

Outerwall Inc.

2014 Analyst Day

February 26, 2014



Safe Harbor for Forward-Looking Statements

Various remarks that we may make about future expectations, plans and prospects for the company constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by these forward-looking statements as a result of various factors, including those discussed in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents (including regarding our tender offer) filed with the Securities and Exchange Commission. Outerwall Inc. assumes no obligation and does not intend to update these forward-looking statements.

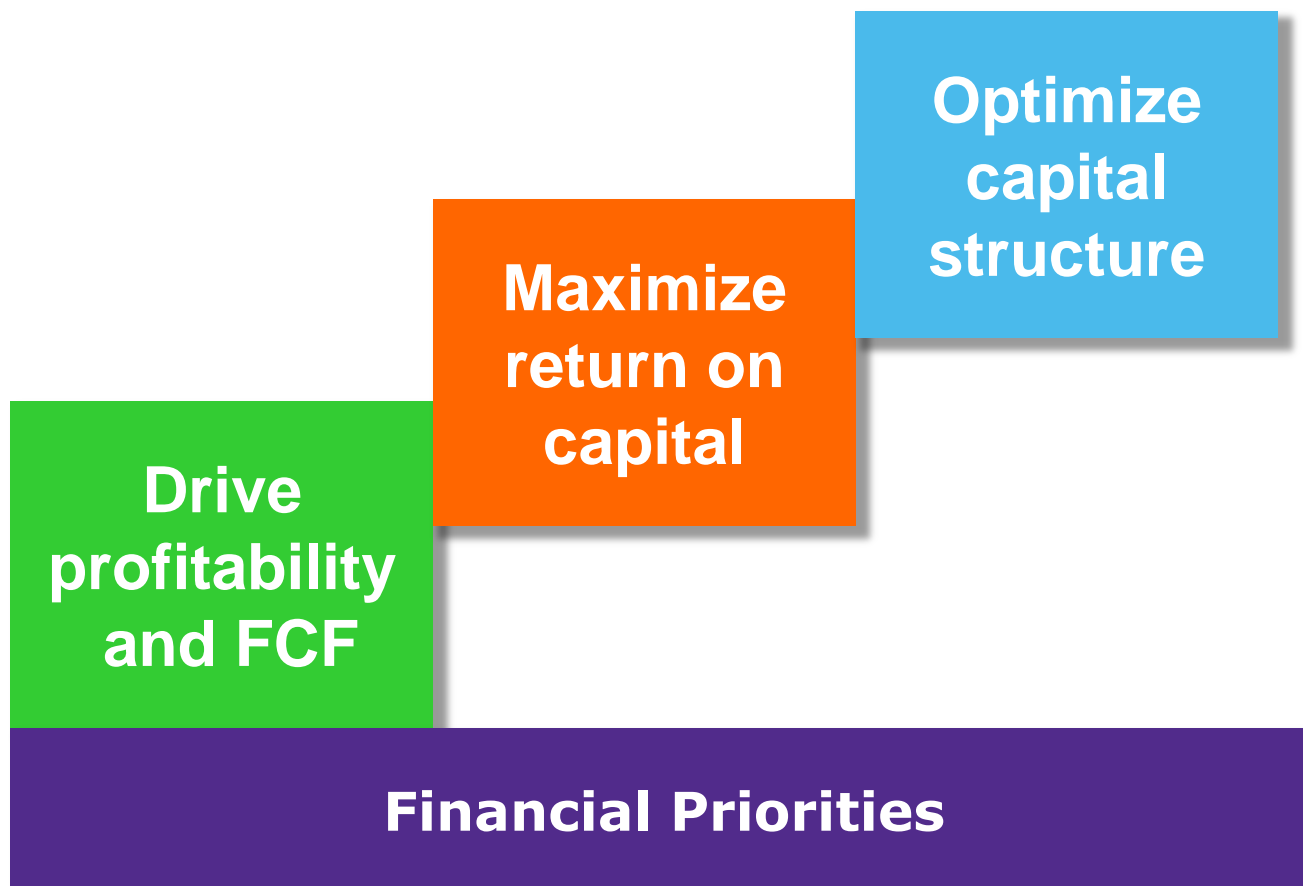
Reconciliation of GAAP and Non-GAAP Financial Measures

This presentation contains references to both GAAP and non-GAAP financial measures. Reconciliations between GAAP and non-GAAP financial measures and definitions of non-GAAP financial measures are available in Appendix A to this presentation, which is posted on the Investor Relations section of Outerwall's website at ir.outerwall.com.



