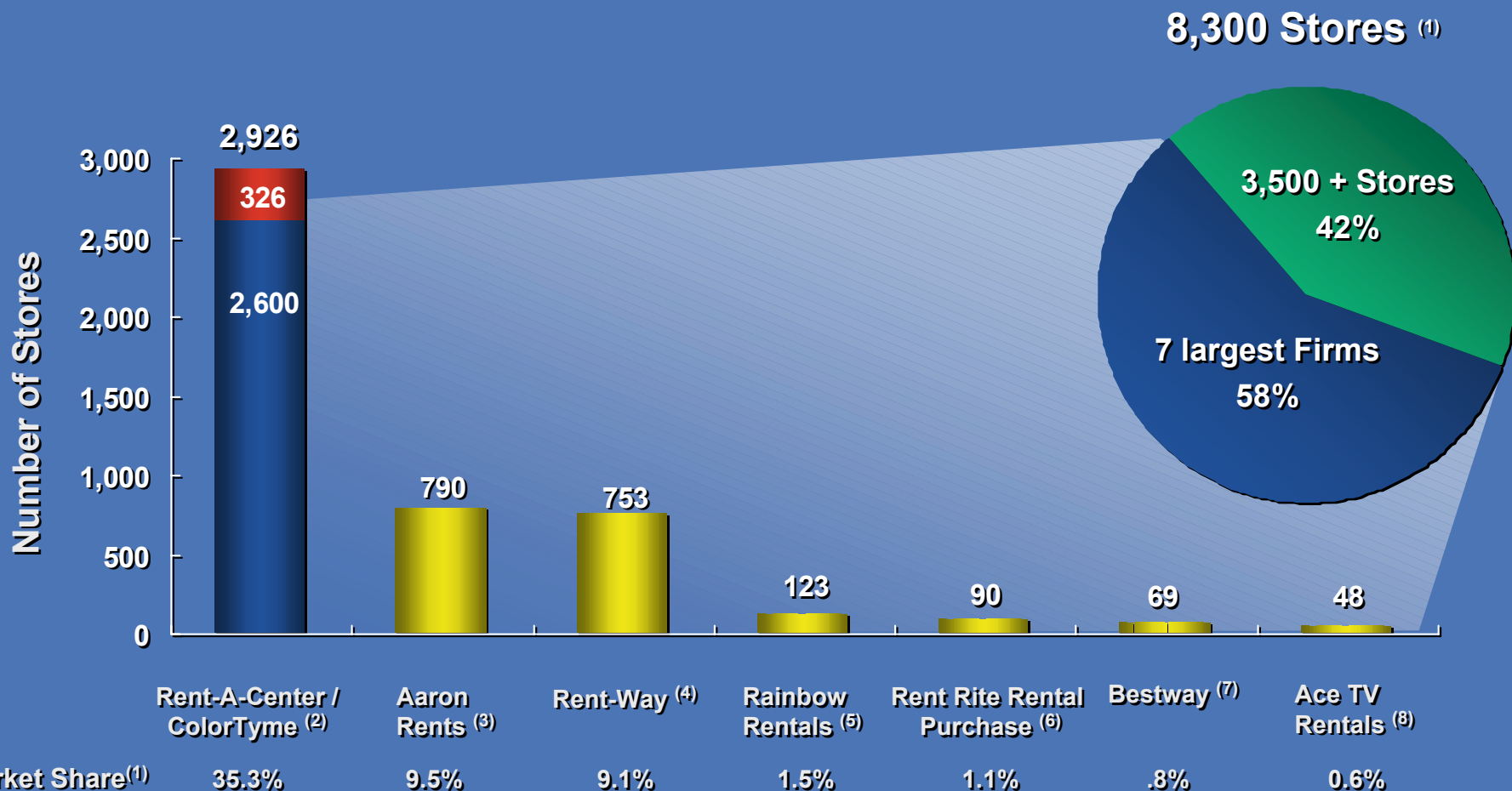
Key Investment Rationale

- 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 2,600 store count as of 9/30/03
 - ColorTyme subsidiary represents an additional 4% market share
- Broad selection of high quality goods through flexible rental agreements
 - Home electronics – 40% of rental revenue
 - Furniture and home accessories - 33% of rental revenue
 - Appliances - 16% of rental revenue
 - Personal computers - 11% of rental revenue
- Primarily serves the “underbanked” consumer
- Generated \$2.19 billion in LTM revenue and \$424.0 million in LTM EBITDA as of September 30, 2003

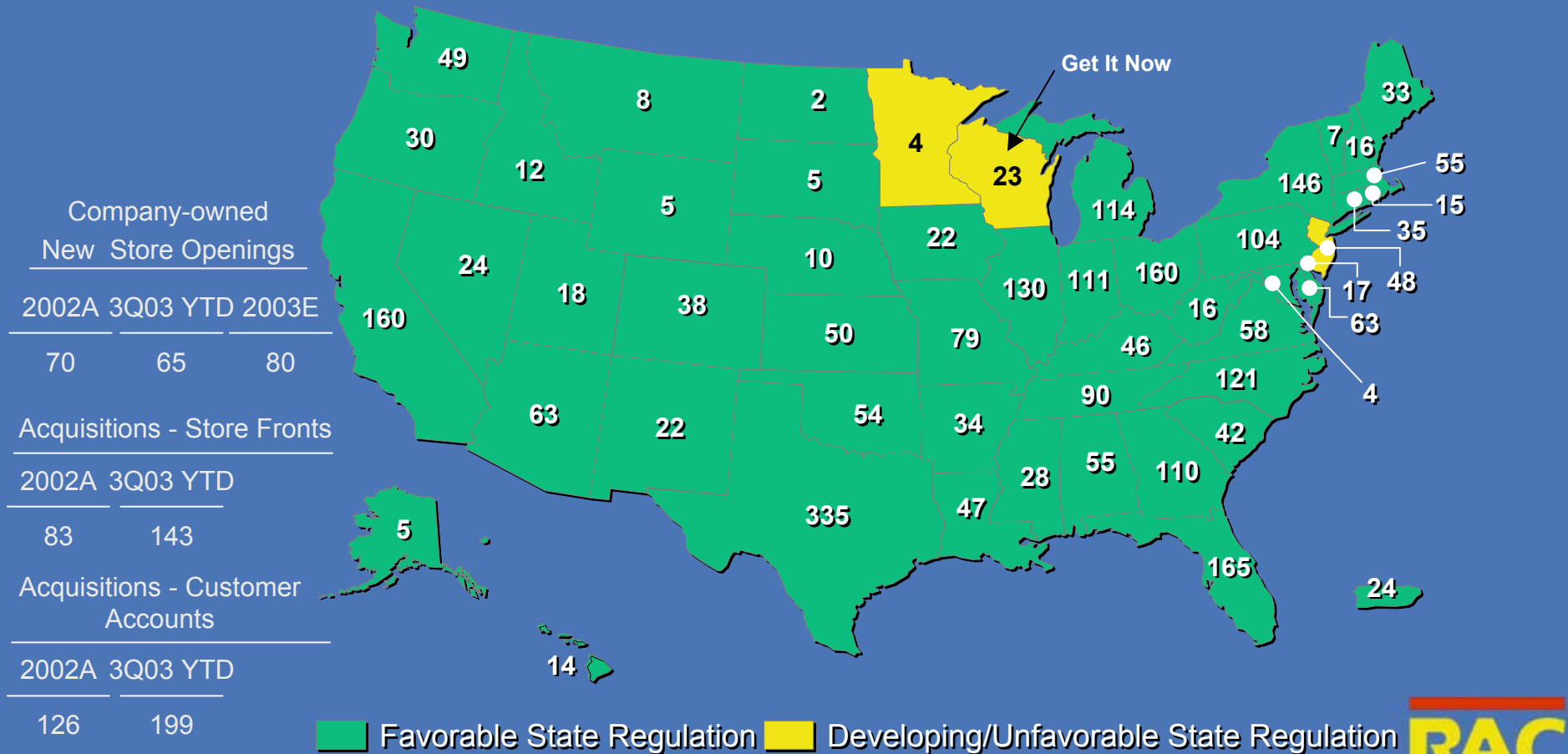
Dominant Player in Fragmented Marketplace



