

RENT A CENTER INC DE
Form DEF 14A
April 25, 2019
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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:

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Notice of 2019 Annual Meeting of Stockholders

Tuesday, June 4, 2019

8:00 a.m. local time,

5501 Headquarters Drive, Plano, Texas 75024

The 2019 annual meeting of stockholders of Rent-A-Center, Inc. will be held on Tuesday, June 4, 2019, at 8:00 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 two Class I directors nominated by the Board of Directors;
2. To ratify the Audit & Risk Committee's current selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2019;
3. To conduct an advisory vote approving the compensation of the named executive officers for the year ended December 31, 2018, as set forth in the proxy statement; and
4. To transact other business that properly comes before the meeting.

This notice is being sent to stockholders of record at the close of business on April 9, 2019. Each such holder is entitled to receive notice of and to vote at the 2019 annual meeting of stockholders 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 2019 annual meeting of stockholders, 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

April 26, 2019

Plano, Texas

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This proxy statement is furnished in connection with the solicitation of proxies by Rent-A-Center, Inc. (the Company), on behalf of its Board of Directors (the Board), for the 2019 Annual Meeting of Stockholders of the Company (the 2019 Annual Meeting). This proxy statement and related proxy materials are being mailed to our stockholders on or about April 26, 2019.

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 information regarding our 2018 performance, please review our Annual Report on Form 10-K for the year ended December 31, 2018. Page references are supplied to help you find further information in this proxy statement.

Meeting Information

Date & Time: 8:00 a.m. Central time on Tuesday, June 4, 2019

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 April 9, 2019 (see page 3 for information on how to vote)

Voting matters

Proposal	Board Vote Recommendation	Page Reference (for more detail)
Election of Directors	FOR each Director Nominee	5
Ratification of Auditors	FOR	16
Advisory Vote on Executive Compensation	FOR	38

At the 2018 annual meeting, we submitted a proposal to our stockholders to declassify the Board of Directors. Stockholders owning approximately 75% of our outstanding shares of common stock voted in favor of the declassification proposal, which was less than the 80% affirmative vote required to amend our Certificate of Incorporation to declassify the Board. We intend to resubmit the declassification proposal at a future annual meeting of stockholders.

Board Nominees (page 5)

The Board has identified two new independent director nominees to be elected as Class I directors, Carol A. McFate and Harold Lewis. The following table provides summary information about each director nominee who is nominated for election at the 2019 Annual Meeting. Each director nominee will serve a three-year term expiring at the 2022 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 6.

Name	Age	Experience/Qualification	Proposed Committee Memberships	Other Public Company Boards
Carol A. McFate	66	Corporate finance and treasury Governance; leadership	Audit; Nominating	N/A
Harold Lewis	58	Financial technology Consumer finance	Audit; Compensation	N/A

Executive Compensation

Principles (page 19)

We generally target total direct compensation (base salary, annual incentive and long-term incentive compensation) at the 50th-75th percentile of that paid at similarly-situated public companies in the retail and consumer finance sector, with cash compensation (base salary and annual incentives) targeted at the 50th percentile, and

long-term incentive compensation targeted at the 75th percentile. The objectives of our executive compensation program are to:

attract, retain and motivate senior executives with competitive compensation opportunities;

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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, cash flow and revenue;

long-term incentive compensation, which consists of stock options which generally vest ratably over four years beginning on the first anniversary of the date of grant, restricted stock units which cliff vest after three years, and performance stock units which vest based solely on a relative total shareholder return metric over a three-year measurement period;

double trigger severance arrangements; and

fringe benefits, including perquisites, with no tax gross-ups.

Relative Total Shareholder Return (page 23)

Our Compensation Committee has adopted a relative total shareholder return metric over a three-year measurement period as the vesting condition for grants of performance stock units pursuant to our long-term incentive compensation program.

Stock Ownership Guidelines (pages 12 and 25)

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, are subject to equity interest guidelines as described on pages 12 and 25,

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 25)

Our Board has adopted a clawback policy applicable to our executive officers as described on page 25.

Pay for Performance (page 19)

Our executive compensation program directly links a substantial portion of executive compensation to our financial performance through annual and long-term incentives. For the 2018 annual cash incentive program, (i) the EBITDA goal was achieved at 141.9% of target (resulting in a 200% payout of the 40% of the target bonus amounts attributable to the EBITDA target), (ii) the cash flow target was achieved at 157.2% of target (resulting in a 200% payout of the 40% of the target bonus amounts attributable to the cash flow target, and (iii) the revenue goal was achieved at 102.8% of target (resulting in a 129% payout of the 20% of the target bonus amounts attributable to the revenue target). As a result, each participant in the 2018 annual cash incentive program received an amount equal to 186% of such person's target bonus amount.

In 2016, our Compensation Committee granted to our named executive officers performance-based restricted stock units based on our relative Total Shareholder Return (TSR) as compared to the S&P 1500 Specialty Retail Index over a three-year measurement period. Our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the three-year period ending December 31, 2018, ranked us 32 out of 56 companies in the S&P 1500 Specialty Retail Index, or the 44th percentile, which resulted in the vesting of 75% of the performance-based restricted stock units that were granted.

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QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING AND VOTING PROCEDURES

Who may vote?

Stockholders of record as of the close of business on April 9, 2019, the record date for the 2019 Annual Meeting, may vote at the meeting. Each share of common stock entitles the holder to one vote per share. As of April 9, 2019, there were 54,049,974 shares of our common stock outstanding.

What constitutes a quorum?

The holders of at least a majority of our outstanding shares of common stock entitled to vote at the 2019 Annual Meeting must be represented at the 2019 Annual Meeting in person or by proxy to have a quorum. Any stockholder present at the 2019 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 I director;

FOR the ratification of the Audit & Risk Committee's current selection of KPMG LLP as our independent registered public accounting firm for 2019; and

FOR the resolution approving the compensation of the named executive officers for the year ended December 31, 2018, 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 time on June 3, 2019, unless you are a participant in our 401(k) plan, in which case your voting instructions must be received by 6:00 a.m., Central time, on June 3, 2019.

You may revoke your proxy at any time before or at the 2019 Annual Meeting (in each case, before the vote at the 2019 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 Saratoga Proxy Consulting, LLC, 528 8th Avenue, 14th Floor, New York, NY 10018;

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.

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QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING AND VOTING PROCEDURES

How many votes must each proposal receive to be adopted?

Proposal 1: Election of Directors. 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.

Proposal 2: Ratification of the Audit & Risk Committee's current selection of KPMG LLP as our independent registered public accounting firm for 2019. A majority of the votes cast is required

to ratify KPMG as our independent registered public accounting firm. Broker non-votes and abstentions will not affect the outcome of the vote to ratify KPMG.