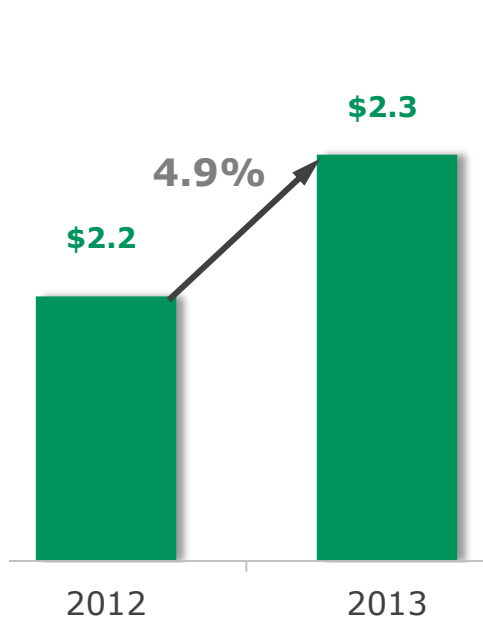
Galen C. Smith
Chief Financial Officer

Focused on Value Creation

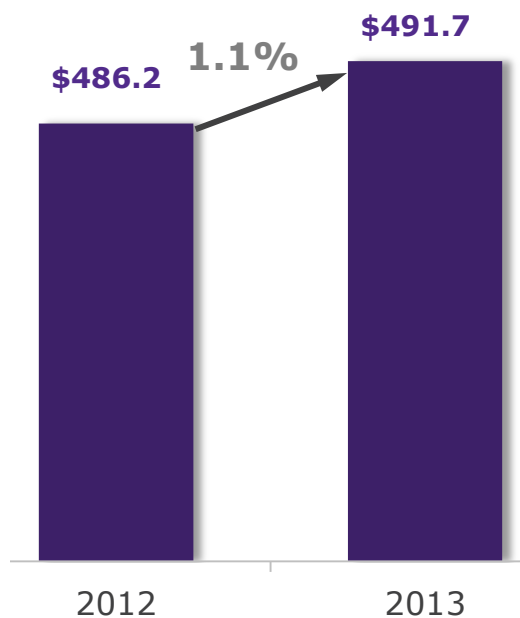


2013 Financial Highlights*

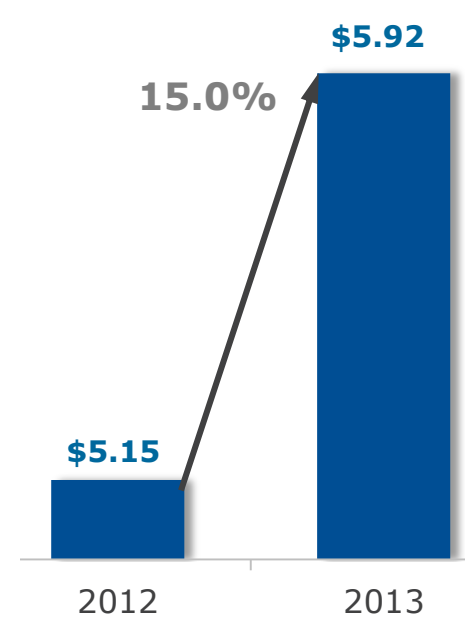
Revenue \$Bn



Core Adjusted EBITDA** \$MM



Core Diluted EPS**



*2012 results have been restated for operations discontinued in 2013

**See Appendix A for a discussion of non-GAAP financial measures, including the exclusion of certain non-core items

Delivering on our Commitments

- **Focus core Redbox and Coinstar businesses on profitability and free cash flow**
 - Invest a limited amount in new venture R&D governed by a strict capital allocation model
 - Potential for opportunistic, but infrequent, acquisitions of limited size
- **Maintain a conservative fiscal policy**
 - Target net leverage ratio* of 1.75 – 2.25x, with exceptions for acquisitions
- **Maintain strong liquidity profile with broad access to capital markets**
- **Target returning 75% – 100% of free cash flow to shareholders**

Cost Structure

Recent reduction in operating expenses

Capital Structure

Steps taken to move into target leverage range in Q1

Capital Allocation

Our new approach was applied to the New Ventures review

Return of Capital

Recently announced a \$350MM tender offer

*Net leverage ratio is defined as total outstanding debt, including capital leases, less domestic cash and cash equivalents, then divided by core adjusted EBITDA from continuing operations

Drive Profitability and Free Cash Flow

Focusing New Ventures Segment

- Discontinued RubiTM, Crisp MarketTM and Star StudioTM in Q4 2013 creating \$18MM of benefit beginning in 2013 as results moved to discontinued operations
- Scaling ecoATM
- Limited investment in SAMPLEitTM to prove business