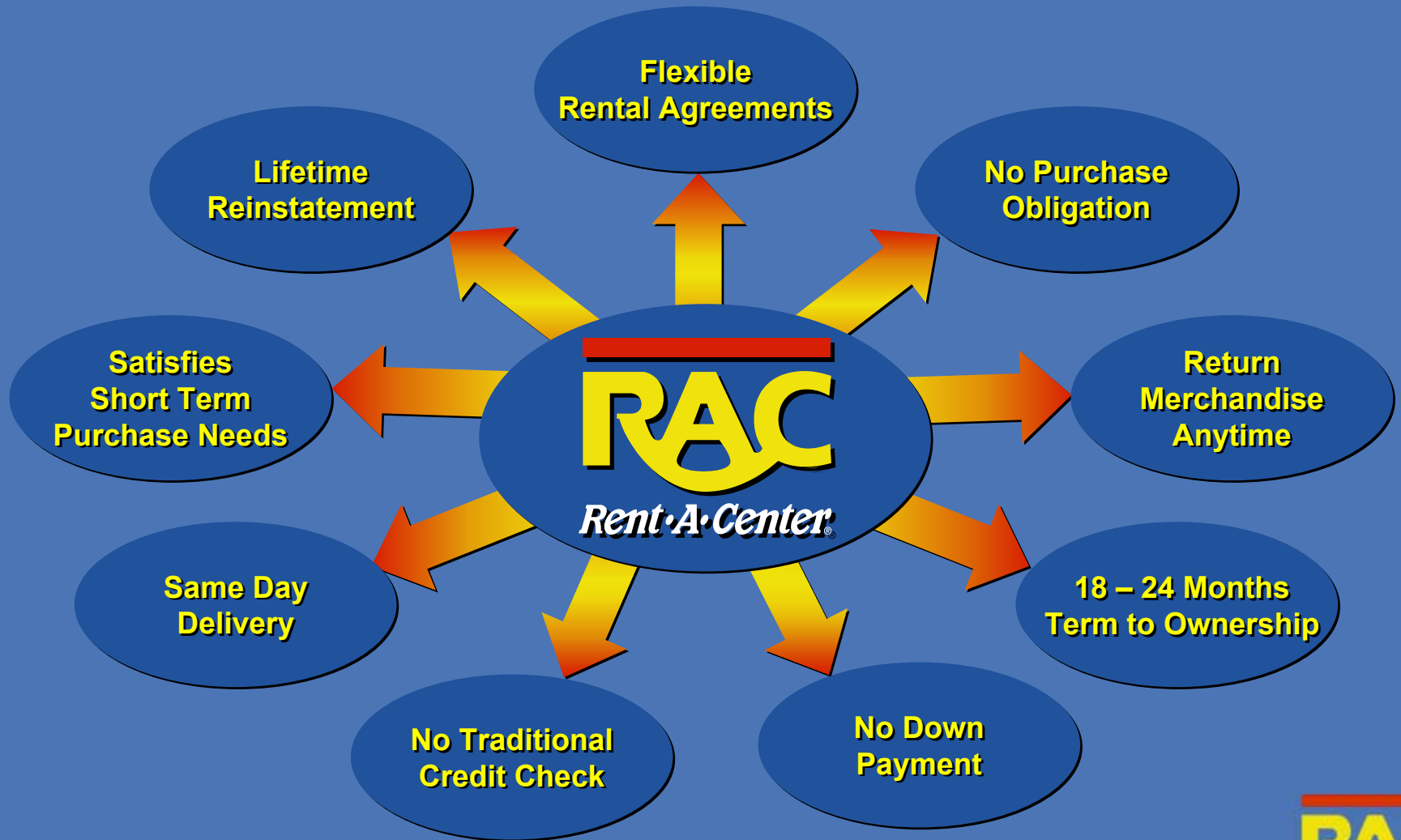
- Notes:
- (1) Based on Association of Progressive Rental Organization (APRO) estimates in 2003 Industry Survey of 8,300 total stores
 - (2) Company data as of September 30, 2003
 - (3) Company press release dated October 13, 2003
 - (4) Company press release of October 20, 2003 for period ended September 30, 2003
 - (5) Company 2003 Second Quarter Earnings Press Release for period ended June, 30, 2003
 - (6) RTO Magazine – July 2, 2003 and company website
 - (7) Company Fiscal Year and Fourth Quarter Earnings Press Release dated October 20, 2003
 - (8) Rent-A-Center's Estimate

