

RENT A CENTER INC DE  
Form DEF 14A  
March 24, 2014  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(RULE 14a-101)

Information required in Proxy Statement Schedule 14a Information

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant    Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss.240.14a-12

**RENT-A-CENTER, INC.**

*(Name of Registrant as Specified In Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

**Payment of Filing Fee (Check the appropriate box):**

**No fee required.**

**Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.**

- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

**Fee paid previously with preliminary materials.**

**Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.**

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

**Notice of 2014 Annual Meeting of Stockholders**

**Thursday, May 8, 2014**

**9:30 a.m. local time,**

*5501 Headquarters Drive, Plano, Texas 75024*

The 2014 Annual Meeting of Stockholders of Rent-A-Center, Inc. will be held on Thursday, May 8, 2014, at 9:30 a.m. local time, at the Rent-A-Center, Inc. Field Support Center, which is located, along with our principal executive offices, at 5501 Headquarters Drive, Plano, Texas 75024, for the following purposes:

1. To elect the three Class II directors nominated by the Board of Directors;
2. To ratify the Audit Committee's appointment of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2014;
3. To conduct an advisory vote approving the compensation of the named executive officers for the year ended December 31, 2013, as set forth in the proxy statement; and
4. To transact other business that properly comes before the meeting.

Only stockholders of record at the close of business on March 10, 2014, are entitled to receive notice of and to vote at the annual meeting and at any and all adjournments or postponements thereof.

Under rules approved by the Securities and Exchange Commission, we are furnishing proxy materials on the Internet in addition to mailing paper copies of the materials to each registered stockholder. Instructions on how to access and review the proxy materials on the Internet can be found on the proxy card sent to registered stockholders and on the Notice of Internet Availability of Proxy Materials (the "Notice") sent to stockholders who hold their shares in "street name" (i.e. in the name of a broker, bank or other record holder). The Notice will also include instructions for stockholders who hold their shares in street name on how to access the proxy card to vote over the Internet.

Your vote is important, and whether or not you plan to attend the annual meeting, please vote as promptly as possible. We encourage you to vote via the Internet, as it is the most convenient and cost-effective method of voting. You may also vote by telephone or by mail (if you received paper copies of the proxy materials). Instructions regarding all three methods of voting are included in the Notice, the proxy card and the proxy statement.

Thank you in advance for voting and for your support of Rent-A-Center.

By order of the Board of Directors,

**Dawn M. Wolverton**

*Vice President – Assistant General Counsel and Secretary*

March 24, 2014

*Plano, Texas*

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**Proxy Statement**

This proxy statement is furnished in connection with the solicitation of proxies by Rent-A-Center, Inc., on behalf of its Board of Directors (the “Board”), for the 2014 Annual Meeting of Stockholders. This proxy statement and related proxy materials are being made available on the Internet and mailed to our stockholders on or about March 24, 2014.

**Proxy Summary**

*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. For more complete information regarding our 2013 performance, please review our Annual Report on Form 10-K for the year ended December 31, 2013. Page references are supplied to help you find further information in this proxy statement.*

**Meeting Information**

**Date & Time:** 9:30 a.m. CST on Thursday, May 8, 2014

**Location:** Rent-A-Center, Inc. Field Support Center, 5501 Headquarters Drive, Plano, Texas 75024

**Eligibility to Vote:** You can vote if you were a stockholder of record at the close of business on March 10, 2014 (see page 3 for information on how to vote)

**Voting matters**

| <b>Proposal</b>                         | <b>Board Vote Recommendation</b> | <b>Page Reference (for more detail)</b> |
|---|----------------------------------|---|
| Election of Directors                   | FOR each Director Nominee        | 5                                       |
| Ratification of Auditors                | FOR                              | 16                                      |
| Advisory Vote on Executive Compensation | FOR                              | 40                                      |

**Board Nominees (page 6)**

The following table provides summary information about each director who is nominated for election at the 2014 annual meeting. Each director nominee will serve a three year term expiring at the 2017 annual meeting of stockholders and until their successors are elected and qualified. Information regarding our directors whose terms continue past this year's stockholder meeting begins on page 7.

| Name               | Age | Director Since | Experience/Qualification  | Independent | Committee Memberships                           | Other Public Company Boards |
|--------------------|-----|----------------|---|-------------|---|-----------------------------|
| Mark E. Speese     | 56  | 1990           | Chairman of the Board and former Chief Executive Officer<br>Founder of the company    |             | Finance   | N/A                         |
| Jeffery M. Jackson | 58  | 2007           | Financial expertise (former CFO)<br>Enterprise risk management                        | X           | Audit (Chair);<br>Finance                       | N/A                         |
| Leonard H. Roberts | 65  | 2006           | Over 20 years' experience leading multi-unit retail companies<br>Corporate governance | X           | Compensation (Chair);<br>Finance;<br>Nominating | J.C. Penney, Inc.           |

### Business Highlights

Despite disappointing financial results for the year ended December 31, 2013, we continued to return value to our stockholders and focus on our strategic growth goals. The following key accomplishments were achieved in fiscal 2013:

- Completed a \$200 million accelerated share repurchase transaction;
- Continued executing on our growth strategies with revenue increases of over 46% in our Acceptance Now segment and over 45% in our International segment; and
- Increased quarterly dividend approximately 10% from \$0.21 to \$0.23, beginning with the dividend for the first quarter of 2014;

In addition, we recently launched a multi-year program designed to transform and modernize our operations company-wide in order to improve the profitability of the Core U.S. segment while continuing to support our Acceptance Now and International segments. This program is focused on building new competencies and capabilities through a variety of operational and infrastructure initiatives such as developing a new supply chain, formulating a customer-focused value-based pricing strategy, optimizing our store footprint, and innovating our digital e-commerce capabilities.

Please refer to our Annual Report on Form 10-K for the year ended December 31, 2013 for more information.

**RENT-A-CENTER** - *2014 Proxy Statement* **1**



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## **Executive Compensation**

### **Principles (page 20)**

We generally target total direct compensation (base salary, annual incentive and long-term incentive compensation) at the 50<sup>th</sup> percentile of that paid at similarly-situated public companies in the retail and consumer finance sector. The objectives of our executive compensation program are to:

- attract, retain and motivate senior executives with competitive compensation opportunities;
- balance short-term and long-term strategic goals;
- align our executive compensation program with the core values identified in our mission statement, which focuses on improving the quality of life for our co-workers and our customers; and
- reward achievement of our financial and non-financial goals.

The following forms of compensation are currently utilized by the Compensation Committee in compensating our named executive officers:

- base salary, which is paid in cash;
- annual incentive compensation, which is paid in cash and is focused on three metrics – profitability, revenue, and a servant leadership component that supports our desired culture;
- long-term incentive compensation, which consists of stock options which vest ratably over four years beginning on the first anniversary of the date of grant, restricted shares which cliff vest after three years, and performance shares which vest only upon achievement of a specified three-year EBITDA target;
- double trigger severance arrangements; and
- fringe benefits, including perquisites, with no tax gross-ups.

### **Stock Ownership Guidelines (pages 12 and 28)**

We believe that our Board and our management should have a significant financial stake in the Company to ensure that their interests are aligned with those of our stockholders. To that end, our directors, as well as our Chief Executive Officer and our President and Chief Operating Officer are subject to equity interest guidelines as described on pages 12 and 28, respectively. In addition, our insider trading policy prohibits our directors and executive officers from engaging in hedging or other derivative transactions involving our common stock. We also do not allow shares of our common stock owned by any of our directors or named executive officers to be pledged.

**Clawback Policy (page 28)**

Our Board has adopted a clawback policy applicable to our executive officers as described on page 28.

**2013 Executive Total Compensation Mix (page 21)**

*Pay for Performance.* Our executive compensation program directly links a substantial portion of executive compensation to our financial performance through annual and long-term incentives. We failed to achieve at least 90% of the pre-tax net income goal for 2013, and, therefore, no portion of the bonus opportunity attributable to the pre-tax net income goal or the revenue target was paid to our named executive officers.

The mix of the key compensation elements for our Chief Executive Officer and our other named executive officers for fiscal 2013 is shown below. The Actual Compensation Mix charts describe each element of actual compensation as a percent of total direct compensation for fiscal 2013.

**CEO ACTUAL PAY MIX    NEO ACTUAL AVERAGE PAY MIX**

The Actual Compensation Mix charts above include salary with respect to 2013, the actual amount paid under the 2013 annual cash incentive program, and the estimated grant date value of stock options, restricted stock units and performance stock units granted during fiscal 2013, as shown in the Summary Compensation Table on page 29. The value of all of the long-term incentive compensation vehicles (stock options, restricted stock units (RSUs), and performance share units (PSUs)) is time vested and depends upon our financial performance over the measurement or vesting period.

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## **QUESTIONS AND ANSWERS ABOUT THE 2014 ANNUAL MEETING AND VOTING PROCEDURES**

### **Why did I receive a notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?**

In accordance with rules adopted by the Securities and Exchange Commission (“SEC”), we are making this proxy statement and our Annual Report on Form 10-K available on the Internet, in addition to mailing a printed copy of these materials to our registered stockholders. If you received the Notice by mail and would prefer to receive a printed copy of our proxy materials, please follow the instructions for requesting printed copies included in the Notice. The Notice also contains instructions on how to access and review all of the important information contained in the proxy materials provided on the Internet, including how you may submit your proxy by telephone or over the Internet.

### **Who may vote?**

Stockholders of record as of the close of business on March 10, 2014, the record date for the annual meeting, may vote at the meeting. Each share of common stock entitles the holder to one vote per share. As of February 21, 2013, there were 52,775,592 shares of our common stock outstanding.

### **What constitutes a quorum?**

The holders of a majority of our outstanding shares of common stock entitled to vote at the annual meeting must be represented at the annual meeting in person or by proxy to have a quorum. Any stockholder present at the annual meeting, either in person or by proxy, but who abstains from voting, will be counted for purposes of determining whether a quorum exists.

### **How do I vote?**

You cannot vote your shares of common stock unless you are present at the meeting or you have previously given your proxy. You can vote by proxy in one of the following three convenient ways:

- by mail – if you received your proxy materials by mail, you can vote by mail by completing, signing, dating and returning the proxy card in the enclosed envelope;

- on the Internet, by visiting the website shown on the Notice or the proxy card and following the instructions; or
- by telephone, by calling the toll-free telephone number shown on the Notice or the proxy card and following the instructions.

### **How will the proxies be voted?**

All properly executed proxies, unless revoked as described below, will be voted at the meeting in accordance with your directions on the proxy. If a properly executed proxy does not provide instructions, the shares of common stock represented by your proxy will be voted:

- “FOR” each of the Board’s nominees for Class II director;
- “FOR” the ratification of the Audit Committee’s appointment of KPMG LLP as our independent registered public accounting firm for 2014; and
- “FOR” the resolution approving the compensation of the named executive officers for the year ended December 31, 2013, as set forth in the proxy statement.

The proxy holders will use their discretion on any other matters that properly come before the meeting. Unless otherwise stated, all shares represented by your completed, returned, and signed proxy will be voted as described above. If you are voting on the Internet or by telephone, the proxies will be voted in accordance with your voting instructions. If you are voting on the Internet or by telephone, your voting instructions must be received by 11:59 p.m., Eastern Daylight Savings Time, on May 7, 2014, unless you are a participant in our 401(k) plan, in which case your voting instructions must be received by 11:59 p.m., Eastern Daylight Savings Time, on May 6, 2014.

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### **How may I revoke my proxy?**

You may revoke your proxy at any time before or at the annual meeting (in each case, before the vote at the annual meeting) by:

- Delivering a signed, written revocation letter, dated later than the proxy, to Dawn M. Wolverton, Vice President – Assistant General Counsel and Secretary, at 5501 Headquarters Drive, Plano, TX 75024;
- Delivering a signed proxy, dated later than the first one, to Alliance Advisors, 200 Broadacres Drive, 3<sup>rd</sup> Floor, Bloomfield, NJ 07003;
- Voting at a later time on the Internet or by telephone, if you previously voted on the Internet or by telephone; or
- Attending the meeting and voting in person or by proxy. Attending the meeting alone will not revoke your proxy.

### **How many votes must each proposal receive to be adopted?**

Under our Bylaws, directors are elected by a majority of the votes cast in uncontested elections. Accordingly, the numbers of votes cast “for” a director nominee must exceed the number of votes cast “against” that nominee. In contested elections, the vote standard would be a plurality of votes cast. Each share may be voted for each of the nominees, but no share may be voted more than once for any particular nominee. Broker non-votes and abstentions will not affect the outcome of the vote.

A majority of the votes cast is required to ratify KPMG as our independent registered public accounting firm. Broker non-votes and abstentions will have no effect on the outcome of the vote to ratify KPMG.

The affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote at the meeting is required to approve the advisory resolution on executive compensation. Broker non-votes will not affect the outcome of the vote. Because abstentions are counted as shares present and entitled to vote on the proposal, each abstention will have the same effect as a vote “against” the advisory resolution on executive compensation.

### **What are broker non-votes?**

Broker non-votes occur when nominees, such as banks and brokers, holding shares on behalf of beneficial owners, or customers, do not receive voting instructions from the customers. Brokers holding shares of record for customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. In the event that a broker does not receive voting instructions for these matters, a broker may notify us that it lacks voting authority to vote those shares. These broker non-votes refer to votes that could have been cast on the matter in question by brokers with respect to uninstructed shares if the brokers had received their customers' instructions. These broker non-votes will be included in determining whether a quorum exists.

Your bank or broker is not permitted to vote your uninstructed shares in the election of directors on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote, no votes will be cast on your behalf in the election of directors, or with respect to Proposal 3 (advisory vote on executive compensation). To be sure your shares are voted in the manner you desire, you should instruct your broker how to vote your shares.

### **Who is soliciting this proxy?**

The Board of Directors is soliciting this proxy. In addition to the solicitation of proxies by mail, proxies may also be solicited by telephone, electronic mail or personal interview. We will reimburse banks, brokers, custodians, nominees and fiduciaries for reasonable expenses they incur in sending these proxy materials to you if you are a beneficial holder of our shares. We have engaged Alliance Advisors LLC, a proxy solicitation firm, to assist in the solicitation of proxies. We will pay that firm \$7,500 for its proxy solicitation services and reimburse its out-of-pocket expenses for such items as mailing, copying, phone calls, faxes and other related matters in an amount not to exceed \$2,000.

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**PROPOSAL ONE: ELECTION OF DIRECTORS**

**What is the organizational structure of the Board?**

The number of directors currently constituting our entire Board is eight. The directors are divided into three classes. In general, directors in each class serve for a term of three years.

**How many directors are to be elected?**

Three Class II directors are to be elected by our stockholders.

**Who are the board nominees?**

Our Board, upon recommendation of the Nominating and Corporate Governance Committee, has nominated each of Mark E. Speese, Jeffery M. Jackson and Leonard H. Roberts to be re-elected as Class II directors by the stockholders. Each of Messrs. Speese, Jackson and Roberts has agreed to stand for re-election. However, should any of them become unable or unwilling to accept nomination or election, the shares of common stock voted for that nominee by proxy will be voted for the election of a substitute nominee whom the proxy holders believe will carry out our present policies. Our Board of Directors has no reason to believe that any of Messrs. Speese, Jackson or Robert will be unable or unwilling to serve if elected, and, to the knowledge of the Board, each intends to serve the entire term for which election is sought.

**We urge you to vote “FOR” each of Mr. Speese, Mr. Jackson and Mr. Roberts.**

*Mark E. Speese*

**Chairman of the Board; former Chief Executive Officer**

**Age: 56**

**Director Since: 1990**

**Committees Served: Finance**

Mr. Speese has served as our Chairman of the Board since October 2001, as our Chief Executive Officer from October 2001 until January 2014, and as one of our directors since 1990. Mr. Speese previously served as our Vice Chairman from September 1999 until March 2001. From 1990 until April 1999, Mr. Speese served as our President. Mr. Speese also served as our Chief Operating Officer from November 1994 until March 1999.

As a founder of our company, Mr. Speese brings leadership, tremendous knowledge of our business as well as the rent-to-own industry, extensive operations experience, and his strategic vision for our company to the Board. We believe Mr. Speese's service as our Chairman and his previous tenure as our Chief Executive Officer creates a critical link between management and our Board, enabling our Board to perform its oversight function with the benefit of management's perspectives on our business.

*Jeffery M. Jackson*

**Independent Director**

**Age: 58**

**Director Since: 2007**

**Committees Served: Audit (Chair); Finance**

Mr. Jackson is Managing Director of Thayer Ventures, a venture capital company investing in technology companies that serve the travel and hospitality industries. Mr. Jackson served as the Executive Vice President – Corporate Business Development of Sabre Holdings, Inc., a travel technology company, from August 2009 to March 2012, and previously served as its Executive Vice President – Chief Financial Officer from 1998 to August 2009. Mr. Jackson served as a board member of Travelocity.com until March 2002, when it became a Sabre Holdings subsidiary. Prior to joining Sabre Holdings in 1998, Mr. Jackson served as both Vice President of Corporate Development and Treasurer, and Vice President and Controller of American Airlines, Inc.

Mr. Jackson brings financial expertise to our Board, including through his prior experience as Chief Financial Officer of Sabre as well as his service as chairman of our Audit Committee. In addition, Mr. Jackson brings strong accounting and financial skills important to the oversight of our financial reporting, significant transactions, and enterprise and operational risk management.



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*Leonard H. Roberts*

**Independent Director**

**Age: 65**

**Director Since: 2006**

**Committees Served: Compensation (Chair);**

**Nominating & Corporate Governance;**

**Finance**

**Other Public Company Boards: J.C. Penney, Inc.**

Mr. Roberts served as the Executive Chairman of the Board of Directors of RadioShack Corporation from May 2005 until May 2006, and had previously served as a director since 1997, Chairman of the Board and Chief Executive Officer from 1999 to 2005, and President from 1993 to 1999. From 1990 to 1993, Mr. Roberts was Chairman and Chief Executive Officer of Shoney's, Inc., and from 1985 to 1990 was the President and Chief Executive Officer of Arby's, Inc. Mr. Roberts previously served on the board of TXU Energy, Inc.

We believe that Mr. Roberts' experience as a former Chief Executive Officer of several multi-unit retail companies brings directly relatable experience and a unique perspective in retail marketing to our Board. We also believe that Mr. Roberts' background as a board chairman brings significant corporate governance experience to our Nominating and Corporate Governance Committee, and his experience on the compensation committee of another publicly traded company brings an understanding of compensation issues to our Compensation Committee.

**Our Board of Directors recommends that you vote "FOR" each of the Board nominees.**

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**Who are the continuing members of the Board?**

The terms of the following five members of our Board will continue past this year's stockholder meeting.

**Term to Expire at the 2015 Annual Meeting:**

*Michael J. Gade*

**Independent Director**

**Age: 62**

**Director Since: 2005**

**Term Expires: 2015**

**Committees Served: Compensation;  
Nominating & Corporate Governance**

**Other Public Company Boards: MFRI, Inc.**

Since 2004, Mr. Gade has been an Executive in Residence at the University of North Texas as a professor of marketing and retailing. Mr. Gade also serves as a strategic advisor to The Boston Consulting Group. A founding partner of Challance Group, LLP, Mr. Gade has 30 years of marketing and management experience, most recently serving as senior executive for the southwest region of Home Depot, Inc. from 2003 to 2004. From 2000 to 2003, Mr. Gade served as Senior Vice President, Merchandising, Marketing and Business Development for 7-Eleven, Inc. From 1995 to 2000, Mr. Gade was employed by Associates First Capital Corporation as Executive Vice President, Strategic Marketing and Development.

