



## Second Supplemental Presentation



May 25, 2017



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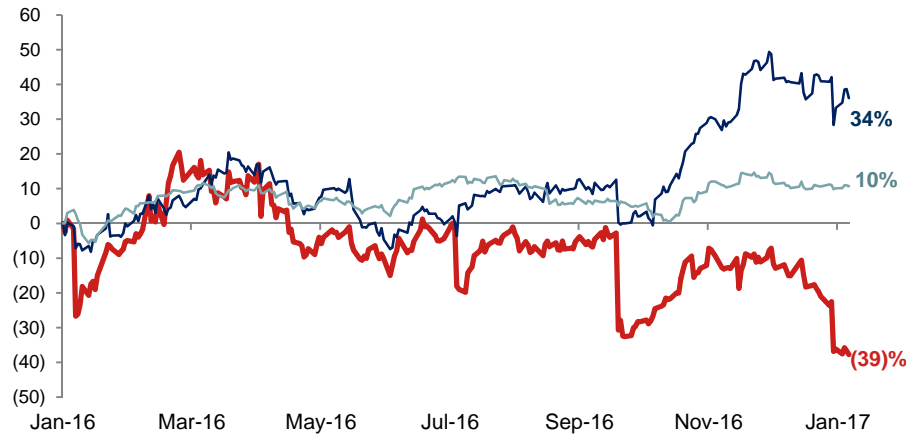
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# RCII Has Materially Underperformed the Market and Peers Over All Relevant Periods

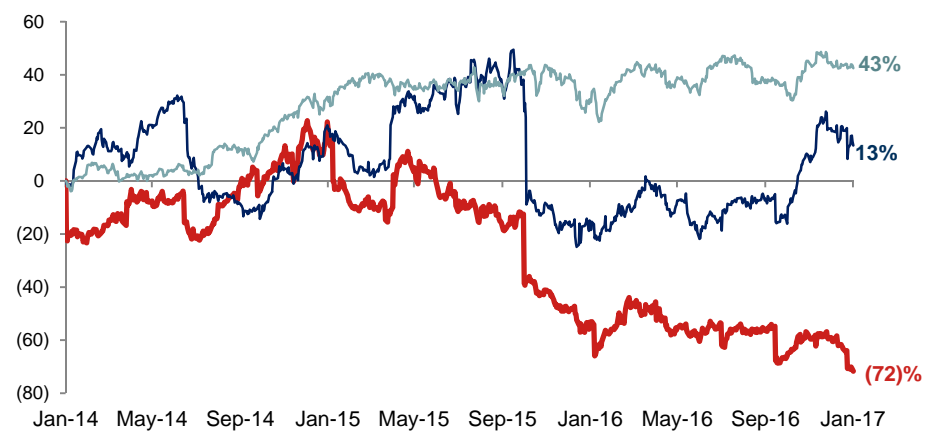
	Total Return Performance					
	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr
<b>Rent-A-Center</b>	<b>(39%)</b>	<b>(76%)</b>	<b>(72%)</b>	<b>(75%)</b>	<b>(52%)</b>	<b>(66%)</b>
Aaron's	34%	(5%)	13%	11%	111%	80%
Russell 2000	39%	18%	27%	84%	144%	100%
S&P 1500 Specialty Retail Index	10%	9%	43%	119%	222%	154%
S&P 500	25%	18%	37%	94%	143%	100%
<u>RCII Relative Returns vs:</u>						
Aaron's	(73%)	(71%)	(85%)	(86%)	(163%)	(147%)
Russell 2000	(78%)	(94%)	(98%)	(159%)	(196%)	(166%)
S&P 1500 Specialty Retail Index	(49%)	(85%)	(114%)	(194%)	(274%)	(221%)
S&P 500	(64%)	(94%)	(109%)	(169%)	(195%)	(167%)