Leading National Footprint

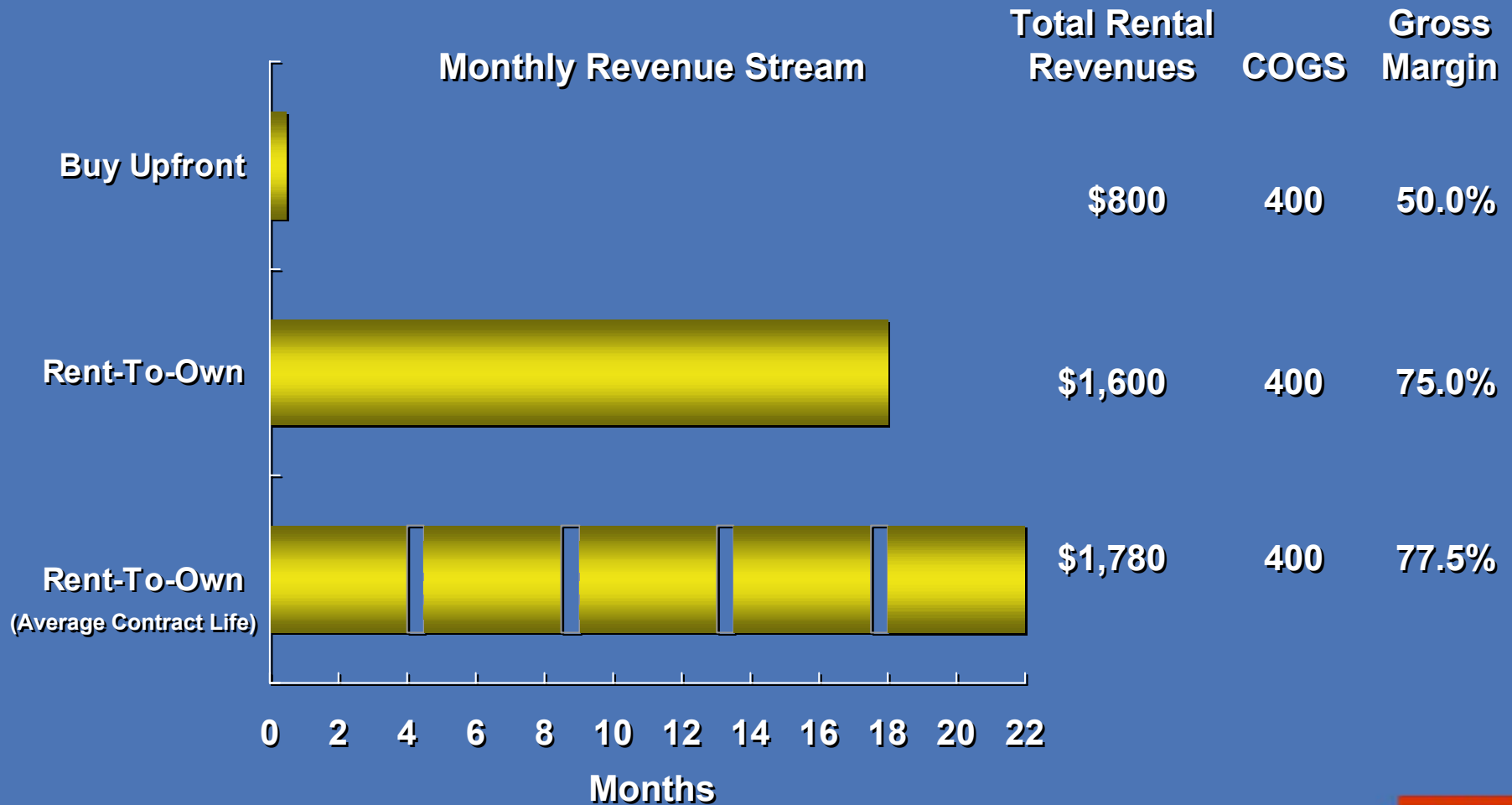
2,600 company-owned stores and 326 franchised stores



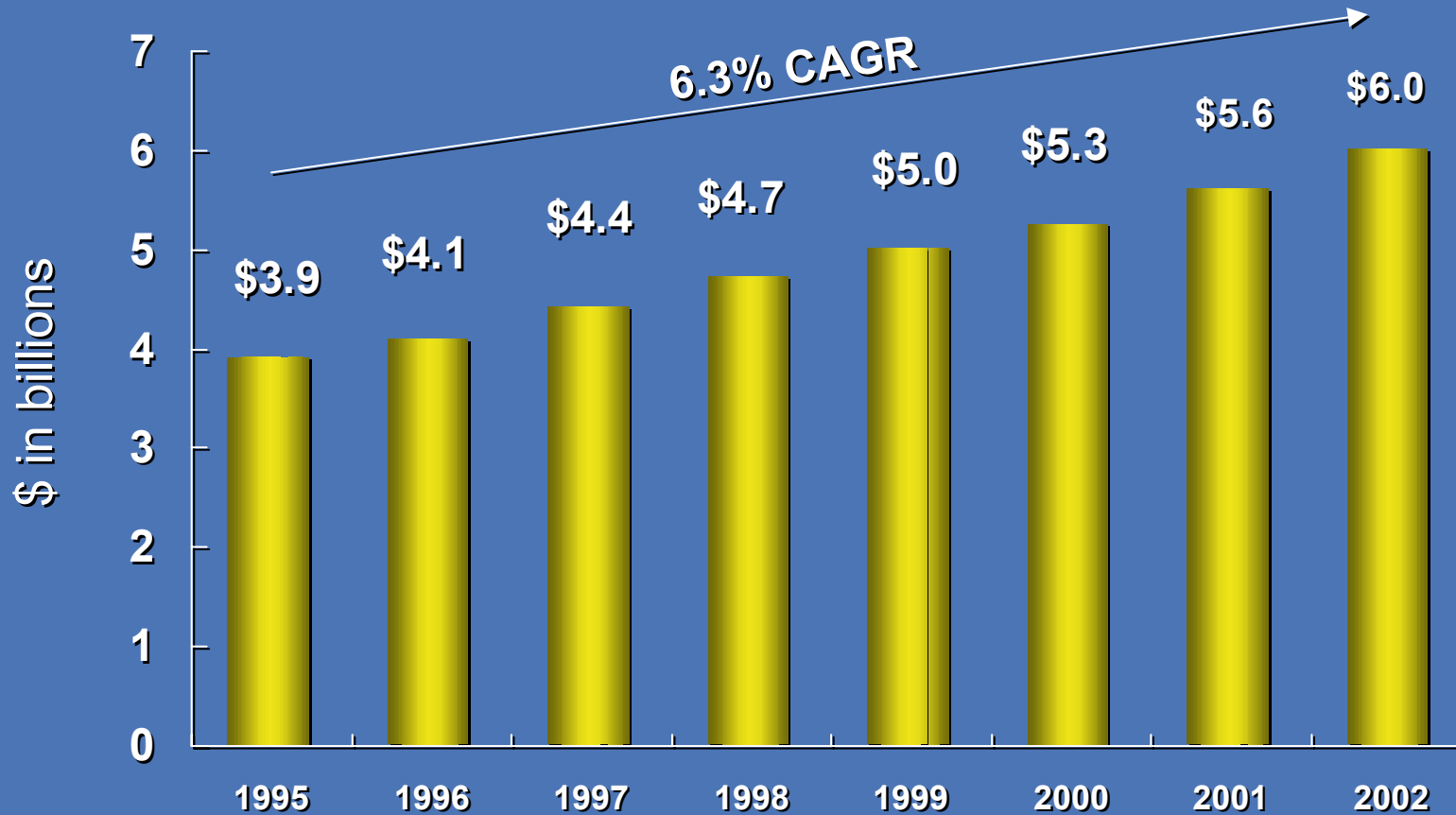
Rent-to-Own is an Appealing Transaction...



...With Attractive Economics ...



...Consistent Industry Growth...