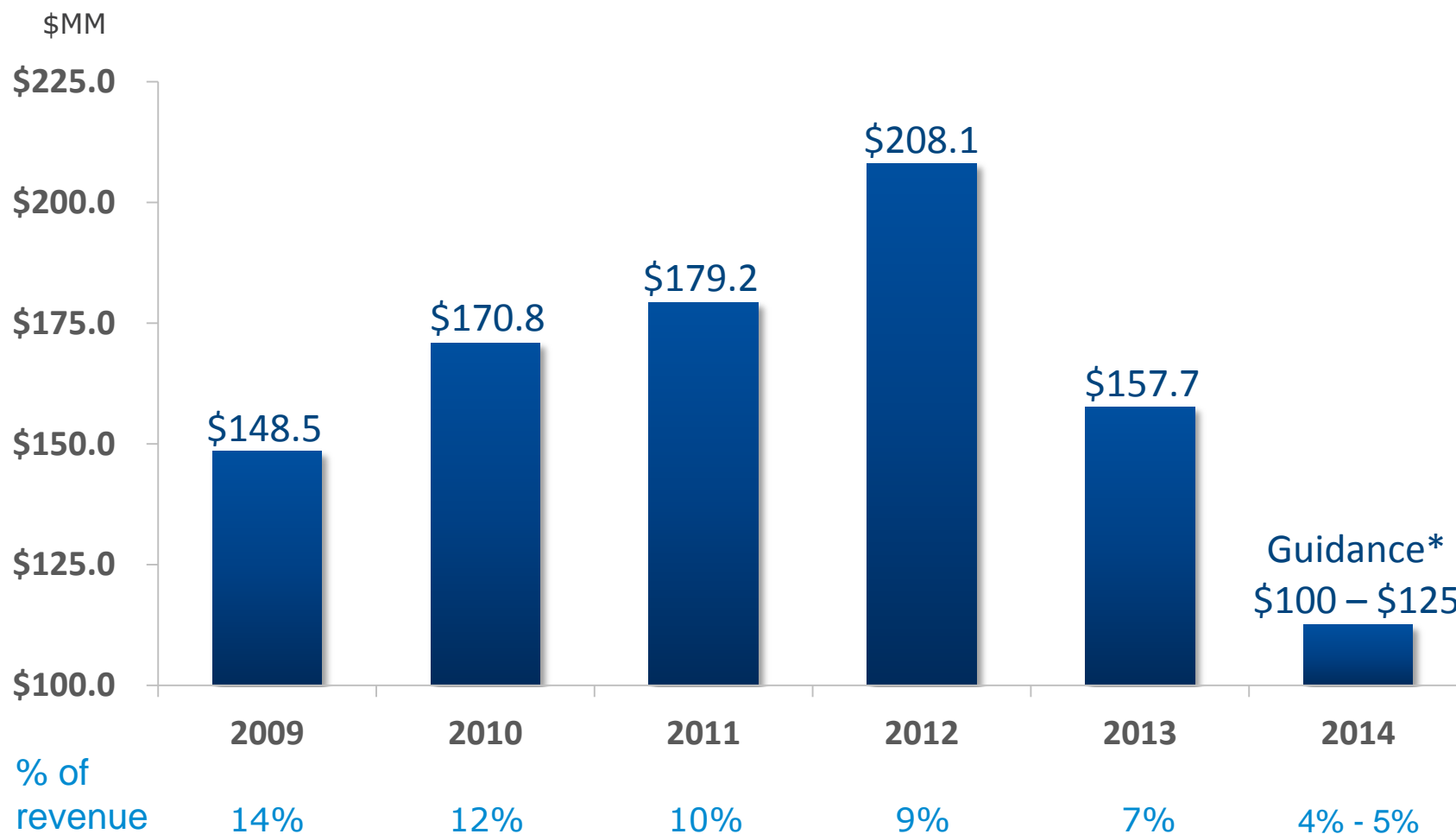
Aligning Costs with Revenue

- Reduced headcount by 251 positions, or 8.5%, in Q4 2013
- Expect annual headcount savings of \$22MM in 2014 and beyond
- Creating additional leverage through shared services, while lowering costs across the enterprise

Identifying Tax Savings

- Sale of subsidiary in Q2 2013 generated a \$17.8MM tax saving
- Recognized tax savings from a worthless stock deduction in Q4 2013 of \$16.7MM

