



2017 Proxy Statement
2016 Annual Report



Notice of 2017 Annual Meeting of Stockholders

Thursday, June 8, 2017

8:00 a.m. local time,

*Dallas/Plano Marriott
at Legacy Town Center,
7121 Bishop Road, Plano, Texas 75024*

The 2017 Annual Meeting of Stockholders of Rent-A-Center, Inc. will be held on Thursday, June 8, 2017, at 8:00 a.m. local time, at Dallas/Plano Marriott at Legacy Town Center, 7121 Bishop Road, Plano, Texas 75024, for the following purposes:

1. To elect the three Class II directors nominated by the Board of Directors;
2. To ratify the Audit & Risk Committee's selection of KPMG LLP as our independent registered public accounting firm for the year ending December 31, 2017;
3. To conduct an advisory vote approving the compensation of the named executive officers for the year ended December 31, 2016, as set forth in the proxy statement;
4. To conduct an advisory vote on the frequency of future advisory votes on executive compensation; and
5. 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 24, 2017. Each such holder is entitled to receive notice of and to vote at the Annual Meeting and at any and all adjournments or postponements thereof.

The accompanying materials include the Notice of 2017 Annual Meeting of Stockholders and Proxy Statement. The Proxy Statement describes the business that we will conduct at the Annual Meeting. It also provides information about us that you should consider when you vote your shares.

You should have also received a WHITE proxy card and postage-paid return envelope. The WHITE proxy cards are being solicited on behalf of our Board of Directors.

Your vote will be especially important at the Annual Meeting. As you may have heard, Engaged Capital Flagship Master Fund, LP and certain of its affiliates (together, "Engaged") have notified the Company that Engaged intends to nominate a slate of nominees for election as directors of the Company at the Annual Meeting in opposition to the nominees recommended by Board of Directors. You may receive a proxy statement, proxy card and other solicitation materials from Engaged. The Company is not responsible for the accuracy of any information provided by or relating to Engaged or its nominees contained in the solicitation materials filed or disseminated by or on behalf of Engaged or any other statements Engaged may make.

The Board of Directors does NOT endorse any Engaged nominees and unanimously recommends that you vote FOR the election of each of the nominees proposed by the Board of Directors. The Board of Directors strongly urges you NOT to sign or return any proxy card sent to you by Engaged. If you have previously submitted a proxy card sent to you by Engaged, you can revoke that proxy and vote for our Board of Directors' nominees and on other matters to be voted on at the meeting by using the enclosed WHITE proxy card.

If your brokerage firm, bank, broker-dealer or other similar organization is the holder of record of your shares (i.e., your shares are held in "street name"), you will receive voting instructions from the holder of record. You must follow these instructions in order for your shares to be voted. Your broker is required to vote those shares in accordance with your instructions. **Because of the contested nature of the election of directors of the Company, if you do not give instructions to your broker, your broker will not be able to vote your shares in respect of the election of directors (Proposal 1). We urge you to instruct your broker or other nominee, by following those instructions, to vote your shares for the Board of Directors' nominee using the WHITE proxy card.**

Holders of shares as of the close of business on April 24, 2017, the record date for voting at the Annual Meeting, are urged to submit a WHITE proxy card, even if your shares were sold after such date.

Your vote is important. Even if you plan to attend the Annual Meeting, please vote as promptly as possible. We encourage you to vote via the Internet, as it is the most convenient and cost-effective method of voting. You may also vote by telephone or by mail. Instructions regarding all three methods of voting are included in the WHITE proxy card and the proxy statement.

The Company's Notice of 2017 Annual Meeting of Stockholders and Proxy Statement and 2016 Annual Report are also available at www.okapivote.com/rentacenter. If you have any questions or need assistance voting, please contact Okapi Partners LLC, our proxy solicitor assisting us in connection with the 2017 Annual Meeting.

Stockholders may call toll free at 1-877-259-6290. Banks and brokers may call 212-297-0720.

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 27, 2017

Plano, Texas

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE 2017 ANNUAL MEETING AND VOTING PROCEDURES	4
BACKGROUND OF THE SOLICITATION	7
PROPOSAL ONE: ELECTION OF DIRECTORS	10
BOARD INFORMATION	13
DIRECTOR COMPENSATION	16
CORPORATE GOVERNANCE	18
PROPOSAL TWO: RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	21
AUDIT COMMITTEE REPORT	22
EXECUTIVE OFFICERS	23
COMPENSATION COMMITTEE REPORT	24
COMPENSATION DISCUSSION AND ANALYSIS	24
PROPOSAL THREE: ADVISORY VOTE ON EXECUTIVE COMPENSATION	44
PROPOSAL FOUR: ADVISORY VOTE ON FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION	44
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	45
RELATED PERSON TRANSACTIONS	46
SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	46
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	47
SUBMISSION OF STOCKHOLDER PROPOSALS	48
OTHER BUSINESS	48

Proxy Statement

This proxy statement is furnished in connection with the solicitation of proxies by Rent-A-Center, Inc., on behalf of its Board of Directors (the "Board"), for the 2017 Annual Meeting of Stockholders. This proxy statement and related proxy materials are being mailed to our stockholders on or about May 1, 2017.

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 2016 performance, please review our Annual Report on Form 10-K for the year ended December 31, 2016. 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 Thursday, June 8, 2017

Location: Dallas/Plano Marriott at Legacy Town Center, 7121 Bishop Rd., Plano, Texas 75024

Eligibility to Vote: You can vote if you were a stockholder of record at the close of business on April 24, 2017 (see page 4 for information on how to vote)

Voting matters

Proposal	Board Vote Recommendation	Page Reference (for more detail)
Election of Directors	FOR each Director Nominee	10
Ratification of Auditors	FOR	21
Advisory Vote on Executive Compensation	FOR	44
Advisory Vote on Frequency of Advisory Vote on Executive Compensation	FOR "1 Year"	44

Your vote is extremely important this year in light of the proxy contest being conducted by Engaged.

You may receive solicitation materials from a dissident stockholder, Engaged Capital Flagship Master Fund, LP and certain of its affiliates (together, "Engaged"), seeking your proxy to vote for nominees of Engaged to become members of the Board of Directors. **THE BOARD OF DIRECTORS DOES NOT ENDORSE THE ENGAGED NOMINEES AND URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY ENGAGED. IF YOU HAVE PREVIOUSLY SIGNED A PROXY CARD SENT TO YOU BY ENGAGED, YOU CAN REVOKE IT BY SIGNING, DATING AND MAILING THE ENCLOSED WHITE PROXY CARD IN THE ENVELOPE PROVIDED. ONLY YOUR LATEST DATED PROXY WILL BE COUNTED.**

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE BOARD'S NOMINEES LISTED ON THE ENCLOSED WHITE PROXY CARD.

Questions on How to Vote

If you have any questions or require any assistance with voting your shares, please contact the Company's proxy solicitor:

Okapi Partners LLC



(212) 297-0720 or Toll-Free (877) 259-6290

info@okapipartners.com

Board Nominees (page 10)

The following table provides summary information about each director who is nominated for election at the 2017 Annual Meeting. Each director nominee will serve a three year term expiring at the 2020 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 11.