# RCII Has Failed to Create Value for Stockholders Over Both a Short and Long-Term Basis

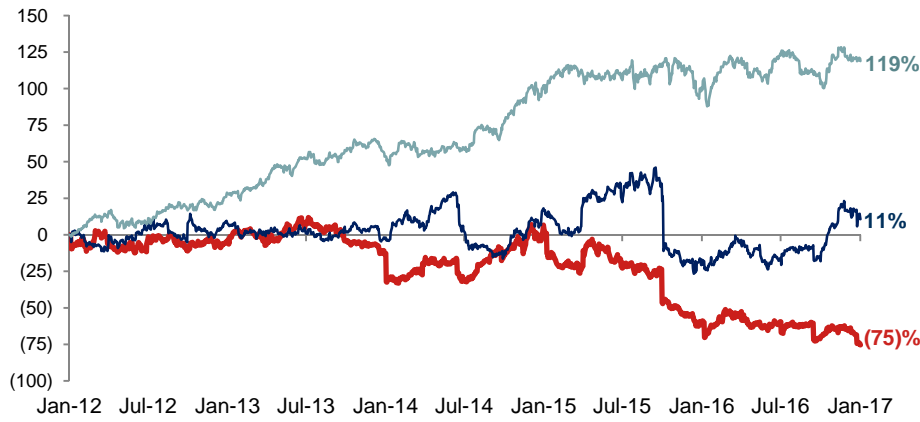
1 Year – Indexed<sup>1</sup>



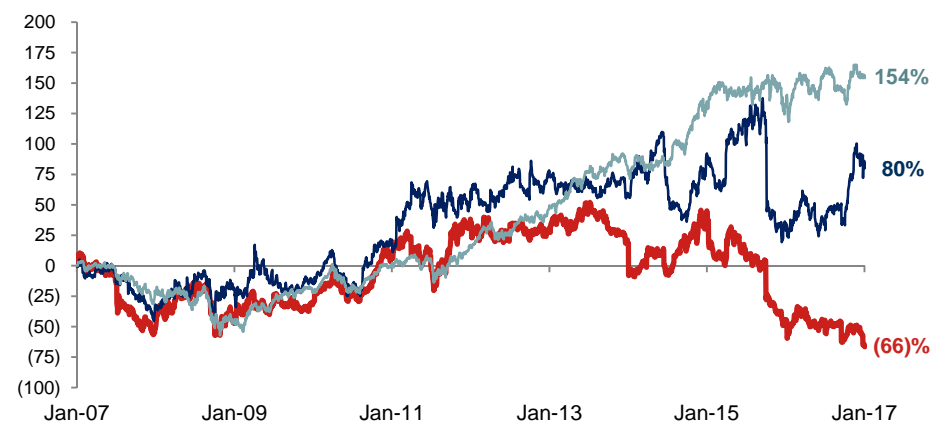
3 Year – Indexed<sup>1</sup>



5 Year – Indexed<sup>1</sup>



10 Year – Indexed<sup>1</sup>



RCII

AAN

S&P 1500 Specialty Retail

Source: FactSet data as of 1/27/2017, the day before Engaged Capital 13D filing

1. Indexed to 0.

# RCII's Board Claims That Engaged Capital's Statements are False and Misleading?

RCII May 17, 2017 Investor Presentation

## Engaged Capital is Seeking a Sale of the Company at the Expense of Other Rent-A-Center Stockholders



- Engaged Capital's only proposal is to pursue an opportunistic, self-serving sale process at a time when Rent-A-Center's shares are trading at multi-year lows and the Company is undergoing a significant operational transformation
  - Engaged Capital has not proposed any plans to improve operations at Rent-A-Center in its thinly-veiled attempt to quickly flip the Company, which would transfer the upside of the strategic plan from current stockholders to opportunistic potential buyers
- **The Board rejects Engaged Capital's claim that now is the time for a process or a potential sale of the Company**
  - The Board regularly evaluates opportunities to drive enhanced stockholder value and assesses them against a range of strategic options, is well advised and highly aware of the industry and prospects for the Company
  - The Board believes the strategic plan has the potential to deliver substantially more value to stockholders than conducting a sale process at this time
- **The election of Engaged Capital's nominees would limit the value creation opportunity for all Rent-A-Center stockholders and adversely affect the execution of the strategic plan**
  - The Company has held extensive discussions with Engaged Capital in an effort to maintain a constructive dialogue and reach a resolution that would avoid the disruption and expense of a contested election
  - Engaged Capital has repeatedly been unwilling to negotiate and is attempting to advance its own interests at the expense of all other stockholders
  - Engaged Capital rejected the Board's settlement offer for two Board seats