We believe that Mr. Gade's significant retail marketing experience provides our Board with an important resource with respect to our marketing and advertising efforts. In addition, Mr. Gade provides leadership and governance experience through his other directorships, including service on the audit and compensation committees of such companies.

*J. V. Lentell*

**Independent Director**

**Age: 75**

**Director Since: 1995**

**Term Expires: 2015**

**Committees Served: Nominating & Corporate  
Governance (Chair); Compensation**

Mr. Lentell served as our Lead Director from April 2009 until January 2014. Since July 1993, he has served as a director and Vice Chairman of the Board of Directors of Intrust Bank, N.A., successor by merger to Kansas State Bank & Trust Co. Mr. Lentell was employed by Kansas State Bank & Trust Co., in Wichita, Kansas from 1966 until July 1993, serving as Chairman of the Board from 1981 until July 1993.

During his 19 year tenure on our Board, including as our Lead Director from April 2009 until January 2014, Mr. Lentell has provided demonstrated leadership to our Board. Mr. Lentell's service on all Board committees during some period of that time provides him with a deep understanding of our company and its growth history, which we believe contributes a useful frame of reference in the context of Board discussions. In addition, Mr. Lentell has extensive knowledge of the capital markets and finance issues from his over 50 years of experience in the banking industry which we believe is important to the Board's discussions of our capital and liquidity needs. Further, Mr. Lentell's experience as a board member of various private companies and civic and charitable organizations, including service on the audit, finance, compensation and governance committees of such organizations (in some cases as the chairman), provides our Board and committees with significant insight into compensation, governance and risk management issues.

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**Term to Expire at the 2016 Annual Meeting:**

*Robert D. Davis*

**Chief Executive Officer and Director**

**Age: 42**

**Director Since: 2013**

**Term Expires: 2016**

Mr. Davis was named our Chief Executive Officer effective as of February 1, 2014, after previously serving as our Executive Vice President – Finance since February 2008, as our Chief Financial Officer since March 1999 and as our Treasurer since January 1997. From September 1999 until February 2008, Mr. Davis served as our Senior Vice President – Finance. From September 1998 until September 1999, Mr. Davis served as our Vice President – Finance and Treasurer. Mr. Davis began his employment with us in 1993.

With over 20 years of experience with the Company, including 15 as Chief Financial Officer, Mr. Davis has an intimate knowledge of our operations and financial position that is a vital component of our Board discussions. We believe Mr. Davis' service as our Chief Executive Officer creates a critical link between management and our Board, enabling our Board to perform its oversight function with the benefit of management's perspectives on our business.

*Steven L. Pepper*

**Independent Director**

**Age: 51**

**Director Since: 2013**

**Term Expires: 2016**

**Committees Served: Audit; Finance (Chair)**

In 2011, Mr. Pepper retired as President of Yum Brands Mexico, a position he had held since 2001. Over the course of his twenty-year career with Yum, Mr. Pepper was responsible for the company's businesses in Europe, Africa and Brazil, as well as serving in key financial positions in the United States and Latin America. From 2006 to 2011, Mr. Pepper was also a member of Yum's Partners Council, a leadership group comprised of the company's twenty top executives. Since retiring from Yum, Mr. Pepper has served as an advisor to a number of private equity groups regarding investments in Latin America.

Mr. Pepper's experience in oversight responsibility for international operations and expansion, particularly in Mexico, is critical to the Board's consideration of our international growth strategy. In addition, Mr. Pepper possesses particular knowledge and experience in a variety of areas, including accounting and financial matters, marketing, international markets, and global market entry that strengthens the Board's collective knowledge, capabilities and experience.

*Paula Stern, Ph.D.*

**Independent Director**

**Age: 68**

**Director Since: 2008**

**Committees Served: Audit**

**Other Public Company Boards: Avon Products, Inc.**

The Honorable Paula Stern has served as Chairwoman of The Stern Group, Inc., an international advisory firm in areas of business and government strategy, since its inception in 1988. She was Commissioner of the U.S. International Trade Commission from 1978 to 1987 and Chairwoman from 1984 to 1986. Dr. Stern serves on the U.S. Secretary of State's Advisory Committee on International Economic Policy and on the Department of Commerce's Renewable Energy and Energy Efficiency Advisory Committee. She is a member of the Executive Committee of the Atlantic Council of the United States and serves on the Board of Trustees of the Committee for Economic Development. She is also a member of Council on Foreign Relations, Inter-American Dialogue, and Bretton Woods Committee. Dr. Stern previously served as a director of Hasbro, Inc., Avaya, Inc. and Neiman Marcus Group, Inc.

We believe Dr. Stern's extensive experience in international trade issues brings an important perspective to the Board in light of our growth strategies. In addition, Dr. Stern provides leadership and governance experience gained through her other public company directorships, including service on the finance and governance committees of such companies.

[Back to Contents](#)**BOARD INFORMATION****Independent Directors**

As part of the Company's corporate governance practices, and in accordance with Nasdaq rules, the Board has established a policy requiring a majority of the members of the Board to be independent. In January 2014, each of our non-employee directors completed a questionnaire which inquired as to their (and those of their immediate family members) relationship with us and other potential conflicts of interest. Our legal department reviewed the responses of our directors to such questionnaire, as well as material provided by management related to transactions, relationships and arrangements between us and our directors or parties related to our directors. In March 2014, our Board met to discuss the independence of our directors who are not employed by us. Following such discussions, our Board determined that the following directors are "independent" as defined under Nasdaq rules: Michael J. Gade, Jeffery M. Jackson, J.V. Lentell, Steven L. Pepper, Leonard H. Roberts, and Paula Stern, Ph.D. The table below includes a description of categories or types of transactions, relationships or arrangements considered by our Board in reaching its determination that the directors are independent.

| <b>Name</b>        | <b>Independent Transactions/Relationships/Arrangements</b> |  |
|--------------------|--|--|
| Michael J. Gade    | Yes  | None   |
| Jeffery M. Jackson | Yes  | None   |
| J.V. Lentell       | Yes  | Our banking relationship with Intrust — immaterial |
| Leonard H. Roberts | Yes  | None   |
| Steven L. Pepper   | Yes  | None   |
| Paula Stern, Ph.D. | Yes  | None   |

**Board Leadership Structure**

Prior to February 1, 2014, we combined the roles of Chairman and Chief Executive Officer and appointed an independent Lead Director. Mr. Speese served as Chairman and Chief Executive Officer and Mr. Lentell as Lead Director. In November 2013, Mr. Speese announced his retirement as Chief Executive Officer as of January 31, 2014. In connection with Mr. Speese's retirement and the appointment of Robert D. Davis as Chief Executive Officer effective as of February 1, 2014, our Nominating and Corporate Governance Committee recommended to our Board, and our Board determined, to separate the roles of Chairman and CEO and have Mr. Speese continue to serve as Chairman.

The Board believes that the separation of the roles of Chairman and Chief Executive Officer at this time is appropriate in light of the CEO transition and is in the best interests of the Company's stockholders. Separating these positions aligns the Chairman role with our independent directors, enhances the independence of our Board from management

and allows our new Chief Executive Officer to focus on developing and implementing our growth initiatives and supervising our day-to-day business operations. Our Board believes that Mr. Speese is best situated to serve as Chairman because, as a founder of our company, he is the director most familiar with our business and the rent-to-own industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Mr. Speese works closely with Mr. Davis to set the agenda for Board meetings and to facilitate information flow between the Board and management.

Our Board will review its determination to separate the roles of Chairman and Chief Executive Officer periodically or as circumstances and events may require.

### **Board Meetings; Executive Session**

During 2013, our Board met ten times, including regularly scheduled and special meetings, and acted twice by unanimous written consent. Each director attended all meetings of the Board during his or her service as a director, except that Dr. Stern was unable to attend one meeting of the Audit Committee after receiving or waiving proper notice. All of our directors attended more than 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of the Board committees on which they serve.

Our non-employee directors meet regularly outside the presence of management. During 2013, Mr. Lentell chaired these sessions in his role as Lead Director. As of February 1, 2014, Mr. Speese chairs the executive sessions of the Board in his role as Chairman.

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## **Role of the Board in Risk Oversight**

Our Board takes an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board and the relevant committees receive regular reports from members of senior management on areas of material risk to the Company, including operational, financial, strategic, competitive, reputational, legal and regulatory risks. The Board also meets with senior management annually for a strategic planning session and discussion of the key risks inherent in our short- and long-term strategies at the development stage, and also receives periodic updates on our strategic initiatives throughout the year. In addition, our Board has delegated the responsibility for oversight of certain risks to its standing committees, as discussed below. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, our entire Board is regularly informed through committee reports concerning such risks.

## **Board Committees**

The standing committees of the Board during 2013 included the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. In January 2014, the Board formed the Finance Committee as a new standing committee of the Board. Each of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Finance Committee has the authority to retain independent advisors and consultants, with all fees and expenses to be paid by us.

The *Audit Committee* assists the Board in fulfilling its oversight responsibilities by reviewing risks relating to accounting matters, financial reporting, legal and regulatory compliance, and other enterprise-wide risks. To satisfy these oversight responsibilities, our Audit Committee reviews, among other things, (1) the financial reports and other financial information provided by us to the SEC or the public, (2) our systems of controls regarding finance, accounting, legal compliance and ethics that management and the Board have established, (3) our independent auditor's qualifications and independence, (4) the performance of our internal audit function and our independent auditors, and (5) the efficacy and efficiency of our auditing, accounting and financial reporting processes generally. The Audit Committee has the direct responsibility for the appointment, compensation, retention and oversight of our independent auditors, and reviews our internal audit department's reports, responsibilities, budget and staffing. The Audit Committee also pre-approves all audit and non-audit services provided by our independent auditors and oversees compliance with our code of ethics. In addition, the Audit Committee meets regularly with our Chief Financial Officer, the head of our internal audit department, our independent auditors, and management (including regularly scheduled executive sessions with the vice president of internal audit and our independent auditors).

The Board has adopted a charter for the Audit Committee, which can be found in the "Corporate Governance" section of the "Investor Relations" section of our website at [www.rentacenter.com](http://www.rentacenter.com). The Audit Committee reviews, updates and assesses the adequacy of its charter on an annual basis, and may recommend any proposed modifications to its charter to the Board for its approval, if and when appropriate.



During 2013, the Audit Committee held 12 regularly scheduled meetings. All members of the Audit Committee are “independent” under SEC and Nasdaq rules. In addition, the Board has determined that each of Mr. Jackson and Mr. Pepper is an “audit committee financial expert” as defined by SEC rules and each of Mr. Gade and Dr. Stern meets the financial sophistication requirements of Nasdaq. *Members: Mr. Jackson, Chairman, Mr. Pepper and Dr. Stern.*

The *Compensation Committee* (1) discharges the Board’s responsibilities with respect to all forms of compensation of our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and each of our Executive Vice Presidents, including assessing the risks associated with our executive compensation policies and practices and employee benefits, (2) administers our equity incentive plans and (3) reviews and discusses with our management the Compensation Discussion and Analysis to be included in our annual proxy statement, annual report on Form 10-K or information statement, as applicable, and makes a recommendation to the Board as to whether the Compensation Discussion and Analysis should be included in our annual proxy statement, annual report on Form 10-K or any information statement, as applicable. The Compensation Committee is also responsible for recommending to the Board the form and amount of director compensation and conducting a review of such compensation as appropriate.

The Board has adopted a charter for the Compensation Committee, which can be found in the “Corporate Governance” section of the “Investor Relations” section of our website at [www.rentacenter.com](http://www.rentacenter.com). In addition, the Compensation Committee reviews, updates and assesses the adequacy of its charter on an annual basis, and may recommend any proposed modifications to its charter to the Board for its approval, if and when appropriate.

The Compensation Committee’s processes for fulfilling its responsibilities and duties with respect to executive compensation and the role of our executive officers in the compensation process are described under “Compensation Discussion and Analysis – Compensation Process” beginning on page 21 of this proxy statement.

Pursuant to its charter, the Compensation Committee has the authority, to the extent it deems necessary or appropriate, to retain compensation consultants, independent legal counsel or other advisors and has the sole authority to approve the fees and other retention terms with respect to such advisors. From time to time, the Compensation Committee has engaged compensation consultants to advise it on certain matters. See “Compensation Discussion and Analysis – Compensation Process” beginning on page 21 of this proxy statement. In addition, the Compensation Committee also has the authority, to the extent it deems necessary

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or appropriate, to delegate matters to a sub-committee composed of members of the Compensation Committee.

The Compensation Committee held four regularly scheduled meetings in 2013, and acted by unanimous written consent once. All members of the Compensation Committee are non-employee directors and are “independent” under Nasdaq rules. *Members: Mr. Roberts, Chairman, Mr. Lentell and Mr. Gade.*

The ***Nominating and Corporate Governance Committee*** manages risks associated with corporate governance and potential conflicts of interest and assists the Board in fulfilling its responsibilities by (1) identifying individuals believed to be qualified to become members of the Board, consistent with criteria approved by the Board, (2) recommending to the Board candidates for election or reelection as directors, including director candidates submitted by the Company’s stockholders and (3) overseeing, reviewing and making periodic recommendations to the Board concerning our corporate governance policies. In addition, the Nominating and Corporate Governance Committee directs the succession planning efforts for the Chief Executive Officer and reviews management’s succession planning process with respect to our other senior executive officers.

The Board has adopted a written charter for the Nominating and Corporate Governance Committee, which is available in the “Corporate Governance” section of the “Investor Relations” section of our website at [www.rentacenter.com](http://www.rentacenter.com). In addition, the Nominating and Corporate Governance Committee reviews, updates and assesses the adequacy of its charter on an annual basis, and may recommend any proposed modifications to its charter to the Board for its approval, if and when appropriate.

During 2013, the Nominating and Corporate Governance Committee held three meetings, including regularly scheduled and special meetings. The Board has determined that each member of the Nominating and Corporate Governance Committee is “independent” as defined under Nasdaq rules. *Members: Mr. Lentell, Chairman, Mr. Gade and Mr. Roberts.*

The ***Finance Committee*** assists the Board in fulfilling its responsibilities by reviewing and advising the Board with respect to the financial policies, capital structure and operating plans that support our mission, values and critical growth initiatives.

The Board has adopted a written charter for the Finance Committee, which is available in the “Corporate Governance” section of the “Investor Relations” section of our website at [www.rentacenter.com](http://www.rentacenter.com). In addition, the Finance Committee reviews, updates and assesses the adequacy of its charter on an annual basis, and may recommend any proposed modifications to its charter to the Board for its approval, if and when appropriate.

The Finance Committee was not formed until January 2014, and, therefore, held no meetings in 2013. A majority of the members of the Finance Committee must be independent. *Members: Mr. Pepper, Chairman, Mr. Jackson, Mr. Roberts and Mr. Speese.*

## DIRECTOR COMPENSATION

### Cash Compensation

During 2013, each non-employee director received an annual retainer of \$40,000. Additionally, each non-employee director receives \$2,500 for each Board meeting attended in person and is reimbursed for his or her expenses in attending such meetings. In addition to such compensation, additional annual retainers are paid as follows:

| <b>Position</b>  | <b>Annual Retainer</b> |
|--|------------------------|
| Lead Director <sup>(1)</sup>                                       | \$ 20,000              |
| Chairperson of the Audit Committee                                 | \$ 16,000              |
| Other members of the Audit Committee                               | \$ 9,000               |
| Chairperson of the Compensation Committee                          | \$ 12,000              |
| Other members of the Compensation Committee                        | \$ 6,000               |
| Chairperson of the Nominating and Corporate Governance Committee   | \$ 8,000               |
| Other members of the Nominating and Corporate Governance Committee | \$ 6,000               |
| Chairperson of the Finance Committee                               | \$ 8,000               |
| Other members of the Finance Committee                             | \$ 6,000               |

*(1) Mr. Lentell resigned as Lead Director effective as of January 31, 2014, in connection with our Board's determination to separate the roles of Chairman and CEO as of February 1, 2014.*

All retainers are payable in cash, in four equal installments on the first day of each quarter. None of Mr. Speese, Mr. Fadel or Mr. Davis received any cash compensation for his service as a director during 2013.

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In May 2013, our Compensation Committee engaged Hay Group, Inc. (“Hay Group”) to advise it with respect to the compensation paid to our non-employee directors as compared to similarly situated public companies. Based on such input from Hay Group, in September 2014 the Compensation Committee recommended that the annual retainer paid to non-employee directors be increased from \$40,000 to \$50,000 beginning in 2014, and our Board adopted such change. No changes to the annual cash retainers paid to our non-employee directors for their service as chairs or members of our committees were made.

## **Equity Compensation**

Our non-employee directors receive a deferred stock award pursuant to the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (the “2006 Plan”) on the first business day of each year. Each deferred stock award consists of the right to receive shares of our common stock and is fully vested upon issuance. The shares covered by the award will be issued upon the termination of the director’s service as a member of the Board. All of our non-employee directors serving on January 2, 2013 were granted deferred stock units valued at \$85,000 on that date. None of Mr. Speese, Mr. Fadel or Mr. Davis were granted any equity compensation for his service as a director during 2013.

Beginning in 2014, the annual deferred stock award to our non-employee directors will be valued at \$100,000. The Board adopted this change to the value of the equity compensation paid to our non-employee directors based on input from Hay Group received in 2013.

## **Director Equity Interest Guideline**

Our Board has adopted a guideline encouraging each non-employee member of the Board to hold at least \$200,000 in our common stock and/or the deferred stock units issued as compensation for Board service (based on the price per share on the date or dates of such acquisition) within 5 years of the later of (i) December 23, 2008, or (ii) the date of their original election or appointment to the Board, and to hold such equity interest for so long as such member continues as a director. Each of Mr. Gade, Mr. Jackson, Mr. Lentell, Mr. Roberts, Mr. Speese, and Dr. Stern have met the foregoing guideline. Mr. Pepper was appointed to the Board in May 2013.

The following table sets forth certain information regarding the compensation of our non-employee directors during 2013:

## **Director Compensation for 2013**

| Name                            | Fees Earned or<br>Paid in Cash <sup>(1)</sup> | Deferred Stock<br>Award <sup>(2)</sup> | Total     |
|---------------------------------|---|--|-----------|
| Michael J. Gade                 | \$ 71,000                                     | \$ 85,000                              | \$156,000 |
| Jeffrey M. Jackson              | \$ 76,000                                     | \$ 85,000                              | \$161,000 |
| J.V. Lentell                    | \$ 94,000                                     | \$ 85,000                              | \$179,000 |
| Steven L. Pepper <sup>(3)</sup> | \$ 46,578                                     | \$ -0-                                 | \$46,578  |
| Leonard H. Roberts              | \$ 78,000                                     | \$ 85,000                              | \$163,000 |
| Paula Stern, Ph.D.              | \$ 72,000                                     | \$ 85,000                              | \$157,000 |

(1) *Includes annual retainer, committee fees and meeting attendance fees paid to each non-employee director with respect to services rendered in 2013.*

*The amounts in this column reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note L to our consolidated financial statements for the year ended December 31, 2013 included in our Annual Report on Form 10-K filed with (2) the SEC on March 3, 2014. On January 2, 2013, each then current director was granted 2,474 deferred stock units. Each deferred stock unit represents the right to receive one share of our common stock. The deferred stock units are fully vested and non-forfeitable. The common stock will be issued to the director upon the termination of his or her service as a member of our Board.*

(3) *Mr. Pepper was appointed to fill a vacancy on the Board on May 9, 2013.*

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## **CORPORATE GOVERNANCE**

### **General**

Our Board has established corporate governance practices designed to serve the best interests of our company and our stockholders. In this regard, our Board has, among other things, adopted:

- a code of business conduct and ethics applicable to all of our Board members, as well as all of our employees, including our Chief Executive Officer, Chief Financial Officer, our principal accounting officer and controller;
- procedures regarding stockholder communications with our Board and its committees;
- separation of the Chairman and CEO roles;
- a majority voting standard in non-contested elections for directors;
- a policy for the submission of complaints or concerns relating to accounting, internal accounting controls or auditing matters;
- provisions in our Bylaws regarding director candidate nominations and other proposals by stockholders; and
- written charters for its Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee.