Name	Age	Director Since	Experience/Qualification	Independent	Committee Memberships	Other Public Company Boards
Mark E. Speese	59	1990	<ul style="list-style-type: none"> Chairman of the Board and Chief Executive Officer Founder of the company with unparalleled knowledge of the business and rent-to-own industry Extensive operations experience Strong strategic vision for the company 			N/A
Jeffery M. Jackson	61	2007	<ul style="list-style-type: none"> Financial expertise (former CFO) Broad operating and strategically oriented experience Established reputation for leading teams, developing and sustaining business partnerships and identifying strategic opportunities 	X	Audit (Chair); Finance	N/A
Leonard H. Roberts	68	2006	<ul style="list-style-type: none"> Extensive CEO and governance experience in retail sector Brings a unique perspective on retail marketing to the Board and offers significant financial expertise 	X	Compensation (Chair); Finance; Nominating	J.C. Penney, Inc.

Executive Compensation

Principles (page 24)

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;
- 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 two metrics – profitability and revenue;
- long-term incentive compensation, which consists of stock options which vest ratably over four years beginning on the first

anniversary of the date of grant, restricted 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 29)

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 16 and 31)

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 16 and 31, 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 31)

Our Board has adopted a clawback policy applicable to our executive officers as described on page 31.

Pay for Performance (page 24)

Our executive compensation program directly links a substantial portion of executive compensation to our financial performance through annual and long-term incentives. For the 2016 annual cash incentive program, we failed to achieve (i) at least 84% of the EBITDA goal and (ii) at least 96% of the revenue goal, which resulted in no payment of the target bonus amounts attributable to either the EBITDA goal or the revenue target (see the payout schedule below).

We failed to achieve more than 80% of the three-year EBITDA target established in connection with the grant in 2014 of performance-based restricted stock units pursuant to our long-term incentive compensation program. Accordingly, none of

the performance-based restricted stock units granted as part of the 2014 long-term incentive compensation awards were earned and no shares were issued to our named executive officers pursuant to such awards.

In 2015, our Compensation Committee adopted relative total shareholder return as the performance metric with respect to performance-based restricted stock units granted pursuant to our long-term incentive compensation program, rather than the EBITDA metric historically used. In connection with this change, our Compensation Committee granted to our named executive officers performance-based restricted stock units based on our relative total stockholder return as compared to the S&P 1500 Specialty Retail Index over a two-year measurement period. Our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the two-year period ending December 31, 2016, ranked below the 25th percentile, which resulted in no shares vesting.

QUESTIONS AND ANSWERS ABOUT THE 2017 ANNUAL MEETING AND VOTING PROCEDURES

Who may vote?

Stockholders of record as of the close of business on April 24, 2017, the record date for the Annual Meeting, may vote at the meeting. Each share of common stock entitles the holder to one vote per share. As of April 24, 2017, there were 53,196,843 shares of our common stock outstanding.

SEC Rule 14a-13(a)(3) requires that companies give 20 business days' advance notice of the record date to brokers, dealers, voting trustees, banks, associations and other entities that exercise fiduciary powers in nominee names or otherwise (collectively referred to as "nominee holders"). On April 20, 2017, the Company's proxy solicitor gave the notifications required by Rule 14a-13(a). The Company's notices were sent fewer than 20 business days prior to the record date, which did not comply with Rule 14a-13(a)(3), although the Company has confirmed that all of the nominee holders were notified of the record date prior to the record date. Since the purpose of Rule 14a-13(a) is to ensure that nominee holders are provided sufficient notice to permit timely distribution of proxy or other meeting materials to all beneficial owners of shares held through nominee holders, the Company believes that this purpose has been satisfied notwithstanding the shortened notice period.

What constitutes a quorum?

The holders of at least a majority of our outstanding shares of common stock entitled to vote at the annual meeting must be represented at the annual meeting in person or by proxy to have a quorum. Any stockholder present at the annual meeting, either in person or by proxy, but who abstains from voting, will be counted for purposes of determining whether a quorum exists. Due to the contested nature of the annual meeting, broker non-votes (as discussed below) will not be considered present and entitled to vote for the purpose of determining the presence of a quorum at the meeting.

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

Even if you plan to attend the Annual Meeting, we strongly urge you to vote in advance by proxy by signing and dating the enclosed WHITE proxy card and returning it in the postage-paid envelope provided or by voting via the Internet or telephone by following the instructions provided on the enclosed WHITE proxy card.

How will the proxies be voted?

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

- "FOR" each of the Board's nominees for Class II director;
- "FOR" the ratification of the Audit & Risk Committee's selection of KPMG LLP as our independent registered public accounting firm for 2017;
- "FOR" the resolution approving the compensation of the named executive officers for the year ended December 30, 2016, as set forth in the proxy statement; and

- "FOR" the option of "1 Year" for future advisory votes on executive compensation.

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 7, 2017, unless you are a participant in our 401(k) plan, in which case your voting instructions must be received by 5:00 p.m., Central time, on June 5, 2017.

Why did I receive multiple proxy cards?

Many of our stockholders hold their shares in more than one account and may receive separate proxy cards or voting instruction forms for each of those accounts. To ensure that all of your shares are represented at the meeting, we recommend that you **vote every WHITE proxy card you receive.**

Additionally, please note that Engaged has stated its intention to nominate three alternative director nominees for election at the Annual Meeting. If Engaged proceeds with its alternative nominations, you may receive proxy solicitation materials from Engaged, including an opposition proxy statement and a proxy card. **Your Board unanimously recommends that you disregard and do not return any proxy card you receive from Engaged. Voting to “withhold” with respect to any Engaged nominee on a proxy card sent to you by Engaged is not the same**

thing as voting for your Board’s nominees because a vote to “withhold” with respect to any Engaged nominee on its proxy card will revoke any proxy previously submitted.

If you have already voted using Engaged’s proxy card, you have every right to change your vote and revoke your prior proxy by signing and dating the enclosed WHITE proxy card and returning it in the postage-paid envelope provided or by voting via the Internet or by telephone by following the instructions provided on the enclosed WHITE proxy card. **Only the latest dated proxy you submit will be counted. If you have any questions or need assistance voting, please call the company’s proxy solicitor, Okapi Partners LLC. Stockholders may call toll free at (877) 259-6290. Banks and brokers may call collect at (212) 297-0720.**

How may I revoke my proxy?

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

- Delivering a signed, written revocation letter, dated later than the proxy, to Dawn M. Wolverton, Vice President – Assistant General Counsel and Secretary, at 5501 Headquarters Drive, Plano, TX 75024;
- Delivering a signed proxy, dated later than the first one, to Okapi Partners LLC, 1212 Avenue of the Americas, 24th Floor, New York, New York 10036;
- 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.