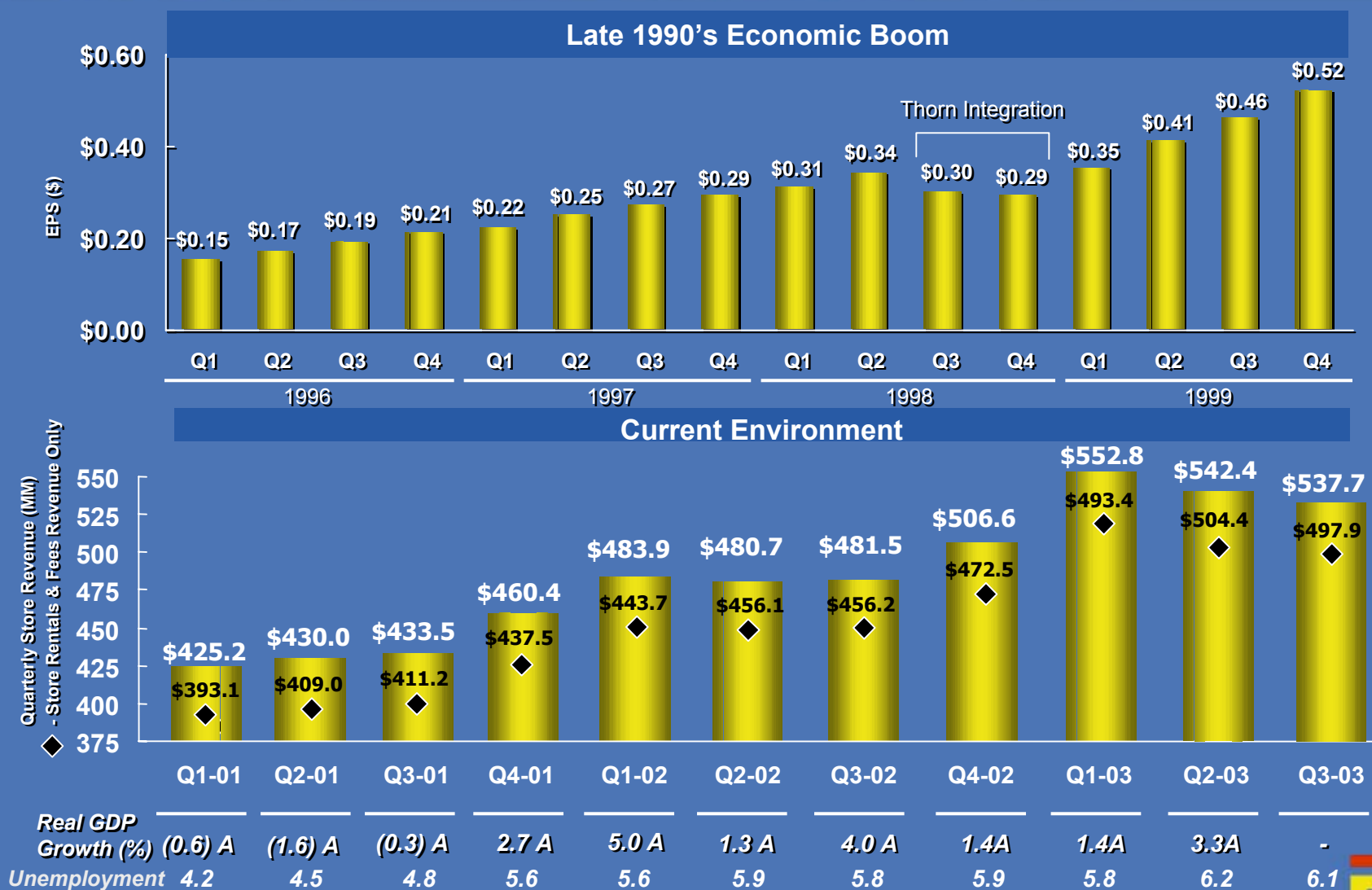


Source: APRO 2003 Industry Survey

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



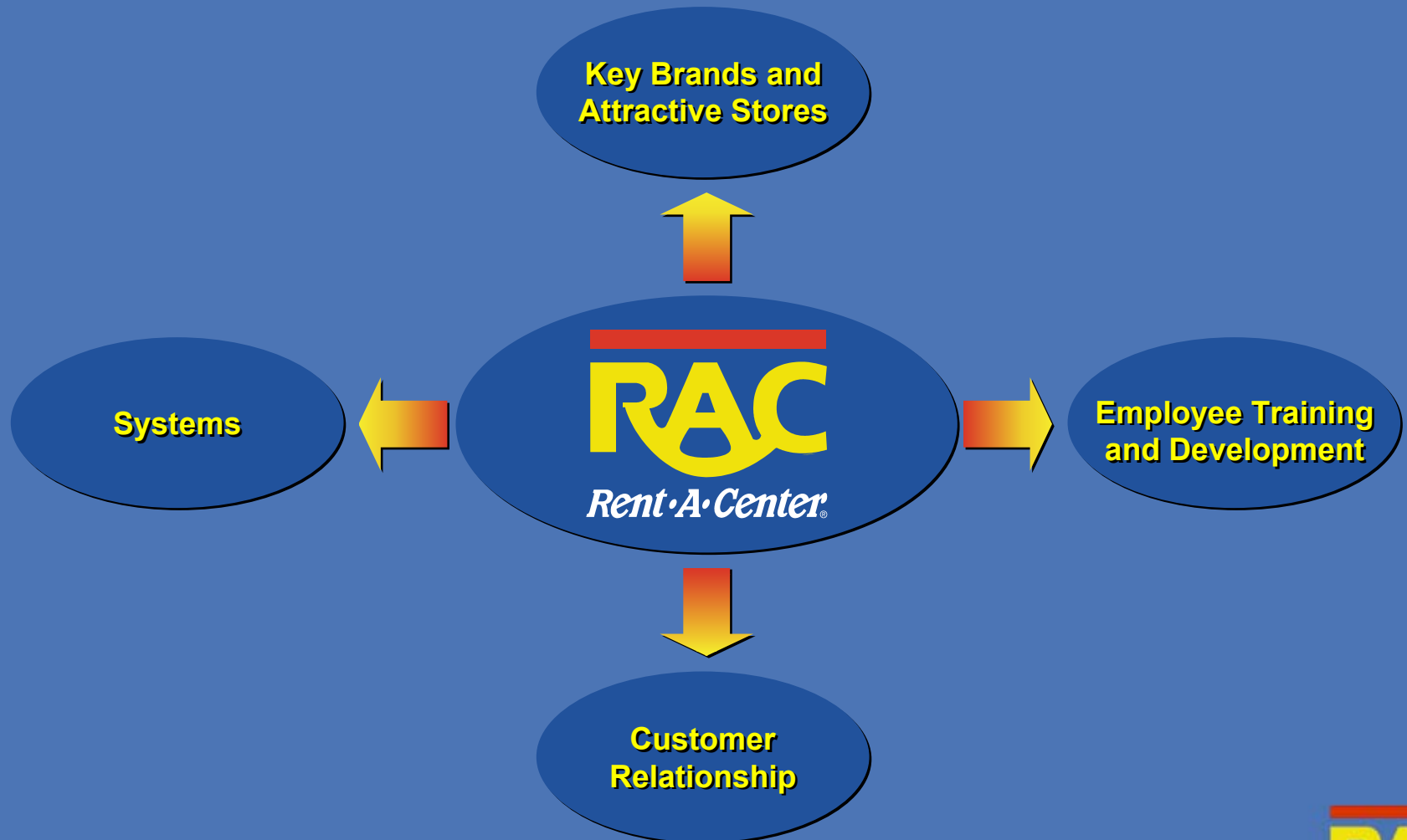
Notes: (1) Represents recurring earnings per share before \$7.5MM and \$11.5MM of non-recurring charges in Q3 1998 and Q4 1998, respectively.