Managing Capital Expenditures



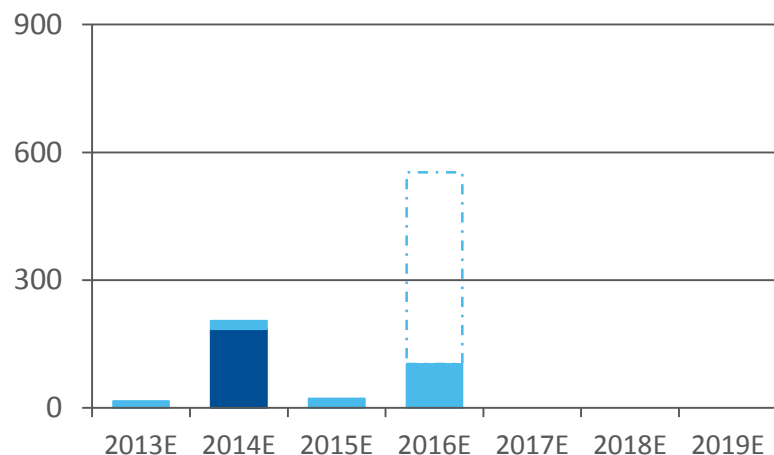
*Guidance as of Feb 6, 2014

Historical periods include capital expenditures related to New Ventures concepts discontinued in 2013

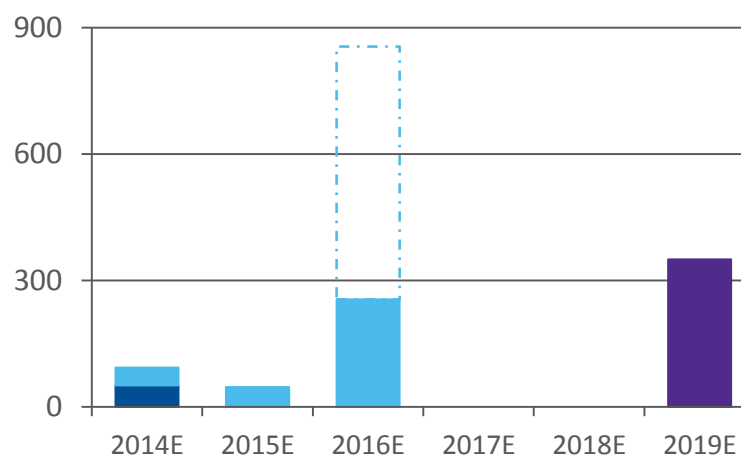
Optimizing the Capital Structure

- Extended Outerwall's debt maturity profile and reduced near-term maturities
 - Inaugural high yield debt offering in Q1 2013
 - Expansion of credit facility through the accordion feature in Q4 2013