Proposal 3: Advisory vote on executive compensation. 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 for Proposal 1 (in the election of directors), Proposal 2 (ratification of auditors) and 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 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 Saratoga Proxy Consulting LLC, a proxy solicitation firm, to assist in the solicitation of proxies for which we will pay a fee in the amount of \$10,000.

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PROPOSAL ONE: ELECTION OF DIRECTORS

What is the organizational structure of the Board?

Our Board is divided into three classes with directors in each class generally serving for a term of three years. J.V. Lentell, currently serving as a Class III director, will retire from the Board following the 2019 Annual Meeting. Assuming the board nominees

described below are elected at the 2019 Annual Meeting, the Board will consist of six members.

How many directors are to be elected?

Two Class I directors are to be elected by our stockholders. There are no incumbent directors serving in Class I due to term expiration and prior resignations from the Board. Accordingly, our

Board has nominated two new independent director candidates to serve as Class I directors.

Who are the board nominees?

Our Board, upon recommendation of the Nominating and Corporate Governance Committee, has nominated each of Carol A. McFate and Harold Lewis to be elected as Class I directors by our stockholders.

The qualifications necessary for a board nominee and the Nominating and Corporate Governance Committee's process for evaluating prospective board members is discussed below under "Director Nominations - Qualifications" on page 15. Specific experience and relevant considerations with respect to each nominee are set forth in each candidate's respective biography below.

Each of Ms. McFate and Mr. Lewis has agreed to stand for election. However, should either 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 has no reason to believe that either of Ms. McFate or Mr. Lewis 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.

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PROPOSAL ONE: ELECTION OF DIRECTORS

Our Board recommends that you vote **FOR** each of Ms. McFate and Mr. Lewis.

Carol A. McFate

Independent Director Nominee

Age: 66

Ms. McFate served from 2006 until October 2017 as the Chief Investment Officer of Xerox Corporation, a multinational document provider of multifunction document management systems and services, managing retirement assets for North American and UK plans. Previously, Ms. McFate served in various finance and treasury roles for a number of prominent insurance and financial services companies, including XL Global Services, Inc., a US-based subsidiary of XL Capital Ltd., a leading Bermuda-based global insurance and reinsurance company, American International Group, Inc., an American multinational property & casualty insurance, life insurance, and financial services provider, Prudential Insurance Company of America, an American Fortune Global 500 and Fortune 500 company whose subsidiaries provide life insurance, investment management and other financial products and services to both retail and institutional customers through the US and in over 30 other countries. Ms. McFate is a Chartered Financial Analyst.

Ms. McFate brings over 40 years of global corporate finance experience and a varied viewpoint to the Board which we believe will support our strategic initiatives and enhance long-term vision, sustainable growth and shareholder value.

Harold Lewis

Independent Director Nominee

Age: 58

Mr. Lewis brings over 30 years of experience in financial services and mortgage lending. Since August 2018, he has served as the CEO of Renovate America, Inc., a national home improvement fintech company focused on energy efficient home improvement lending. From 2016 to 2018, Mr. Lewis was a senior advisor for McKinsey & Company, a worldwide management consulting firm. From 2012 to 2015 he served as President and COO of Nationstar Mortgage, one of the largest mortgage servicers in the country. In that position, he grew Nationstar's servicing platform from \$30 billion to \$400 billion and mortgage origination portfolio from \$1.8 billion to \$25 billion while also building and managing Nationstar's relationship with the newly created industry regulator, the Consumer Financial Protection Bureau. Prior to Nationstar Mortgage, he held C-Suite and senior executive positions at Citi Mortgage, Fannie Mae, Resource Bancshares Mortgage Group and Nations Credit, among others.

We believe that Mr. Lewis' significant financial technology knowledge and broad experience with a similar customer demographic provides our Board with an important resource with respect to our e-commerce and Acceptance Now businesses.

Who are the continuing members of the Board?

The terms of the following four members of our Board will continue past the 2019 Annual Meeting.

Term to Expire at the 2020 Annual Meeting:

Jeffrey J. Brown

Independent Director; Chairman of the Board

Age: 58

Director Since: 2017

Committees Served: Audit (chair); Compensation; Nominating & Corporate Governance

Mr. Brown is the Chief Executive Officer and founding member of Brown Equity Partners, LLC, which provides capital to management teams and companies needing equity. Mr. Brown's venture capital and private equity career spans 30 years, including

positions with Hughes Aircraft Company, Morgan Stanley & Company, Security Pacific Capital Corporation and Bank of America Corporation. Since June 2015, Mr. Brown has served as the Lead Director of Medifast, Inc., where he also serves as chairman of the Audit Committee and is a member of the Executive Committee. Mr. Brown also serves as a director and member of the Audit Committee of Cadiz, Inc. Mr. Brown previously served as a director of Outerwall Inc., Midatech Pharma PLC, and Nordion, Inc.

Mr. Brown brings to the Board extensive public and private company board experience and significant transactional expertise.

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PROPOSAL ONE: ELECTION OF DIRECTORS

Mitchell E. Fadel

Director; Chief Executive Officer

Age: 61

Director Since: 2017

Committees Served: N/A

Mr. Fadel has served as one of our directors since June 2017 and was named Chief Executive Officer on January 2, 2018. Mr. Fadel was self-employed prior to joining the Company after most recently serving as President U.S. Pawn for EZCORP, Inc., a leading provider of pawn loans in the United States and Mexico, from September 2015 to December 2016. Prior to that, Mr. Fadel served as President of the Company (beginning in July 2000) and Chief Operating Officer (beginning in December 2002) each until August 2015, and also as a director of the Company from December 2000 to November 2013. From 1992 until 2000, Mr. Fadel served as President and Chief Executive Officer of the Company's subsidiary Rent-A-Center Franchising International, Inc. f/k/a ColorTyme, Inc. Mr. Fadel's professional experience with the Company also includes previously serving as a Regional Director and a District Manager.

As our Chief Executive Officer, Mr. Fadel's day-to-day leadership provides him with intimate knowledge of our operations that are a vital component of our Board discussions. In addition, Mr. Fadel brings 30 years of experience in and knowledge of the rent-to-own industry, including his previous tenure as our President and Chief Operating Officer, to the Board. We believe Mr. Fadel's 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.