Our Board intends to monitor developing standards in the corporate governance area and, if appropriate, modify our policies and procedures with respect to such standards. In addition, our Board will continue to review and modify our policies and procedures as appropriate to comply with any new requirements of the Securities and Exchange Commission or Nasdaq.

### **Code of Business Conduct and Ethics**

Our Board has adopted a Code of Business Conduct and Ethics applicable to all of the members of the Board, as well as all of our employees, including our Chief Executive Officer, Chief Financial Officer, our principal accounting officer and controller. A copy of this Code of Business Conduct and Ethics is published in the “Corporate Governance” section of the “Investor Relations” section of our website at [www.rentacenter.com](http://www.rentacenter.com). We intend to make all required disclosures concerning any amendments to, or waivers from, this Code of Business Conduct and Ethics on our website.

### **Stockholder Communications with the Board**

Our Board has established a process by which stockholders may communicate with our Board. Stockholders may contact the Board or any committee of the Board by any one of the following methods:

**By mail:**

**By telephone:** Rent-A-Center, Inc.  
972-624-6210 Attn: Compliance Officer  
5501 Headquarters Drive  
Plano, TX 75024

**By e-mail:**

RAC.Board@rentacenter.com

### **Procedures for Reporting Accounting Concerns**

The Audit Committee has established procedures for (1) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, and (2) the submission by our employees, on a confidential and anonymous basis, of concerns regarding questionable accounting or auditing matters. These procedures are posted in the “Corporate Governance” section of the “Investor Relations” section of our website at [www.rentacenter.com](http://www.rentacenter.com).

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## **Director Nominations**

### **Director Nominees**

Under our Bylaws, only persons who are nominated in accordance with the procedures set forth in our Bylaws are eligible for election as, and to serve as, members of our Board. Under our Bylaws, nominations of persons for election to our Board may be made at a meeting of our stockholders (1) by or at the direction of our Board or (2) by any stockholder, provided they comply with the provisions of Article I, Sections 3 and 4 of our Bylaws. The Board has delegated the screening and recruitment process for Board members to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee selects individuals it believes are qualified to be members of the Board, and recommends those individuals to the Board for nomination for election or re-election as directors. From time to time, the Nominating and Corporate Governance Committee may engage a consultant to conduct a search to identify qualified candidates. The Nominating and Corporate Governance Committee then undertakes the evaluation process described below for any candidates so identified.

### **Qualifications**

The Nominating and Corporate Governance Committee believes that the minimum requirements for a person to be qualified to be a member of the Board are that a person must be committed to equal opportunity employment, and must not be a director, consultant, or employee of or to any competitor of ours (i.e., a company in the rent-to-own business). The Nominating and Corporate Governance Committee also believes that members of the Board should possess character, judgment, skills (such as an understanding of the retail and rent-to-own industries, business management, finance, accounting, marketing, operations and strategic planning), diversity, and experience with businesses and other organizations of a comparable size and industry. In addition, the Nominating and Corporate Governance Committee considers the composition of the current Board and the Board's needs when evaluating the experience and qualification of director candidates. The Nominating and Corporate Governance Committee evaluates whether certain individuals possess the foregoing qualities and recommends to the Board candidates for nomination to serve as our directors. This process is the same regardless of whether the nominee is recommended by one of our stockholders.

As noted above, our Nominating and Corporate Governance Committee believes that diversity is one of many attributes to be considered when selecting candidates for nomination to serve as one of our directors. In general, our Nominating and Corporate Governance Committee's goal in selecting directors for nomination to our Board is to create a well-balanced team that (1) combines diverse business and industry experience, skill sets and other leadership qualities, (2) represents diverse viewpoints and (3) enables us to pursue our strategic objectives. While the Committee carefully considers diversity when evaluating nominees for director, the Committee has not established a formal policy regarding diversity in identifying director nominees.



### **Advance Resignation Policy**

As a condition to nomination by the Nominating and Corporate Governance Committee of an incumbent director, a nominee shall submit an irrevocable offer of resignation to the Board, which resignation shall become effective in the event that (a) such nominee is proposed for reelection and is not reelected at a meeting of the stockholders in which majority voting applies and (b) the resignation is accepted by the Board by the vote of a majority of the directors, not including any director who has not been reelected.

### **Stockholder Nominations**

In addition to nominees by or at the direction of our Board, the Nominating and Corporate Governance Committee will consider candidates for nomination proposed by stockholders, so long as the stockholder provides notice and information on the proposed nominee to the Nominating and Corporate Governance Committee through the Secretary in accordance with the provisions of Article I, Sections 3 and 4 of our Bylaws relating to direct stockholder nominations.

For the Nominating and Corporate Governance Committee to consider candidates recommended by stockholders, Article I, Section 3 of our Bylaws requires that the stockholder provide notice to our Secretary (1) not less than 90 nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders, or (2) with respect to an election to be held at a special meeting of stockholders for the election of directors, no earlier than 120 days prior to the date of such special meeting,

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nor later than the close of business on the later to occur of the 90<sup>th</sup> day prior to the date of such special meeting or the 10<sup>th</sup> day following the day on which public disclosure of the date of the special meeting was made (if the first public announcement of the date of the special meeting is less than 100 days prior to the date of the special meeting). The notice to our Secretary must set forth, among other things:

- the name & address of the stockholder and/or beneficial owner making such nomination;
- class & number of shares of capital stock owned, directly or indirectly, beneficially or of record by such stockholder and/or beneficial owner;
- any derivative interests held by such stockholder and/or beneficial owner;
- proxy or voting agreements to which such stockholder and/or beneficial owner may vote any shares of any of our securities;
- short interest position of such stockholder and/or beneficial owner, if any;
- dividend rights to which such stockholder and/or beneficial owner are entitled, if separable;
- proportionate interests of such stockholder and/or beneficial owner arising out of partnership arrangements;
- performance related fees to which such stockholder and/or beneficial owner is entitled based on the increase or decrease in the value of such shares or derivative instrument;

with respect to each proposed stockholder nominee, information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected); and

with respect to each proposed stockholder nominee, a description of any compensatory and other material agreements among the nominating stockholder/beneficial owner, its affiliates and associates, and the proposed nominee.

In addition, to be timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be correct as of the record date for the meeting and as of the date that is 10 business days prior to the meeting, and such update and supplement must be delivered to our Secretary not later than 5 business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than 8 business days prior to the date for the meeting in the case of the update and supplement required to be made as of 10 business days prior to the meeting. In addition, as to each person whom the stockholder proposes to nominate for election or re-election as a director, the following information must be provided to our Secretary in accordance with the time period prescribed for the notice to our Secretary described above:

- a questionnaire furnished by our Secretary and completed by the proposed nominee; and
-

the representation and agreement of the proposed nominee regarding no voting agreements, non-disclosed compensation arrangements, and compliance upon election with our governance policies and guidelines.

The above description of the requirements that stockholders must comply with when recommending candidates for our Board is a summary only, and stockholders interested in nominating candidates to our Board are encouraged to closely review our Bylaws.

#### **Director Attendance at Annual Meeting of Stockholders**

Our Board has adopted a policy stating that each member of the Board should attend our annual meeting of stockholders. All of our directors then serving as directors attended the 2013 Annual Meeting of Stockholders.

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**PROPOSAL TWO:** RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

During 2012, the Audit Committee solicited proposals from several audit firms to serve as our independent registered public accounting firm. Following a thorough formal review of these proposals, the Audit Committee decided on December 13, 2012 to engage KPMG LLP as our independent registered public accounting firm beginning with the audit for the year ending December 31, 2013, including the 2013 quarterly reviews. In March 2014, the Audit Committee again appointed KPMG as our independent registered public accounting firm for the fiscal year ending December 31, 2014. Our Board has further directed that we submit the selection of our independent registered public accounting firm for ratification by our stockholders at the annual meeting.

Grant Thornton LLP was engaged to audit our consolidated financial statements for the year ended December 31, 2012 and was dismissed as our independent registered public accounting firm upon completion of these services when we filed our Annual Report on Form 10-K for that year. During the years ended December 31, 2011 and 2012, and through the date we filed our Annual Report on Form 10-K for the year ended December 31, 2012, we had no disagreements with Grant Thornton on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure which, if not resolved to Grant Thornton's satisfaction, would have caused it to make reference to the matter in conjunction with its report on our consolidated financial statements for the relevant year; and there were no reportable events as defined in Item 304(a)(1)(v) of SEC Regulation S-K.

Grant Thornton's audit reports on our consolidated financial statements for the years ended December 31, 2011 and 2012 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

During the years ended December 31, 2011 and 2012, and through the date we filed our Annual Report on Form 10-K for the year ended December 31, 2012, neither we, nor anyone on our behalf, consulted with KPMG with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and no written report or oral advice was provided by KPMG to us that KPMG concluded was an important factor considered by us in reaching a decision as to the accounting, auditing, or financial reporting issue or (ii) any matter that was the subject of either a disagreement (as defined in Item 304(a)(1)(iv) of SEC Regulation S-K) or a reportable event (as described in Item 304(a)(1)(v) of SEC Regulation S-K).

Representatives of KPMG will attend the annual meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions from stockholders.

The Audit Committee reviews and pre-approves both audit and all permissible non-audit services provided by our independent registered public accounting firm, and accordingly, all services and fees in 2013 provided by KPMG, and those provided in 2012 by Grant Thornton, were pre-approved by the Audit Committee. The Audit Committee has

considered whether the provision of services, other than services rendered in connection with the audit of our annual financial statements, is compatible with maintaining KPMG's or Grant Thornton's independence, as applicable. The Audit Committee has determined that the rendering of non-audit services by KPMG during the year ended December 31, 2013, and by Grant Thornton during the year ended December 31, 2012, was compatible with maintaining each firm's independence.

Stockholder ratification of the selection of KPMG as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the Board is submitting the selection of KPMG to the stockholders for ratification as a matter of good corporate practice. The Audit Committee believes it to be in the best interests of our stockholders to retain, and has retained, KPMG as our independent registered public accounting firm for the year ending December 31, 2014. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to continue the retention of KPMG. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in our best interests and those of our stockholders. The Audit Committee annually reviews the performance of our independent registered public accounting firm and the fees charged for their services. Based upon the Audit Committee's analysis of this information, the Audit Committee will determine which registered independent public accounting firm to engage to perform our annual audit each year.

**Our Board of Directors recommends that you vote "FOR" the proposal to ratify the selection of KPMG LLP as our independent registered public accounting firm.**

[Back to Contents](#)**Principal Accountant Fees and Services**

The aggregate fees billed by KPMG LLP for the year ended December 31, 2013, and by Grant Thornton LLP for the year ended December 31, 2012 for the professional services described below are as follows:

|                    | 2013                       | 2012                       |
|--------------------|----------------------------|----------------------------|
| Audit Fees         | \$1,110,000 <sup>(1)</sup> | \$1,042,225 <sup>(4)</sup> |
| Audit-Related Fees | \$294,000 <sup>(2)</sup>   | \$36,310 <sup>(5)</sup>    |
| Tax Fees           | \$98,400 <sup>(3)</sup>    | \$147,722 <sup>(6)</sup>   |
| All Other Fees     | \$-0-                      | \$-0-                      |

*Represents the aggregate fees billed by KPMG for (a) professional services rendered for the audit of our annual financial statements for 2013, (b) the audit of management's assessment of the effectiveness of our internal controls over financial reporting as of December 31, 2013, and (c) reviews of the financial statements included in our Forms 10-Q filed with the SEC.*

*Represents the aggregate fees billed by KPMG for 2013 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under the caption "Audit Fees." These services comprise engagements related to employee benefit plans and other matters.*

*Represents the aggregate fees billed by KPMG for professional services rendered for tax compliance, tax advice and tax planning. This amount consists of fees related to federal research tax credits and international tax advice and planning in 2013.*

*Represents the aggregate fees billed by Grant Thornton for (a) professional services rendered for the audit of our annual financial statements for 2012, (b) the audit of management's assessment of the effectiveness of our internal controls over financial reporting as of December 31, 2012, and (c) reviews of the financial statements included in our Forms 10-Q filed with the SEC.*

*Represents the aggregate fees billed by Grant Thornton for 2012 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under the caption "Audit Fees." These services comprise engagements related to employee benefit plans, financial statement audit of a related entity in connection with an acquisition, and other matters.*

*Represents the aggregate fees billed by Grant Thornton for professional services rendered for tax compliance, tax advice and tax planning. This amount consists of fees related to federal research tax credits and state tax work in 2012.*

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## AUDIT COMMITTEE REPORT

In accordance with its written charter adopted by the Board, the Audit Committee assists the Board in fulfilling its oversight responsibilities by, among other things, reviewing the financial reports and other financial information provided by the Company to any governmental body or the public.

In discharging its oversight responsibilities, the Audit Committee obtained from the independent registered public accounting firm a formal written statement describing all relationships between the firm and the Company that might bear on the auditors' independence consistent with the applicable requirements of the Public Company Accounting Standards Board, discussed with the independent auditors any relationships that may impact their objectivity and independence, and satisfied itself as to the auditors' independence. The Audit Committee also discussed with management, the internal auditors and the independent auditors the integrity of the Company's financial reporting processes, including the Company's internal accounting systems and controls, and reviewed with management and the independent auditors the Company's significant accounting principles and financial reporting issues, including judgments made in connection with the preparation of the Company's financial statements. The Audit Committee also reviewed with the independent auditors their audit plans, audit scope and identification of audit risks.

The Audit Committee discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board, and, with and without management present, discussed and reviewed the results of the independent auditors' examination of the consolidated financial statements of the Company.

The Audit Committee reviewed and discussed the audited consolidated financial statements of the Company as of and for the year ended December 31, 2013 with management and the independent auditors. Management is responsible for the Company's financial reporting process, including its system of internal control over financial reporting (as defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934), and for the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles. The independent auditor is responsible for auditing those financial statements, and expressing an opinion on the effectiveness of internal control over financial reporting. The Audit Committee's responsibility is to monitor and review these processes. The members of the Audit Committee are "independent" as defined by SEC and Nasdaq rules, and our Board has determined that each of Jeffery M. Jackson and Steven L. Pepper is an "audit committee financial expert" as defined by SEC rules.

The Audit Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits, including internal control testing under Section 404 of the Sarbanes-Oxley Act. The Audit Committee periodically meets with the Company's internal and independent auditors, with and without management present, and in private sessions with members of senior management to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Audit Committee also periodically meets in executive session.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board subsequently approved the recommendation) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the Securities and Exchange Commission.

**AUDIT COMMITTEE**

Jeffery M. Jackson, *Chairman*  
Steven L. Pepper  
Paula Stern, Ph.D.

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[Back to Contents](#)**EXECUTIVE OFFICERS**

The Board appoints our executive officers at the first Board meeting following our annual stockholders meeting and updates the executive officer positions as needed throughout the year. Each executive officer serves at the behest of the Board and until their successors are appointed, or until the earlier of their death, resignation or removal.

The following table sets forth certain information with respect to our executive officers as of the date of this proxy statement:

| <b>Name</b>          | <b>Age</b> | <b>Position</b>   |
|----------------------|------------|---|
| Robert D. Davis      | 42         | Chief Executive Officer                                 |
| Mitchell E. Fadel    | 56         | President and Chief Operating Officer                   |
| Ricardo Cordon       | 66         | Executive Vice President — Mexico                       |
| Ronald D. DeMoss     | 63         | Executive Vice President — General Counsel              |
| Fred E. Herman       | 57         | Executive Vice President — Shared Services              |
| Christopher A. Korst | 54         | Executive Vice President — Chief Administrative Officer |
| Joel M. Mussat       | 42         | Executive Vice President — Chief Omnichannel Officer    |
| Charles J. White     | 52         | Executive Vice President — Domestic RTO Operations      |

**Robert D. Davis.** Mr. Davis was named Chief Executive Officer effective as of February 1, 2014, after previously serving as Executive Vice President – Finance since February 2008, as our Chief Financial Officer since March 1999 and as our Treasurer since January 1997. From September 1999 until February 2008, Mr. Davis served as our Senior Vice President – Finance. From September 1998 until September 1999, Mr. Davis served as our Vice President – Finance and Treasurer. Mr. Davis began his employment with us in 1993.

**Mitchell E. Fadel.** Mr. Fadel has served as President since July 2000, and as our Chief Operating Officer since December 2002. From November 1992 until July 2000, Mr. Fadel served as President and Chief Executive Officer of our franchising subsidiary.

**Ricardo Cordon.** Mr. Cordon was named Executive Vice President – Mexico effective as of January 1, 2014. Mr. Cordon previously served as our Senior Vice President – Tax, International Governance and Assistant Treasurer from August 2011 to December 2013, and as Vice President – Tax and Assistant Treasurer from July 2007 to August 2011.

**Ronald D. DeMoss.** Mr. DeMoss has served as Executive Vice President – General Counsel since August 2008, and served as our Senior Vice President – General Counsel from January 2008 to July 2008. From January 2008 until July 2011, Mr. DeMoss also served as our Secretary. From November 2006 until December 2007, Mr. DeMoss served as our Vice President – Assistant General Counsel. Mr. DeMoss previously served as Vice President and General Counsel

of Rent-Way, Inc. from February 1996 to November 2006. We acquired Rent-Way in November 2006.

**Fred E. Herman.** Mr. Herman was named Executive Vice President – Shared Services effective as of January 1, 2014. Mr. Herman served as the Chief Risk and Compliance Officer from May 2011 until December 2013, as the Vice President of Internal Audit from January 2005 until May 2011 and as the Director of Internal Audit from April 2003 until January 2005. From 1980 to 2003, Mr. Herman worked in public accounting and in internal audit with several public companies.

**Christopher A. Korst.** Mr. Korst was named Executive Vice President – Chief Administrative Officer effective as of January 1, 2014. Previously, Mr. Korst served as Executive Vice President – Domestic Operations from May 2012 to December 2013, as our Executive Vice President – Operations from January 2008 until April 2012, and as our Senior Vice President – General Counsel from May 2001 to January 2008. Mr. Korst also served as our Secretary from September 2004 until January 2008. From January 2000 until May 2001, Mr. Korst owned and operated AdvantEdge Quality Cars, which he acquired in a management buyout.

**Joel M. Mussat.** Mr. Mussat was named Executive Vice President – Chief Omnichannel Officer effective as of January 1, 2014. Previously, Mr. Mussat served as Executive Vice President – Emerging Businesses since May 2012, and as our Executive Vice President - Emerging Businesses and Strategic Planning from August 2011 until April 2012. He served as Senior Vice President – Strategic Planning and New Business Development from December 2009 until August 2011, and as Vice President – Strategic Planning from December 2005 until December 2009.

**Charles J. White.** Mr. White was named Executive Vice President – RTO Domestic Operations effective as of January 1, 2014. Previously, Mr. White served as Senior Vice President – RAC Acceptance from August 2011 to December 2013. From September 2002 to July 2011, Mr. White served as one of our division vice presidents, and as one of our regional directors from January 2000 to September 2002. Prior to joining us as a district manager in 1995, Mr. White served for six years in the Army National Guard and for six years in the U.S. Navy.