If you have previously signed a proxy card sent to you by Engaged, you may change your vote and revoke your prior proxy by signing and dating the enclosed WHITE proxy card and returning it in the postage-paid envelope provided or by voting via the Internet or by telephone by following the instructions on the enclosed WHITE proxy card. Submitting an Engaged proxy card – even if you withhold your vote on the Engaged nominees – will revoke any votes you previously made via our WHITE proxy card. Accordingly, if you wish to vote pursuant to the recommendation of our Board, you should disregard any proxy card that you receive that is not a WHITE proxy card and not return any proxy card that you may receive from Engaged, even as a protest.

How many votes must each proposal receive to be adopted?

Proposal 1: Election of Directors. Under our Bylaws, because we have received notice from Engaged that it intends to nominate persons for election to the Board, the provisions of our Bylaws relating to majority voting for directors will not be applicable to the Annual Meeting and, pursuant to the Bylaws, directors will be elected by plurality voting at the Annual Meeting.

Under plurality voting, the three nominees for director who receive the most votes of all votes cast for directors will be elected. If you do not vote for a particular nominee, or if you indicate on your proxy card, via the Internet or by telephone that you want to withhold authority to vote for a particular nominee, then your shares will not be voted for that nominee. In addition, if you hold shares through a broker-dealer, bank nominee, custodian or other securities intermediate, **the intermediary will not vote those shares for the election of any nominee for director unless you give the intermediary specific voting instructions on a timely basis directing the intermediary to vote for such**

nominee. Abstentions and broker non-votes do not constitute a vote “for” or “against” a director.

It will NOT help elect your Board’s nominees if you sign and return a proxy card sent by Engaged, even if you withhold on their director nominees using Engaged’s proxy card. Doing so will cancel any previous vote you may have cast on our WHITE proxy card. The only way to support your Board’s nominees is to vote FOR the Board’s nominees on our WHITE proxy card and to disregard, and not return, any proxy card that you receive that is not a WHITE proxy card, including any proxy card that you receive from Engaged.

Pursuant to our Bylaws, written notice by stockholders of qualifying nominations for election to our Board of Directors must have been received by our Secretary by March 6, 2017. We did not receive any such nominations other than the nominations from Engaged, and no other nominations for election to our Board may be made by stockholders at the Annual Meeting.

QUESTIONS AND ANSWERS ABOUT THE 2017 ANNUAL MEETING AND VOTING PROCEDURES

If for some reason any of the Board's director nominees are unable to serve, or for good cause will not serve if elected, the persons named as proxies may vote for a substitute nominee recommended by the Board and, unless you indicate otherwise on the WHITE proxy card, your shares will be voted in favor of the Board's remaining nominees. As of the date of the Notice of Annual Meeting of Stockholders, we knew of no reason why any of the Board's nominees would be unable or for good cause unwilling to serve as a director if elected.

Proposal 2: Ratification of the Audit & Risk Committee's selection of KPMG LLP as our independent registered public accounting firm for 2017. A majority of the votes cast is required to ratify KPMG as our independent registered public accounting firm. Broker non-votes and abstentions will have no effect on the outcome of the vote to ratify KPMG.

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.

Proposal 4: Advisory vote on frequency of advisory votes on executive compensation. With respect to the advisory vote on the frequency of future advisory votes on executive compensation, the option (1 year, 2 year or 3 years) receiving the greatest number of "for" votes will be considered the frequency recommendation by stockholders. Broker non-votes and abstentions will not affect the outcome of the vote.

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 not 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. **Because of the contested nature of the proposal for election of Directors, if you hold your shares in street name and you do not instruct your bank or broker how to vote, no votes will be cast on your behalf in the election of directors (Proposal 1). To be sure your shares are voted in the manner you desire, we urge you to instruct your broker how to vote your shares.**

Who is soliciting this proxy?

The Board of Directors is soliciting this proxy. In addition to the solicitation of proxies by mail, proxies may also be solicited by telephone, electronic mail or personal interview. We will reimburse banks, brokers, custodians, nominees and fiduciaries for

reasonable expenses they incur in sending these proxy materials to you if you are a beneficial holder of our shares. We have engaged Okapi Partners, a proxy solicitation firm, to assist in the solicitation of proxies.

BACKGROUND OF THE SOLICITATION

The following is a chronology of material communications and events leading up to this proxy solicitation.

From time to time during 2016, the Company's management had telephone calls and other communications with representatives of Engaged to discuss the Company's operations and other matters relating to the Company's business.

On December 5, 2016, Mr. Glenn Welling, Engaged's Chief Investment Officer, contacted Mr. Mark Speese, the Company's Chairman of the Board. The parties discussed the opportunities for, and challenges to, creating stockholder value at the Company.

On December 7, 2016, the Company's Board of Directors received a letter from Engaged. The letter proposed various actions that Engaged determined the Company's Board should consider to create stockholder value. Engaged urged the Company to immediately explore all available strategic opportunities (including a possible sale of the Company). Engaged also disclosed in the letter that it owned over 4% of the outstanding shares of the Company's common stock, making it a top five stockholder.

On December 16, 2016, Mr. Speese contacted Mr. Welling to respond to Engaged's letter and to offer to arrange an in-person meeting.

On January 9, 2017, the Company announced that Mr. Robert Davis resigned his position as Chief Executive Officer and a director of the Company, and Mr. Speese was named interim Chief Executive Officer of the Company (each effective January 9, 2017). On that same date, Mr. Speese contacted Mr. Welling to notify him of the resignation of Mr. Davis and to reschedule the proposed in-person meeting between the parties.

On January 17, 2017, Mr. Welling contacted Mr. Speese and members of the Company's management. The parties discussed the Company's business outlook and a potential review of strategic alternatives.

On January 27, 2017, Mr. Welling and another member of Engaged's management team had an in-person meeting with Mr. Speese and Mr. Steven Pepper, Chairman of the Finance Committee of the Board of Directors of the Company. At this meeting, the attendees discussed the Company's operational performance and related matters, and Engaged proposed that it be allocated one Board seat to assist in evaluating the Company's strategic alternatives (the "January 27th Proposals").

On January 29, 2017, Mr. Welling contacted Mr. Speese by email to provide a draft of Engaged's Schedule 13D filing.

On January 30, 2017, Engaged filed its Schedule 13D with the SEC reporting that it beneficially owned approximately 9.9% of the then-outstanding shares of the Company's common stock and had an economic exposure representing approximately 12.9% of the outstanding shares of the Company.

On January 30, 2017, Mr. Pepper contacted Mr. Welling to provide him with a summary of the reaction of the Company's Board of Directors to the January 27th Proposals.

On February 3, 2017, Mr. Welling contacted Mr. Pepper to provide an update on Engaged's activity following its recent Schedule 13D filing.

On February 8, 2017, Mr. Welling and Mr. Pepper exchanged telephone calls to discuss the Company's proposed response to the Schedule 13D filing by Engaged, the Company's request to extend the date for its response to Engaged regarding the January 27th Proposals, and Engaged's desire to be allocated multiple Board seats if a review of strategic alternatives did not result in a sale of the Company.