Christopher B. Hetrick

Independent Director

Age: 40

Director Since: 2017

Committees Served: Audit; Compensation (chair); Nominating & Corporate Governance Committee

Mr. Hetrick has been the Director of Research at Engaged Capital, a California based investment firm and registered advisor with the U.S. Securities and Exchange Commission focused on investing in small and mid-cap North American equities, since September 2012. Prior to joining Engaged Capital, Mr. Hetrick worked at Relational Investors LLC (Relational), a \$6 billion activist equity fund, from January 2002 to August 2012. Mr. Hetrick began his career with Relational as an associate analyst. He eventually became the firm's senior consumer analyst overseeing over \$1 billion in consumer sector investments. Prior to his work heading up the consumer research team, Mr. Hetrick

was a generalist covering major investments in the technology, financial, automotive and food sectors.

We believe that Mr. Hetrick's extensive investment experience in a broad range of industries as well as his expertise in corporate strategy, capital allocation, executive compensation, and investor communications well qualifies him to serve on our Board.

Term to Expire at the 2021 Annual Meeting:

Michael J. Gade

Independent Director

Age: 67

Director Since: 2005

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

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 over 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. Prior to 2000, Mr. Gade was a Senior Partner and Chairman of the Retail Consumer Product Practice at Coopers & Lybrand (now part of PricewaterhouseCoopers). Mr. Gade also serves on the Board of Directors of The Crane Group.

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.

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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 2019, 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 questionnaires, 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 2019, 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 continuing directors are independent as defined under Nasdaq rules: Jeffrey J. Brown, Michael J. Gade, and Christopher B. Hetrick. 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.

Name	Independent	Transactions/Relationships/Arrangements
Jeffrey J. Brown	Yes	None
Michael J. Gade	Yes	None
Christopher B. Hetrick	Yes	Employee of Engaged Capital, a 9.9% stockholder in the Company

In April 2019, each of Ms. McFate and Mr. Lewis completed a questionnaire which inquired as to their (and those of their immediate family members) relationship with us and other potential conflicts of interest in connection with the nomination

process. Following a review of such questionnaires, our Board determined that each of Ms. McFate and Mr. Lewis will be independent as defined under Nasdaq rules.

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BOARD INFORMATION

Board Leadership Structure

Our Board separates the roles of Chairman and Chief Executive Officer. Mr. Lentell served as Chairman from December 2017 to April 24, 2019. Mr. Brown was appointed as Chairman effective as of April 24, 2019. Mr. Fadel serves as our Chief Executive Officer. The Board believes that the separation of the roles of Chairman and Chief Executive Officer at this time is appropriate in light of Mr. Fadel's tenure as Chief Executive Officer 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 Chief Executive Officer to focus

on developing and implementing our strategic initiatives and supervising our day-to-day business operations. Our Board believes that Mr. Brown is well situated to serve as Chairman because of his experience serving on the boards of other public companies, including as a lead director. Mr. Brown will work closely with Mr. Fadel to set the agenda for Board meetings and to coordinate 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 2018, our Board met 31 times, including regularly scheduled and special meetings. 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 independent directors meet in executive session at each in-person meeting of the Board. Executive sessions are generally chaired by our Chairman of the Board.

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 2018 included the Audit & Risk Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. Each of the standing committees has the authority to retain independent advisors and consultants, with all fees and expenses to be paid by the Company.

The *Audit & Risk 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 & Risk Committee reviews, among other things, (1) the financial reports and other financial information provided by us to the Securities and Exchange Commission (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, (5) the efficacy and efficiency of our auditing, accounting and financial reporting processes generally, and (6) our risk management practices. The Audit & Risk 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 & Risk 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 & Risk 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).

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BOARD INFORMATION

The Board has adopted a charter for the Audit & Risk Committee, which can be found in the Corporate Governance section of the Investor Relations section of our website at www.rentacenter.com. The Audit & Risk 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 2018, the Audit & Risk Committee held nine meetings. All members of the Audit & Risk Committee are independent under SEC and Nasdaq rules. In addition, the Board has determined that Mr. Brown is an audit committee financial expert as defined by SEC rules and each of Mr. Gade and Mr. Hetrick meets the financial sophistication requirements of Nasdaq. Members: Mr. Brown (Chair), Mr. Gade and Mr. Hetrick. Following the 2019 Annual Meeting, the Audit Committee will be reconstituted to comprise Mr. Brown (Chair), Mr. Lewis and Ms. McFate.

The *Compensation Committee* (1) discharges the Board's responsibilities with respect to all forms of compensation of our Chief Executive 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. 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 or appropriate, to delegate matters to a sub-committee composed of members of the Compensation Committee.

The Compensation Committee held four meetings in 2018. All members of the Compensation Committee are non-employee directors and are independent under Nasdaq rules. Members: Mr. Hetrick (Chair), Mr. Brown and Mr. Gade. Following the 2019 Annual Meeting, the Compensation Committee will be reconstituted to comprise Mr. Hetrick (Chair), Mr. Gade and Mr. Lewis.

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. 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 2018, the Nominating and Corporate Governance Committee held three meetings. The Board has determined that each member of the Nominating and Corporate Governance Committee is independent as defined under Nasdaq rules. Members: Mr. Gade (Chair), Mr. Brown and Mr. Hetrick. Following the 2019 Annual Meeting, the Nominating and Corporate Governance Committee will be reconstituted to comprise Mr. Gade (Chair), Mr. Hetrick and Ms. McFate.

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Table of Contents**DIRECTOR COMPENSATION****Cash Compensation**

During 2018, each non-employee director received an annual retainer of \$50,000. 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:

Position	Annual Retainer
Chairman of the Board	\$ 80,000
Chair of the Audit & Risk Committee	\$ 16,000
Other members of the Audit & Risk Committee	\$ 9,000
Chair of the Compensation Committee	\$ 12,000
Other members of the Compensation Committee	\$ 6,000
Chair of the Nominating and Corporate Governance Committee	\$ 8,000
Other members of the Nominating and Corporate Governance Committee	\$ 6,000

All retainers were paid in cash, in four equal installments on the first day of each quarter. Mr. Fadel did not receive any cash compensation for his service as a director during 2018.