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## COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with our management and, based upon such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement on Schedule 14A related to the 2013 Annual Meeting of Stockholders, for filing with the Securities and Exchange Commission.

## COMPENSATION COMMITTEE

Leonard H. Roberts, *Chairman*

Michael J. Gade

J.V. Lentell

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Compensation Program Objectives

Decisions with respect to compensation of our executive officers, including our Chief Executive Officer and other named executive officers, are made by our Compensation Committee, which is comprised solely of independent directors. Our Compensation Committee has identified four primary objectives for our executive compensation program, which guide the decisions it makes with respect to the amount and type of compensation paid to our named executive officers. The objectives of our executive compensation program are to:

- attract, retain and motivate senior executives with competitive compensation opportunities;
- balance short-term and long-term strategic goals;
- align our executive compensation program with the core values identified in our mission statement, which focuses on improving the quality of life for our co-workers and our customers; and
- reward achievement of our financial and non-financial goals.

The compensation philosophy is generally to target total direct compensation (base salary, annual incentive and long-term incentive compensation) at the 50<sup>th</sup> percentile of that paid at similarly-situated public companies in the

retail and consumer finance sector. The Company places a premium on aligning rewards with desired performance, and as such spends a noticeable portion of its variable compensation on key performers and those deemed to be critical contributors over the longer term.

## **Executive Summary**

We are committed to a pay-for-performance culture. The compensation program is reviewed annually in order to assure that its objectives and components are aligned with the Company's growth goals and culture, and also that it incentivizes short- and long-term profitable growth.

## **2013 Financial and Strategic Highlights**

Despite disappointing financial results for the year ended December 31, 2013, we continued to return value to our stockholders and focus on our strategic growth goals. The following key accomplishments were achieved in fiscal 2013:

- Completed a \$200 million accelerated share repurchase transaction;
- Continued executing on our growth strategies with revenue increases of over 46% in our Acceptance Now segment and over 45% in our International segment; and
- Increased quarterly dividend approximately 10% from \$0.21 to \$0.23, beginning with the dividend for the first quarter of 2014;

In addition, we recently launched a multi-year program designed to transform and modernize our operations company-wide in order to improve the profitability of the Core U.S. segment while continuing to support our Acceptance Now and International segments. This program is focused on building new competencies and capabilities through a variety of operational and infrastructure initiatives such as developing a new supply chain, formulating a customer-focused value-based pricing strategy, optimizing our store footprint, and innovating our digital e-commerce capabilities.

Please refer to our Annual Report on Form 10-K for the year ended December 31, 2013 for more information.

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## **Pay for Performance**

Our executive compensation program directly links a substantial portion of executive compensation to our financial performance through annual and long-term incentives. We failed to achieve at least 90% of the pre-tax net income target for 2013, and, therefore, no portion of the bonus opportunity attributable to the pre-tax net income goal or the revenue target was paid to our named executive officers.

The mix of the key compensation elements for our Chief Executive Officer and our other named executive officers for fiscal 2013 is shown below. The Actual Compensation Mix charts describe each element of actual compensation as a percent of total direct compensation for fiscal 2013.

### CEO ACTUAL PAY MIX    NEO ACTUAL AVERAGE PAY MIX

The Actual Compensation Mix charts above include salary with respect to 2013, the actual amount paid under the 2013 annual cash incentive program, and the estimated grant date value of stock options, restricted stock units and performance stock units granted during fiscal 2013, as shown in the Summary Compensation Table on page 29. The value of all of the long-term incentive compensation vehicles (stock options, restricted stock units (RSUs), and performance share units (PSUs)) is time vested and depends upon our financial performance over the measurement or vesting period.

## **Stockholder Advisory Vote**

In May 2013, we held a stockholder advisory vote on the compensation of our named executive officers, referred to as a say-on-pay vote. Our stockholders approved the compensation of our named executive officers, with approximately 96% of the shares of common stock present and entitled to vote at the meeting cast in favor of our proposal. Compensation decisions and changes implemented in fiscal 2013 were made keeping in mind the support stockholders expressed for our compensation philosophy and pay-for-performance culture. As a result, our Compensation Committee kept most facets of the executive compensation program consistent, with an emphasis on short and long-term incentive compensation that rewards our executives upon value creation for our stockholders.

## **Compensation Process**

The Compensation Committee typically begins the process of determining the amount and mix of total compensation to be paid to our senior executives, including our named executive officers, in December of each year and finalizes the amounts the following January. This enables the Compensation Committee to examine and consider our performance during the previous year in establishing the current year's compensation.

The Compensation Committee has traditionally relied heavily on the input and recommendations of our Chairman of the Board and former Chief Executive Officer, Mark E. Speese, who reviews and makes recommendations to the Compensation Committee with respect to our executive compensation programs. The Compensation Committee believes Mr. Speese's unique insight into our business, his role as a founder of our company, his day-to-day interaction with our senior executives, as well as his over 30 years of experience in the rent-to-own industry, provides a valuable resource to the Compensation Committee. Prior to providing his input and recommendations to the Compensation Committee, our Human Resources department prepares, and Mr. Speese reviews, an informal position-level analysis of our

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compensation programs company-wide, which includes a review of our named executive officers' compensation for internal consistency relative to our other officers and employees, and attempts to achieve consistency between the relative difference between the compensation of our named executive officers and the compensation of our other officers and employees. Mr. Speese does not, however, participate in the discussions among the members of the Compensation Committee with respect to his own compensation.

The Compensation Committee determines each year whether to retain a compensation consultant to assist it with compensation decisions for the upcoming fiscal year. In May 2013, the Compensation Committee approved the engagement of Hay Group to conduct a formal evaluation of, and advise it with respect to, the compensation arrangements for our Chief Executive Officer, as well as provide guidance with respect to the compensation of our senior executives, including our other named executive officers. In determining whether to engage Hay Group to provide such services, the Compensation Committee considered whether such engagement would create any conflicts of interest and determined that the engagement of Hay Group by the Company to advise it with respect to compensation to be paid to our senior executive management for 2014 did not create any such conflicts. Hay Group was engaged directly by the Compensation Committee and has performed no other services to us or any of our executive officers or directors.

Based on the work performed by Hay Group, the Compensation Committee determined that the following similarly-situated public companies (the "Peer Group") provided an appropriate comparison for the purpose of evaluating our compensation arrangements for our senior executives and directors:

|                                  |                          |                   |                            |
|----------------------------------|--------------------------|-------------------|----------------------------|
| Aaron's, Inc.                    | Advance Auto Parts, Inc. | Big Lots Inc.     | Brinker International Inc. |
| Cash America International, Inc. | DFC Global Corp.         | Dollar Tree, Inc. | EZCORP, Inc.               |
| Fred's, Inc.                     | hhgregg, Inc.            | H&R Block, Inc.   | Michaels Stores, Inc.      |
| O'Reilly Automotive Inc.         | Pier 1 Imports, Inc.     | RadioShack Corp.  | Sally Beauty, Inc.         |

The following criteria were used to establish this Peer Group:

- U.S.-based public companies with a similar business focus as ours, including both consumer finance and retail (particularly home furnishings, appliances and other retail organizations with which we compete for customers in a similar demographic);
- Companies with revenue similar to us (generally 0.5 to 2.0 times our revenue); and
- Competitors for executive talent.

Two companies which were previously included in the Peer Group (AutoZone, Inc. and Family Dollar Stores, Inc.) were removed and replaced with Michaels Stores, Inc. and Sally Beauty, Inc. because such companies more closely matched the criteria set forth above. The Compensation Committee approved the use of this Peer Group in the fall of 2013.

Finally, various members of the Compensation Committee have significant professional experience in the retail industry, as well as with respect to the executive compensation practices of large publicly-traded companies. This experience provides a frame of reference within which to evaluate our executive compensation program relative to general economic conditions and our progress in achieving our short-term and long-term goals.

When the Compensation Committee considers the mix and amount of total compensation for our named executive officers, it reviews tally sheets which contains information regarding, among other things:

- each named executive officer's compensation and benefits for the previous three years; and
- the type and amount of long-term incentive awards granted to each named executive officer in the previous three years, including any amounts which have become vested.

The Compensation Committee uses these tally sheets to estimate the total annual compensation of the named executive officers, and to provide a perspective on the named executive officers' wealth accumulation from our compensation programs. Before finalizing the compensation of the named executive officers for any given year, the tally sheets allow the Compensation Committee to fully understand the impact that its decisions will have on each named executive officer's total existing and potential compensation.

See the sections entitled "*Potential Payments and Benefits Upon Termination Without a Change in Control*" and "*Potential Payments and Benefits Upon Termination With a Change in Control*" beginning on pages 36 and 37, respectively, of this proxy statement for the total amount of compensation and benefits each named executive officer could receive as a result of the various termination events and a description of our severance arrangements beginning on page 34 of this proxy statement.

## **Forms of Compensation**

The following forms of compensation are currently utilized by the Compensation Committee in compensating our named executive officers:

- base salary, which is paid in cash;
- annual incentive compensation, which is paid in cash;
- long-term incentive compensation, which consists of stock options, restricted shares, performance shares;



- severance arrangements; and
- fringe benefits, including perquisites, with no tax gross-ups.

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## Base Salary

The base salary for each of our named executive officers represents the guaranteed portion of their total compensation and is determined annually by the Compensation Committee. Base salary is intended to reward the performance of each named executive officer during the fiscal year relative to his position with us. In establishing the base salary for each of our named executive officers, the Compensation Committee reviews:

- the named executive officer's historical performance in his position with us, based on the input received from Mr. Speese, including the financial performance within his or her area of responsibility and other factors;
- Mr. Speese's recommendations as to the proposed base salary (other than his own);
- our financial performance; and
- market pay practices.

At the beginning of each year, the Compensation Committee considers whether adjustments would be made to the annual base salaries for our named executive officers. During the Compensation Committee's review of the current base salaries, the Compensation Committee primarily considers market data, input provided by our Human Resources department, the input of Mr. Speese (other than with respect to his own base salary), individual performance, our financial performance, the experience of the executive officer, and each named executive officer's compensation in relation to our other executive officers.

In determining Mr. Speese's base salary for 2013, the Compensation Committee considered our financial performance in 2012, the level of compensation paid to the highest paid executive at peer companies, the amount of the increase in Mr. Speese's base salary for 2012 to more closely align his base pay with the market median, and market data as reported by the peers in the Hay Group 2012 Retail Remuneration Survey. Such market data indicated Mr. Speese's base salary in 2012 was consistent with Rent-A-Center's stated pay philosophy of targeting the 50<sup>th</sup> percentile. Accordingly, the Compensation Committee increased Mr. Speese's base salary for 2013 at a modest rate consistent with the salary increases for our other named executive officers.

The Compensation Committee approved the following base salaries of the named executive officers for 2013 and 2014 as set forth in the table below. The base salary adjustments for 2013 and 2014 were effective March 2, 2013, and March 1, 2014, respectively.

## ANNUAL BASE SALARIES

| Name                 | 2012<br>Base<br>Salary | 2013<br>Base<br>Salary | 2014<br>Base<br>Salary |
|----------------------|------------------------|------------------------|------------------------|
| Mark E. Speese       | \$950,000              | \$983,250              | \$ (1)                 |
| Robert D. Davis      | \$446,700              | \$469,035              | \$750,000(2)           |
| Mitchell E. Fadel    | \$605,200              | \$623,356              | \$642,057              |
| Theodore V. DeMarino | \$360,000              | \$374,400              | \$ (3)                 |
| Christopher A. Korst | \$382,336              | \$393,806              | \$405,620              |
| Ronald D. DeMoss     | \$350,000              | \$367,500              | \$378,525              |

(1) *Mr. Speese is no longer an employee of the Company. Effective as of February 1, 2014, Mr. Speese will be compensated as our Chairman as set forth under CEO Transition.*

(2) *Mr. Davis was appointed Chief Executive Officer effective as of February 1, 2014.*

(3) *Mr. DeMarino's employment was terminated on December 20, 2013.*

### Annual Cash Incentive Compensation

The Compensation Committee maintains an annual incentive compensation program for our executive officers that provides for awards in the form of a cash bonus. The Compensation Committee believes that cash bonuses are appropriate to promote our interests as well as those of our stockholders by providing our named executive officers with short-term financial rewards based upon achievement of specified short-term objectives, which the Compensation Committee believes will ultimately increase the value of our stock, as well as help us attract and retain our named executive officers by providing attractive compensation opportunities.

Our named executive officers participate in our annual cash incentive program. Under our annual cash incentive program, cash bonus eligibility is established at a pre-determined percentage of the named executive officer's base salary, with such percentage amount set in accordance with the eligible named executive officer's position and responsibilities with us. The percentage allocated as well as the potential ultimate payouts pursuant to our annual cash incentive program for each year are typically approved by the Compensation Committee in January at the same time that all compensation for our named executive officers is reviewed and, if applicable, approved. This enables the Compensation Committee to examine the named executive officer's performance during the previous year, as well as determine financial performance targets for the new fiscal year based in part upon the previous year's performance. No changes to the eligible bonus percentages for our named executive officers were made for the 2013 annual cash incentive program.

For 2013, the annual cash incentive program included two financial performance metrics: pre-tax net income and corporate revenue, as well as a target tied to each named executive officer's compliance with our servant leadership values. The Compensation Committee includes pre-tax net income as one of the performance measures for our annual cash incentive program because it believes that pre-tax net income generally represents an accurate indicator of



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our financial performance over a one-year period of time. The inclusion of the corporate revenue target in the annual cash incentive program reflects the Compensation Committee's determination that although a substantial portion of the cash bonus opportunity should be dependent on our profitability, a portion of such cash bonus opportunity should be based on our revenue growth. In addition, the Compensation Committee believes that a portion of each named executive officer's cash bonus opportunity should be determined on the basis of such individual's compliance with our servant leadership values. Accordingly, the potential annual incentive award for the named executive officers for the 2013 annual cash incentive program was divided as follows:

|  | <b>Revenue Target<sup>(1)</sup></b> |                 |        |  |                         |                       |  |
|--|-------------------------------------|-----------------|--------|--|-------------------------|-----------------------|--|
|  | Pre-tax<br>Net<br>Income            | Company<br>Wide |        |  | Division <sup>(2)</sup> | Servant<br>Leadership |  |
| NEO  |                                     |                 |        |  |                         |                       |  |
| Mark E. Speese, Robert D. Davis, Mitchell E. Fadel, Theodore V. DeMarino, and Ronald D. DeMoss | 65 %                                | 25 %            | –      |  |                         | 10 %                  |  |
| Christopher A. Korst   | 65 %                                | 12.5 %          | 12.5 % |  |                         | 10 %                  |  |

(1) *No portion of the potential annual incentive award attributable to achievement of the revenue target shall be earned unless at least 90% of the pre-tax net income target amount is met.*

(2) *Territory over which the named executive officer is directly responsible.*

The financial performance targets for the 2013 annual cash incentive program were established in January 2013 following a review of our financial projections developed pursuant to our strategic plan and objectives for 2013. Based upon that review, the Compensation Committee established a corporate revenue target under the 2013 annual cash incentive program in the amount of \$3.317 billion and a pre-tax consolidated net income target under the 2013 annual cash incentive program in the amount of \$314.6 million, an increase of approximately 6.1% over the pre-tax consolidated net income target under the 2012 annual cash incentive program. In setting the pre-tax consolidated net income target under the 2013 annual cash incentive program, the Compensation Committee considered (i) the level of achievement of the pre-tax consolidated net income target for the 2012 annual cash incentive program and (ii) the level of the Company's anticipated investment in its growth strategies for 2013. The Compensation Committee further determined that, consistent with its views as to the financial performance measures for our annual cash incentive program, each eligible executive officer may receive (1) an additional bonus amount in the event that we exceed the financial performance targets for the fiscal year, and (2) a portion of the bonus in the event that we approach, yet fail to achieve, the target levels of financial performance. In addition, the Compensation Committee conditioned the payment of any amounts under the 2013 annual cash incentive program on the achievement of a minimum of 90% of the pre-tax consolidated net income target.

With respect to the servant leadership portion of the 2013 annual cash incentive program, which represents 10% of the total bonus opportunity, the named executive officer could earn from 0% to 100% depending on the score such officer receives on a servant leadership index survey completed with respect to such officer by his supervisor, peers and direct reports. Survey participants review a series of positive behavior statements (such as "has earned my trust," clearly communicates expectations," "displays humility" and "demonstrates respect for others by listening to their viewpoint") and rank the subject officer on a scale of one to five, with five indicating that the subject officer always demonstrates the applicable behavior, and one indicating that the subject officer never demonstrates the applicable behavior. Each named executive officer receives an aggregated score based on all responses. A score of 4.60 or higher is required to

earn 100% of the 10% total bonus opportunity with respect to servant leadership.

In January 2014, the Compensation Committee determined the level of achievement of the revenue and pre-tax profit targets as previously set by the Committee with respect to the 2013 annual cash incentive program. The Committee reviewed the Company's financial results, including the calculation of the Company's pre-tax profit for the fiscal year ended December 31, 2013, and determined that the Company's pre-tax profit for purposes of the 2013 annual cash incentive program was equal to \$207.4 million, or 66% of the pre-tax consolidated net income target. The Committee further determined that the total revenue earned by the Company for the fiscal year ended December 31, 2013 was \$3.1 billion, as compared to the revenue target of \$3.317 billion.

As a result of the failure to achieve at least 90% of the pre-tax consolidated net income target set in connection with the 2013 annual cash incentive program, no amounts, including with respect to the portion of each named executive officer's bonus opportunity attributable to servant leadership, would be payable with respect to the 2013 fiscal year. In late 2013, the Compensation Committee considered whether the target bonus amounts which would be payable to the Company's named executive officers pursuant to the servant leadership portion of the 2013 annual cash incentive program should be paid notwithstanding the Company's failure to achieve a minimum of 90% of the pre-tax consolidated net income target for 2013. In January 2014, the Compensation Committee determined that it was in the best interest of the Company and its stockholders to pay the target bonus amounts which would be payable to the Company's named executive officers pursuant to the servant leadership portion of the 2013 annual cash incentive program notwithstanding the Company's failure to achieve a minimum of 90% of the pre-tax consolidated net income target for 2013. In making this determination, the Compensation Committee considered the importance of consistently incentivizing and rewarding the Company's named executive officers for behaviors consistent with the Company's servant leadership values under all financial performance circumstances. The Compensation Committee also considered that the servant leadership portion of the 2013 annual cash incentive program was performance-based, in that the named executive officer could earn from 0% to 100% of the target amount depending on the score such officer receives on the servant leadership index survey completed with respect to such officer by his supervisor, peers and direct reports, as described above.

The Compensation Committee further determined that beginning in 2014, the target bonus amounts which may be payable to the Company's named executive officers pursuant to the servant leadership portion of future annual cash incentive programs would not be conditioned on the achievement of a certain level

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of financial performance, but would continue to be subject to a range of payments based on each named executive officer's score on the servant leadership index survey completed with respect to such officer by his supervisor, peers and direct reports.

The target and actual amounts awarded to our named executive officers for their annual cash incentive bonus for 2013 performance are set forth below and included in the *Summary Compensation Table* under the column "Non-Equity Incentive Plan Compensation" on page 29 of this proxy statement.