Capital Structure as of December 31, 2012
\$MM, annual debt maturities



Capital Structure as of December 31, 2013
\$MM, annual debt maturities

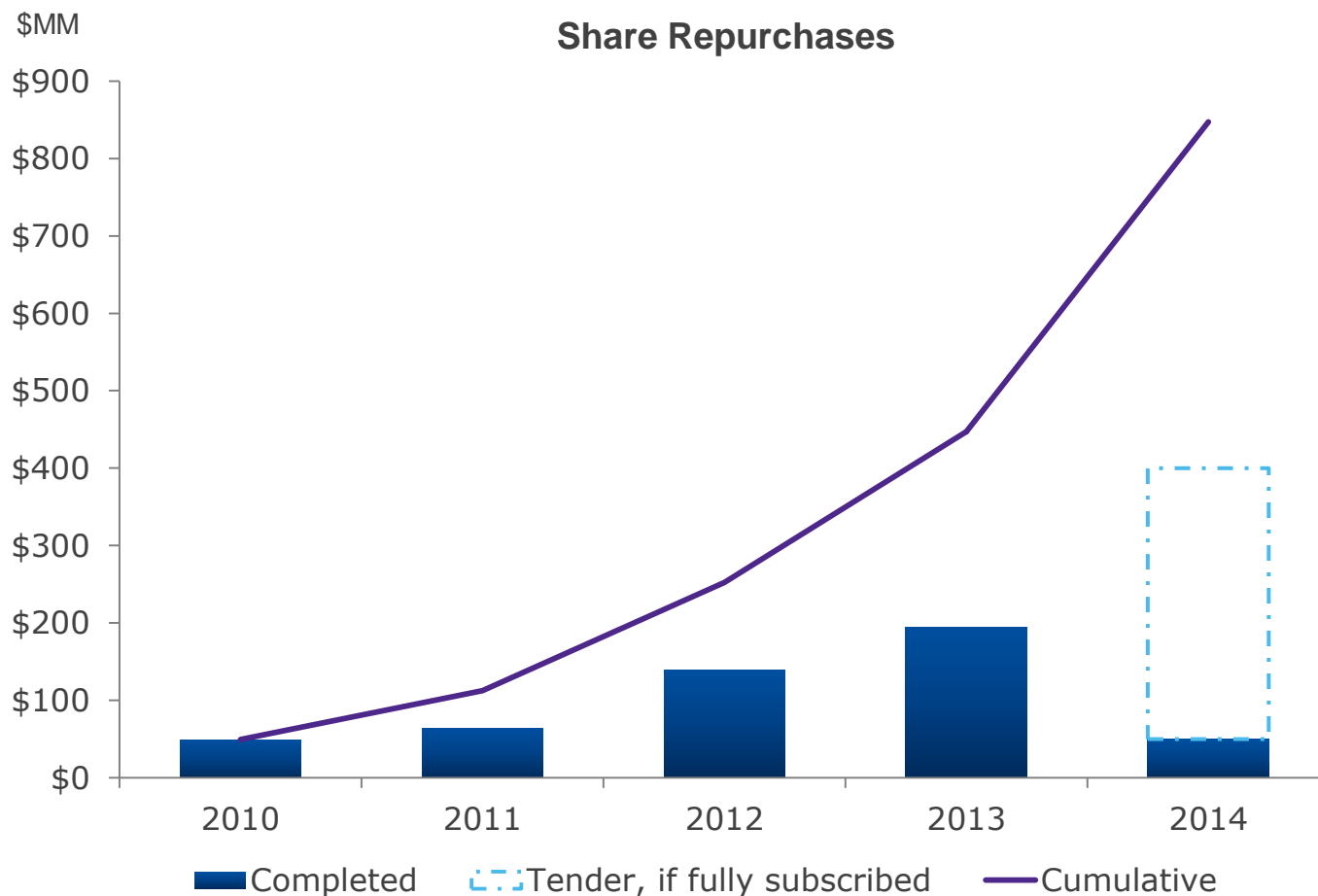


Maximizing Return on Capital

- Executing on commitment to optimize capital allocation and drive overall value creation
- Evaluating investment opportunities, whether internal or external, using a consistent approach to measure relative risk-adjusted returns
- Taking a more disciplined approach to internal investments, especially related to new ideas
 - New businesses are evaluated at multiple points during the year to ensure milestones are achieved before investing further
- Repurchasing shares continues to provide an attractive return on capital