The Compensation Committee engaged Korn Ferry 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 March 2019, the Compensation Committee recommended, and the Board adopted, that the annual retainer paid to non-employee directors be increased from \$50,000 to \$77,500, beginning with the quarterly installment due on July 1, 2019. In addition, the Compensation Committee recommended, and the Board adopted, the following revised additional annual retainers, beginning with the quarterly installment due on July 1, 2019:

Position	Annual Retainer
Chairman of the Board	\$ 150,000
Chair of the Audit & Risk Committee	\$ 27,500
Other members of the Audit & Risk Committee	\$ 15,000
Chair of the Compensation Committee	\$ 25,000
Other members of the Compensation Committee	\$ 10,500
Chair of the Nominating and Corporate Governance Committee	\$ 20,000
Other members of the Nominating and Corporate Governance Committee	\$ 10,000

Beginning July 1, 2019, retainers may be paid in a combination of cash or deferred stock units (DSUs) at each non-employee director's election. To encourage our directors to take a greater portion of their cash compensation in the form of Company stock to further enhance their alignment with the interests of our stockholders, deferred fees will be matched 25% by the Company and the total deferred fees and matching contributions will be converted into an equivalent value of DSUs. Deferred fees plus matching contributions are converted to DSUs based on the closing price of Rent-A-Center common stock on the trading day immediately preceding the date on which the fees are payable. Each DSU represents the right to receive one share of common stock of the Company. The DSUs are fully vested and non-forfeitable. The common stock will be issued on the date the person ceases to be a member of the Board. The DSUs do not have voting rights.

Equity Compensation

Our non-employee directors receive a deferred stock award pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (the 2016 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, 2018, the first business day of 2018, were granted deferred stock units valued at \$100,000 on that date.

The annual deferred stock award to our non-employee directors for 2019 was valued at \$120,000. The Board adopted this change to the value of the equity compensation paid to our non-employee directors based on input from Hay Group in March 2019. In addition, the deferred stock award for 2019 was granted on April 1, 2019, following the ruling by the Court of Chancery of the State of Delaware that we validly terminated the Agreement and Plan of Merger entered into on June 17, 2018 with certain affiliates of Vintage Capital Management, LLC.

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Table of Contents**DIRECTOR COMPENSATION****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. Mr. Gade has met the foregoing guideline. Messrs Brown, Fadel and Hetrick were elected to the Board in June 2017.

The following table sets forth certain information regarding the compensation of our non-employee directors during 2018:

Director Compensation for 2018

Name	Fees Earned or Paid in Cash⁽¹⁾	Deferred Stock Award⁽²⁾	Total
Jeffrey J. Brown	\$ 84,500	\$ 158,333	\$ 242,833
Michael J. Gade	\$ 78,500	\$ 100,000	\$ 178,500
Rishi Garg ⁽³⁾	\$ 35,000	\$ 100,000	\$ 135,000
Christopher B. Hetrick	\$ 79,000	\$ 158,333	\$ 237,333
J.V. Lentell	\$ 155,500	\$ 100,000	\$ 255,500

(1) Includes annual retainer, committee fees and meeting attendance fees paid to each non-employee director with respect to services rendered in 2018.

(2) 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 M to our consolidated financial statements for the year ended December 31, 2018 included in our Annual Report on Form 10-K filed with the SEC on March 1, 2019. On January 2, 2018, each then current non-employee director was granted 9,010 deferred stock units. Also on January 2, 2018, each of Messrs. Brown and Hetrick were granted an additional 5,255 deferred stock units valued at \$58,333, representing the pro-rata portion of the 2017 award value (Messrs. Brown and Hetrick were elected to the Board at the Company's 2017 annual meeting of stockholders). 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 service as a member of our Board.

(3) Mr. Garg's term ended at the Company's 2018 annual meeting of stockholders.

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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 Chief Executive Officer 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 & Risk 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 SEC 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. 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 telephone:

972-624-6210

By mail:

Rent-A-Center, Inc.

Attn: Compliance Officer

5501 Headquarters Drive

Plano, TX 75024

By e-mail:

RAC.Board@rentacenter.com

Procedures for Reporting Accounting Concerns

The Audit & Risk 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.

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CORPORATE GOVERNANCE

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 Nominating and Corporate Governance Committee carefully considers diversity when evaluating nominees for director, the Nominating and Corporate Governance 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 a stockholder, 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 a stockholder, 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, nor later than the close of business on the later to occur of the 90th day prior to the date of such special meeting or the

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CORPORATE GOVERNANCE

10th 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, as amended (the Exchange Act) (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 Company's 2018 annual meeting of stockholders.

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

The Audit & Risk Committee has currently selected KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019. Our Board has further directed that we submit the selection of our independent registered public accounting firm for ratification by our stockholders at the 2019 Annual Meeting.

The Audit & Risk 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 2018 and 2017 provided by KPMG were pre-approved by the Audit & Risk Committee. The Audit & Risk 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 independence. The Audit & Risk Committee has determined that the rendering of non-audit services by KPMG during the years ended December 31, 2018 and 2017, was compatible with maintaining such firm's independence.

Stockholder ratification of the selection of KPMG as our current 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. If the stockholders fail to ratify the selection, the Audit & Risk Committee will reconsider whether or

not to continue the retention of KPMG. Even if the selection is ratified, the Audit & Risk 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 & Risk Committee annually reviews the performance of our independent registered public accounting firm and the fees charged for their services. In addition, earlier this year, the Company initiated a request for proposal process to evaluate independent registered public accounting firms that may be able to serve as the Company's audit firm in the future. Based upon the Audit & Risk Committee's analysis of this information, the Audit & Risk Committee will determine which registered independent public accounting firm to engage to perform our annual audit for the fiscal year ended December 31, 2019.

Representatives of KPMG will attend the 2019 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.

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

Principal Accountant Fees and Services

The aggregate fees billed by KPMG LLP for the years ended December 31, 2018 and December 31, 2017, for the professional services described below are as follows:

	2018	2017
Audit Fees ¹	\$ 1,978,085	\$ 1,890,000
Audit-Related Fees ²	\$ 0	\$ 82,200
Tax Fees ³	\$ 66,387	\$ 81,795
All Other Fees ⁴	\$ 4,500	\$ 0

- (1) Represents the aggregate fees billed by KPMG for (a) professional services rendered for the audit of our annual financial statements for the years ended December 31, 2018 and December 31, 2017, (b) the audit of management's assessment of the effectiveness of our internal controls over financial reporting as of December 31, 2018 and December 31, 2017, and (c) reviews of the financial statements included in our Forms 10-Q filed with the SEC.
- (2) Represents the aggregate fees billed by KPMG for 2017 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.
- (3) Represents the aggregate fees billed by KPMG for professional services rendered for tax compliance, tax advice and tax planning. These services comprise engagements related to federal research tax credits and international tax advice and planning.
- (4) Represents the aggregate fees billed by KPMG for executive leadership training program.

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AUDIT COMMITTEE REPORT

In accordance with its written charter adopted by the Board, the Audit & Risk 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 & Risk 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 & Risk 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 & Risk Committee also reviewed with the independent auditors their audit plans, audit scope and identification of audit risks.