Serves the “Underbanked Working Family”

- 92% of Customers in the Industry have Household Incomes between \$15,000 and \$50,000⁽¹⁾
- 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

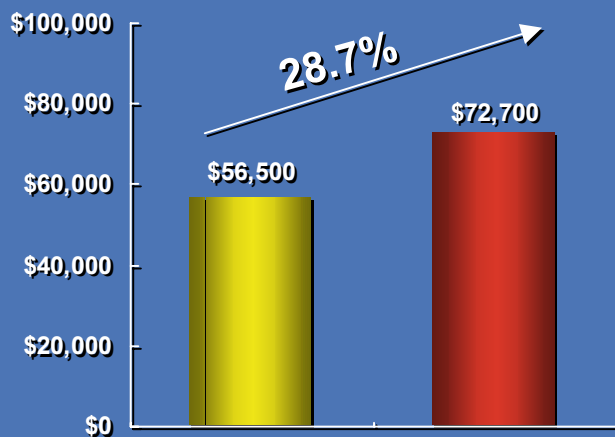
Note: (1) America's Research Group, February 1999
(2) U.S. Census Bureau - 2001
(3) APRO 2003 Industry Survey

Proven Business Model

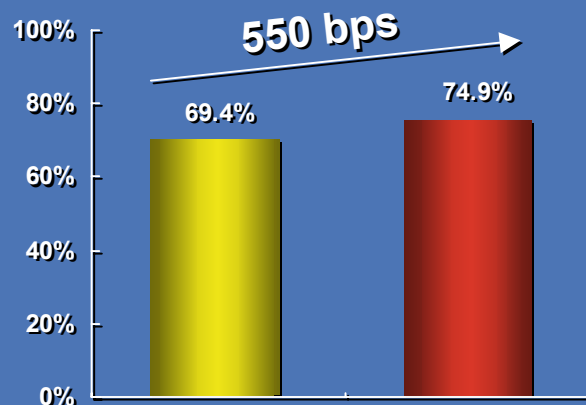


Rent-A-Center Store Profitability vs. Peers

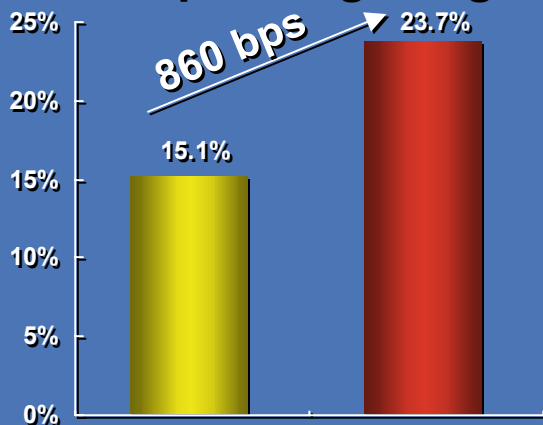
Monthly Revenue



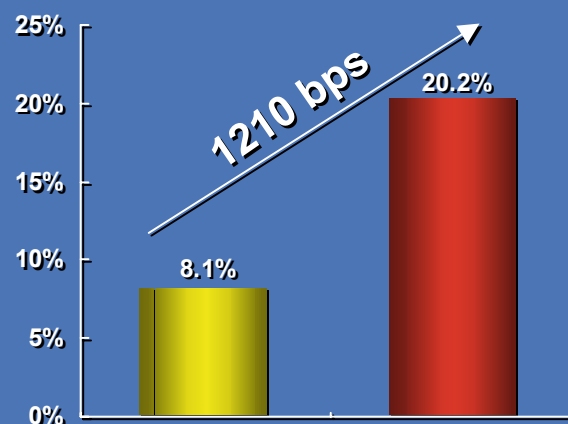
Gross Profit Margin



Store Operating Margin



EBITDA Margin



■ Industry Average ⁽¹⁾

■ Average RCII Store ⁽²⁾

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

(2) Per LTM data for the period ended September 30, 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
40% of Rental Revenue

SONY

PHILIPS

JVC

 **Mitsubishi**

Furniture
33% of Rental Revenue

England



 **ASHLEY**

Appliances
16% of Rental Revenue

 **Whirlpool**



Computers
11% of Rental Revenue



COMPAQ

DELL



State-of-the-Art Systems Capabilities

Inventory Analysis

REPORTS SHOW THE INVENTORY ANALYSIS

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

BOR & Credit Analysis

ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	ITEM	QTY	UNIT	PRICE	AMOUNT	DATE
1011	110	EA	11.00	1210.00	01/01/01	1012	120	EA	12.00	1440.00	01/01/01
1013	130	EA	13.00	1690.00	01/01/01	1014	140	EA	14.00	1960.00	01/01/01
1015	150	EA	15.00	2250.00	01/01/01	1016	160	EA	16.00	2560.00	01/01/01
1017	170	EA	17.00	2890.00	01/01/01	1018	180	EA	18.00	3240.00	01/01/01
1019	190	EA	19.00	3610.00	01/01/01	1020	200	EA	20.00	4000.00	01/01/01

Store Income Analysis

STORE	QTY	UNIT	PRICE	AMOUNT	DATE	STORE	QTY	UNIT	PRICE	AMOUNT	DATE
1021	210	EA	21.00	4410.00	01/01/01	1022	220	EA	22.00	4840.00	01/01/01
1023	230	EA	23.00	5290.00	01/01/01	1024	240	EA	24.00	5760.00	01/01/01
1025	250	EA	25.00	6250.00	01/01/01	1026	260	EA	26.00	6760.00	01/01/01
1027	270	EA	27.00	7290.00	01/01/01	1028	280	EA	28.00	7840.00	01/01/01
1029	290	EA	29.00	8410.00	01/01/01	1030	300	EA	30.00	9000.00	01/01/01

