



The *Redbox* Concept

The *redbox* concept is simple. Each fully automated *redbox* kiosk holds approximately 630 DVDs, representing up to 200 of the newest movie releases. Consumers simply use a touch screen to select their favorite movies, swipe a valid credit or debit card and go. The complete rental transaction takes only moments. Customers can keep the DVD for as long as they'd like and return it to any one of *redbox*'s 24,900 kiosks nationwide. After 25 nights, rental charges cease and the DVD is the customer's to keep. For added convenience, customers also can visit www.redbox.com to select a DVD online and pick it up at the *redbox* location of their choice.

The History of *Redbox*

The concept of *redbox* originated in 2002 within McDonald's Ventures, LLC, which was working to identify new ways to drive traffic to McDonald's and provide added convenience and relevance to customers. The business concept originated with a variety of automated convenience options, including fully automated "convenience store" kiosks. Through consumer testing and in-store trial, the concept of new release DVD rentals emerged as the most appealing to consumers.

Under McDonald's ownership, *redbox* spent several years refining the *redbox* concept with a series of market tests. *Redbox*'s first market test launched in 2004 in Denver, Colorado-area McDonald's restaurants. Following positive customer feedback, in 2005, McDonald's expanded the test to more than 800 restaurants across five additional markets: Baltimore, Houston, Minneapolis/St. Paul, Salt Lake City and St. Louis.

In November 2005, Coinstar, Inc. announced an agreement with McDonald's Ventures, LLC, to invest in *redbox*. The agreement gave Coinstar a 47.3 percent share of the company and made *redbox* a separate company from McDonald's. In February 2009, Coinstar announced its intent to purchase the remaining stake of *redbox* from McDonald's and other minority interest holders.

Today, *redbox* has more than 24,900 kiosks nationwide, including select McDonald's® restaurants, leading grocery stores and Walmart, Walgreens and 7-Eleven stores in select markets.

Meeting the Needs of Consumers

Redbox has always looked, and will continue to look, for more opportunities to enhance the customer experience. In September 2006, *redbox* debuted online reservations, allowing customers to choose their favorite title online and pick it up immediately at the *redbox* location of their choice.

In September 2007, the company acquired two U.S. patents, one recognizing the technology that allows consumers to rent DVDs from one *redbox* and return the DVDs to any location nationwide, and one supporting *redbox*'s method of transporting and installing DVDs at-kiosk. *Redbox* DVDs are delivered to kiosks in a secure storage unit, which is placed in the kiosk and the DVDs are automatically installed into the machine - enhancing installation efficiency to ensure the most popular new release titles are available to *redbox* customers every Tuesday.

In October 2007, *redbox* extended its return time from 7:00 p.m. to 9:00 p.m., giving consumers two more hours to watch and return the latest DVDs.

In July 2008, *redbox* completed enhancements to its kiosk interface and Web site by introducing a search feature and offering genre categorization to speed up the selection process for consumers. These efforts have helped improve the customer experience and make renting DVDs at *redbox* easier and more convenient than ever. *Redbox* also recently launched "Redblog," an entertainment blog featuring film reviews and discussion to offer customers additional insight into new release movies.

It is *redbox*'s proven technology, unmatched production timeline and ability to deliver unsurpassed consumer convenience and value that have allowed the company to expand rapidly in the competitive home entertainment industry.

The Success of *Redbox*

From an initial launch of 12 kiosks in 2002, *redbox* now features approximately 24,900 kiosks nationwide and is available in each of the contiguous United States. *Redbox* has served millions of unique customers, and thousands more try the service each day. *Redbox* has also rented more than one billion DVDs nationwide.

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