The Audit & Risk Committee discussed with the independent auditors the matters required to be discussed by Auditing Standard No. 1301, 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 & Risk Committee reviewed and discussed the audited consolidated financial statements of the Company as of and for the year ended December 31, 2018 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 Exchange Act), 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 & Risk Committee's responsibility is to monitor and review these processes. The members of the Audit & Risk Committee are independent as defined by SEC and Nasdaq rules, and our Board has determined that Mr. Jeffrey J. Brown is an audit committee financial expert as defined by SEC rules.

The Audit & Risk 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 & Risk 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 & Risk Committee also periodically meets in executive session.

In reliance on the reviews and discussions referred to above, the Audit & Risk 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, 2018, for filing with the SEC.

AUDIT & RISK COMMITTEE

Jeffrey J. Brown, Chairman

Michael J. Gade

Christopher B. Hetrick

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Table of 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:

Name	Age	Position	
Mitchell E. Fadel	61	Chief Executive Officer	
Maureen B. Short	44	Executive Vice President	Chief Financial Officer
Ann L. Davids	50	Executive Vice President	Chief Marketing Officer
Christopher A. Korst	59	Executive Vice President	General Counsel
Catherine M. Skula	47	Executive Vice President	Franchising

Mitchell E. Fadel. Mr. Fadel has served as one of our directors since June 2017 and was named Chief Executive Officer on January 2, 2018. Mr. Fadel was self-employed prior to joining the Company after most recently serving as President U.S. Pawn for EZCORP, Inc., a leading provider of pawn loans in the United States and Mexico, from September 2015 to December 2016. Prior to that, Mr. Fadel served as President of the Company (beginning in July 2000) and Chief Operating Officer (beginning in December 2002) each until August 2015, and also as a director of the Company from December 2000 to November 2013. From 1992 until 2000, Mr. Fadel served as President and Chief Executive Officer of the Company's subsidiary Rent-A-Center Franchising International, Inc. f/k/a ColorTyme, Inc. Mr. Fadel's professional experience with the Company also includes previously serving as a Regional Director and a District Manager.

Maureen B. Short. Ms. Short was named Executive Vice President Chief Financial Officer on December 19, 2018. Ms. Short previously served as Interim Chief Financial Officer effective from December 2016 until December 2018, Senior Vice President Finance, Investor Relations and Treasury from November 2014 until December 2016, as Senior Vice President Finance, Analytics and Reporting from March 2013 until November 2014, and as Vice President Finance, Analytics and Reporting from August 2010 until March 2013.

Ann L. Davids. Ms. Davids was named Executive Vice President Chief Marketing Officer effective as of February 21, 2018.

Ms. Davids served as Senior Vice President Chief Marketing Officer for Direct General/National General Insurance from 2013 to 2018 with responsibility for the web channel development as well as marketing strategy and execution. Prior to 2013, Ms. Davids served as our chief marketing officer for 15 years.

Christopher A. Korst. Mr. Korst has served as Executive Vice President General Counsel since March 2019, after previously serving as Executive Vice President Chief Administrative Officer and General Counsel from July 2014 to March 2019, and Executive Vice President Chief Administrative Officer from January 1, 2014 to July 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.

Catherine M. Skula. Ms. Skula was appointed Executive Vice President Franchising effective as of January 1, 2018, after previously serving as Senior Vice President Franchising since January 2012. From August 2009 to January 2012, Ms. Skula served as Division Vice President RTO Domestic. Ms. Skula began her employment with us in 1994 as a customer account representative.

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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 that the Compensation Discussion and Analysis be included in the proxy statement on Schedule 14A related to the 2019 Annual Meeting of Stockholders, for filing with the SEC.

COMPENSATION COMMITTEE

Christopher B. Hetrick, Chairman

Jeffery J. Brown

Michael J. Gade

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 50th-75th percentile of that paid at similarly-situated public companies in the retail and consumer finance sector, with cash compensation (base salary and annual incentives) targeted at the 50th percentile, and long-term incentive compensation targeted at the 75th percentile.

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 strategic goals and culture, and also that it incentivizes short- and long-term profitability.

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. For the 2018 annual cash incentive program, (i) the EBITDA goal was achieved at 141.9% of target (resulting in a 200% payout of the 40% of the target bonus amounts attributable to the EBITDA target), (ii) the cash flow target was achieved at 157.2% of target (resulting in a 200% payout of the 40% of the target bonus amounts attributable to the cash flow target, and (iii) the revenue goal was achieved at 102.8% of target (resulting in a 129% payout of the 20% of the target bonus amounts attributable to the revenue target). As a result, each participant in the 2018 annual cash

incentive program received an amount equal to 186% of such person's target bonus amount.

In 2016, our Compensation Committee granted to our named executive officers performance-based restricted stock units based on our relative TSR as compared to the S&P 1500 Specialty Retail Index over a three-year measurement period. Our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the three-year period ending December 31, 2018, ranked us 32 out of 56 companies in the S&P 1500 Specialty Retail Index, or the 44th percentile, which resulted in the vesting of 75% of the performance-based restricted stock units that were granted.

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COMPENSATION DISCUSSION AND ANALYSIS

Stockholder Advisory Vote

In June 2018, 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 78% of the shares of common stock present and entitled to vote at the meeting cast in favor of our proposal. This level of support was significantly less than in previous years (94.4% in 2017; 98.5% in 2016, and 98.6% in 2015) and was affected by a negative recommendation from Institutional Shareholder Services (ISS). ISS based its negative recommendation solely on a provision of the employment agreement we entered into with our new Chief Executive Officer in March 2018 (a single-trigger cash change in control payment which the Board deemed necessary given the Company's then on-going strategic alternatives review process).

In April 2019, the employment agreement with Mr. Fadel was revised to eliminate the single-trigger cash change in control payment and adopting, instead, a double-trigger cash change in control payment structure. Compensation decisions and changes implemented during the 2018 fiscal year 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 retains a compensation consultant to assist it with compensation decisions for the upcoming fiscal year. For the 2018 fiscal year, the Compensation Committee engaged 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 2018 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:

Aaron s, Inc.	Big Lots Inc.	Brinker International Inc.	Conn s
Fred s, Inc.	H&R Block, Inc.	Michaels Stores, Inc.	OneMain Holdings
Pier 1 Imports, Inc.	Sally Beauty, Inc.	Sears Hometown & Outlet	Tractor Supply, Inc.
United Rental	Western Union		

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 annuitized revenue streams;

Geographic proximity; and

Competitors for executive talent.

After considering several companies for possible inclusion in the Peer Group, the Compensation Committee determined to make

no additions to the Peer Group. In the fall of 2017, the Compensation Committee approved the use of this Peer Group for use in connection with compensation decisions to be made for the 2018 fiscal year.