On February 9, 2017, Mr. Welling contacted Mr. Pepper to formally reject the proposed extension of the date for the Company's response to Engaged's January 27th Proposals.

On February 14, 2017, Engaged published a letter addressed to the Company's Board of Directors calling for a review of strategic alternatives. The letter explained that a review of strategic alternatives was necessary to fully evaluate the Company's corporate strategy and structure, and that the most logical and attractive outcome was a sale of the Company. Further, Engaged noted that, if necessary, it was prepared to nominate a competing slate of director candidates at the Company's upcoming annual meeting of stockholders.

On February 14, 2017, the Company responded to Engaged's letter. The Company explained that it was attempting to work constructively with Engaged to consider and evaluate opportunities to drive enhanced value. The Company also explained that its Board of Directors was currently composed of highly qualified directors, a majority of whom are independent, all of whom are actively engaged and possess strong retail, finance, marketing, technology, strategic planning and/or C-suite expertise critical to the Company's business.

On February 15, 2017, members of the Engaged team contacted Mr. Speese and other members of the Company's management to discuss updates regarding the Company's operational results.

On February 23, 2017, Engaged delivered to the Company a Notice of Stockholder Nominations of Individuals for Election as Directors at the 2017 Annual Meeting of Stockholders of the Company (the "Notice of Stockholder Nominations") and a letter to the Company's Board of Directors notifying the Company that Engaged would be nominating five candidates for election to the Company's Board of Directors at the Annual Meeting for the three director seats up for election at that meeting. The letter to the Board of Directors, which Engaged released to the public on the date it was sent to the Company, reiterated Engaged's call for the Company to hire an advisor to initiate the evaluation of strategic alternatives.

BACKGROUND OF THE SOLICITATION

On February 23, 2017, the Company issued a press release responding to Engaged's Notice of Stockholder Nominations and letter to the Board. The Company acknowledged Engaged's intent to nominate directors, and reiterated the independent and highly qualified Board already in place. The Company further stated that its management team was taking decisive and immediate action to drive operational improvements at the Company.

On February 28, 2017, the Company (through its outside legal counsel) sent a letter to Mr. William Butler, a nominee put forth by Engaged, noting that the Company was concerned that Section 8 of the Clayton Act (a federal law relating to competitive interlocks between two companies) may be violated if Mr. Butler (a director and executive officer of A Team Leasing ("ATL"), a company that operates over 70 rent-to-own stores) were to ultimately serve on the Company's Board of Directors. To ensure that the Company (a) satisfied its obligation to diligently and comprehensively evaluate the facts concerning the potential implications of the Clayton Act, and (b) fully understands the conflict of interest, fiduciary duties and corporate governance impact of having an officer and director of a competitor on the Company's Board, the Company requested information regarding ATL necessary to conduct its due diligence.

From March 1, 2017 to March 31, 2017, outside legal counsel for the Company and counsel for Mr. Butler communicated several times regarding the Company's concerns regarding Mr. Butler. While Mr. Butler and its counsel have provided certain information relating to ATL to the Company's counsel, Mr. Butler has yet to provide the Company or its counsel with all relevant information that the Company deems necessary to determine if Mr. Butler's association with ATL could possibly result in a violation of the Clayton Act or be contrary to general principles of good corporate governance should he ultimately be elected to the Company's Board of Directors.

On February 28, 2017, the Company (through its outside legal counsel) sent a letter to Mr. Mitchell Fadel, a former executive officer of the Company and nominee put forth by Engaged. In that correspondence (and subsequent communications), the Company noted that in the Notice of Stockholder Nominations provided by Engaged to the Company, it was disclosed that Mr. Fadel had entered into a consulting agreement with Engaged on February 23, 2017 (the "Engaged Consulting Agreement"), pursuant to which Engaged agreed to pay him \$25,000 and Mr. Fadel agreed to perform certain consulting, advisory and other services to Engaged with respect to its nomination of individuals for election to the Company's Board. The Company informed Mr. Fadel that the Consulting Agreement was inconsistent with, and likely a violation of, his obligations under that certain Loyalty and Confidentiality Agreement (the "Loyalty Agreement"), dated September 6, 2013, between Mr. Fadel and the Company. In accordance with the provisions of the Loyalty Agreement, and to protect the possible loss or dissemination of confidential information regarding the Company in connection with the Engaged Consulting Agreement, the Company demanded that the Engaged Consulting Agreement be terminated.

From March 7, 2017 to March 30, 2017, outside legal counsel for the Company and legal counsel for Mr. Fadel communicated

several times regarding the Engaged Consulting Agreement, and during that period of time the Company brought an arbitration demand against Mr. Fadel regarding alleged breach of the Loyalty Agreement. Ultimately, Mr. Fadel terminated the Engaged Consulting Agreement as requested and the Company subsequently abandoned its arbitration demand against Mr. Fadel.

On March 3, 2017, the Company (through its outside legal counsel) sent a letter to Engaged in response to the Notice of Stockholder Nominations and supporting documentation. In its response, the Company raised its concerns regarding Messrs. Butler and Fadel and noted that the nomination documentation provided by Engaged for its nominees did not, in the view of the Company, conform with the Company's bylaws. Later that day, Engaged resubmitted nomination documentation for its nominees in a form purporting to be in conformity with the requirements of the Company's bylaws.

On March 5, 2017, the Company (through its outside counsel) sent a letter to Engaged acknowledging receipt of the revised nomination documentation for the Engaged nominees for director and reiterated its concerns regarding Messrs. Butler and Fadel.

On March 6, 2017, Engaged filed suit against the Company and each member of the Board of Directors in the Court of Chancery of the State of Delaware asserting certain claims resulting from the Company requiring that Engaged submit nomination documentation for its nominees in conformity with the Company's bylaws.

On March 15, 2017, Mr. Pepper communicated with Mr. Welling of Engaged, during which conversation Mr. Pepper proposed adding two of Engaged's nominees to the Company's Board of Directors by filling two board positions that were currently vacant.

On March 16, 2017, Mr. Welling contacted Mr. Pepper by telephone and proposed that three of Engaged's nominees should be added to the Company's Board of Directors. During this conversation, in addition to advocating for an outright sale of the Company, Mr. Welling also suggested that the Company's Board of Directors seek stockholder approval to declassify the Board.

On March 21, 2017, the Company informed Engaged, that upon the recommendation of the Nominating and Corporate Governance Committee of the Board of Directors of the Company, the Company's Board would nominate Mark E. Speese, Leonard H. Roberts and Jeffery M. Jackson (the "Class II Directors") for the three Class II Director positions to be elected by the stockholders at the Company's 2017 Annual Meeting of Stockholders.

On March 23, 2017, Engaged filed an amended Schedule 13D with the SEC reporting that it beneficially owned approximately 16.9% of the then-issued and outstanding shares of the Company's common stock and had an economic exposure representing approximately 20.5% of the outstanding shares of the Company.