Growing Return of Value to Shareholders

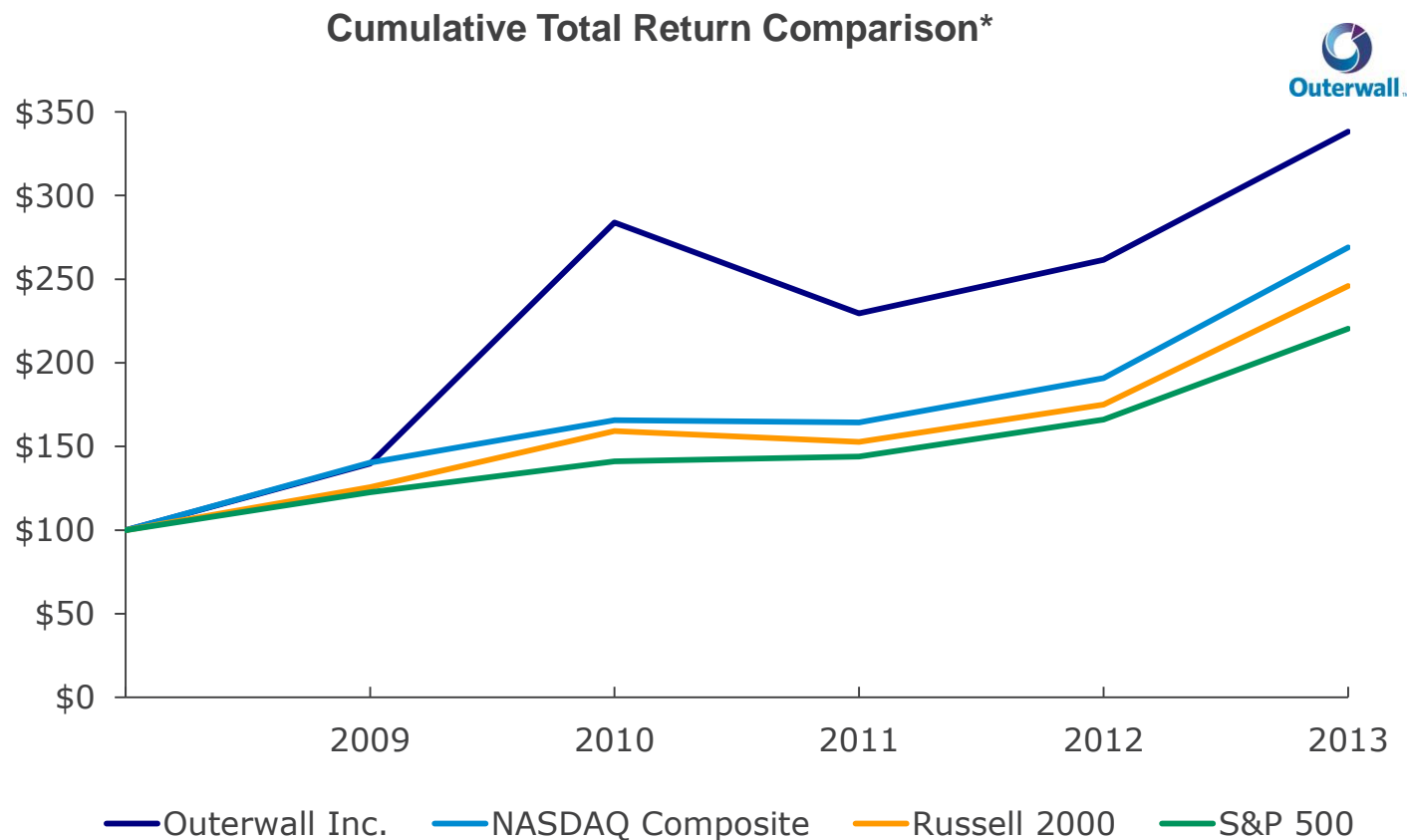


Tender Offer Demonstrates Commitment to Delivering Shareholder Returns

- On February 7, we launched a modified “Dutch auction” tender offer* for \$350MM of Outerwall’s common stock
- The tender offer expresses our confidence in our business and long-term growth potential
- Outerwall shareholders will have the opportunity to tender shares at a price per share of not less than \$66.82 and not greater than \$76.32 (a premium of 5% – 20% on the closing price on February 6)
 - Based on the tender price range, if the tender is fully subscribed, we would repurchase 4.6MM – 5.2MM shares
- The tender will expire at Midnight on March 7, 2014, unless otherwise extended or withdrawn

*See Appendix B for Important Information Regarding the Tender Offer

Cumulative Return Outperforming Benchmarks



*Total stockholder return of an investment of \$100 on Dec 31, 2008 for Outerwall common stock, the NASDAQ Composite Index, the Russell 2000 and S&P 500 Index, assuming reinvestment of dividends, as of Dec 31 of each fiscal year shown
Source: Capital IQ

