

Request for Proposal

Customer Benefit Program (CBP)
Loan Protection Plan (LPP)

November 11th, 2010

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Introduction

easyhome Ltd. is Canada's largest merchandise lease company, and the third largest in North America, offering top-quality, brand name household furnishings, appliances, and home electronic products to consumers under weekly or monthly lease agreements. easyhome currently operates over 240 stores throughout Canada and the United States with Corporate and Franchise locations throughout.

easyfinancial Services is a consumer lending business that currently operates 60 Corporate kiosk locations within existing easyhome stores across Canada, offering short term loan alternatives to those offered by traditional lending institutions and payday loan companies.

We are seeking an organization that can provide us with a solution for insuring our customers' small consumer loans, as well as provide us with excellent benefits for a "club" or "customer benefit program" for our leasing divisions.

History of easyhome Ltd

1. Significant management restructuring and re-focus starting in 2000:
    a. Overhaul of senior management team
    b. Change in directors

2. Re-focused operations in 2001:
    a. Restructure the organization
    b. Implementation of the basics
    c. Execute flawlessly
    d. Leverage opportunities for the C3 (cash and credit constrained) consumer

3. Re-branding initiative in 2003:
    a. Consolidation of 6 banners into a single brand “easyhome”
    b. Restructured capital composition and reduced average weighted cost of debt

4. First Canadian licensed easyhome store opens in 2005

5. Development of easyfinancial Services in 2006:
    a. Kiosks operate box-within-box in easyhome stores in Alberta, Ontario, New Brunswick, and Newfoundland
    b. Provides short-term (6 – 18 month) installment loans in the $500 - $3,000 range, and provides cheque cashing service and prepaid Mastercards

6. U.S. strategy set in motion in 2007:
    a. easyhome U.S. to open corporate and franchise stores in the 14 states that border Canada
    b. Master Franchise Agreement signed in 2007 with easygates LLC to set up easyhome franchises excluding the 14 states that border Canada

7. Acquires Insta-Rent in 2008:
    a. Increases presence in Canada
    b. Opportunity to migrate customer base of 8,300 to easyhome

8. 2009 – 2010:
    a. Commenced rapid expansion from 4 to 60 (currently) easyfinancial kiosks
    b. Consolidated our 2 corporate offices to one located in Mississauga, ON
    c. Franchise growth across Canada and US reaches 35 new stores

Current Solution

Because of the nature of our different business units, we currently have different vendors providing us with the following.

easyhome Ltd Club (Customer Benefit Program)

- Payment Protection Plan Waiver:
  - Provides lease payment protection if customer becomes involuntarily unemployed, becomes injured, or becomes deceased
  - Provides $100 maximum per agreement per month for the first 2 people listed on the lease agreement

- Extended Warranty:
  - Customer is offered protection for up to 1 year after they pay off their leased products (typical term is 3 years)
  - Protection is provided against product failure and mechanical breakdown of the merchandise not caused by external conditions

- Discount Benefits:
  - Offers access to consult with a registered nurse 24 hours/day, 365 days/year as needed
  - Save on eye exams, glasses, and contact lenses
  - Save up to 50% on restaurants, dry cleaning, car washes, beauty salons, skating, bowling, etc...
  - Save up to 20% on car rentals at AVIS, Hertz, National, Alamo, and Budget
  - Save up to 15% on published lodging rates at Comfort Inn, Comfort Suites, Quality Inn, Sleep Inn, Clarion, Cambria Suites, Suburban, Mainstay Suites, Econo Lodge, and Roadway Inn hotels

- Club program cost:
  - $1 per new customer added
  - $3.15 per month per open agreement

- 1 membership covers all agreements at a fixed cost that a customer has with us

easyfinancial Services Loan Protection Plan

- Coverage includes:
  - Accident / Sickness
  - Injury / Illness
  - Involuntary Unemployment
  - Critical Illness
  - Death

- Premium Assignment:
  - Includes a payment schedule for an “Experience Refund” payable to easyfinancial Services of the premium assignment less expenses, which include applicable taxes, administrative fees, underwriters’ retention charge, and claims expense

- Loan Protection Plan cost:
  - Monthly premium of 1.8% of the total loan amount including interest and fees

- 1 membership covers 1 loan with fees charged as a percentage of loan amount

Additional Product Requirements

Your proposal must include the below items along with all items covered in our Current Solution, with a pricing matrix for us to reference:

- Proposal must accommodate all Canadian and US customers
- 7 day maximum processing period from submission to payment
- Provide a “portal” for clients / employees to use for tracking the status on claims
- Provide an on-line interface for claim submission
- Club program must offer entertainment value (coupons, etc…) valid across North America
- Must have in place an appeals process for declined claims
- Must have a client support representative for employees to contact with questions / concerns
- Require weekly, monthly, quarterly reporting on claims with various metrics as determined by easyhome / easyfinancial Services
- A conversion plan must be presented for changing over our current CBP/LPP clients to the new program
- Club program must offer an extended warranty plan with options and varying costs depending on coverage requested by our clients
- Require flexible involuntary unemployment protection plans with varying costs depending on coverage requested by our clients
- Sales & Product training must be provided to all employees as well as reference materials
- In-store marketing materials must be provided for all locations

Our Strategic Growth Plan

- easyhome Ltd
  - Customer segmentation marketing efficiency
  - Canadian business approaching maturity with potential for targeted U.S. expansion in appropriate markets
  - Increased focus on achieving operational targets and controlling costs will return profit margins back to historical levels
  - Producing stable cash flow to fund easyfinancial's growth
  - Brand awareness and infrastructure will supplement franchising efforts in the U.S
  - Store Of the Future IV (SOF4) conversions and power displays

- easyfinancial Services
  - The new growth engine
  - Potential for approximately 100 kiosk locations in Canada in 2011
  - National Lending Center, video kiosks and stand-alone models will allow for deeper market penetration
  - Test out new financial products and services in the near future
  - Build financing partnerships with other retailers and financial institutions
  - Operating margins of 2x core leasing business

- easyhome Franchising
  - Continue to develop brand awareness (i.e. Be a Contender 2)
  - Build out easyGates franchise stores in accordance with development agreement
  - Increase focus on achieving operational targets and controlling cost within easyGates' franchise portfolio
  - Open franchise stores in border states
  - Ensure corporate infrastructure in border states to support franchise growth

Summary of Benefits

Our current Club penetration rate in our Leasing division is 34.9% of approx. 70,000 customers, while easyfinancial Services is operating at 88.9% of 14,000 open loans with a total loan book size of approximately $21MM. By the end of 2011, we forecast our Club penetration to continue to improve in easyhome while our loan book continues to grow in easyfinancial at the accelerated rate we've experienced over the past year.

Summary of Scope

We are seeking an organization that is willing to partner with easyhome Ltd and is committed to driving up penetration rates by delivering an excellent product/service at a great value to our customers. Our current solution has brought us to where we are today and we have established great working relationships that have been very prosperous for all involved however, we are now in a position to re-evaluate those relationships in the best interests of our business, and welcome anyone that feels they can put forth a better product.

Terms of Agreement

- 2 year contract
- Termination clause (either party)
- Contract signing bonus payable to easyhome Ltd
- Annual rebates payable to easyhome Ltd

Requirements for Proposal Preparation

- Submit your proposal in an easy to read non-technical format. Further probing into the technical side will take place during the selection process. Your proposal should be a summary of the features and benefits of your program.

- Include the following sections ONLY

Introduction

- Tell a brief history of your company
- Outline your company's strategy for future growth
- Outline the regulations (province/state/federal) surrounding each product and how your solution meets and/or exceeds them
- Explain your other retail/financial services partners

easyhome Ltd

- What is your product?
- How will your product meet the requirements of easyhome?
- How do you plan to implement it across our company?
- Explain all features and benefits of your program
- Explain your claims submission and approval process
- Explain your cost structure
- How would you structure our plan?

easyfinancial Services

- What is your product?
- How will your product meet the requirements of easyfinancial?
- How do you plan to implement it across our company?
- Explain all features and benefits of your insurance
- Explain your claims submission and approval process
- Explain your cost structure
- How would you structure our plan?

Summary

- Add any additional information that you feel we can benefit from knowing

Selection Process

- All submissions will be reviewed and equal opportunity will be given through discovery meetings where each potential vendor will have an opportunity to meet with representatives from easyhome and easyfinancial to review their proposal

- The winning proposal will include the following:

    - One solution to both our business units' needs

    - Product offered across North America

    - An excellent support structure to assist our over 1,400 employees

    - An administratively easy process for submitting claims

    - Provide statistical reporting regularly and help us make decisions with the information provided

    - Have a conversion plan for our existing CBP/LPP clients

    - Have an excellent marketing plan for driving up penetration

Submission Guidelines

- All entries must be delivered via email to jdmccauley@easyhome.ca no later than November 30th, 2010

- All submissions will be reviewed and each vendor will be contacted no later than December 15th, 2010

- Contract closing to take place throughout January 2011

- Program implementation to commence February 1st, 2011

- Any and all enquiries regarding your proposal can be directed to either

    - JD McCauley - Director, Operations Development, easyhome Ltd
        - jdmccauley@easyhome.ca

    - Jason Mullins - VP, Operations & New Business Development, easyfinancial Services
        - jmullins@easyhome.ca