Exceptions Report

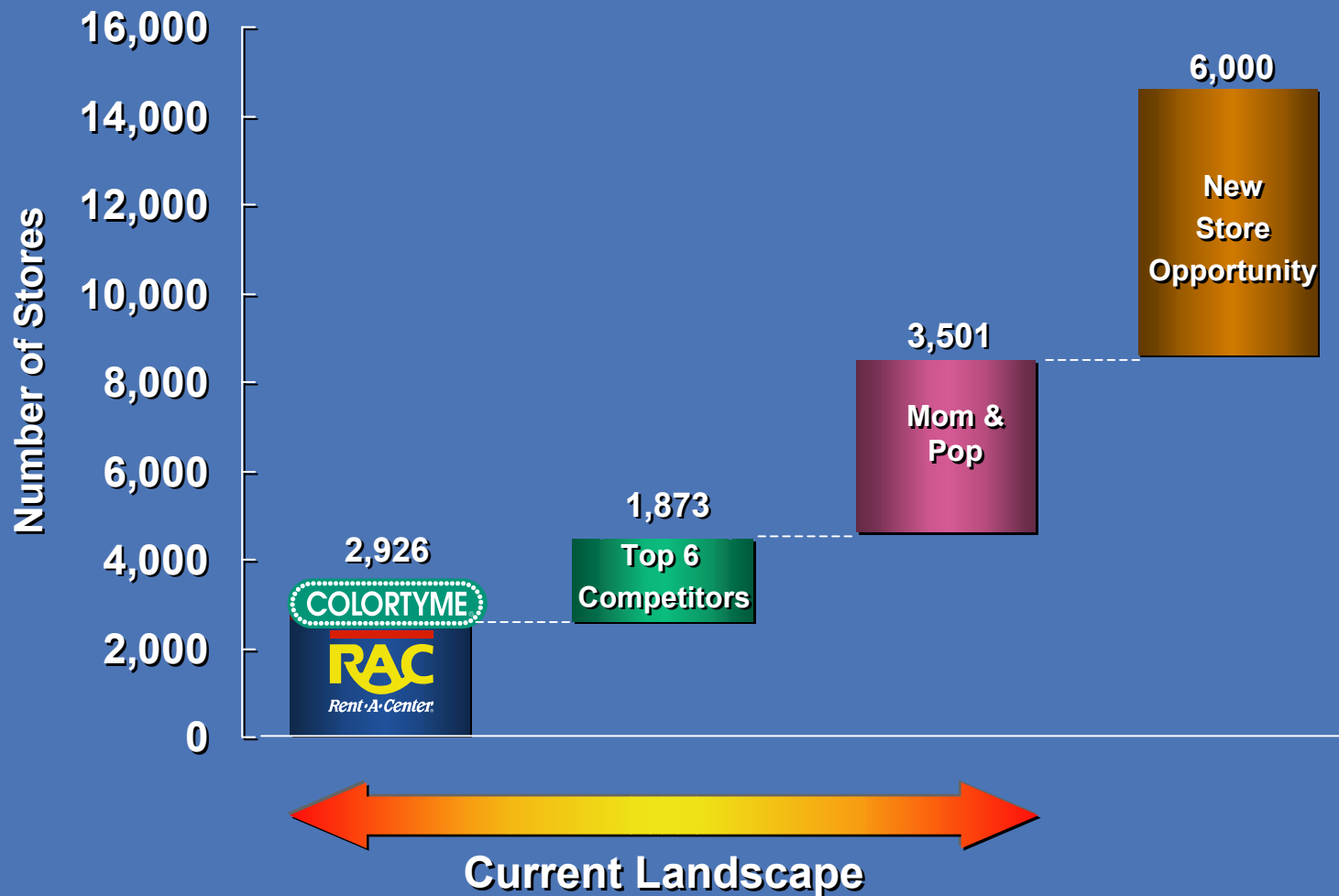
ITEM	QTY	UNIT	PRICE	AMOUNT	DATE	ITEM	QTY	UNIT	PRICE	AMOUNT	DATE
1031	310	EA	31.00	9610.00	01/01/01	1032	320	EA	32.00	10240.00	01/01/01
1033	330	EA	33.00	10890.00	01/01/01	1034	340	EA	34.00	11560.00	01/01/01
1035	350	EA	35.00	12250.00	01/01/01	1036	360	EA	36.00	12960.00	01/01/01
1037	370	EA	37.00	13690.00	01/01/01	1038	380	EA	38.00	14440.00	01/01/01
1039	390	EA	39.00	15210.00	01/01/01	1040	400	EA	40.00	16000.00	01/01/01

- 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
Alquileres, muebles, electrodomésticos, electrónicos y computadoras con opción a compra

Enjoy The Best Brands Right Now!

EASY OWNERSHIP
Es Fácil Ser Dueño

FLEXIBLE PAYMENT OPTIONS
Prestamos de Pagos Flexibles
Semanales, Quincenales, Mensuales y Quincenales

NO CREDIT NEEDED
No Necesitas Crédito

SERVICE AND DELIVERY INCLUDED
Servicio y Entrega Incluidos

RENT SHORT TERM, LONG TERM OR RENT TO OWN
Alquila o Compra Plazo Largo Plazo o Alquila con Opción a Compra

TRY IT BEFORE YOU BUY IT
Pruebalo Antes de Comprar

90 DAYS SAME AS CASH
90 Días Igual Al Contado

Big-Screen TVs
TVs De Pantalla Gigante

GET THIS 51" HD TV FOR ONLY **\$29.99** WEEKLY/SEMANAL
Obtenga Esta TV De 51" Alta Definición Por Sólo

156 Weeks
Cash Price: \$2,339.22
Total Cost: \$4,678.44

Get This **5T HDTV** For A **LOW** Weekly Rate!

Recliners
Sillones Reclinables

Get **2** For The Price of **1**!
GET BOTH RECLINERS FOR ONLY **\$18.99** WEEKLY/SEMANAL
Obtenga Los Dos Sillones Reclinables Por Sólo

91 Weeks
Cash Price: \$864.05
Total Cost: \$1,728.09

Personal Computers
Computadoras Personales

Internet Service Not Included

CALL 1-800-877-7758
To Connect To The Store Nearest You
Para Conectarse Con Su Tienda Más Cercana
Visit Us At rentacenter.com

Check Out More Holiday Gift Ideas On Back Cover!