2014 Investment Focus



Ongoing Redbox® and Coinstar® kiosk optimization

Scaling ecoATM

Complete Redbox Canada expansion

Redbox Instant™ by Verizon

Coinstar™ Exchange

Repurchase shares

Improving Free Cash Flow Generation

2014 Guidance:

Net cash flows from operations \$300 – \$365MM

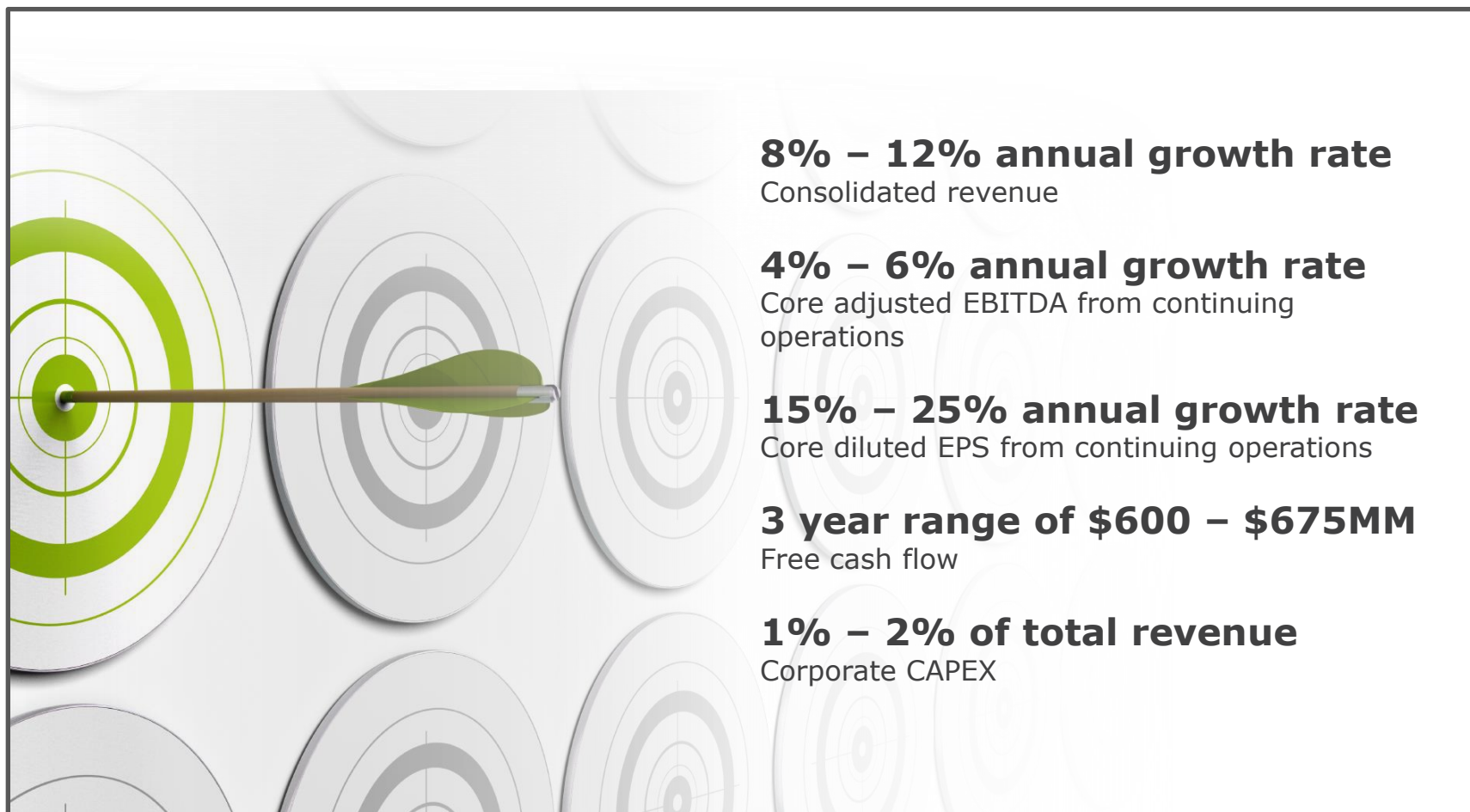
Capital expenditures \$100 – \$125MM

Free cash flow \$200 – \$240MM

Returning **75% – 100%** of free cash flow to shareholders



Targets through 2015



Targets through 2015



redbox®

System-wide annual rental growth: 2% – 5%

Net annual revenue growth: 4% – 7%

Segment operating profit margin: 20% – 25%

CAPEX as a % of sales: 1% – 2%



coinstar

Net annual revenue growth: 4% – 6%

Segment operating profit margin: 32% – 36%

CAPEX as a % of sales: 6% – 13%

New Ventures

Revenue as % of consolidated revenue by 2015: 9% – 12%

Focused on Value Creation

- Managing our core, maturing businesses to drive enhanced profitability and free cash flow
- Focusing our New Ventures segment by scaling ecoATM
- Continuing to align costs with revenue, and leveraging investments in infrastructure and shared services
- Allocating capital based on risk-adjusted returns
- Refining capital structure to better align with stage of core businesses
- Returning 75% – 100% of free cash flow to shareholders

Our actions demonstrate confidence in Outerwall's long-term growth potential and focus on delivering enhanced shareholder returns



Outerwall™

NASDAQ:OUTR



Appendix A

Use of Non-GAAP Financial Measures

Non-GAAP measures may be provided as a complement to results provided in accordance with United States generally accepted accounting principles (“GAAP”).

We use the following non-GAAP financial measures to evaluate our financial results:

- Core adjusted EBITDA from continuing operations;
- Core diluted earnings per share (“EPS”) from continuing operations; and
- Free cash flow.

These measures, the definitions of which are presented below, are non-GAAP because they exclude certain amounts which are included in the most directly comparable measure calculated and presented in accordance with GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for our GAAP financial measures and may not be comparable with similarly titled measures of other companies.

Core and Non-Core Results

We distinguish our core activities, those associated with our primary operations which we directly control, from non-core activities. Non-core activities are primarily nonrecurring events or events we do not directly control. Our non-core adjustments include i) restructuring costs associated with actions to reduce costs in our continuing operations primarily through workforce reductions across the Company, ii) acquisition costs primarily related to the NCR Asset Acquisition and acquisition of ecoATM, iii) compensation expense for rights to receive cash issued in conjunction with our acquisition of ecoATM and attributable to post-combination services as they are fixed amount acquisition related awards and not indicative of the directly controllable future business results, iv) income or loss from equity method investments, which represents our share of income or loss from entities we do not consolidate or control and the impact of the gain on re-measurement of our previously held equity interest in ecoATM upon acquisition, v) a gain on the grant of a license to use certain Redbox trademarks to Redbox Instant™ by Verizon, vi) benefits from release of indemnification reserves upon settlement of the Sigue Note and vii) a tax benefit related to the recognition of a worthless stock deduction in a corporate subsidiary (“Non-Core Adjustments”).

We believe investors should consider our core results because they are more indicative of our ongoing performance and trends, are more consistent with how management evaluates our operational results and trends, provide meaningful supplemental information to investors through the exclusion of certain expenses which are either non-recurring or may not be indicative of our directly controllable business operating results, allow for greater transparency in assessing our performance, help investors better analyze the results of our business and assist in forecasting future periods.