**2013 ANNUAL CASH INCENTIVE AWARD**

| Name                 | 2013 Incentive Target (%) | 2013 Incentive Target (\$) | 2013 Actual Annual Cash Incentive Award | 2013 Actual Annual Cash Incentive Award as a % of Target |   |
|----------------------|---------------------------|----------------------------|---|--|---|
| Mark E. Speese       | 100                       | % \$ 983,250               | \$ 0                                    | 0  | % |
| Robert D. Davis      | 55                        | % \$ 257,969               | \$ 25,797                               | 10.0   | % |
| Mitchell E. Fadel    | 75                        | % \$ 467,517               | \$ 46,752                               | 10.0   | % |
| Theodore V. DeMarino | 50                        | % \$ 187,200               | \$ 18,156                               | 9.7  | % |
| Christopher A. Korst | 50                        | % \$ 196,903               | \$ 19,690                               | 10.0   | % |
| Ronald D. DeMoss     | 50                        | % \$ 183,750               | \$ 18,375                               | 10.0   | % |

**Long-Term Incentive Compensation**

Our equity incentive plans are administered by the Compensation Committee and are designed to enable the Compensation Committee to provide incentive compensation to our employees in the form of stock options, stock awards, other equity awards, and performance-based equity awards. The Compensation Committee believes that awarding our named executive officers non-cash, long-term equity incentive compensation, primarily in the form of long-term incentive awards which may increase in value in conjunction with the satisfaction by us of pre-determined performance measures and/or an increase in the value of our common stock, more effectively aligns their interests with ours. The Compensation Committee also believes that such awards will provide our named executive officers with an incentive to remain in their positions with us, since the determination as to whether a particular measure for our performance and/or an increase in the value of our common stock has been satisfied is typically made over an extended period of time. In general, the Compensation Committee considers equity awards to our named executive officers on an annual basis, normally in January of each year.

Generally, long-term incentive awards are made to our named executive officers pursuant to (i) the 2006 Plan and (ii) the Rent-A-Center, Inc. 2006 Equity Incentive Plan, which we refer to as the "Equity Plan." Under the terms of each of the 2006 Plan and the Equity Plan, awards may be granted at times and upon vesting and other conditions as determined by the Compensation Committee, and may be made in the form of stock options, stock awards, other equity awards, and performance-based equity awards. Stock option awards under our equity incentive plans are

granted at the fair market value per share of our common stock on the date the option is granted as determined by reference to the closing price for shares of our common stock on the Nasdaq Global Select Market on the last market trading day prior to the date the option is granted. The options granted to our named executive officers typically vest ratably over a four-year period, commencing one year from the date of grant, and expire after 10 years.

The restricted stock units granted by our Compensation Committee cliff vest either after a set period of time or upon the achievement of specified goals for our performance over a period of time. Awards of restricted stock with time-based vesting provide our named executive officers with a minimum level of value while also providing an additional incentive for such individuals to remain in their positions with us. Awards of restricted stock with performance-based vesting provide an additional incentive for our named executive officers to remain in their positions with us in order to realize the benefit of such award and also focus them on a performance parameter which the Compensation Committee considers beneficial to increasing the value of our stock, and consequently, stockholder value.

The Compensation Committee determines the timing of the annual grants of stock options and restricted stock units to our named executive officers as well as the terms and restrictions applicable to such grants. The Compensation Committee approves generally in January of each year the annual grant to our executive officers after the Compensation Committee has reviewed the information set forth in the tally sheets. Grants may also be made in connection with commencement of employment, promotions, or tenure.

*2013 Long-term Incentive Compensation Awards.* The Compensation Committee adjusted the aggregate amount of the long-term incentive compensation awards for 2013 for Mr. Speese and Mr. Fadel to increase the size of the award to an amount commensurate with the 50<sup>th</sup> percentile of other similarly-situated companies, including the Peer Group. No changes to the aggregate amount of the long-term incentive compensation awards for 2013 were made for our other named executive officers. Consistent with prior years, the long-term incentive compensation awards for 2013 were comprised of three vehicles, weighted as follows: (i) 35% of the value of the award issued in stock options, (ii) 25% of the value of the award issued in time based restricted stock units and (iii) 40% of the value of the award issued in performance-based restricted stock units. Accordingly, on January 31, 2013, the Compensation Committee granted awards under the long-term incentive plan to our named executive officers, targeting grant values by type of award, as follows:



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| Name                 | Stock Options | Restricted Stock Units |                           | Total       |
|----------------------|---------------|------------------------|---------------------------|-------------|
|                      |               | Time-Based Vesting     | Performance-Based Vesting |             |
| Mark E. Speese       | \$ 774,309    | \$553,078              | \$ 884,925                | \$2,212,313 |
| Robert D. Davis      | \$ 164,162    | \$117,259              | \$ 187,614                | \$469,035   |
| Mitchell E. Fadel    | \$ 327,262    | \$233,759              | \$ 374,014                | \$935,035   |
| Theodore V. DeMarino | \$ 98,280     | \$70,200               | \$ 112,320                | \$280,800   |
| Christopher A. Korst | \$ 103,374    | \$73,839               | \$ 118,142                | \$295,355   |
| Ronald D. DeMoss     | \$ 96,469     | \$68,906               | \$ 110,250                | \$275,625   |

Consistent with prior long-term incentive awards years, the awards of restricted stock with performance-based vesting to our named executive officers in January 2013 contained provisions with respect to our achievement of EBITDA. The Compensation Committee established a three-year EBITDA target as the appropriate basis upon which to measure our performance in this context. The Compensation Committee believes EBITDA represents an accurate indicator of our performance over an extended period of time, as an EBITDA measure incorporates certain factors which the Compensation Committee believes are important to an understanding of our performance over such period, such as an increase in revenue as well as the management of our expenses, while not incorporating other factors which the Compensation Committee does not believe are important to an understanding of our performance over such period, such as any repurchases of our outstanding shares which would affect an earnings per share measurement. The Compensation Committee selected a three-year period over which to measure EBITDA based upon the time-period utilized with respect to awards made by similarly-situated public companies in the retail industry, as well as upon its belief that a three-year measurement period was appropriate to place an emphasis on our operating results over an extended period of time, as opposed to the single year measure which is utilized in our annual cash incentive program.

In setting the target amount of EBITDA over such three-year period, the Compensation Committee reviewed with Mr. Speese our financial projections as well as the market's expectations with respect to our financial performance over such period. The three-year EBITDA target for the 2013 performance-based awards was set at \$1.593 billion. Each eligible named executive officer may receive (1) an additional payout pursuant to such award in the event that we exceed the target EBITDA over such period, and (2) a portion of the target payout pursuant to such award in the event that we approach, yet fail to achieve, the target level of financial performance.

The percentage of the restricted stock unit awards to be received by each named executive office if we miss, meet, or exceed the target three-year EBITDA is set forth in the table below:

### **2013 LONG-TERM INCENTIVE COMPENSATION – FINANCIAL PERFORMANCE TARGET FOR PERFORMANCE-BASED AWARD**

| <b>LTIP EBITDA Target</b> | <b>% of Incentive Paid</b> |   |
|---------------------------|----------------------------|---|
| < 80%                     | 0                          | % |
| 80.0% to 83.5%            | 50                         | % |
| 83.6% to 87.1%            | 60                         | % |

|                  |     |   |
|------------------|-----|---|
| 87.2% to 90.7%   | 70  | % |
| 90.8% to 94.3%   | 80  | % |
| 94.4% to 97.9%   | 90  | % |
| 98.0% to 102.0%  | 100 | % |
| 102.1% to 105.6% | 120 | % |
| 105.7% to 109.2% | 140 | % |
| 109.3% to 112.8% | 160 | % |
| 112.9% to 115.0% | 180 | % |
| > 115.0%         | 200 | % |

See the *Grants of Plan-Based Awards* table under the column “Estimated Future Payouts Under Equity Incentive Plan Awards” on page 30 of this proxy statement for threshold, target, and maximum amounts payable to our named executive officers under the 2013 long-term incentive performance-based awards.

*Vesting of Long-term Incentive Compensation Awards.* In January 2013, the Compensation Committee determined the level of achievement of the three-year EBITDA target previously set by the Compensation Committee with respect to the long-term incentive performance-based awards made in January 2010. The Compensation Committee reviewed the Company’s EBITDA for each of the three years in the period January 1, 2010 through December 31, 2012, and determined that the Company’s aggregate EBITDA for such three-year period for purposes of the 2010 long-term incentive performance-based awards was equal to \$1,128.1 million, or 101.5% of the EBITDA target previously set by the Compensation Committee in the amount of \$1,111.9 million. Accordingly, the Compensation Committee determined, in accordance with the terms of the 2010 long-term incentive performance-based awards, that 110% of the performance-based restricted stock units granted as part of the 2010 long-term incentive compensation awards were earned and became vested as of January 29, 2013. See the *Option Exercises and Stock Vested* table under the column “Number of Shares Acquired on Vesting” on page 33 for the number of shares earned by our named executive officers under the 2010 long-term incentive performance-based awards.

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## **Severance Arrangements**

We have executive transition agreements with our named executive officers to provide certain payments and benefits upon an involuntary termination of the named executive officer's employment or the occurrence of certain other circumstances that may affect the named executive officer. The Compensation Committee believes that such severance arrangements assist us in recruiting and retaining top-level talent. In addition, formalizing our severance practices benefits us (1) by providing us with certainty in terms of our obligations to an eligible executive in the event that our relationship with him or her is severed and (2) by virtue of the non-competition, non-solicitation and release provisions in our loyalty agreements, which inure to our benefit in the event that an eligible executive severs employment with us.

For a more detailed description of the severance arrangements which apply to our named executive officers, please see "*Termination of Employment and Change-in-Control Arrangements*" beginning on page 34 of this proxy statement.

## **Fringe Benefits and Perquisites**

Our named executive officers are eligible to participate in the benefit plans generally available to all of our employees, which include health, dental, life insurance, vision and disability plans, all of which the Compensation Committee believes are commensurate with plans of other similarly situated public companies in the retail industry. In addition, we will pay for the cost of an executive physical examination for each named executive officer each year. Our named executive officers are not eligible to participate in our 401(k) Retirement Savings Plan. Instead, our named executive officers are eligible to participate in the Rent-A-Center, Inc. Deferred Compensation Plan. The Deferred Compensation Plan allows our executive officers to defer tax liability on a portion of their compensation.

In addition, we own and operate a corporate jet for use by management for business purposes which is available to our named executive officers for limited non-business use. Use of the corporate aircraft by these executives for non-business use is subject to availability. The executive must pay us all direct operating costs and any additional charges incurred by the executive for any non-business use of the corporate aircraft (no later than at the completion of such non-business use). If the actual cost for the non-business use of the corporate aircraft is not paid in full at the completion of the non-business use, such amount is deemed compensation for the requesting executive and reflected on his or her W-2 earnings statement for the year.

The Compensation Committee has determined it is beneficial to offer the above-described fringe benefits and perquisites in order to attract and retain our named executive officers by offering compensation opportunities that are competitive with those offered by similarly-situated public companies in the retail industry. In determining the total compensation payable to our named executive officers for a given fiscal year, the Compensation Committee will examine such fringe benefits and perquisites in the context of the total compensation which our named executive officers are eligible to receive. However, given the fact that such fringe benefits and perquisites which are available to

our named executive officers represent a relatively insignificant portion of their total compensation, the availability of such items does not materially influence the decisions made by the Compensation Committee with respect to other elements of the total compensation to which our named executive officers are entitled or awarded.

For a description of the fringe benefits and perquisites received by our named executive officers in 2012, please see “*All Other Compensation*” on page 29 of this proxy statement.

## **CEO Transition**

In November 2013, we announced Mr. Speese’s retirement as Chief Executive Officer as of January 31, 2014, and the appointment of Robert D. Davis as Chief Executive Officer as of February 1, 2014. Mr. Speese will continue to serve as our Chairman. Mr. Speese specified to us that his resignation as Chief Executive Officer did not constitute a termination of his employment agreement for “good reason” and no severance benefits were paid to Mr. Speese.

As Chairman, Mr. Speese will be entitled to receive:

- the same compensation payable to our other non-employee directors, as set forth on page 11;
- additional cash compensation in the amount of \$125,000 per year;
- continued health insurance coverage for Mr. Speese for a period of up to one year; and
- an office and administrative assistant, not to exceed \$125,000 for office space and the administrative assistant’s base salary and benefits, if so requested by Mr. Speese.

In addition, on February 1, 2014, Mr. Speese was granted 3,676 director deferred stock units representing a pro-rated portion of the 2014 award value of \$100,000.

In connection with Mr. Davis’ appointment as Chief Executive Officer, the Board, upon recommendation of the Compensation Committee, approved the following compensation arrangements for Mr. Davis:

- effective February 1, 2014, his salary was increased to \$750,000;
- the annual cash incentive compensation target was increased to 100% of his base salary; and
- the long term incentive target value was increased to 200% of his base salary.

Mr. Davis will not receive any additional compensation for his service on the Board.

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**Clawback Policy**

In March 2014, our Board adopted a compensation recovery (“clawback”) policy which provides that, in the event of a restatement of our financial results due to our material noncompliance with any financial reporting requirement under the U.S. federal securities laws, we may seek reimbursement of any portion of incentive compensation paid, vested, or awarded during the three-year period preceding the date on which we are required to prepare such a re-statement, which is in excess of the amount that would have been paid or awarded if calculated based on the restated financial results. Restatements of financial results that are the direct result of changes in accounting standards will not result in recovery of performance-based or incentive compensation under this policy. This policy is intended to be administered in a manner consistent with any applicable rules, regulations or listing standards adopted by the SEC or The Nasdaq Global Select Market, Inc., as contemplated by the Dodd-Frank Wall Street Reform and Consumer Protection Act. We intend to revise our clawback policy to the extent we deem necessary to comply with such rules, regulations or listing standards.

**Executive Stock Ownership Guidelines**

We believe that our Chief Executive Officer and our President and Chief Operating Officer should have a meaningful financial stake in the Company to ensure that their interests are aligned with those of our stockholders. To that end, our Board adopted equity ownership guidelines to define our expectations for these officers. Under these guidelines, these officers are expected to own shares of our common stock at certain minimum levels within five years of the later of (i) January 1, 2014, or (ii) the date on which such officer becomes subject to the applicable requirement, taking into account direct and indirect ownership of shares and share equivalents held in our benefit plans. The required levels under our equity ownership guidelines are as follows:

|                                     |                       |
|-------------------------------------|-----------------------|
| Chief Executive Officer             | 5x annual base salary |
| President & Chief Operating Officer | 2x annual base salary |

Restricted stock unit awards which have not yet vested are counted toward the ownership requirement. Unexercised stock options are not counted. Currently, Mr. Davis owns shares and unvested restricted stock unit awards valued at approximately 3.5X his annual salary. Mr. Fadel currently owns shares and unvested restricted stock unit awards valued in excess of the ownership guideline of 2X his annual salary.

**Section 162(m)**

In general, Section 162(m) of the Internal Revenue Code imposes a \$1,000,000 limit on the amount of compensation we can deduct in any year with respect to our Chief Executive Officer, Chief Financial Officer, and each of our three other most highly compensated executive officers. The limit does not apply to so-called “performance-based

compensation,” which includes compensation attributable to stock options and performance-based restricted stock awards granted pursuant to the 2006 Plan or the Equity Plan. The Compensation Committee believes that our executive compensation deduction for 2013 will not be materially affected by the Section 162(m) limitations.

## Summary of Compensation

The following table summarizes the compensation earned by our “named executive officers” in 2013, as well as the compensation earned by such individuals in each of 2012 and 2011, if serving as an executive officer during that time. For 2013, our “named executive officers” consisted of our Chairman and Chief Executive Officer, our Chief Financial Officer, our three other most highly compensated executive officers, and one additional individual for whom disclosure would have been required but for the fact that such individual was not serving as an executive officer at December 31, 2013. The table specifically identifies the dollar value of compensation related to 2013, 2012 and 2011 paid to such named executive officers in the form of:

- base salary, paid in cash;
- stock awards, comprised of awards of restricted stock relating to the 2013, 2012 and 2011 fiscal years;
- option awards, comprised of awards of options during the 2013, 2012 and 2011 fiscal years and identified based upon the aggregate fair value in dollars of such award;
- non-equity plan incentive plan compensation, listing the aggregate dollar value of the awards paid to our named executive officers; and
- all other compensation, which includes amounts paid by us to the named executive officers as matching contributions under our 401(k) Retirement Savings Plan, Deferred Compensation Plan and insurance premiums.

Our named executive officers were not entitled to receive payments which would be characterized as “Bonus” payments for purposes of the Summary Compensation Table for 2013, 2012 and 2011.

[Back to Contents](#)**Summary Compensation Table**

| Name and Principal Position  | Year | Salary    | Stock Awards <sup>(1)</sup> | Option Awards <sup>(1)</sup> | Non-Equity Incentive Plan Compensation <sup>(2)</sup> | All Other Compensation <sup>(3)</sup> | Total       |
|--|------|-----------|-----------------------------|------------------------------|---|---------------------------------------|-------------|
| Mark E. Speese   | 2013 | \$983,250 | \$ 1,616,686                | \$ 630,388                   | \$ 511,803  | <sup>(4)</sup> \$ 15,066              | \$3,757,193 |
| Chairman of the Board & Chief Executive Officer                        | 2012 | \$950,000 | \$ 1,484,252                | \$ 539,506                   | \$ 1,726,746  | <sup>(4)</sup> \$ 9,775               | \$4,710,279 |
|  | 2011 | \$865,700 | –                           | \$ 84,900                    | \$ 1,099,326  | <sup>(4)</sup> \$ 10,028              | \$2,059,954 |
| Robert D. Davis  | 2013 | \$469,035 | \$ 341,810                  | \$ 133,908                   | \$ 25,797   | \$ 25,182                             | \$995,732   |
| Executive Vice President - Finance Chief Financial Officer & Treasurer | 2012 | \$446,700 | \$ 332,361                  | \$ 120,798                   | \$ 229,716  | \$ 22,069                             | \$1,151,644 |
|  | 2011 | \$429,500 | \$ 207,829                  | \$ 65,411                    | \$ 190,161  | \$ 14,940                             | \$907,841   |
| Mitchell E. Fadel  | 2013 | \$623,356 | \$ 681,453                  | \$ 266,854                   | \$ 46,752   | \$ 40,527                             | \$1,658,942 |
| President and Chief Operating Officer                                  | 2012 | \$605,200 | \$ 562,824                  | \$ 204,583                   | \$ 424,397  | \$ 27,830                             | \$1,824,834 |
|  | 2011 | \$587,600 | \$ 355,400                  | \$ 366,562                   | \$ 307,462  | \$ 17,423                             | \$1,634,447 |
| Theodore V. DeMarino   | 2013 | \$374,400 | \$ 207,396                  | \$ 79,397                    | \$ 18,156   | \$ 26,266                             | \$705,615   |
| Executive Vice President - Shared Services                             | 2012 | \$360,000 | \$ 200,865                  | \$ 73,018                    | \$ 162,900  | \$ 16,575                             | \$813,358   |
|  | 2011 | \$327,900 | \$ 148,756                  | \$ 46,813                    | \$ 128,701  | \$ 20,166                             | \$672,336   |
| Christopher A. Korst   | 2013 | \$393,806 | \$ 215,257                  | \$ 84,327                    | \$ 19,690   | \$ 28,214                             | \$741,294   |
| Executive Vice President - Domestic Operations                         | 2012 | \$382,336 | \$ 213,474                  | \$ 77,704                    | \$ 176,352  | \$ 20,343                             | \$870,209   |
|  | 2011 | \$371,200 | \$ 168,384                  | \$ 52,999                    | \$ 149,408  | \$ 15,002                             | \$756,993   |
| Ronald D. DeMoss   | 2013 | \$367,500 | \$ 206,199                  | \$ 77,194                    | \$ 18,375   | \$ 25,067                             | \$694,335   |
| Executive Vice President - General Counsel                             | 2012 | \$350,000 | \$ 195,320                  | \$ 70,983                    | \$ 162,900  | \$ 12,951                             | \$792,879   |
|  | 2011 | \$324,000 | \$ 190,347                  | \$ 56,488                    | \$ 130,410  | \$ 11,445                             | \$712,690   |