On March 28, 2017, the Company disclosed that it adopted a Rights Agreement between the Company and American Stock Transfer & Trust Company, LLC. The Rights Agreement generally limits ownership of the Company's shares to less than 15% of the

Company's outstanding shares. Persons or groups that beneficially own 15% or more of the outstanding common stock of the Company prior to the Company's announcement of the Rights Agreement will not cause the rights under that agreement to be exercisable until such time as those persons or groups become the beneficial owner of any additional shares of the common stock of the Company (other than by reason of a stock dividend, stock split or other corporate action effected by the Company in which all holders of common stock are treated equally).

On March 28, 2017, Engaged sent a letter to the Company requesting an exemption to the Rights Agreement, whereby Engaged would be permitted to acquire actual beneficial ownership of up to 19.9% of the Company's outstanding shares and overall beneficial ownership (as defined under the Rights Agreement) of up to 24.9% of the Company's outstanding shares.

On March 31, 2017, the Company acknowledged receipt of Engaged's request for an exemption under the Rights Agreement.

On April 10, 2017, the Company announced that Mr. Speese was named Chief Executive Officer of the Company, effective as of that date.

On April 11, 2017, the Company filed its preliminary proxy statement in connection with its 2017 Annual Meeting of Stockholders.

On April 17, 2017, Engaged filed an amendment to its Schedule 13D disclosing the withdrawal of its nomination of Mr. Butler for election to the Company's Board of Directors at the 2017 Annual meeting of Stockholders.

On April 20, 2017, Engaged filed an amendment to its Schedule 13D disclosing the withdrawal of its nomination of Ms. Carol A. McFate for election to the Company's Board of Directors at the 2017 Annual Meeting of Stockholders.

PROPOSAL ONE: ELECTION OF DIRECTORS

What is the organizational structure of the Board?

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

How many directors are to be elected?

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

Who are the board nominees?

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

We urge you to vote "FOR" each of Mr. Speese, Mr. Jackson and Mr. Roberts

The Board unanimously recommends using the enclosed WHITE proxy card to vote FOR each of our Board's three nominees for Director. Engaged has provided the Company with notice that it intends to nominate individuals for election as directors at the Annual Meeting. As a result, the election of directors is considered a contested election, and the three nominees receiving the largest pluralities of the votes cast will be elected.

The Board unanimously recommends that you disregard any proxy card that may be sent to you by Engaged. Voting AGAINST Engaged's nominees on its proxy card is NOT the same as voting FOR our Board's nominees, because a vote against Engaged's nominees on its proxy card will revoke any previous proxy submitted by you. If you have already voted using a proxy card sent to you by Engaged, you have every right to change it and we urge you to

revoke that proxy by voting in favor of our Board's nominees by using the enclosed WHITE proxy card. Only the latest validly executed proxy that you submit will be counted.



Mark E. Speese

Chairman of the Board and Chief Executive Officer

Age: 59

Director Since: 1990

Committees Served: None

Mr. Speese was named Chief Executive Officer effective as of April 10, 2017, has served as the Chairman of the Board since October 2001 and as one of the Company's directors since 1990. Mr. Speese also served as the Company's Interim Chief Executive Officer from January 9, 2017 to April 10, 2017. Mr. Speese has extensive experience in the rent-to-own industry and has been an integral part of the Company since it was started in 1986. Mr. Speese previously served as the Company's Chief Operating Officer from November 1994 until March 1999, the Company's President from 1990 until April 1999, the Company's Vice Chairman of the Board from September 1999 until March 2001 and the Company's Chief Executive Officer from October 2001 until January 2014.

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



Jeffery M. Jackson

Independent Director
Age: 61
Director Since: 2007
Committees Served: Audit & Risk (Chair); Finance

Mr. Jackson is Managing Director of Thayer Ventures, a venture capital company investing in technology companies that serve the travel industry. Mr. Jackson served as the Executive Vice President – Corporate Business Development of Sabre Holdings, Inc., a travel technology company, from August 2009 to March 2012, and previously served as its Executive Vice President – Chief Financial Officer from 1998 to August 2009. Mr. Jackson served as a board member of Travelocity.com until March 2002, when it became a Sabre Holdings subsidiary. Prior to joining Sabre Holdings in 1998, Mr. Jackson served as both Vice President of Corporate Development and Treasurer, and Vice President and Controller of American Airlines, Inc. Mr. Jackson also serves as a director of tripBAM, Inc., ID90T, Inc., Booking Pal, Inc., Options Away, Inc. and Traxo, Inc.

Mr. Jackson’s established reputation for leading teams, developing and sustaining business partnerships and identifying strategic growth opportunities provides our Board with the skills necessary to evaluate, assess and transform our business. In addition, Mr. Jackson has multiple public and private board experiences in a variety of industries that provides our Board with new perspectives.



Leonard H. Roberts

Independent Director
Age: 68
Director Since: 2006
Committees Served: Compensation (Chair); Nominating & Corporate Governance; Finance

Mr. Roberts served as the Executive Chairman of the Board of Directors of RadioShack Corporation from May 2005 until May 2006, and had previously served as a director since 1997, Chairman of the Board and Chief Executive Officer from 1999 to 2005, and President from 1993 to 1999. From 1990 to 1993, Mr. Roberts was Chairman and Chief Executive Officer of Shoney’s, Inc., and from 1985 to 1990 was the President and Chief Executive Officer of Arby’s, Inc. Mr. Roberts is currently a director of J.C. Penney, Inc. and Texas Health Resources.

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

Our Board of Directors recommends that you vote “FOR” each of the Board nominees.

Who are the continuing members of the Board?

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

Term to Expire at the 2018 Annual Meeting:



Michael J. Gade

Independent Director
Age: 65
Director Since: 2005
Committees Served: 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.

PROPOSAL ONE: ELECTION OF DIRECTORS



Rishi Garg

Independent Director

Age: 39

Director Since: 2016

Committees Served: None

Mr. Garg is currently a Partner at the Mayfield Fund, a Silicon Valley based early stage venture capital firm. Prior to Mayfield, Mr. Garg served as Vice President of Corporate Development and Strategy at Twitter, Inc. from May 2014 to July 2015. Earlier, Mr. Garg served as the Head of Corporate Development at Square, Inc. from 2012 to May 2014, and co-founder and Vice President, Business Development at FanSnap from 2007 to December 2011.

We believe Mr. Garg's strong background and experience in technology-enabled services, emerging financial technology, and digital media will provide an important perspective to our board as we continue to expand our own technology and e-commerce initiatives.



J. V. Lentell

Independent Director

Age: 78

Director Since: 1995

Committees Served: Nominating & Corporate Governance; Compensation

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

During his 20 year tenure on our Board, including as our Lead Director from April 2009 until January 2014, Mr. Lentell has provided demonstrated leadership to our Board. Mr. Lentell's service on all Board committees during some period of that time provides him with a deep understanding of the Company and its growth history, which we believe contributes a useful frame of reference in the context of Board discussions. In addition, Mr. Lentell has extensive knowledge of the capital markets and finance issues from his over 50 years of experience in the banking industry which we believe is important to the Board's discussions of our capital and liquidity needs. Further, Mr. Lentell's experience as a board member of various private companies and civic and charitable organizations, including service on the audit, finance, compensation and governance committees of such organizations (in some cases as the chairman), provides our Board and committees with significant insight into compensation, governance and risk management issues.