**A sale now would be at the expense of all other Rent-A-Center stockholders by transferring upside from our strategic plan to opportunistic potential buyers**

**We believe the Board's words clearly speak for themselves**



# Unsurprisingly, RCII's Board Has Openly Rejected the Most Substantial of Our Prescriptions for Good Corporate Governance

## Engaged Capital Day One Governance Imperatives<sup>1</sup>

Matter	Engaged Capital Plan
Strategy	<p><b><u>Form Subcommittee to Evaluate Strategic Alternatives</u></b></p> <ul style="list-style-type: none"> <li>Formulate and value an independent turnaround plan for the Company</li> <li><i>Initiate a comprehensive analysis of all strategic alternatives with the Company's financial advisors, including but not limited to: a sale of the entire Company, refranchising the Core U.S. and/or Mexico, etc.</i></li> <li><i>Compare valuation and risk of all strategic alternatives</i></li> <li><i>Pursue the course of action with the highest risk-adjusted value for stockholders</i></li> </ul>
Governance Structure	<p><b><u>Institute Best Corporate Governance Practices</u></b></p> <ul style="list-style-type: none"> <li><i>Separate Chairman/CEO roles</i></li> <li><i>Remove the poison pill</i></li> <li><i>Seek stockholder approval to declassify the Board at the 2018 Annual Meeting</i></li> </ul>
Resources	<p><b><u>Fill Vacant Management Positions</u></b></p> <ul style="list-style-type: none"> <li>Fill several key positions left vacant after the exodus of talent under the prior management team and executive terminations including: <ul style="list-style-type: none"> <li>Chief Financial Officer</li> </ul> </li> </ul> <p><i>RCII lacked a COO since 2015 when operations subsequently collapsed. The Company did not hire a COO until after being publicly criticized by Engaged Capital for operating without a full management team</i></p>

## RCII May 24, 2017 Investor Presentation

- ✓ Rent-A-Center has comprehensive turnaround plan focusing on all aspects of the business
- ✓ Plan was created via a deliberative, introspective process that involved the input of the entire Board and senior management team
- ✓ Board regularly evaluates opportunities to drive enhanced stockholder value and assesses them against a range of strategic options, is well advised and highly aware of the industry and prospects for the Company
- ✓ Board believes strategic plan has potential to deliver substantially more value to stockholders than conducting a sale process at this time

- ✓ Board believes Mark Speese is best situated to serve as Chairman
- ✓ As a founder, Mark is the director most familiar with the business and the RTO industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy
- ✓ Adopted stockholder rights plan to protect best interests of all Rent-A-Center stockholders

- ✓ Appointed Mark Speese as Chief Executive Officer and Joel M. Mussat as Executive Vice President – Chief Operating Officer
- ✓ Continue to search for highly qualified executives to fill senior management positions

- ✓ Engaged Capital has repeatedly been unwilling to negotiate and rejected Board's settlement offer for two Board seats, underscoring intent to advance its own interests

*We rejected this offer because the Board refused to explore strategic alternatives or declassify the Board*

**RCII's actions have been completely reactive to Engaged Capital's involvement and RCII has shown no interest in improving stockholder rights**

Sources:

1. Content originally in Engaged Capital presentation from May 22, 2017



# Sometimes Silence Speaks Louder Than Words

RCII May 24, 2017 Investor Presentation



## Engaged Capital Day One Operational Imperatives

Segment	Engaged Capital Plan
Core U.S.	<p><b>RCII's Plan is Reactive and Not Novel</b></p> <ul style="list-style-type: none"> <li>RCII's "plan" to improve EBITDA by \$100M is a mea culpa and request to recover from self-inflicted mistakes</li> <li>RCII's "quick and decisive actions" have been completely reactive to Engaged Capital's involvement</li> </ul> <p><b>Store Operations</b></p> <ul style="list-style-type: none"> <li>Explore variable pricing strategies that can stimulate incremental demand. While the Company's return to a 2x2 pricing matrix is an improvement from prior management, it is not the industry norm</li> <li>Target product ownership levels consistent with a weekly pay customer (40% ownership target is not realistic)</li> <li>Optimize compensation plans, reinstate corporate mystery shopper, encourage culture of entrepreneurship</li> <li>Optimize store footprint based on expected improvement in productivity and profitability</li> </ul> <p><b>Franchising</b></p> <ul style="list-style-type: none"> <li>Bring a proven franchising proponent and expert to the boardroom in Mitch Fadel</li> <li>Include a large-scale refranchising plan as part of the strategic review</li> </ul>
	<p><b>Balance Growth and Return on Capital</b></p> <ul style="list-style-type: none"> <li>Reduce elevated levels of ANow customer accounts</li> <li>Assess all retail partnerships and exit relationships with unattractive terms</li> <li>Objectively assess competitiveness of ANow Direct solution</li> </ul> <p><b>Relationship with Core U.S.</b></p> <ul style="list-style-type: none"> <li>Provide segment reporting that reflects true Core U.S. and ANow economics on an external basis</li> <li>Test inventory management alternatives</li> </ul>
	<p><b>Mexico</b></p> <ul style="list-style-type: none"> <li>Assess options to franchise or sell the Mexico stores immediately</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>Reduce corporate expense; we believe ~\$100M of cash cost is a reasonable initial target (~\$140M in 2016)</li> <li>Additional opportunity to reduce corporate expense with potential refranchising</li> </ul>
<div>Done</div> <div>Underway</div>	

RCII's Board stylizes its plan to recover EBITDA destroyed through self-inflicted strategic and operational mistakes as a strategic plan after finding itself in a contested election

RCII management ignores variable pricing models and targets an unrealistic ownership rate

We are highly skeptical of Mark Speese's desire to explore large-scale refranchising...what changed?

Why does RCII's Board and management refuse to provide investors with true segment economics?

RCII's Board refuses to embrace a meaningful level of corporate expense reduction

Engaged Capital has "no new ideas"?



# Engaged Capital's Plan: Reconstitute the Board



**Jeffrey J. Brown**

**Mitchell E. Fadel**

**Christopher Hetrick**

**Current / Previous  
Experience**

- CEO and founding member of Brown Equity Partners, LLC
- Founding partner and primary deal originator of the venture capital and private equity firm Forrest Binkley and Brown from 1993 to 2007
- Has served on over 40 boards of directors
- Lead director at Medifast (NYSE: MED)
- Former director at Outerwall (formerly NASDAQ: OUTR)

- President - U.S Pawn at EZCORP (NASDAQ: EZPW) from 2015 to 2016
- President/COO from 2000 to 2015 and Director from 2000 to 2013 at RCII
- Former President and CEO of RCII subsidiary ColorTyme from 1992 to 2000
- 32 years of RTO experience

- As a Principal of Engaged Capital, Mr. Hetrick represents the largest owner of RCII with a 20.5% economic interest in the Company
- Dedicated 15-year career unlocking value in publicly traded consumer companies
- Brings significant capital allocation, financial and executive compensation expertise

**Vote for Engaged Capital Nominees on the BLUE Proxy Card Today!**

- ✓ Expertise in operations, financial management, and M&A transactions in consumer and technology companies
- ✓ Significant executive experience in RTO
- ✓ Incentives aligned with RCII stockholders



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