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.

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;

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long-term incentive compensation, which consists of stock options, restricted stock units, and performance stock units;

severance arrangements; and

fringe benefits, including perquisites, with no tax gross-ups.

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, including the financial performance within his or her area of responsibility and other factors;

recommendations of the Chief Executive Officer 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 should be made to the annual base salaries for our named executive officers. During the Compensation Committee's review of the then-current base

salaries, the Compensation Committee primarily considers market data, input provided by our Human Resources department, input of the Chief Executive Officer (other than with respect to his own base salary), individual performance, our financial performance, the experience of the named executive officer, and each named executive officer's compensation in relation to our other executive officers.

After considering our financial performance in 2017, the Compensation Committee made no changes to the base salaries for each of our named executive officers for 2018, except with respect to Mr. Herman whose base salary was increased in connection with his assumption of additional duties as Interim Chief Information Officer in December 2017, and his subsequent appointment as Chief Information Officer. Mr. Fadel's base salary for 2018 was determined by the Board in connection with Mr. Fadel's appointment as Chief Executive Officer effective as of January 2, 2018. The Compensation Committee approved the following base salaries of the named executive officers for 2017 and 2018 as set forth in the table below. The base salary adjustments for 2018 were effective March 31, 2018.

ANNUAL BASE SALARIES

Name	2016 Base Salary	2017 Base Salary	2018 Base Salary
Mitchell E. Fadel ⁽¹⁾	\$	\$	\$ 800,000
Maureen B. Short ⁽²⁾	\$ 259,584	\$ 362,000	\$ 362,000
Fred E. Herman ⁽³⁾	\$ 302,357	\$ 302,357	\$ 355,000
Christopher A. Korst	\$ 438,677	\$ 438,677	\$ 438,677
Catherine M. Skula ⁽⁴⁾	\$	\$	\$ 325,338

(1) Mr. Fadel was named Chief Executive Officer effective as of January 2, 2018.

(2) Ms. Short was named Interim Chief Financial Officer effective as of December 2, 2016, with a base salary of \$362,000. Ms. Short was named Chief Financial Officer effective as of December 19, 2018.

(3) Mr. Herman resigned as Executive Vice President Chief Information Officer effective as of February 7, 2019.

(4) Ms. Skula was named Executive Vice President Franchising effective as of January 2, 2018.

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 February 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 2018 annual cash incentive program.

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The annual cash incentive program for 2018 included three financial performance metrics: EBITDA, cash flow and corporate revenue. The Compensation Committee included an EBITDA target in the annual cash incentive program because it believes EBITDA generally represents an accurate indicator of our financial performance over a one-year period of time, while excluding the impact of interest and depreciation which can vary significantly. The Compensation Committee determined to include a cash flow target as one of the financial performance metrics comprising the 2018 annual cash incentive program to align with our strategy for 2018. 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. Accordingly, the potential annual incentive award for each of our named executive officers for the 2018 annual cash incentive program was divided as follows: 40% EBITDA; 40% cash flow and 20% revenue.

The financial performance targets for the 2018 annual cash incentive program were established in February 2018 following a

review of our financial projections developed pursuant to our strategic plan and objectives for 2018. Based upon that review, the Compensation Committee established the following targets for the 2018 annual cash incentive program: (1) a consolidated revenue target in the amount of \$2,589.05 million, (2) a cash flow target in the amount of \$150.57 million, and (3) an EBITDA target in the amount of \$139.83 million. In setting the financial targets under the 2018 annual cash incentive program, the Compensation Committee considered (i) the level of achievement of the targets for the 2017 annual cash incentive program and (ii) the level of the Company's anticipated investment in its strategic initiatives for 2018. 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, as set forth below:

Revenue Range	20% Weighting		EBITDA Target (\$M) - 40% Weighting			CASH FLOW Target	
	% of Incentive Awarded	% of Target Achieved	EBITDA Range	% of Incentive Awarded	% Flow Through Range	% of Target Achieved	
< - \$2,381.93	0%	Less than 69.9990%	< \$97.88	0%	4.1%	Less than 79.9990%	
\$1.93 - \$2,394.87	20%	70.0000% - 71.8700%	\$97.89 - \$100.49	20%	4.1% 4.2%	80.0000% - 81.2490%	
\$2,407.81 - \$2,407.81	25%	71.8710% - 73.7410%	\$100.50 - \$103.11	25%	4.2% 4.3%	81.2500% - 82.4990%	

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07.81 - \$2,420.75	30%	73.7420% - 75.6120%	\$103.12 - \$105.73	30%	4.3%	4.4%	82.5000% - 83.7490%
20.76 - \$2,433.69	35%	75.6130% - 77.4830%	\$105.74 - \$108.35	35%	4.4%	4.5%	83.7500% - 84.9990%
33.70 - \$2,446.64	40%	77.4840% - 79.3540%	\$108.35 - \$110.96	40%	4.5%	4.5%	85.0000% - 86.2490%
46.64 - \$2,459.58	45%	79.3550% - 81.2250%	\$110.97 - \$113.58	45%	4.5%	4.6%	86.2500% - 87.4990%
59.59 - \$2,472.52	50%	81.2260% - 83.0960%	\$113.58 - \$116.19	50%	4.6%	4.7%	87.5000% - 88.7490%
72.53 - \$2,485.46	55%	83.0970% - 84.9670%	\$116.20 - \$118.81	55%	4.7%	4.8%	88.7500% - 89.9990%
85.47 - \$2,498.41	60%	84.9680% - 86.8380%	\$118.82 - \$121.43	60%	4.8%	4.9%	90.0000% - 91.2490%
98.41 - \$2,511.34	65%	86.8390% - 88.7090%	\$121.43 - \$124.04	65%	4.9%	4.9%	91.2500% - 92.4990%
11.36 - \$2,524.29	70%	88.7100% - 90.5800%	\$124.05 - \$126.66	70%	4.9%	5.0%	92.5000% - 93.7490%
24.30 - \$2,537.23	75%	90.5810% - 92.4510%	\$126.67 - \$129.27	75%	5.0%	5.1%	93.7500% - 94.9990%
37.24 - \$2,550.18	80%	92.4520% - 94.3220%	\$129.28 - \$131.89	80%	5.1%	5.2%	95.0000% - 96.2490%
50.19 - \$2,563.12	85%	94.3230% - 96.1930%	\$131.90 - \$134.50	85%	5.2%	5.2%	96.2500% - 97.4990%
63.13 - \$2,576.06	90%	96.1940% - 98.0640%	\$134.51 - \$137.12	90%	5.2%	5.3%	97.5000% - 98.7490%
76.07 - \$2,589.04	95%	98.0650% - 99.9990%	\$137.13 - \$139.83	95%	5.3%	5.4%	98.7500% - 99.9990%
89.05 - \$2,603.84	100%	100.0000% - 102.1420%	\$139.84 - \$142.82	100%	5.4%	5.5%	100.0000% - 101.4280%