Reconciliation of GAAP and Non-GAAP Financial Measures

Core Adjusted EBITDA from continuing operations

Our non-GAAP financial measure core adjusted EBITDA from continuing operations is defined as earnings from continuing operations before depreciation, amortization and other; interest expense, net; income taxes; share-based payments expense; and Non-Core Adjustments.

A reconciliation of core adjusted EBITDA from continuing operations to net income from continuing operations, the most comparable GAAP financial measure, is presented in the following table:

	Twelve Months Ended	
	December 31,	
Dollars in thousands	2013	2012
Net income from continuing operations	\$ 208,091	\$ 160,452
Depreciation, amortization and other	203,094	184,405
Interest expense, net	32,801	15,648
Income taxes	34,477	97,941
Share-based payments expense ⁽¹⁾	16,831	19,362
Adjusted EBITDA from continuing operations	495,294	477,808
Non-Core Adjustments:		
Restructuring costs	4,495	—
Acquisition costs	5,669	3,235
Rights to receive cash issued in connection with the acquisition of ecoATM	8,664	—
Loss from equity method investments	48,448	24,684
Sigue indemnification reserve releases	(2,542)	—
Gain on previously held equity interest on ecoATM	(68,376)	—
Gain on formation of Redbox Instant by Verizon	—	(19,500)
Core adjusted EBITDA from continuing operations	\$ 491,652	\$ 486,227

(1) Includes both non-cash share-based compensation for executives, non-employee directors and employees as well as share-based payments for content arrangements.

Reconciliation of GAAP and Non-GAAP Financial Measures

Core Diluted EPS from continuing operations

Our non-GAAP financial measure core diluted EPS from continuing operations is defined as diluted earnings per share from continuing operations excluding Non-Core Adjustments, net of applicable taxes.

A reconciliation of core diluted EPS from continuing operation to diluted EPS from continuing operations, the most comparable GAAP financial measure, is presented in the following table:

	Twelve Months Ended	
	December 31,	
	2013	2012
Diluted EPS from continuing operations	\$ 7.33	\$ 4.99
Non-core adjustments, net of tax: ⁽¹⁾		
Restructuring costs	0.10	—
Acquisition costs	0.17	0.06
Rights to receive cash issued in connection with the acquisition of ecoATM	0.25	—
Loss from equity method investments	1.04	0.47
Sigue indemnification reserve releases	(0.05)	—
Gain on previously held equity interest on ecoATM	(2.33)	—
Gain on formation of Redbox Instant by Verizon	—	(0.37)
Tax benefit on recognition of outside basis difference	(0.59)	—
Core diluted EPS from continuing operations	\$ 5.92	\$ 5.15

(1) Non-core adjustments are presented after-tax using the applicable effective tax rate for the respective periods.

Reconciliation of GAAP and Non-GAAP Financial Measures

Free Cash Flow

Our non-GAAP financial measure free cash flow is defined as net cash provided by operating activities after capital expenditures. We believe free cash flow is an important non-GAAP measure as it provides additional information to users of the financial statements regarding our ability to service, incur or pay down indebtedness and repurchase our securities.

A reconciliation of free cash flow to net cash provided by operating activities, the most comparable GAAP financial measure, is presented in the following table:

	Twelve Months Ended	
	December 31,	
Dollars in thousands	2013	2012
Net cash provided by operating activities	\$ 324,091	\$ 463,906
Purchase of property and equipment	(157,669)	(208,054)
Free cash flow	<u>\$ 166,422</u>	<u>\$ 255,852</u>



Appendix B

Important Information Regarding the Tender Offer

This presentation is for informational purposes only and is neither an offer to buy nor the solicitation of an offer to sell any shares of Outerwall's common stock. The tender offer is being made only pursuant to the Offer to Purchase, the Letter of Transmittal and related materials dated February 7, 2014 that Outerwall distributed to its stockholders and filed with the SEC. Stockholders should read carefully the Offer to Purchase, the Letter of Transmittal and related materials because they contain important information, including the various terms and conditions of the tender offer. Stockholders are urged to carefully read these materials prior to making any decision with respect to the tender offer. Stockholders may obtain free copies of the Offer to Purchase, the Letter of Transmittal and other related materials filed with the SEC at the SEC's website at www.sec.gov or at the "SEC Filings" tab at ir.outerwall.com. In addition, stockholders may also obtain copies of these documents, as available, free of charge, by contacting Innisfree M&A Incorporated, the Information Agent for the tender offer, by telephone at (888) 750-5834 (and for bankers and brokers collect at (212) 750-5833), or in writing to 501 Madison Avenue, 20th floor, New York, New York 10022. Further, stockholders who have questions regarding the tender offer may contact Innisfree as described above or Morgan Stanley & Co. LLC, the dealer manager for the tender offer, at (855) 483-0952.