*The amounts reflected in this column are the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for each award of stock options or restricted stock in 2013, 2012 and 2011 to the applicable named (1) executive officer. Assumptions used in the calculation of these amounts are included in Note L to our audited financial statements for our fiscal year ended December 31, 2013 included in our Annual Report on Form 10-K filed with the SEC on March 3, 2014, and our Annual Reports on Form 10-K for prior years.*

*(2) Represents the cash bonuses which were payable under our annual cash incentive program with respect to services for the year indicated.*

*(3) For 2013, represents the compensation as described in the “All Other Compensation” table below.*

*For 2013, represents (1) the cash bonus amount payable under our 2013 annual cash incentive program in the amount of \$0, and (2) the earned portion of the incentive cash awards granted to Mr. Speese in 2011, 2010, 2009, in the amount of \$511,803. For 2012, represents (1) the cash bonus amount payable under our 2012 annual cash incentive program in the amount of \$888,250, and (2) the earned portion of the incentive cash awards granted to (4) Mr. Speese in 2011, 2010, 2009, 2008 in the amount of \$838,496. For 2011, represents (1) the cash bonus amount determined by the Compensation Committee for Mr. Speese’s services to us in 2011 in the amount of \$696,884, and (2) the earned portion of the incentive cash awards granted to Mr. Speese in 2010, 2009, 2008, and 2007 in the amount of \$402,442.*

**All Other Compensation**



The following table provides information regarding each component of compensation for 2013 included in the All Other Compensation column in the Summary Compensation Table above.

| Name                 | Company<br>Matching<br>Contributions <sup>(1)</sup> | Value of<br>Insurance<br>Premiums <sup>(2)</sup> | Other                   | Total    |
|----------------------|---|--|-------------------------|----------|
| Mark E. Speese       | \$ 0  | \$ 9,560   | \$5,506 <sup>(3)</sup>  | \$15,066 |
| Robert D. Davis      | \$ 9,295  | \$ 7,864   | \$8,023 <sup>(4)</sup>  | \$25,182 |
| Mitchell E. Fadel    | \$ 20,885   | \$ 8,458   | \$11,184 <sup>(5)</sup> | \$40,527 |
| Theodore V. DeMarino | \$ 10,691   | \$ 7,175   | \$8,400 <sup>(6)</sup>  | \$26,266 |
| Christopher A. Korst | \$ 11,359   | \$ 9,363   | \$7,492 <sup>(7)</sup>  | \$28,214 |
| Ronald D. DeMoss     | \$ 8,859  | \$ 7,864   | \$8,344 <sup>(8)</sup>  | \$25,067 |

*(1) Represents contributions or other allocations made by us to our Deferred Compensation Plan.*

*(2) Represents premiums paid by the company for medical, dental, vision, dental, long-term disability and life insurance.*

*(3) Represents deemed compensation related to incentive travel award in the amount of \$5,329, and fees paid by us for an annual executive physical examination in the amount of \$177.*

*(4) Represents deemed compensation related to incentive travel award in the amount of \$4,690 and fees paid by us for an annual executive physical examination in the amount of \$3,333.*

*(5) Represents deemed compensation related to incentive travel award in the amount of \$5,043, and fees paid by us for an annual executive physical examination in the amount of \$6,141.*

*(6) Represents deemed compensation related to incentive travel award in the amount of \$4,452, and fees paid by us for an annual executive physical examination in the amount of \$3,948.*

*(7) Represents deemed compensation related to incentive travel award in the amount of \$3,548, and fees paid by us for an annual executive physical examination in the amount of \$3,944.*

*(8) Represents deemed compensation related to incentive travel award in the amount of \$4,757, and fees paid by us for an annual executive physical examination in the amount of \$3,587.*

[Back to Contents](#)**Grants of Plan-Based Awards**

The table below sets forth information about plan-based awards granted to the named executive officers during 2013 under the 2013 annual cash incentive program and the 2006 Plan.

| Name                        | Grant Date | Date of Compensation Committee | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup> |           |             | Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup> |        |          | All Other Stock Awards of Shares or Units <sup>(3)</sup> | All Other Option Awards of Securities Underlying Options <sup>(4)</sup> | Exercise Price of Award <sup>(5)</sup> | Closing Price on Grant Date |
|-----------------------------|------------|--------------------------------|--|-----------|-------------|--|--------|----------|--|---|--|-----------------------------|
|                             |            |                                | Threshold  | Target    | Maximum     | Thres-hold   | Target | Maxi-mum |  |   |  |                             |
| <b>Mark E. Speese</b>       |            |                                |  |           |             |  |        |          |  |   |  |                             |
| Short-Term Incentive        | N/A        | 1/25/13                        | \$884,925  | \$983,250 | \$1,966,500 | –  | –      | –        | –  | –   | –                                      | –                           |
| Restricted Stock Units      | 1/31/13    | 1/25/13                        | –  | –         | –           | 0  | 34,098 | 68,196   | 15,876   | –   | –                                      | \$35.68                     |
| Stock Options               | 1/31/13    | 1/25/13                        | –  | –         | –           | –  | –      | –        | –  | 69560   | \$34.77                                | \$35.68                     |
| <b>Robert D. Davis</b>      |            |                                |  |           |             |  |        |          |  |   |  |                             |
| Short-Term Incentive        | N/A        | 1/25/13                        | \$232,172  | \$257,969 | \$515,939   | –  | –      | –        | –  | –   | –                                      | –                           |
| Restricted Stock Units      | 1/31/13    | 1/25/13                        | –  | –         | –           | 0  | 7,194  | 14,388   | 3,372  | –   | –                                      | \$35.68                     |
| Stock Options               | 1/31/13    | 1/25/13                        | –  | –         | –           | –  | –      | –        | –  | 14776   | \$34.77                                | \$35.68                     |
| <b>Mitchell E. Fadel</b>    |            |                                |  |           |             |  |        |          |  |   |  |                             |
| Short-Term Incentive        | N/A        | 1/25/13                        | \$420,766  | \$467,517 | \$935,035   | –  | –      | –        | –  | –   | –                                      | –                           |
| Restricted Stock Units      | 1/31/13    | 1/25/13                        | –  | –         | –           | 0  | 14,342 | 28,684   | 6,723  | –   | –                                      | \$35.68                     |
| Stock Options               | 1/31/13    | 1/25/13                        | –  | –         | –           | –  | –      | –        | –  | 29457   | \$34.77                                | \$35.68                     |
| <b>Theodore V. DeMarino</b> |            |                                |  |           |             |  |        |          |  |   |  |                             |
| Short-Term Incentive        | N/A        | 1/25/13                        | \$168,480  | \$187,200 | \$374,400   | –  | –      | –        | –  | –   | –                                      | –                           |
| Restricted Stock Units      | 1/31/13    | 1/25/13                        | –  | –         | –           | 0  | 4,411  | 8,822    | 2,000  | –   | –                                      | \$35.68                     |

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|                             |         |         |           |           |           |   |       |       |       |      |         |         |
|-----------------------------|---------|---------|-----------|-----------|-----------|---|-------|-------|-------|------|---------|---------|
| Stock Options               | 1/31/13 | 1/25/13 | -         | -         | -         | - | -     | -     | -     | 8761 | \$34.77 | \$35.68 |
| <b>Christopher A. Korst</b> |         |         |           |           |           |   |       |       |       |      |         |         |
| Short-Term Incentive        | N/A     | 1/25/13 | \$177,213 | \$196,903 | \$393,806 | - | -     | -     | -     | -    | -       | -       |
| Restricted Stock Units      | 1/31/13 | 1/25/13 | -         | -         | -         | 0 | 4,530 | 9,060 | 2,124 | -    | -       | \$35.68 |
| Stock Options               | 1/31/13 | 1/25/13 | -         | -         | -         | - | -     | -     | -     | 9305 | \$34.77 | \$35.68 |
| <b>Ronald D. DeMoss</b>     |         |         |           |           |           |   |       |       |       |      |         |         |
| Short-Term Incentive        | N/A     | 1/25/13 | \$165,375 | \$183,750 | \$367,500 | - | -     | -     | -     | -    | -       | -       |
| Restricted Stock Units      | 1/31/13 | 1/25/13 | -         | -         | -         | 0 | 4,430 | 8,860 | 1,944 | -    | -       | \$35.68 |
| Stock Options               | 1/31/13 | 1/25/13 | -         | -         | -         | - | -     | -     | -     | 8518 | \$34.77 | \$35.68 |

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*These columns show the potential value of the payout of the annual cash incentive bonuses for 2013 performance for each named executive officer if the threshold, target and maximum performance levels are achieved. The (1) potential payout is performance-based and driven by company and individual performance. The actual amount of the annual cash incentive bonuses paid for 2013 performance is shown in the Summary Compensation Table under the “Non-Equity Incentive Plan Compensation” column.*

*Represents restricted stock units which vest upon our achievement of a three-year EBITDA of \$1.593 billion for the three year period ending December 31, 2015 and the named executive officer remains an employee through December 31, 2015. The issuance of the stock underlying the performance-based restricted stock units granted to (2) our named executive officers will range from a minimum of zero shares if we achieve less than 80% of the target EBITDA, to the maximum number of shares if we achieve at least 115.1% of the target EBITDA. EBITDA for the fiscal year ended December 31, 2013 was \$334.1 million, determined in accordance with the terms of the performance-based award.*

*Represents restricted stock units which vest upon completion of three-years of continuous employment with us from (3) January 31, 2013.*

*Represents options to purchase shares of our common stock granted under the 2006 Plan, which vest ratably over (4) a four-year period.*

*Calculated by reference to the closing price for shares of our common stock on the Nasdaq Global Select Market (5) on the last trading day before the date of grant as reported on the Nasdaq Global Select Market, in accordance with our 2006 Long-Term Incentive Plan.*

[Back to Contents](#)**Outstanding Equity Awards at Fiscal Year End**

The following table provides information regarding stock options and restricted stock units held by the named executive officers that were outstanding at December 31, 2013.

|                      | Option Awards   |   |                       | Stock Awards           |   |  |
|----------------------|---|---|-----------------------|------------------------|---|--|
|                      | Number of Securities Underlying Unexercised Options - Exercisable | Number of Securities Underlying Exercised Options - Unexercisable | Option Exercise Price | Option Expiration Date | Number of Unearned Shares, Units or Other Rights That Have Not Vested | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(1)</sup> |
| Mark E. Speese       | 70,000  |   | \$ 29.29              | 10/2/16                | 28,612 <sup>(9)</sup>   | \$953,924  |
|                      | 5,000   | 5,000   | (12) \$ 32.28         | 1/3/21                 | 34,098 <sup>(11)</sup>  | \$1,136,827  |
|                      | 12,864  | 38,591  | (4) \$ 37.19          | 1/31/22                | 13,411 <sup>(8)</sup>   | \$447,123  |
| Robert D. Davis      |   | 69,560  | (5) \$ 34.77          | 1/31/23                | 15,876 <sup>(10)</sup>  | \$529,306  |
|                      | 5,320   |   | \$ 19.52              | 1/31/16                | 6,127 <sup>(7)</sup>  | \$204,274  |
|                      | 3,465   |   | \$ 28.81              | 1/31/17                | 6,407 <sup>(9)</sup>  | \$213,609  |
|                      | 10,440  |   | \$ 15.26              | 1/30/18                | 7,194 <sup>(11)</sup>   | \$239,848  |
|                      | 10,949  |   | \$ 15.37              | 1/30/19                | 2,872 <sup>(6)</sup>  | \$95,752   |
|                      | 5,667   | 1,888   | (2) \$ 19.70          | 1/29/20                | 3,003 <sup>(8)</sup>  | \$100,120  |
|                      | 4,156   | 4,155   | (3) \$ 29.91          | 1/31/21                | 3,372 <sup>(10)</sup>   | \$112,422  |
| Mitchell E. Fadel    | 2,880   | 8,641   | (4) \$ 37.19          | 1/31/22                |   |  |
|                      |   | 14,776  | (5) \$ 34.77          | 1/31/23                |   |  |
|                      | 20,459  |   | \$ 15.37              | 1/30/19                | 10,478 <sup>(7)</sup>   | \$349,337  |
|                      | 10,537  | 3,512   | (2) \$ 19.70          | 1/29/20                | 10,850 <sup>(9)</sup>   | \$361,739  |
|                      | 5,000   | 5,000   | (12) \$ 32.28         | 1/3/21                 | 14,342 <sup>(11)</sup>  | \$478,162  |
| Christopher A. Korst | 7,107   | 7,106   | (3) \$ 29.91          | 1/31/21                | 4,911 <sup>(6)</sup>  | \$163,733  |
|                      | 4,878   | 14,634  | (4) \$ 37.19          | 1/31/22                | 5,085 <sup>(8)</sup>  | \$169,534  |
|                      |   | 29,457  | (5) \$ 34.77          | 1/31/23                | 6,723 <sup>(10)</sup>   | \$224,145  |
|                      | 2,425   |   | \$ 28.81              | 1/31/17                | 4,964 <sup>(7)</sup>  | \$165,500  |
|                      | 2,500   |   | \$ 14.52              | 1/2/18                 | 4,113 <sup>(9)</sup>  | \$137,127  |
|                      | 2,267   |   | \$ 15.26              | 1/30/18                | 4,530 <sup>(11)</sup>   | \$151,030  |
| Christopher A. Korst | 9,600   |   | \$ 15.37              | 1/30/19                | 2,327 <sup>(6)</sup>  | \$77,582   |
|                      | 4,992   | 1,664   | (2) \$ 19.70          | 1/29/20                | 1,931 <sup>(8)</sup>  | \$64,380   |
|                      | 3,367   | 3,367   | (3) \$ 29.91          | 1/31/21                | 2,124 <sup>(10)</sup>   | \$70,814   |

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|                      |       |       |     |          |         |            |           |
|----------------------|-------|-------|-----|----------|---------|------------|-----------|
|                      | 1,853 | 5,558 | (4) | \$ 37.19 | 1/31/22 |            | \$0       |
|                      |       | 9,305 | (5) | \$ 34.77 | 1/31/23 |            | \$0       |
| Theodore V. DeMarino | 2,500 |       |     | \$ 18.88 | 10/1/19 | 2,056 (6)  | \$68,547  |
|                      |       | 1,470 | (2) | \$ 19.70 | 1/29/20 |            |           |
|                      |       | 2,974 | (3) | \$ 29.91 | 1/31/21 |            |           |
|                      | 1,741 | 5,223 | (4) | \$ 37.19 | 1/31/22 |            |           |
|                      |       | 8,761 | (5) | \$ 34.77 | 1/31/23 |            |           |
| Ronald D. DeMoss     |       | 1,424 | (2) | \$ 19.70 | 1/29/20 | 4,333 (7)  | \$144,462 |
|                      |       | 2,939 | (3) | \$ 29.91 | 1/31/21 | 3,765 (9)  | \$125,525 |
|                      | 1,693 | 5,077 | (4) | \$ 37.19 | 1/31/22 | 4,430 (11) | \$147,696 |
|                      |       | 8,518 | (5) | \$ 34.77 | 1/31/23 | 2,031 (6)  | \$67,714  |
|                      |       |       |     |          |         | 1,765 (8)  | \$58,845  |
|                      |       |       |     |          |         | 1,944 (10) | \$64,813  |

(1) Calculated by reference to the closing price for shares of our common stock on the Nasdaq Global Select Market on December 31, 2013 which was \$33.34.

(2) These options to purchase shares of our common stock vested on January 31, 2014.

(3) These options to purchase shares of our common stock vest in equal parts on each of January 31, 2014 and January 31, 2015.

(4) These options to purchase shares of our common stock vest in equal parts on each of January 31, 2014, January 31, 2015 and January 31, 2016.

(5) These options to purchase shares of our common stock vest in equal parts on each of January 31, 2014, January 31, 2015, January 31, 2016 and January 31, 2017.

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- (6) *Represents the number of shares of our common stock that will vest and become issuable pursuant to the time-based restricted stock unit awards upon the named executive officer's completion of three years of continuous employment with us from January 29, 2011. These shares vested on January 29, 2014.*
- (7) *Represents the number of shares of our common stock that will vest and become issuable pursuant to the performance-based restricted stock unit awards upon our achievement of a three-year EBITDA target of \$1.360 billion for the three-year period ending December 31, 2013 and the named executive officer remains an employee through December 31, 2013. Aggregate EBITDA for the fiscal years ended December 31, 2011, 2012, 2013 was \$1.063 billion, determined in accordance with the terms of the performance-based award, which resulted in no shares vesting.*
- (8) *Represents the number of shares of our common stock that will vest and become issuable pursuant to the time-based restricted stock unit awards upon the named executive officer's completion of three years of continuous employment with us from January 31, 2012.*
- (9) *Represents the number of shares of our common stock that will vest and become issuable pursuant to the performance-based restricted stock unit awards upon our achievement of a three-year EBITDA target of \$1.381 billion for the three-year period ending December 31, 2014 and the named executive officer remains an employee through December 31, 2014. EBITDA for the fiscal year ended December 31, 2012 and 2013 was \$728 million, determined in accordance with the terms of the performance-based award.*
- (10) *Represents the number of shares of our common stock that will vest and become issuable pursuant to the time-based restricted stock unit awards upon the named executive officer's completion of three years of continuous employment with us from January 31, 2013.*
- (11) *Represents the number of shares of our common stock that will vest and become issuable pursuant to the performance-based restricted stock unit awards upon our achievement of a three-year EBITDA target of \$1.593 billion for the three-year period ending December 31, 2015 and the named executive officer remains an employee through December 31, 2015. EBITDA for the fiscal year ended December 31, 2013 was \$334 million, determined in accordance with the terms of the performance-based award.*
- (12) *These options to purchase shares of our common stock vest in equal parts on each of January 3, 2013, January 3, 2014, and January 3, 2015.*

**Option Exercises and Stock Vested**

The following table reflects certain information with respect to options exercised by our named executive officers during the 2013 fiscal year, as well as applicable stock awards that vested, during the 2013 fiscal year:

|                   | <b>Option Awards</b>                         |                                   | <b>Stock Awards</b>                         |                                  |
|-------------------|--|-----------------------------------|---|----------------------------------|
|                   | <b>Number of Shares Acquired on Exercise</b> | <b>Value Realized on Exercise</b> | <b>Number of Shares Acquired on Vesting</b> | <b>Value Realized on Vesting</b> |
| Mark E. Speese    | –  | –                                 | –   | –                                |
| Robert D. Davis   | –  | –                                 | 10,423                                      | \$ 357,822                       |
| Mitchell E. Fadel | –  | –                                 | 19,383                                      | \$ 665,418                       |

|                      |        |            |       |            |
|----------------------|--------|------------|-------|------------|
| Theodore V. DeMarino | 13,033 | \$ 153,016 | 8,113 | \$ 278,519 |
| Christopher A. Korst | –      | –          | 9,184 | \$ 315,287 |
| Ronald D. DeMoss     | 4,836  | \$ 69,242  | 7,863 | \$ 269,937 |

### Nonqualified Deferred Compensation

The Rent-A-Center, Inc. Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan for a select group of our key management personnel and highly compensated employees. The Deferred Compensation Plan first became available to eligible employees in July 2007, with deferral elections taking effect as of August 3, 2007. Beginning in 2012, highly compensated employees (including our named executive officers) are no longer eligible to participate in our 401(k) Retirement Savings Plan and must participate in the Deferred Compensation Plan in order to defer any compensation.