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\$3.84 - \$2,618.62	107%	102.1430% - 104.2850%	\$142.83 - \$145.82	107%	5.5%	5.6%	101.4290% - 102.8570%
\$4.86 - \$2,633.42	114%	104.2860% - 106.4280%	\$145.83 - \$148.82	114%	5.6%	5.7%	102.8580% - 104.2860%
\$5.34 - \$2,648.22	121%	106.4290% - 108.5710%	\$148.83 - \$151.81	121%	5.7%	5.7%	104.2870% - 105.7150%
\$6.22 - \$2,663.01	129%	108.5720% - 110.7140%	\$151.82 - \$154.81	129%	5.7%	5.8%	105.7160% - 107.1440%
\$7.02 - \$2,677.81	136%	110.7150% - 112.8570%	\$154.82 - \$157.80	136%	5.8%	5.9%	107.1450% - 108.5730%
\$7.72 - \$2,692.61	143%	112.8580% - 115.0000%	\$157.82 - \$160.80	143%	5.9%	6.0%	108.5740% - 110.0020%
\$8.26 - \$2,707.40	150%	115.0010% - 117.1430%	\$160.81 - \$163.80	150%	6.0%	6.1%	110.0030% - 111.4310%
\$9.42 - \$2,722.20	157%	117.1440% - 119.2860%	\$163.81 - \$166.79	157%	6.1%	6.1%	111.4320% - 112.8600%
\$10.21 - \$2,737.00	164%	119.2870% - 121.4290%	\$166.81 - \$169.79	164%	6.1%	6.2%	112.8610% - 114.2890%
\$11.01 - \$2,751.79	171%	121.4300% - 123.5720%	\$169.80 - \$172.79	171%	6.2%	6.3%	114.2900% - 115.7180%
\$11.81 - \$2,766.59	179%	123.5730% - 125.7150%	\$172.80 - \$175.78	179%	6.3%	6.4%	115.7190% - 117.1470%
\$12.60 - \$2,781.39	186%	125.7160% - 127.8580%	\$175.80 - \$178.78	186%	6.4%	6.4%	117.1480% - 118.5760%
\$13.40 - \$2,796.14	193%	127.8590% - 130.0010%	\$178.79 - \$181.78	193%	6.4%	6.5%	118.5770% - 120.0050%
\$14.18 - \$ -	200%	130.0020% or greater	\$181.79 - \$ -	200%	6.5%		120.0060% - 00.0000%

\$89.05 **EBITDA Target** **\$139.83** **Cash Flow Target**

* *EBITDA is adjusted for the accrued bonus (FSC, DVPs) totaling \$8.1M*

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In February 2019, the Compensation Committee determined the level of achievement of the revenue, cash flow and EBITDA targets as previously set by it with respect to the 2018 annual cash incentive program. The Compensation Committee reviewed the Company's adjusted financial results for the fiscal year ended December 31, 2018, and determined that the Company's (i) revenue for purposes of the 2018 annual cash incentive program was equal to \$2,660 million, (ii) EBITDA for purposes of the 2018 annual cash incentive program was equal to \$198 million and (iii) cash flow for purposes of the 2018 annual cash incentive program was equal to \$237 million. Accordingly, for the 2018 annual cash incentive program, (i) the EBITDA goal was achieved at 141.9% of target (resulting in a 200% payout of the 40% of the target bonus amounts attributable to the EBITDA

target), (ii) the cash flow target was achieved at 157.2% of target (resulting in a 200% payout of the 40% of the target bonus amounts attributable to the cash flow target, and (iii) the revenue goal was achieved at 102.8% of target (resulting in a 129% payout of the 20% of the target bonus amounts attributable to the revenue target). As a result, each participant in the 2018 annual cash incentive program received an amount equal to 186% of such person's target bonus amount.

The actual amounts awarded to our named executive officers for their annual cash incentive bonus for 2018 performance are included in the Summary Compensation Table under the column "Non-Equity Incentive Plan Compensation" on page 26 of this proxy statement.

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 February of each year.

Generally, long-term incentive awards are made to our named executive officers pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (the "2016 Plan"). Previous long-term incentive awards were made to our named

executive officers pursuant to (i) the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (the 2006 Plan) and (ii) the Rent-A-Center, Inc. 2006 Equity Incentive Plan (the Equity Plan). Under the terms of each of the 2016 Plan, 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 February of each year the annual grant to our executive officers in conjunction with its review and determination of each executive officer's compensation for the current year. Grants may also be made in connection with commencement of employment, promotions, or tenure.

2018 Long-term Incentive Compensation Awards. No changes to the aggregate amount of the long-term incentive compensation award as a percentage of base salary were made for our named executive officers for 2018. Consistent with prior years, the long-term incentive compensation awards for 2018 were comprised of three vehicles, with greater emphasis on the portion of the long-term incentive award which is contingent on financial performance. Accordingly, the award tranches are weighted as follows: (i) 20% of the value of the award issued in stock options, (ii) 20% of the value of the award issued in time-based restricted stock units and (iii) 60% of the value of the award issued in performance-based restricted stock units.

Adoption of Relative Total Shareholder Return as Performance Measure. In prior years, long-term incentive awards of restricted stock with performance-based vesting were contingent upon our achievement of a three-year EBITDA target. Beginning in 2015, the Compensation Committee adopted a relative total shareholder return metric over a three-year measurement period as the vesting condition for grants of performance stock units under our long-term incentive compensation program. The Compensation Committee made this decision in order to tie the

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external performance of our common stock to executive compensation and because the Compensation Committee believes that a relative measure is a more appropriate basis for measuring long-term performance than an absolute measure. The Compensation Committee also took into consideration the fact that our annual cash incentive program includes an EBITDA metric. The Compensation Committee selected a three-year period over which to measure relative total shareholder return 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 relative total shareholder return over an extended period of time, as opposed to the single

year measure which is utilized in our annual cash incentive program.