Term to Expire at the 2019 Annual Meeting:



Steven L. Pepper

Independent Director

Age: 54

Director Since: 2013

Committees Served: Audit & Risk; Finance (Chair)

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

Mr. Pepper has served as an advisor to a number of private equity groups regarding investments in Latin America. Mr. Pepper also serves on the Advisory Board of Colombia's leading diversified restaurant and food services company, a division of Grupo Nutresa.

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

BOARD INFORMATION

Skills and Qualifications of Board of Directors

	Speese	Garg	Gade	Jackson	Lentell	Pepper	Roberts
Industry experience or related perspective	✓		✓			✓	✓
Senior Executive Leadership	✓	✓	✓	✓	✓	✓	✓
Financial Literacy	✓	✓	✓	✓	✓	✓	✓
International	✓					✓	
Finance and Capital Markets Transactions	✓	✓		✓	✓	✓	✓
Technology		✓		✓			
M&A	✓	✓		✓		✓	
Risk Management	✓	✓	✓	✓	✓	✓	✓

Independent Directors

As part of the Company's corporate governance practices, and in accordance with Nasdaq rules, the Board has established a policy requiring a majority of the members of the Board to be independent. In January 2017, 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 2017, our Board met to discuss the independence of our directors who are not employed by us. Following such discussions, our Board determined that the following directors are "independent" as defined under Nasdaq rules: Michael J. Gade, Rishi Garg, Jeffery M. Jackson, J.V. Lentell, Steven L. Pepper, and Leonard H. Roberts. 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
Michael J. Gade	Yes	None
Rishi Garg	Yes	None
Jeffery M. Jackson	Yes	None
J.V. Lentell	Yes	Our banking relationship with Intrust — immaterial
Leonard H. Roberts	Yes	None
Steven L. Pepper	Yes	None

Board Leadership Structure

Our Board believes the combined role of Chairman and Chief Executive Officer, together with an independent Lead Director having the duties described below, is in the best interest of our stockholders because it provides an appropriate balance between strategy development and independent oversight of management. Our independent directors bring experience, oversight and expertise from outside the company and rent-to-own industry, while the Chief Executive Officer brings company- and industry-specific experience and expertise. Our Board believes that our

Chief Executive Officer is best situated to serve as Chairman because, as a founder of our company, he is the director most familiar with our business and the rent-to-own industry, and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Our Board believes that the combined role of Chairman and Chief Executive Officer promotes strategy development and execution, and facilitates information flow between management and the Board.

Lead Director

As part of the Company's corporate governance practices, our Board has created a Lead Director position. The duties of the Lead Director as established by the Board include (i) serving as the chairman of executive sessions of the Board, (ii) consulting with our Chairman and Chief Executive Officer on matters to be addressed at Board meetings, (iii) facilitating information flow and

communication among the directors, and (iv) performing such other duties as may be specified by the Board. Mr. Pepper serves as our Lead Director.

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

Board Meetings; Executive Session

During 2016, our Board met 8 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. Prior to March 2, 2017, Mr. Gade presided over such executive sessions. Mr. Pepper, our Lead Director, chairs executive sessions of the independent directors after March 2, 2017.

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 2016 included the Audit & Risk Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, and the Finance Committee. Each of the standing committees has the authority to retain independent advisors and consultants, with all fees and expenses to be paid by us.

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 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).

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 2016, the Audit & Risk Committee held 15 meetings. All members of the Audit & Risk Committee are "independent" under SEC and Nasdaq rules. In addition, the Board has determined that each of Mr. Jackson and Mr. Pepper is an "audit committee financial expert" as defined by SEC rules and Mr. Garg

meets the financial sophistication requirements of Nasdaq. Members: Mr. Jackson, Chairman, Mr. Garg and Mr. Pepper.

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 24 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 24 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 five meetings in 2015, and acted by unanimous written consent once. All members of the

Compensation Committee are non-employee directors and are "independent" under Nasdaq rules. Members: Mr. Roberts, Chairman, Mr. Gade and Mr. Lentell.

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 2016, the Nominating and Corporate Governance Committee held four 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, Chairman, Mr. Lentell and Mr. Roberts.

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

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

During 2016, the Finance Committee held three meetings. A majority of the members of the Finance Committee must be independent. Members: Mr. Pepper, Chairman, Mr. Jackson, and Mr. Roberts.

DIRECTOR COMPENSATION

The Compensation Committee engaged Hay Group, Inc. (“Hay Group”) to advise it with respect to the compensation paid to our non-employee directors as compared to similarly situated public companies. Based on such input from Hay Group, in September 2015, the Compensation Committee recommended no changes to the compensation program for non-employee directors.

Cash Compensation

During 2016, 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	\$ 125,000
Lead Director	\$ 30,000
Chairperson of the Audit & Risk Committee	\$ 16,000
Other members of the Audit & Risk Committee	\$ 9,000
Chairperson of the Compensation Committee	\$ 12,000
Other members of the Compensation Committee	\$ 6,000
Chairperson of the Nominating and Corporate Governance Committee	\$ 8,000
Other members of the Nominating and Corporate Governance Committee	\$ 6,000
Chairperson of the Finance Committee	\$ 8,000
Other members of the Finance Committee	\$ 6,000

All retainers are payable in cash, in four equal installments on the first day of each quarter. Mr. Speese ceased receiving cash compensation for his service as a director effective as of January 9, 2017.

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 4, 2016 were granted deferred stock units valued at \$100,000 on that date.

Director Equity Interest Guideline

Our Board has adopted a guideline encouraging each non-employee member of the Board to hold at least \$200,000 in our common stock and/or the deferred stock units issued as compensation for Board service (based on the price per share on the date or dates of such acquisition) within 5 years of the later of (i) December 23, 2008, or (ii) the date of their original election or appointment to the Board, and to hold such equity interest for so long as such member continues as a director. Each of Mr. Gade, Mr. Jackson, Mr. Lentell, Mr. Pepper, Mr. Roberts, and Mr. Speese have met the foregoing guideline. Mr. Garg was appointed to the Board in March 2016.