The Deferred Compensation Plan allows participants to defer up to 50% of their base compensation and up to 100% of any bonus compensation. Participants may invest the amounts deferred in measurement funds that are the same funds offered as the investment options in our 401(k) Retirement Savings Plan. We may make discretionary contributions to the Deferred Compensation Plan, which are subject to a five-year graded vesting schedule based on the participant's years of service with us. Currently, we make matching contributions in the Deferred Compensation Plan of 50% of the employee's contribution to the plan up to an amount not to exceed 4% of such employee's compensation, which is the same matching policy as under our 401(k) Retirement Savings Plan. We are obligated to pay the deferred compensation amounts in the future in accordance with the terms of the Deferred Compensation Plan.



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The following table provides information for the named executive officers regarding contributions, earnings and balances for our Deferred Compensation Plan.

| Name                          | Executive Contributions in Last FY | Registrant Contributions in Last FY <sup>(2)</sup> | Aggregate Earnings in Last FY | Aggregate Withdrawals/ Distributions | Aggregate Balance at Last FYE <sup>(3)</sup> |
|-------------------------------|------------------------------------|--|-------------------------------|--------------------------------------|--|
| Mark E. Speese <sup>(1)</sup> | –                                  | –  | –                             | –                                    | –  |
| Robert D. Davis               | \$ 69,711                          | \$ 9,295   | \$ 33,142                     | \$ 0                                 | \$ 494,942                                   |
| Mitchell E. Fadel             | \$ 41,770                          | \$ 20,885  | \$ 4,677                      | \$ 0                                 | \$ 108,276                                   |
| Theodore V. DeMarino          | \$ 53,453                          | \$ 10,691  | \$ 8,610                      | \$ 0                                 | \$ 121,671                                   |
| Christopher A. Korst          | \$ 38,382                          | \$ 11,359  | \$ 13,799                     | \$ 0                                 | \$ 199,587                                   |
| Ronald D. DeMoss              | \$ 250,000                         | \$ 8,859   | \$ 29,166                     | \$ 0                                 | \$ 907,854                                   |

(1) At his election, does not participate in our Deferred Compensation Plan.

(2) Represents matching contributions or other allocations made by us under our Deferred Compensation Plan which amount was also reported as compensation in the “Summary Compensation Table” on page 29 of this proxy.

Of these amounts, the following aggregate amounts are included in the Summary Compensation Table above (as (3) fiscal 2011, 2012 or 2013 compensation, as applicable) for each Named Executive Officer: Mr. Davis - \$183,270; Mr. Fadel - \$88,172; Mr. DeMarino - \$87,008; Mr. Korst - \$74,471; and Mr. DeMoss - \$725,519.

## Termination of Employment and Change-in-Control Arrangements

### Severance Arrangements

We have entered into executive transition agreements with each of our named executive officers, other than Mr. Speese. Each executive transition agreement has substantially identical terms and is intended to provide certain payments and benefits upon an involuntary termination of the named executive officer’s employment or the occurrence of certain other circumstances that may affect the named executive officer.

*Termination Not in Conjunction with a Change in Control.* If the named executive officer’s employment is terminated without “cause,” the named executive officer will be entitled to receive:

- unpaid but earned base salary through the date of termination;
- a pro rata bonus calculated based upon the named executive officer’s bonus amount from the previous year;
-

one and one half times the sum of the named executive officer's highest annual rate of salary during the previous 24 months, and the named executive officer's average annual bonus for the two preceding calendar years; and

• continued health insurance coverage for the named executive officer and the named executive officer's spouse and covered dependents for up to 18 months.

If the named executive officer's employment is terminated due to disability or death, the named executive officer will be entitled to receive:

• unpaid but earned base salary through the date of termination;

• a pro rata bonus calculated based upon the named executive officer's bonus amount from the previous year; and

• continued health insurance coverage for the named executive officer and the named executive officer's spouse and covered dependents for 12 months.

If the named executive officer's employment is terminated for "cause" or if the named executive officer terminates his employment for any reason other than death, the named executive officer will be entitled to receive his unpaid but earned base salary through the date of termination (reduced by amounts owed by the named executive officer to us or our affiliates).

*Termination in Conjunction With a Change In Control.* If the named executive officer's employment is terminated in conjunction with a change in control of us without "cause" or by the named executive officer for "good reason," the named executive officer will be entitled to receive the same severance payments and benefits as described above (not in connection with a change in control) with respect to a termination without "cause," except that the named executive officer will be entitled to receive two times the sum of the named executive officer's highest annual rate of salary during the previous 24 months, and the named executive officer's average annual bonus for the two preceding calendar years, rather than one and one half times such amount, and the named executive officer will be entitled to continued health insurance coverage for up to two years, rather than 18 months. If the named executive officer's employment is terminated in connection with a change in control due to disability or death, or for "cause" or without "good reason," the named executive officer will be entitled to receive the same severance payments and benefits as described above (not in connection with a change in control) with respect to a termination due to disability or death or for "cause," respectively.

Under each of the executive transition agreements, the term "change in control" generally means the occurrence of any of the following after September 14, 2006:

• any person becomes the beneficial owner of 40% or more of the combined voting power of our then outstanding voting securities;



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a consolidation, merger or reorganization of us, unless (i) our stockholders immediately prior to such transaction own at least a majority of the voting power of the outstanding voting securities of the resulting entity, (ii) the members of our Board immediately prior to the execution of the agreement providing for such a transaction constitute a majority of the board of directors of the surviving corporation or of its majority stockholder, and (iii) no person beneficially owns more than 40% of the combined voting power of the then outstanding voting securities of the surviving corporation (other than a person who is (a) us or a subsidiary of us, (b) an employee benefit plan maintained by us, the surviving corporation or any subsidiary, or (c) the beneficial owner of 40% or more of the combined voting power of our outstanding voting securities immediately prior to such transaction;

individuals who, as of September 14, 2006, constitute our entire Board cease to constitute a majority of our Board, provided that anyone who later becomes a director and whose appointment or nomination for election was approved by at least two-thirds of our directors at the time shall be considered as though such individual were a member of our Board; or

a complete liquidation or dissolution of us, or a sale or other disposition of all or substantially all of our assets (other than to an entity described in the second bullet point above).

**Long-Term Incentive Plans**

*Awards Pursuant to the 2006 Plan and the Equity Plan.* Pursuant to stock option agreements under the 2006 Plan and the Equity Plan, if the individual's employment with us is terminated because of death or disability, any options that are vested and exercisable on the date of termination will remain exercisable for 12 months thereafter, but not beyond the term of the agreement. If the individual's employment is terminated by us for "cause," then the options (whether or not then vested and exercisable) will immediately terminate and cease to be exercisable. If the individual's employment with us is terminated for any other reason, any options that are vested and exercisable as of the date of termination will remain exercisable for three months thereafter, but not beyond the term of the agreement.

Pursuant to the 2006 Plan and the Equity Plan, each holder of an option to purchase shares of our common stock may exercise such option immediately prior to an "exchange transaction," regardless of whether currently vested, and any outstanding options not exercised before the exchange transaction shall terminate. However, if, as part of an exchange transaction, our stockholders receive capital stock of another corporation in exchange for our common stock, and if our Board so directs, then all outstanding options shall be converted into options to purchase shares of such stock, with the amount and price to be determined by adjusting the amount and price of the options granted under the 2006 Plan or the Equity Plan, as applicable, on the same basis as the determination of the number of shares of exchange stock the holders of our outstanding common stock are entitled to receive in the exchange transaction. In addition, unless our Board determines otherwise, the vesting conditions with respect to the converted options shall be substantially the same as those set forth in the original option agreement. The Board may accelerate the vesting of stock awards and other awards, provide for cash settlement of and/or make such other adjustments to any outstanding award as it deems appropriate in the context of an exchange transaction.

Under the 2006 Plan and the Equity Plan, the term "exchange transaction" means a merger (other than in which the holders of our common stock immediately prior thereto have the same proportionate ownership of common stock in the surviving corporation immediately thereafter), consolidation, acquisition or disposition of property or stock,

separation, reorganization (other than a reincorporation or the creation of a holding company), liquidation of us or any other similar transaction or event so designated by our Board, as a result of which our stockholders receive cash, stock or other property in exchange for or in connection with their shares of our common stock.

Pursuant to stock compensation agreements under the 2006 Plan and the Equity Plan, if the individual's employment with us is terminated because of death or disability, or there is a change in ownership of us, then any unvested restricted stock units will vest on the date of such termination of employment or immediately prior to the consummation of the change in ownership of us, as the case may be. However, any unvested restricted stock units do not vest by reason of a change in ownership unless the individual remains continuously employed by us until such change in ownership is complete or the individual's employment is sooner terminated by us in connection with such change in ownership. In addition, upon the termination of the individual's employment or other service with us for any reason other than disability or death, any unvested restricted stock units will thereupon terminate and be canceled.

Under each of the stock compensation agreements, the term "change in ownership" is defined as any transaction or series of transactions as a result of which any one person or group of persons acquires (i) ownership of our common stock that, together with the common stock previously held by such person, constitutes more than 50% of the total fair market value or total voting power of such stock, or (ii) ownership of our assets having a total gross fair market value at least equal to 80% of the total gross fair market value of all of the assets immediately prior to such transaction or series of transactions.

When Mr. Speese was awarded options under the 2006 Plan in October 2006, he entered into a stock option agreement with us. This agreement provides that if Mr. Speese's employment or other service with us is terminated due to his death or disability, or if he dies after the termination of his employment and before the underlying option expires, then such option shall remain exercisable for 12 months thereafter, but not beyond the stated term. If Mr. Speese's employment or other service with us terminates for any other reason, then the underlying option shall remain exercisable for three months thereafter (or until one year from his death if he dies during such three-month period), but in no event beyond the stated term.

*Long-Term Incentive Cash Award Agreements with Mr. Speese.* In connection with Mr. Speese's receipt of cash awards in January of 2007, 2008, 2009, 2010 and 2011, he entered into long-term incentive cash award agreements with us. These agreements contain provisions with respect to the vesting of such cash awards which are substantially similar to those contained in the above-described stock compensation agreements.

[Back to Contents](#)**Potential Payments and Benefits Upon Termination Without a Change in Control**

The following table provides quantitative disclosure of the estimated payments that would be made to our named executive officers under their employment agreement or severance agreements, as well as the amounts our named executive officers would receive upon the exercise of the equity and cash awards held by them on December 31, 2013, the last business day of our fiscal 2013, assuming that:

- each named executive officer's employment with us was terminated on December 31, 2013, and was not in connection with an event which constituted a "change in control" or an "exchange transaction" under any agreement or plan described above;

- the base salary earned by each named executive officer for his services to us through December 31, 2013 has been fully paid to such named executive officer;

- to the extent not otherwise terminated in connection with the named executive officer's termination, each of our named executive officers exercised any previously unexercised, vested options and sold the underlying shares at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 31, 2013, which was \$33.34; and

- to the extent not otherwise terminated in connection with the named executive officer's termination, each of our named executive officers sold the shares of our common stock underlying their previously unvested restricted stock units at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 31, 2013.

| Name   | Cash<br>Severance<br>Payout | Continuation and<br>of Medical<br>Benefits | Acceleration<br>Continuation<br>of Outstanding<br>Awards | Total<br>Termination<br>Benefits |
|--|-----------------------------|--|--|----------------------------------|
| <b>Mark E. Speese</b>  |                             |  |  |                                  |
| Termination by Us without "Cause" or by Mr. Speese for "Good Reason"               | \$2,804,996                 | \$ 11,672                                  | \$ 288,800   | \$ 3,105,468                     |
| Termination by Us for "Cause"  | \$0                         | \$ 0                                       | \$ 0   | \$ 0                             |
| Termination by Us due to Mr. Speese's Disability or death                          | \$0                         | \$ 5,836                                   | \$ 405,423   | \$ 411,259                       |
| Termination by Mr. Speese for Reason other than death or disability or good reason | \$0                         | \$ 0                                       | \$ 288,800   | \$ 288,800                       |
| <b>Robert D. Davis</b>   |                             |  |  |                                  |
| Termination by Us without "Cause"  | \$957,655                   | \$ 8,754                                   | \$ 1,572,311   | \$ 2,538,720                     |
| Termination by Us for "Cause"  | \$0                         | \$ 0                                       | \$ 0   | \$ 0                             |
| Termination by Us due to Mr. Davis's Disability or death                           | \$46,752                    | \$ 5,836                                   | \$ 566,281   | \$ 618,868                       |
| Termination by Mr. Davis for Reason other than death or disability                 | \$0                         | \$ 0                                       | \$ 1,572,311   | \$ 1,572,311                     |
| <b>Mitchell E. Fadel</b>   |                             |  |  |                                  |
| Termination by Us without "Cause"  | \$1,298,477                 | \$ 6,210                                   | \$ 2,365,276   | \$ 3,669,963                     |
| Termination by Us for "Cause"  | \$0                         | \$ 0                                       | \$ 0   | \$ 0                             |

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|   |           |          |              |              |
|---|-----------|----------|--------------|--------------|
| Termination by Us due to Mr. Fadel's Disability or death              | \$25,797  | \$ 4,140 | \$ 541,050   | \$ 570,987   |
| Termination by Mr. Fadel for Reason other than death or disability    | \$0       | \$ 0     | \$ 2,365,276 | \$ 2,365,276 |
| <b>Theodore V. DeMarino</b>   |           |          |              |              |
| Termination by Us without "Cause"                                     | \$715,548 | \$ 5,634 | \$ 134,949   | \$ 856,130   |
| Termination by Us for "Cause"   | \$0       | \$ 0     | \$ 0         | \$ 0         |
| Termination by Us due to Mr. DeMarino's Disability or death           | \$18,156  | \$ 3,756 | \$ 36,150    | \$ 58,062    |
| Termination by Mr. DeMarino for Reason other than death or disability | \$0       | \$ 0     | \$ 134,949   | \$ 134,949   |
| <b>Christopher A. Korst</b>   |           |          |              |              |
| Termination by Us without "Cause"                                     | \$757,432 | \$ 8,754 | \$ 1,051,853 | \$ 1,818,039 |
| Termination by Us for "Cause"   | \$0       | \$ 0     | \$ 0         | \$ 0         |
| Termination by Us due to Mr. Korst's Disability or death              | \$19,690  | \$ 5,836 | \$ 339,625   | \$ 365,152   |
| Termination by Mr. Korst for Reason other than death or disability    | \$0       | \$ 0     | \$ 1,051,853 | \$ 1,051,853 |
| <b>Ronald D. DeMoss</b>   |           |          |              |              |
| Termination by Us without "Cause"                                     | \$702,382 | \$ 6,210 | \$ 0         | \$ 708,592   |
| Termination by Us for "Cause"   | \$0       | \$ 0     | \$ 0         | \$ 0         |
| Termination by Us due to Mr. DeMoss's Disability or death             | \$16,236  | \$ 4,140 | \$ 0         | \$ 20,376    |
| Termination by Mr. DeMoss for Reason other than death or disability   | \$0       | \$ 0     | \$ 0         | \$ 0         |

[Back to Contents](#)**Potential Payments and Benefits Upon Termination With a Change in Control**

The following table provides quantitative disclosure of the estimated payments that would be made to our named executive officers under their employment agreement or severance agreements, as well as the amounts our named executive officers would receive upon the exercise of the equity and cash awards held by them on December 31, 2013, the last business day of our fiscal 2012, assuming that:

- each named executive officer's employment with us was terminated on December 31, 2013, and was in connection with an event which constituted a "change in control" or an "exchange transaction" under any agreement or plan described above;

- the base salary earned by each named executive officer for his services to us through December 31, 2013 has been fully paid to such named executive officer;

- with respect to options awarded pursuant to the 2006 Plan or the Equity Plan, the Board does not direct such outstanding options to be converted into options to purchase shares of the exchange stock;

- to the extent not otherwise terminated in connection with the named executive officer's termination, each of our named executive officers exercised any previously unexercised options and sold the underlying shares at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 31, 2013; and

- to the extent not otherwise terminated in connection with the named executive officer's termination, each of our named executive officers sold the shares of our common stock underlying their previously unvested restricted stock units at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 31, 2013.

| Name   | Cash Severance Payout | Continuation of Medical Benefits | Acceleration and Continuation of Outstanding Awards | Total Termination Benefits |
|--|-----------------------|----------------------------------|---|----------------------------|
| Mark E. Speese   |                       |                                  |   |                            |
| Termination by Us without "Cause" or by Mr. Speese for "Good Reason" | \$2,804,996           | \$ 17,508                        | \$ 3,976,820  | \$ 6,799,324               |
| Termination by Us due to Mr. Speese's Disability or death            | \$0                   | \$ 5,836                         | \$ 3,976,820  | \$ 3,982,656               |
| Termination by Us for "Cause" or by Mr. Speese without "Good Reason" | \$0                   | \$ 0                             | \$ 3,976,820  | \$ 3,976,820               |
| Robert D. Davis  |                       |                                  |   |                            |
| Termination by Us without "Cause" or by Mr. Davis for "Good Reason"  | \$1,216,619           | \$ 11,672                        | \$ 1,572,311  | \$ 2,800,602               |
| Termination by Us due to Mr. Davis's Disability or death             | \$46,752              | \$ 5,836                         | \$ 1,572,311  | \$ 1,624,899               |
| Termination by Us for "Cause" or by Mr. Davis without "Good Reason"  | \$0                   | \$ 0                             | \$ 1,572,311  | \$ 1,572,311               |
| Mitchell E. Fadel  |                       |                                  |   |                            |
| Termination by Us without "Cause" or by Mr. Fadel for "Good Reason"  | \$1,686,391           | \$ 8,280                         | \$ 2,365,276  | \$ 4,059,947               |



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|  |           |           |              |             |
|--|-----------|-----------|--------------|-------------|
| Termination by Us due to Mr. Fadel's Disability or death               | \$25,797  | \$ 4,140  | \$ 2,365,276 | \$2,395,213 |
| Termination by Us for "Cause" or by Mr. Fadel without "Good Reason"    | \$0       | \$ 0      | \$ 2,365,276 | \$2,365,276 |
| Theodore V. DeMarino   |           |           |              |             |
| Termination by Us without "Cause" or by Mr. DeMarino for "Good Reason" | \$919,212 | \$ 7,512  | \$ 134,949   | \$1,061,672 |
| Termination by Us due to Mr. DeMarino's Disability or death            | \$18,156  | \$ 3,756  | \$ 134,949   | \$156,861   |
| Termination by Us for "Cause" or by Mr. DeMarino without "Good Reason" | \$0       | \$ 0      | \$ 134,949   | \$134,949   |
| Christopher A. Korst   |           |           |              |             |
| Termination by Us without "Cause" or by Mr. Korst for "Good Reason"    | \$980,405 | \$ 11,672 | \$ 1,051,853 | \$2,043,930 |
| Termination by Us due to Mr. Korst's Disability or death               | \$19,690  | \$ 5,836  | \$ 1,051,853 | \$1,077,380 |
| Termination by Us for "Cause" or by Mr. Korst without "Good Reason"    | \$0       | \$ 0      | \$ 1,051,853 | \$1,051,853 |
| Ronald D. DeMoss   |           |           |              |             |
| Termination by Us without "Cause" or by Mr. DeMoss for "Good Reason"   | \$960,769 | \$ 8,280  | \$ 638,559   | \$1,607,609 |
| Termination by Us due to Mr. DeMoss's Disability or death              | \$16,236  | \$ 4,140  | \$ 638,559   | \$658,935   |
| Termination by Us for "Cause" or by Mr. DeMoss without "Good Reason"   | \$0       | \$ 0      | \$ 638,559   | \$638,559   |

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### Potential Realizable Value of Outstanding Awards Upon a Change in Control Without Termination

Under our long-term incentive plans, in the event of a “change in control” of us or an “exchange transaction” involving us, the vesting of outstanding awards may be accelerated regardless of whether the employment of the holder is terminated in connection therewith. The following table provides quantitative disclosure of the potential realizable value of outstanding awards granted to our named executive officers pursuant to our long-term incentive plans assuming that:

- an event which constituted a “change in control” and an “exchange transaction” under each of the agreements and plans described above was consummated on December 31, 2013;
- with respect to options awarded pursuant to the 2006 Plan and the Equity Plan, the Board does not direct such outstanding options to be converted into options to purchase shares of the exchange stock;
- each named executive officer exercised any previously unexercised options and sold the underlying shares at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 31, 2013; and
- each named executive officer sold the shares of our common stock underlying their previously unvested restricted stock units at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 31, 2013.

| Name                 | <b>Potential<br/>Realizable<br/>Value<sup>(1)</sup></b> |
|----------------------|---|
| Mark E. Speese       | \$3,976,820   |
| Robert D. Davis      | \$1,572,311   |
| Mitchell E. Fadel    | \$2,365,276   |
| Theodore V. DeMarino | \$134,949   |
| Christopher A. Korst | \$1,051,853   |
| Ronald D. DeMoss     | \$638,559   |

*(1) Calculated by reference to the closing price for shares of our common stock on The Nasdaq Global Select Market on December 31, 2013, the last business day of fiscal 2013, which was \$33.34.*

### Compensation Related Risk

The Compensation Committee believes that the design of our compensation programs, including our executive compensation program, does not encourage our executives or employees to take unnecessary and excessive risks and that the risks arising from these programs are not reasonably likely to have a material adverse effect on us. The Compensation Committee considered the following factors in making that determination:

- The allocation among the components of direct annual compensation provides an appropriate balance between annual and long-term incentives and between fixed and performance-based compensation.