The Compensation Committee selected the S&P 1500 Specialty Retail Index as the comparator group for measuring our relative shareholder return over the applicable measurement period. In making this selection, the Compensation Committee considered the median annual revenue of the companies in the index in the amount of \$3.8 billion, the inclusion in the index of four companies included in our Peer Group, and the representation of the overall retail environment by the index to determine that this index is comprised of the companies most similar to the Company and is an appropriate comparator group. The Compensation Committee adopted the following payout ranges applicable to the awards of performance-based restricted stock units:

Payout Chart					
RCII's TSR Percentile Rank in the S&P 1500 Specialty Retail Index		RCII's TSR Actual Rank in the S&P 1500 Specialty Retail Index¹			Payout%
>	<=	Low	High		
90%	100%	1	7	200%	
80%	89%	8	13	175%	
70%	79%	14	19	150%	
60%	69%	20	25	125%	
50%	59%	26	31	100%	

40%	49%	32	38	75%
30%	39%	39	44	50%
25%	29%	45	47	25%
0%	24%	48	63	0%

See the Grants of Plan-Based Awards table under the column Estimated Possible Payouts Under Equity Incentive Plan Awards on page 28 of this proxy statement for threshold, target, and maximum amounts payable to our named executive officers under the 2018 long-term incentive performance-based awards.

Determination of Long-term Incentive Compensation Awards. In January 2019, the Compensation Committee determined the level of achievement of the minimum TSR condition with respect to the long-term incentive performance-based awards made in January 2016, with a three-year measurement period. The Compensation

Committee reviewed the Company's relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the period January 1, 2016 through December 31, 2018, and determined that our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the three-year period ending December 31, 2018, ranked us 32 out of 56 companies in the S&P 1500 Specialty Retail Index, or the 44th percentile, which resulted in the vesting of 75% of the performance-based restricted stock units that were granted.

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 32 of this proxy statement.

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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 were eligible in 2018 to participate in our 401(k) Retirement Savings Plan and 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.

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 2018, please see All Other Compensation on page 27 of this proxy statement.

Clawback Policy

Our Board has 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 should have a meaningful financial stake in the Company to ensure that his interests are aligned with those of our stockholders. To that end, the Board adopted equity ownership guidelines to define our expectations for our Chief Executive Officer. Under these

guidelines, our Chief Executive Officer is expected to own shares of our common stock equal in value to 5 times his annual base salary within five years of the date on which he became Chief Executive Officer. Mr. Fadel was named our Chief Executive Officer effective as of January 2, 2018.

Section 162(m)

Section 162(m) of the Internal Revenue Code (the Code) generally prohibits a federal income tax deduction to public companies for compensation over \$1,000,000 paid to a covered employee. A covered employee includes (a) the Chief Executive Officer, (b) the Chief Financial Officer, (c) the three other most highly compensated executive officers, and (d) any individual who was a covered employee for any taxable year beginning after December 31, 2016. Prior to 2018, we were permitted to receive a federal income tax deduction for qualifying performance-

based compensation as defined under Code Section 162(m) without regard to this \$1,000,000 limitation. Recent U.S. tax legislation eliminated the performance-based exception. The new tax legislation became effective starting in 2018. The Compensation Committee may determine it is appropriate to provide compensation that may exceed deductibility limits in order to recognize performance, meet market demands, retain key executives, and take into account other

appropriate considerations.

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Table of Contents**COMPENSATION DISCUSSION AND ANALYSIS****Summary of Compensation**

The following table summarizes the compensation earned by our named executive officers in fiscal year 2018, as well as the compensation earned by such individuals in each of fiscal year 2017 and fiscal year 2016, if serving as an executive officer during that time. For 2018, our named executive officers consisted of the persons serving as Chief Executive Officer during any part of 2018, our Chief Financial Officer, and our three other most highly compensated executive officers. The table specifically identifies the dollar value of compensation related to 2018, 2017 and 2016 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 2018, 2017 and 2016 fiscal years;
option awards, comprised of awards of options during the 2018, 2017 and 2016 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 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 2018, 2017 and 2016.

Summary Compensation Table

Name and Principal Position	Year	Salary	Stock Awards ⁽¹⁾	Option Awards ⁽¹⁾	Non-Equity Incentive Plan	All Other	Total
					Compensation ⁽²⁾	Compensation ⁽³⁾	
Mitchell E. Fadel ⁽⁴⁾	2018	\$ 800,000	\$ 2,156,237	\$ 388,141	\$ 1,488,000	\$ 29,632	\$ 4,862,010

Chief
Executive
Officer

Maureen B. Short	2018	\$	362,000	\$	292,711	\$	52,690	\$	302,994	\$	30,444	\$	1,040,839
	2017	\$	362,000	\$	300,662	\$	54,299	\$	16,290	\$	26,831	\$	760,082

Executive
Vice President

Chief Financial
Officer

Fred E. Herman	2016	\$	267,462 ⁵	\$	235,675	\$	38,938	\$	0	\$	20,857	\$	562,932
	2018	\$	355,000	\$	325,327	\$	58,561	\$	330,150	\$	35,301	\$	1,104,339
	2017	\$	324,981	\$	279,740	\$	51,401	\$	17,750	\$	63,811	\$	737,683

Executive
Vice President

Chief
Information
Officer

Christopher A. Korst	2016	\$	302,357	\$	311,115	\$	51,400	\$	0	\$	23,091	\$	687,963
	2018	\$	438,677	\$	425,650	\$	76,622	\$	448,767	\$	38,476	\$	1,428,192
	2017	\$	438,677	\$	429,743	\$	78,963	\$	24,127	\$	32,405	\$	1,003,915

Executive
Vice President

General
Counsel

Catherine M. Skula	2016	\$	438,677	\$	477,933	\$	78,963	\$	0	\$	31,980	\$	1,027,553
	2018	\$	325,338	\$	298,139	\$	91,669	\$	302,564	\$	40,547	\$	1,058,257

Executive
Vice President

Chief
Operating
Officer

(1) 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 2018, 2017 and 2016 to the applicable named executive officer. Assumptions used in the calculation of these amounts are included in Note N to our audited financial statements for our fiscal year ended December 31, 2018, included in our Annual Report on Form 10-K filed with the SEC on March 1, 2019, 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 2018, represents the compensation as described in the *All Other Compensation* table below.

(4) Mr. Fadel was named Chief Executive Officer effective as of January 2, 2018.

(5) In connection with being named Interim Chief Financial Officer, Ms. Short's base salary was increased to \$362,000 annually as of December 5, 2016. Ms. Short was named Chief Financial Officer effective as of December 19, 2018.

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COMPENSATION DISCUSSION AND ANALYSIS

All Other Compensation

The following table provides information regarding each component of compensation for 2018 included in the All Other Compensation column in the Summary Compensation Table above.

Name	Company Matching Contributions⁽¹⁾	Value of Insurance Premiums⁽²⁾
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