The following table sets forth certain information regarding the compensation of our non-employee directors during 2016:

Director Compensation for 2016

Name	Fees Earned or Paid in Cash ⁽¹⁾	Deferred Stock Award ⁽²⁾	Total
Michael J. Gade	\$ 74,000	\$ 100,000	\$ 174,000
Rishi Garg ⁽³⁾	\$ 57,556	\$ -0-	\$ 57,556
Jeffrey M. Jackson	\$ 84,500	\$ 100,000	\$ 184,500
J.V. Lentell	\$ 76,750	\$ 100,000	\$ 176,750
Steven L. Pepper	\$ 79,500	\$ 100,000	\$ 179,500
Leonard H. Roberts	\$ 83,500	\$ 100,000	\$ 183,500
Mark E. Speese	\$ 186,923	\$ 100,000	\$ 286,923

- (1) Includes annual retainer, committee fees and meeting attendance fees paid to each non-employee director with respect to services rendered in 2016.
- (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, 2016 included in our Annual Report on Form 10-K filed with the SEC on March 1, 2017. On January 4, 2016, each then current non-employee director was granted 6,681 deferred stock units. Each deferred stock unit represents the right to receive one share of our common stock. The deferred stock units are fully vested and non-forfeitable. The common stock will be issued to the director upon the termination of his or her service as a member of our Board.
- (3) Mr. Garg was appointed to fill a vacancy on the Board on March 9, 2016.

CORPORATE GOVERNANCE

General

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

- a code of business conduct and ethics applicable to all of our Board members, as well as all of our employees, including our Chief Executive Officer, Chief Financial Officer, our principal accounting officer and controller;
- procedures regarding stockholder communications with our Board and its committees;
- separation of the Chairman and CEO roles prior to March 2, 2017, and a Lead Director position thereafter;
- 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, Nominating and Corporate Governance Committee, and Finance Committee.

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

Code of Business Conduct and Ethics

Our Board has adopted a Code of Business Conduct and Ethics applicable to all of the members of the Board, as well as all of our employees, including our Chief Executive Officer, Chief Financial Officer, our principal accounting officer and controller. A copy of this Code of Business Conduct and Ethics is published in the

“Corporate Governance” section of the “Investor Relations” section of our website at www.rentacenter.com. 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, Texas 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.

Director Nominations

Director Nominees

Under our Bylaws, only persons who are nominated in accordance with the procedures set forth in our Bylaws are eligible for election as, and to serve as, members of our Board. Under our Bylaws, nominations of persons for election to our Board may be made at a meeting of our stockholders (1) by or at the direction of our Board or (2) by any stockholder, provided they comply with the provisions of Article I, Sections 3 and 4 of our Bylaws. The Board has delegated the screening and recruitment process for Board members to the Nominating and Corporate Governance

Committee. The Nominating and Corporate Governance Committee selects individuals it believes are qualified to be members of the Board, and recommends those individuals to the Board for nomination for election or re-election as directors. From time to time, the Nominating and Corporate Governance Committee may engage a consultant to conduct a search to identify qualified candidates. The Nominating and Corporate Governance Committee then undertakes the evaluation process described below for any candidates so identified.

Qualifications

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

recommends to the Board candidates for nomination to serve as our directors. This process is the same regardless of whether the nominee is recommended by one of our stockholders.

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

Advance Resignation Policy

As a condition to nomination by the Nominating and Corporate Governance Committee of an incumbent director, a nominee shall submit an irrevocable offer of resignation to the Board, which resignation shall become effective in the event that (a) such nominee is proposed for reelection and is not reelected at a

meeting of the stockholders in which majority voting applies and (b) the resignation is accepted by the Board by the vote of a majority of the directors, not including any director who has not been reelected.

Stockholder Nominations

In addition to nominees by or at the direction of our Board, the Nominating and Corporate Governance Committee will consider candidates for nomination proposed by 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 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 (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 2016 Annual Meeting of Stockholders.

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

The Audit & Risk Committee has selected KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017. Our Board has further directed that we submit the selection of our independent registered public accounting firm for ratification by our stockholders at the annual meeting.

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 2016 and 2015 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 30, 2016 and 2015, was compatible with maintaining such firm's independence.

Stockholder ratification of the selection of KPMG as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the Board is submitting the selection of KPMG to the stockholders for ratification as a matter of good corporate practice. The Audit & Risk Committee believes it to be in the best interests of our stockholders to retain, and has

retained, KPMG as our independent registered public accounting firm for the year ending December 31, 2017. 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. 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 each year.

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

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

Principal Accountant Fees and Services

The aggregate fees billed by KPMG LLP for the years ended December 31, 2016 and December 31, 2015, for the professional services described below are as follows:

	2016	2015
Audit Fees ¹	\$ 1,822,000	\$ 1,665,000
Audit-Related Fees ²	\$ 76,150	\$ 268,400
Tax Fees ³	\$ 86,000	\$ 90,000
All Other Fees ⁴	\$ 15,000	\$ -0-

- (1) Represents the aggregate fees billed by KPMG for (a) professional services rendered for the audit of our annual financial statements for 2016 and 2015, (b) the audit of management's assessment of the effectiveness of our internal controls over financial reporting as of December 31, 2016 and 2015, 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 2016 and 2015 for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under the caption "Audit Fees." These services comprise engagements related to employee benefit plans and other matters.
- (3) Represents the aggregate fees billed by KPMG for professional services rendered for tax compliance, tax advice and tax planning. In 2016, this amount consists of fees related to federal research tax credits, fixed asset study, and international tax advice and planning. In 2015, this amount consists of fees related to federal research tax credits and international tax advice and planning.
- (4) Represents the aggregate fees billed by KPMG for services related to a registration statement on Form S-8.

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. 16, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board, and, with and without management present, discussed and reviewed the results of the independent auditors' examination of the consolidated financial statements of the Company.

The Audit & Risk Committee reviewed and discussed the audited consolidated financial statements of the Company as of and for the year ended December 31, 2016 with management and the independent auditors. Management is responsible for the

Company's financial reporting process, including its system of internal control over financial reporting (as defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934), and for the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles. The independent auditor is responsible for auditing those financial statements, and expressing an opinion on the effectiveness of internal control over financial reporting. The Audit & 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 each of Jeffery M. Jackson and Steven L. Pepper 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, 2016, for filing with the Securities and Exchange Commission.

AUDIT & RISK COMMITTEE

Jeffery M. Jackson, Chairman
Rishi Garg
Steven L. Pepper

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
Mark E. Speese	59	Chief Executive Officer
Maureen B. Short	42	Interim Chief Financial Officer
Mark E. Denman	44	Executive Vice President — Acceptance Now
Fred E. Herman	60	Executive Vice President — Accounting & Global Controller
Christopher A. Korst	57	Executive Vice President — Chief Administrative Officer & General Counsel
James E. York	48	Executive Vice President — RTO Domestic

Mark E. Speese. Mr. Speese was named Chief Executive Officer effective as of April 10, 2017, has served as the Chairman of the Board since October 2001 and as one of the Company's directors since 1990. Mr. Speese also served as the Company's Interim Chief Executive Officer from January 9, 2017 to April 10, 2017. Mr. Speese has extensive experience in the rent-to-own industry and has been an integral part of the Company since he founded it in 1986. Mr. Speese previously served as the Company's Chief Operating Officer from November 1994 until March 1999, the Company's President from 1990 until April 1999, the Company's Vice Chairman of the Board from September 1999 until March 2001 and the Company's Chief Executive Officer from October 2001 until January 2014.