- The performance measures and the multi-year vesting features of the long-term equity incentive compensation component encourage participants to seek sustainable growth and value creation.

- Inclusion of share-based compensation through the long-term equity incentive compensation component encourages appropriate decision-making that is aligned with the long-term interests of our stockholders.

Our annual cash incentive program and the awards of restricted stock with performance-based vesting contain provisions with respect to our achievement of the applicable financial target such that each participant may receive

- (1) an additional payout pursuant to such award in the event that we exceed the applicable financial target, and (2) a portion of the target payout pursuant to such award in the event that we approach, yet fail to achieve, the target level of financial performance.

- We maintain a values-driven, ethics-based culture supported by a strong tone at the top.

[Back to Contents](#)**Equity Compensation Plan Information**

The following table sets forth certain information concerning all equity compensation plans previously approved by our stockholders and all equity compensation plans not previously approved by our stockholders as of December 31, 2013.

| Plan Category  | Number of Securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plan <sup>(1)</sup> |
|--|---|---|--|
| Equity compensation plans approved by security holders     | 2,847,829   | \$ 31.36  | 6,718,131  |
| Equity compensation plans not approved by security holders | -0-   | -0-   | -0-  |
| Total  | 2,847,829   | \$ 31.36  | 6,718,131  |

*Pursuant to the terms of the Plans, when an optionee leaves our employ, unvested options granted to that employee (1) terminate and become available for re-issuance. Vested options not exercised within 90 days from the date the optionee leaves our employ terminate and become available for re-issuance.*

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**PROPOSAL THREE: ADVISORY VOTE ON EXECUTIVE COMPENSATION**

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are seeking stockholder approval of our executive compensation program and practices as disclosed in this proxy statement. As described above in the “Compensation Discussion and Analysis” section of this proxy statement, the Compensation Committee has structured our executive compensation program to achieve the following key objectives:

- attract, retain and motivate senior executives with competitive compensation opportunities;
- balance short-term and long-term strategic goals;
- align our executive compensation program with the core values identified in our mission statement which focuses on improving the quality of life for our co-workers and our customers; and
- reward achievement of our financial and non-financial goals.

We urge shareholders to read the “Compensation Discussion and Analysis” beginning on page 20 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative disclosures, appearing on pages 29 through 39, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board believe that the policies and procedures articulated in the “Compensation Discussion and Analysis” are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement has contributed to our recent and long-term success.

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as a matter of good corporate governance, we are asking stockholders to approve the following advisory resolution at the 2014 Annual Meeting of Stockholders:

“RESOLVED, that the stockholders of Rent-A-Center, Inc. (the “Company”) approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed in the 2014 Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (including Item 402 of Regulation S-K), including the Compensation Discussion and Analysis, the 2013 Summary Compensation Table and the other related tables and narrative disclosure.”

This advisory resolution, commonly referred to as a “say-on-pay” resolution, is non-binding on the Board. Although non-binding, the Board and the Compensation Committee will carefully take into account the outcome of the vote when considering future compensation arrangements for our named executive officers. We intend to conduct future advisory votes on executive compensation at each subsequent annual meeting.

The affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to be voted on the proposal at the meeting is required for approval of this advisory resolution.

**Our Board of Directors recommends that you vote “FOR” approval of the advisory resolution on executive compensation.**

#### **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

Mr. Roberts, Mr. Gade, Mr. Lentell and Dr. Stern each served as members of the Compensation Committee for all or a portion of 2013. Each member is independent and no member of the Compensation Committee (1) has ever been employed by us, as an officer or otherwise, or (2) other than with respect to Mr. Lentell, as described under the heading “Related Person Transactions” below, has or had any relationship with us in 2013 requiring disclosure pursuant to SEC rules. In addition, during 2013, none of our executive officers served as a member of the compensation or similar committee or as a member of the board of directors of any other entity having an executive officer that also served on the Compensation Committee or Board of Directors of Rent-A-Center.

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## **RELATED PERSON TRANSACTIONS**

### **Policy on Review and Approval of Transactions with Related Persons**

The Board has adopted a written statement of policy and procedures for the identification and review of transactions involving us and “related persons” (our directors and executive officers, stockholders owning five percent or greater of our outstanding stock, immediate family members of any of the foregoing, or any entity in which any of the foregoing persons is employed or is a partner or principal or in a similar position or in which such person has a five percent or greater beneficial ownership interest).

Our directors and executive officers are required to provide notice to our legal department of the facts and circumstances of any proposed transaction involving amounts greater than \$50,000 involving them or their immediate family members that may be deemed to be a related person transaction. Our legal department will then assess whether the proposed related person transaction requires approval pursuant to the policy and procedures. If our legal department determines that any proposed, ongoing or completed transaction involves an amount in excess of \$100,000 and is a related person transaction, our Chief Executive Officer and the Chairman of the Nominating and Corporate Governance Committee must be notified (unless it involves our Chief Executive Officer, in which case the Chairman of the Nominating and Corporate Governance Committee must be notified), for consideration at the next regularly scheduled meeting of the Nominating and Corporate Governance Committee. In certain instances, the Chairman of the Nominating and Corporate Governance Committee may pre-approve or ratify, as applicable, any related person transaction in which the aggregate amount involved is, or is expected to be, less than \$500,000. The Nominating and Corporate Governance Committee or its Chairman, as applicable, will approve or ratify, as applicable, only those related person transactions that are in, or are not inconsistent with, our best interests and those of our stockholders.

### **Intrust Bank Relationship**

J.V. Lentell, one of our directors, serves as Vice Chairman of the Board of Directors of Intrust Bank, N.A., one of our lenders. Intrust Bank, N.A. is a \$13.8 million participant (total commitment) in our senior credit facility. We also maintain operational checking and other accounts, including a \$20.0 million revolving line of credit, with Intrust Bank, N.A., of which \$x.x million was drawn down as of February 21, 2014. In addition, Intrust Bank, N.A. serves as trustee of our 401(k) and deferred compensation plans. During 2013, we paid Intrust a total of \$1,380,822 in fees in connection with banking services provided by them, of which \$873,841 was for administration fees and trustee fees for our 401(k) and deferred compensation plans. The total fees paid to Intrust during 2013 constituted less than 1% of Intrust’s annual revenue for the year ended December 31, 2013.

## **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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Based on a review of reports filed by our directors, executive officers and beneficial owners of more than 10% of our shares of common stock, and upon representations from those persons, we believe that all SEC stock ownership reports required to be filed by those reporting persons during and with respect to 2013 were timely made.

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[Back to Contents](#)**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the common stock ownership for each of our directors, each of the named executive officers who are currently employed by us, all of our directors and executive officers as a group, and each of our known 5% stockholders. Beneficial ownership is determined in accordance with SEC rules and regulations. Unless otherwise indicated and subject to community property laws where applicable, we believe that each of the stockholders named in the table below has sole voting and investment power with respect to the shares indicated as beneficially owned. Information in the table is as of February 21, 2014, unless otherwise indicated.

| Name of Beneficial Owner   | Amount and Nature of Beneficial Ownership | Percent |
|--|---|---------|
| Mark E. Speese   | 1,448,486                                 | (1) 2.7 |
| Robert D. Davis  | 83,094                                    | (2) *   |
| Michael J. Gade  | 36,376                                    | (3) *   |
| Jeffery M. Jackson   | 25,476                                    | (4) *   |
| J.V. Lentell   | 34,976                                    | (5) *   |
| Steven L. Pepper   | 4,650                                     | (6) *   |
| Leonard H. Roberts   | 30,476                                    | (7) *   |
| Paula Stern, Ph.D.   | 14,976                                    | (8) *   |
| Ronald D. DeMoss   | 9,780                                     | (9) *   |
| Mitchell E. Fadel  | 128,708                                   | (10) *  |
| Christopher A. Korst   | 43,882                                    | (11) *  |
| Artisan Partners Limited Partnership <sup>(12)</sup>             | 2,834,999                                 | 5.3     |
| BlackRock, Inc. <sup>(13)</sup>                                  | 4,439,976                                 | 8.3     |
| Dimensional Fund Advisors LP <sup>(14)</sup>                     | 4,500,133                                 | 8.4     |
| FMR LLC <sup>(15)</sup>  | 8,658,501                                 | 16.2    |
| Hotchkis and Wiley Capital Management, LLC <sup>(16)</sup>       | 5,605,852                                 | 10.5    |
| The Vanguard Group <sup>(17)</sup>                               | 2,894,808                                 | 5.4     |
| All named executive officers and directors as a group (11 total) | 1,860,880                                 | 3.5     |

\* Less than 1%.

- Represents (a) 1,121,382 shares held directly, (b) 120,618 shares issuable pursuant to currently exercisable options, (c) 177,892 shares held directly by Mr. Speese's spouse, and (d) 28,594 shares held in the Allison Rebecca Speese 2000 Remainder Trust, Stephen F. Elken Trustee. Mr. Elken, as trustee of the foregoing trusts, has sole voting and investment power over the shares held in such trusts.*
- Represents (a) 27,038 shares held directly, (b) 53,418 shares issuable pursuant to currently exercisable options, and (c) 2,638 shares held pursuant to our 401(k) Plan (as of December 31, 2013).*
- Represents (a) 2,400 shares held directly, (b) 19,000 shares issuable pursuant to currently exercisable options, and (c) 14,976 deferred stock units.*
- Represents (a) 1,500 shares held directly, (b) 9,000 shares issuable pursuant to currently exercisable options and (c) 14,976 deferred stock units.*
- Represents (a) 20,000 shares issuable pursuant to currently exercisable options, and (b) 14,976 deferred stock units.*
- Represents 4,650 deferred stock units.*
- Represents (a) 1,500 shares held directly, (b) 14,000 shares issuable pursuant to currently exercisable options, and (c) 14,976 deferred stock units.*
- Represents 14,976 deferred stock units.*

- (9) *Represents (a) 1,371 shares held directly, and (b) 8,409 shares issuable pursuant to currently exercisable options. Represents (a) 44,372 shares held directly, (b) 69,788 shares issuable pursuant to currently exercisable options,*
- (10) *(c) 10,723 shares held pursuant to our 401(k) Plan (as of December 31, 2013), and (d) 3,825 shares held in a personal IRA account.*
- (11) *Represents (a) 8,265 shares held directly, (b) 34,531 shares issuable pursuant to currently exercisable options, and (c) 1,086 shares held pursuant to our 401(k) Plan (as of December 31, 2013). The address of Artisan Partners Limited Partnership is 875 East Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin 53202. Artisan Partners Limited Partnership exercises sole voting control over 2,596,092 of these*
- (12) *shares and sole investment control over all 2,834,999 shares. This information is based on a Schedule 13G/A filed by Artisan Partners Limited Partnership with the Securities and Exchange Commission on January 30, 2014. The address of BlackRock, Inc. is 40 East 52<sup>nd</sup> Street, New York, New York, 10022. BlackRock, Inc. exercises sole voting control over 4,250,693 of these shares and sole investment control over all 4,439,976 shares. This*
- (13) *information is based on a Schedule 13G/A filed by BlackRock, Inc. with the Securities and Exchange Commission on January 30, 2014. The address of Dimensional Fund Advisors LP is Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746. Dimensional Fund Advisors LP exercises sole voting control over 4,419,140 of these shares and sole investment control over all 4,500,133 shares. This information is based on a Schedule 13G/A filed by Dimensional Fund Advisors LP with the Securities and Exchange Commission on February 10, 2014. The address of FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109. FMR LLC exercises sole voting control over 106,740 of these shares and sole investment control over all 8,658,501 shares. This information is*
- (15) *based on a Schedule 13G/A filed by FMR LLC with the Securities and Exchange Commission on February 14, 2014. The address of Hotchkis and Wiley Capital Management, LLC is 725 Figueroa Street, 39th Floor, Los Angeles, California 90017. Hotchkis and Wiley Capital Management, LLC exercises sole voting control over 5,086,552 of*
- (16) *these shares and sole investment control over all 5,605,852 shares. This information is based on a Schedule 13G/A filed by Hotchkis and Wiley Capital Management, LLC with the Securities and Exchange Commission on February 10, 2014. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. The Vanguard Group exercises sole voting control over 79,692 of these shares and sole investment control over 2,818,316 of these*
- (17) *shares. This information is based on a Schedule 13G/A filed by The Vanguard Group with the Securities and Exchange Commission on February 12, 2014.*

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## **SUBMISSION OF STOCKHOLDER PROPOSALS**

From time to time, stockholders may seek to nominate directors or present proposals for inclusion in the proxy statement and form of proxy for consideration at an annual stockholders meeting. To be included in the proxy statement or considered at an annual or any special meeting, you must timely submit nominations of directors or proposals, in addition to meeting other legal requirements. We must receive proposals for possible inclusion in the proxy statement related to the 2015 annual stockholders meeting no later than November 24, 2014. Proposals for possible consideration at the 2015 annual stockholders meeting must be received by us no earlier than January 8, 2015, and no later than February 7, 2015. The 2015 annual stockholders meeting is expected to take place on May 7, 2015. Direct any proposals, as well as related questions, to Corporate Secretary, Rent-A-Center, Inc., 5501 Headquarters Drive, Plano, Texas 75024.

## **OTHER BUSINESS**

The Board does not intend to bring any business before the annual stockholders meeting other than the matters referred to in this notice and at this date has not been informed of any matters that may be presented to the annual stockholders meeting by others. If, however, any other matters properly come before the annual stockholders meeting, it is intended that the persons named in the accompanying proxy will vote pursuant to the proxy in accordance with their best judgment on such matters.

## **PLEASE VOTE – YOUR VOTE IS IMPORTANT**

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PROXY PROXY RENT-A-CENTER, INC. 5501 HEADQUARTERS DRIVE PLANO, TEXAS 75024 THIS PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF RENT-A-CENTER, INC. COMMON STOCK The undersigned, hereby revoking all prior proxies, appoints The undersigned, Robert D. Davis and Dawn M. Wolverton jointly and severally, with full power to act alone, as my true and lawful attorneys-in-fact, agents and proxies, with full and several power of substitution to each, to vote all the shares of Common Stock of Rent-A-Center, Inc. which the undersigned would be entitled to vote if personally present at the Annual Meeting of Stockholders of Rent-A-Center, Inc. to be held on May 8, 2014, and at any adjournments and postponements thereof. The above-named proxies are hereby instructed to vote as shown on the reverse side of this card. THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS SPECIFIED HEREIN, BUT WHERE NO DIRECTION IS GIVEN IT WILL BE VOTED 'FOR' EACH OF THE NOMINEES LISTED IN PROPOSAL 1, 'FOR' PROPOSALS 2 AND 3, AND IN THE DISCRETION OF THE ABOVE-NAMED PERSONS ACTING AS PROXIES ON SUCH OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE MEETING. (Continued and to be marked, dated and signed, on the other side) PLEASE DETACH ALONG PERFORATED LINE AND MAIL IN THE ENVELOPE PROVIDED. Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held May 8, 2014. The Proxy Statement and our 2013 Annual Report on Form 10-K are available at: <http://www.allianceproxy.com/rentacenter/2014>

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1. ELECTION OF CLASS II DIRECTORS as set forth in the accompanying proxy statement. The Board of Directors recommends a vote FOR the listed nominees. 1.1 Jeffery M. Jackson 1.2 Leonard H. Roberts 1.3 Mark E. Speese FOR AGAINST ABSTAIN 2. To ratify the Audit Committee's appointment of KPMG LLP, registered independent accountants, as the Company's independent auditors for the fiscal year ended December 31 2014, as set forth in the accompanying proxy statement. The Board of Directors recommends a vote "FOR" PROPOSAL 2. FOR AGAINST ABSTAIN 3. Proposal to adopt the advisory (non-binding) resolution approving executive compensation. The Board of Directors recommends a vote "FOR" Proposal 3. 4. In their discretion, upon such other business as may properly come before the meeting. FOR AGAINST ABSTAIN I PLAN TO ATTEND The undersigned(s) acknowledges receipt of the Notice of 2014 Annual Meeting of Stockholders and the proxy statement accompanying the same. Please sign your name exactly as it appears below. Joint owners must sign each. When signing as attorney, executor, administrator, trustee or guardian, please give full title as it appears hereon. If held by a corporation, please sign in full corporate name by the president or other authorized officer. If held by a partnership, please sign in the partnership's name by an authorized partner or officer. Dated: , 2014 Signature Signature, if held jointly, or office or title held CONTROL NUMBER PLEASE DETACH ALONG PERFORATED LINE AND MAIL IN THE ENVELOPE PROVIDED. CONTROL NUMBER PROXY VOTING INSTRUCTIONS Please have your 11 digit control number ready when voting by Internet or Telephone Internet and telephone voting is available through 11:59 PM Eastern Time the day prior to the shareholder meeting date. 401K Plan Participant votes must be received no later than 2 business days prior to the meeting date INTERNET Vote Your Proxy on the Internet: Go to [www.cesvote.com](http://www.cesvote.com) Have your proxy card available when you access the above website. Follow the prompts to vote your shares. TELEPHONE Vote Your Proxy by Phone: Call 1 (888) 693-8683 Use any touch-tone telephone to vote your proxy. Have your proxy card available when you call. Follow the voting instructions to vote your shares. MAIL Vote Your Proxy by Mail: Mark, sign, and date your proxy card, then detach it, and return it in the postage-paid envelope provided.