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

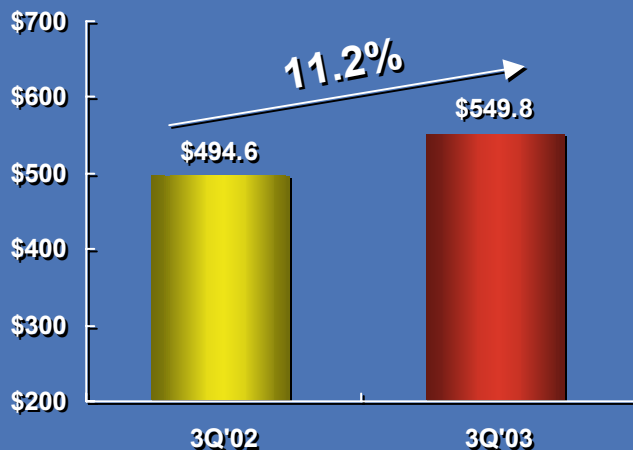


Financial Overview

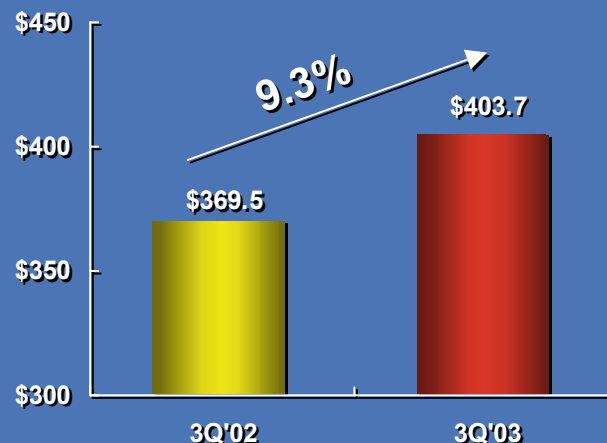


3Q03 Review

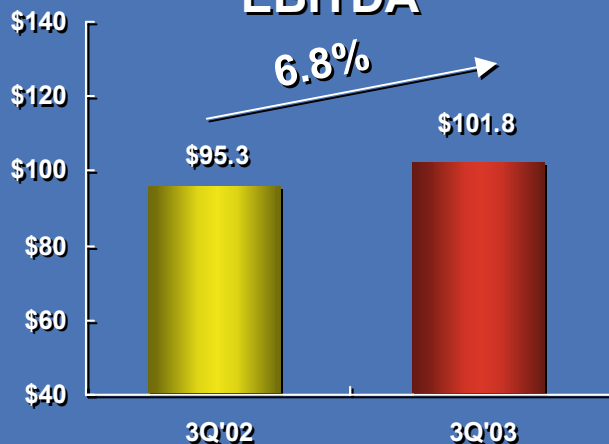
Revenue



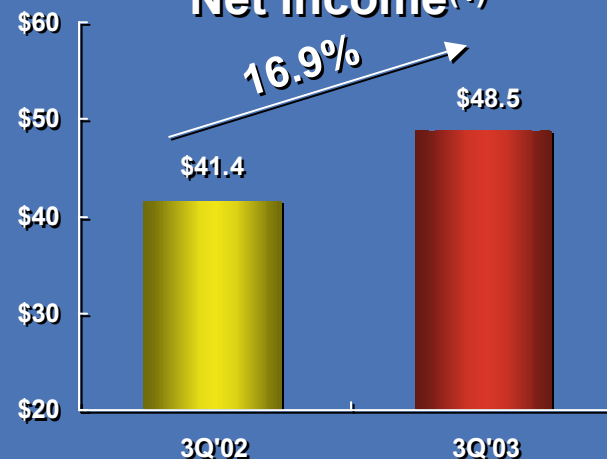
Gross Profit



EBITDA



Net Income⁽¹⁾

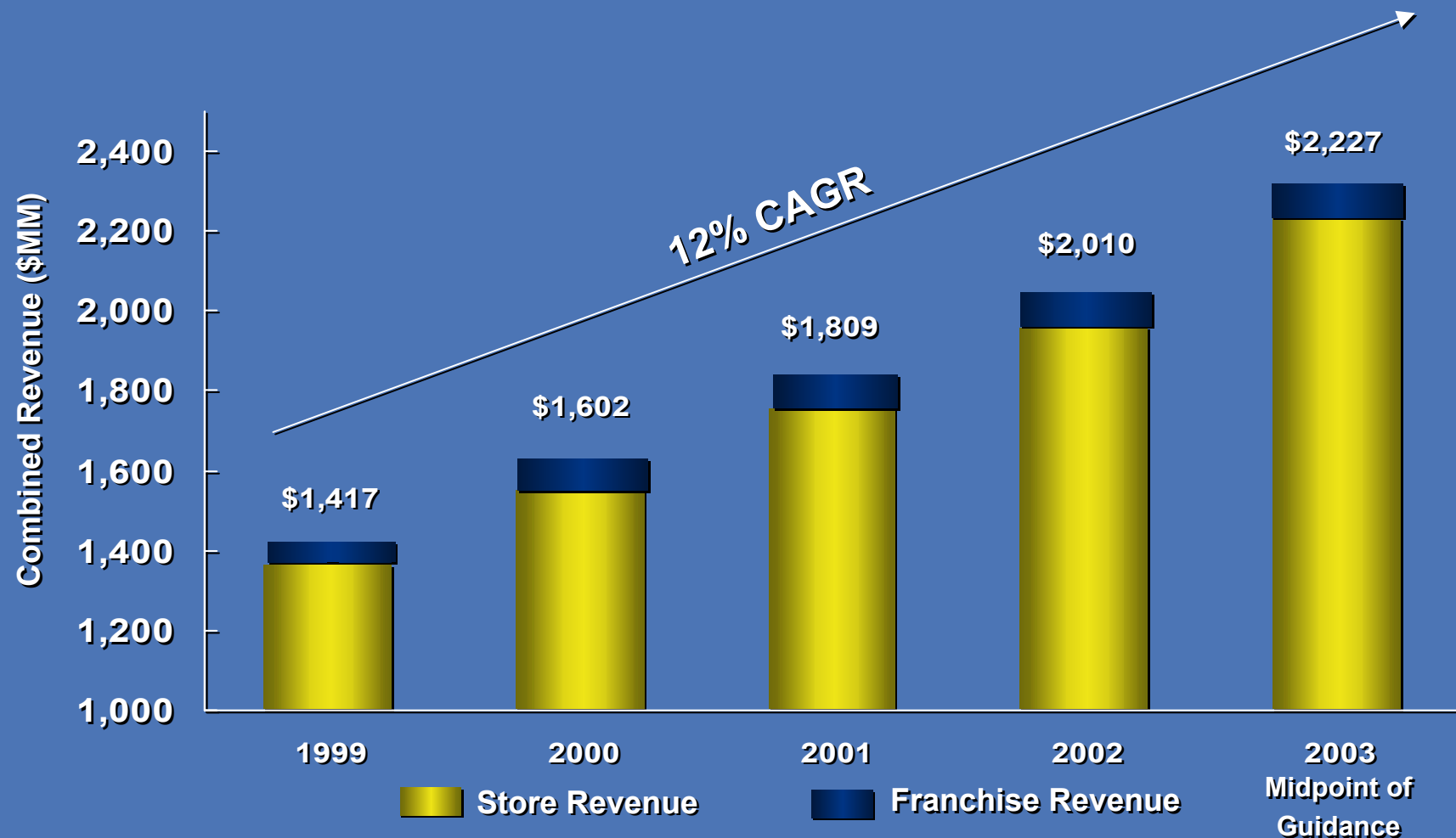


Metric	3Q'02	3Q'03
EBITDA Margin	19.3%	18.5%

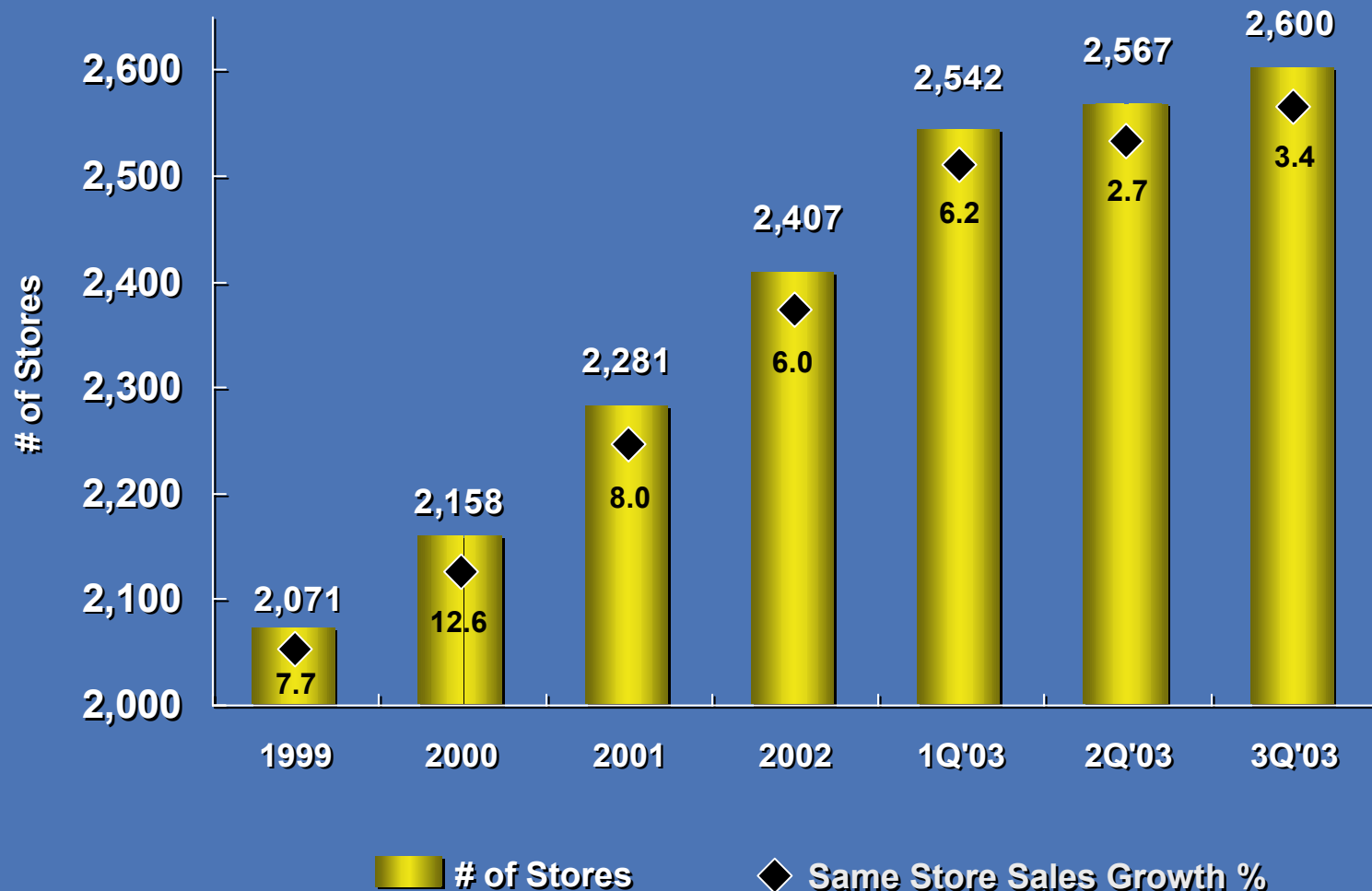
Metric	3Q'02	3Q'03
Net Income Margin	8.4%	8.8%

Note: (1) Before preferred dividend and adjusted to exclude goodwill amortization. Before 7.5 million in financing costs in 3Q'03.

Strong, Consistent Sales Growth



Consistent Growth in Same Store Sales



Current Capital Structure

	<u>Sep 30 2002</u>	<u>% of Book Capital</u>	<u>Sep 30 2003</u>	<u>% of Book Capital</u>
Cash & Equivalents	<u>\$110.3</u>	<u>N/A</u>	<u>\$156.0</u>	<u>N/A</u>
Senior Credit Facilities	260.0	19.4%	399.0	27.3%
Subordinated Notes	<u>273.3</u>	<u>20.3%</u>	<u>300.0</u>	<u>20.5%</u>
Total Debt	533.3	39.7%	699.0	47.8%
Shareholders' Equity	<u>809.4</u>	<u>60.3%</u>	<u>762.5</u>	<u>52.2%</u>
Total Capitalization	<u>\$1342.7</u>	<u>100.0%</u>	<u>\$1461.5</u>	<u>100.0%</u>

Consolidated Leverage Ratio 1.53x (3Q'03)

Consolidated Interest Coverage Ratio 6.02x (3Q'03)

Schedule of Free Cash Flow

2004 Estimate

	<u>2004</u>
EBITDA	\$435MM - \$455MM
Net Cash Interest	(\$35MM)
CapEx	(\$50MM)
Net Investment in Rental Merchandise	(\$30MM)
Taxes	(\$120MM)
Free Cash Flow	\$200MM - \$220MM

Free Cash Flow Yield of Approximately 7%

Guidance

<u>QUARTERLY</u>	<u>4Q'02</u>	<u>4Q'03</u>	<u>Growth</u>
Total Revenue	\$522.2MM	\$555.0-560.0MM	6-7.5%
Diluted EPS	\$0.50	\$0.60-\$0.61	20-22%
<u>ANNUAL</u>	<u>2002</u>	<u>2003*</u>	<u>Growth</u>
Total Revenue	\$2.01BN	\$2.22-2.23BN	10-11%
Diluted EPS	\$1.93**	\$2.32-\$2.33	20-21%
		<u>2004</u>	
Total Revenue		\$2.30-2.33BN	
Diluted EPS		\$2.62-\$2.70	

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

** Excludes \$2.9M of one-time financing fees and \$2.0M in litigation expenses



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

Safe Harbor Statement

This 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, including the stores acquired in the Rent-Way acquisition; 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; uncertainties and volatility in the credit markets; factors that may restrict the Company’s ability to redeem any outstanding notes on August 15, 2003, including the Company’s financial situation at that time; 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 for the year ended December 31, 2002 and its quarterly report on Form 10-Q for the three month period ending June 30, 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.