Maureen B. Short. Ms. Short was named Interim Chief Financial Officer effective as of December 2, 2016, served as Senior Vice President – Finance, Investor Relations and Treasury since November 2014, 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.

Mark E. Denman. Mr. Denman was named Executive Vice President – Acceptance Now in March 2015. Mr. Denman previously served as our Senior Vice President – Acceptance Now from January 2014 to February 2015, one of our division vice presidents (RTO) from September 2013 to December 2013, and one of our division vice presidents (Acceptance Now) from August 2011 to September 2013. Mr. Denman joined the company in December 2010 in connection with our acquisition of The Rental Store, Inc.

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

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

James E. York. Mr. York was named Executive Vice President – RTO Domestic effective as of July 14, 2016. Mr. York previously served as Divisional Vice President – RTO Domestic from October 2007 to July 2016. Mr. York began his employment with us in 1994 as a customer account representative. Before being promoted to Divisional Vice President, Mr. York held the positions of Assistant Manager, Store Manager, District Manager and Regional Director.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with our management and, based upon such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement on Schedule 14A related to the 2017 Annual Meeting of Stockholders, for filing with the Securities and Exchange Commission.

COMPENSATION COMMITTEE

Leonard H. Roberts, Chairman
Michael J. Gade
J.V. Lentell

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Program Objectives

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

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

- reward achievement of our financial and non-financial goals.

The compensation philosophy is generally to target total direct compensation (base salary, annual incentive and long-term incentive compensation) at the 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 growth goals and culture, and also that it incentivizes short- and long-term profitable growth.

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 2016 annual cash incentive program, we failed to achieve (i) at least 84% of the EBITDA goal and (ii) at least 96% of the revenue goal, which

resulted in no payment of the target bonus amounts attributable to either the EBITDA goal or the revenue target (see the payout schedule below).

We failed to achieve more than 80% of the three-year EBITDA target established in connection with the grant in 2014 of

performance-based restricted stock units pursuant to our long-term incentive compensation program. Accordingly, none of the performance-based restricted stock units granted as part of the 2014 long-term incentive compensation awards were earned and no shares were issued to our named executive officers pursuant to such awards.

In 2015, our Compensation Committee adopted relative total shareholder return as the performance metric with respect to performance-based restricted stock units granted pursuant to our

long-term incentive compensation program, rather than the EBITDA metric historically used. In connection with this change, our Compensation Committee granted to our named executive officers performance-based restricted stock units based on our relative total stockholder return as compared to the S&P 1500 Specialty Retail Index over a two-year measurement period. Our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the two-year period ending December 31, 2016, ranked below the 25th percentile, which resulted in no shares vesting.

Stockholder Advisory Vote

In June 2016, 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 98.5% of the shares of common stock present and entitled to vote at the meeting cast in favor of our proposal. Compensation decisions and changes implemented in fiscal 2016 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 2016 fiscal year, the Compensation Committee engaged Hay Group, Inc. ("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 2016 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.	Fred's, Inc.
hhgregg, 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
- Competitors for executive talent.

Three companies which were previously included in the Peer Group (Cash America International, Pep Boys, and O'Reilly

Automotive were removed and replaced with OneMain Holdings because it more closely matched the criteria set forth above. In the fall of 2015, the Compensation Committee approved the use of this Peer Group for use in connection with compensation decisions to be made for the 2016 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.

COMPENSATION DISCUSSION AND ANALYSIS

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

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

The Compensation Committee uses these tally sheets to estimate the total annual compensation of the named executive officers, and to provide a perspective on the named executive officers'

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

See the sections entitled “– Potential Payments and Benefits Upon Termination Without a Change in Control” and “– Potential Payments and Benefits Upon Termination With a Change in Control” beginning on pages 40 and 41, respectively, of this proxy statement for the total amount of compensation and benefits each named executive officer could receive as a result of the various termination events and a description of our severance arrangements beginning on page 38 of this proxy statement.

Forms of Compensation

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

- base salary, which is paid in cash;
- annual incentive compensation, which is paid in cash;
- long-term incentive compensation, which consists of stock options, restricted 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;
- market pay practices; and
- each individual named executive officer's compliance with our servant leadership values.

At the beginning of each year, the Compensation Committee considers whether adjustments would be made to the annual base salaries for our named executive officers. During the Compensation Committee's review of the current base salaries,

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

The Compensation Committee increased the base salary for 2016 for each of our named executive officers other than Mr. Davis at a modest rate consistent with the salary increases for our other senior executive management (an average of 3%). The Compensation Committee determined not to increase Mr. Davis' base salary for 2016. In making this determination, the Compensation Committee considered Mr. Davis' base salary for 2015, the base salary increases for 2016 for the other named executive officers, the Company's operating performance in fiscal 2015, Mr. Davis' experience as the Company's Chief Executive Officer, and the base compensation paid to chief executive officers of comparable companies. The Compensation Committee approved the following base salaries of the named executive officers for 2014 and 2016 as set forth in the table below. The base salary adjustments for 2015 and 2016 were effective February 28, 2015, and February 27, 2016, respectively.

ANNUAL BASE SALARIES

Name	2014 Base Salary	2015 Base Salary	2016 Base Salary
Robert D. Davis ⁽¹⁾	\$ 750,000	\$ 772,500	\$ 772,500
Guy J. Constant ⁽²⁾	\$ 475,000	\$ 491,720	\$ 506,472
Maureen B. Short ⁽³⁾	\$ 240,000	\$ 249,600	\$ 259,584
Mark E. Denman	\$ 244,479	\$ 295,208	\$ 309,968
Fred E. Herman	\$ 285,000	\$ 293,550	\$ 302,357
Christopher A. Korst	\$ 405,620	\$ 417,789	\$ 438,677
Charles J. White ⁽⁴⁾	\$ 330,000	\$ 336,600	\$ 346,698

(1) Mr. Davis resigned as Chief Executive Officer effective as of January 9, 2017.

(2) Mr. Constant resigned as Chief Financial Officer effective as of December 2, 2016.

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

(4) Mr. White resigned from the Company effective as of July 14, 2016.

Annual Cash Incentive Compensation

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

Our named executive officers participate in our annual cash incentive program. Under our annual cash incentive program, cash bonus eligibility is established at a pre-determined percentage of the named executive officer's base salary, with such percentage amount set in accordance with the eligible named executive officer's position and responsibilities with us. The percentage allocated as well as the potential ultimate payouts pursuant to our annual cash incentive program for each year are typically approved by the Compensation Committee in January at the same time that all compensation for our named executive officers is reviewed and, if applicable, approved. This enables the Compensation Committee to examine the named executive officer's performance during the previous year, as well as determine financial performance targets for the new fiscal year based in part upon the previous year's performance. In 2016, the Compensation Committee concluded, based upon market data compiled by Hay Group and our Human Resources Department, that the eligible bonus percentage for each of Mr. Constant and Mr. Korst should be increased to more fully align these executive officers' bonus potential with similarly situated officers of other

comparable companies, including the Peer Group. Accordingly, the Compensation Committee increased the bonus potential under the 2016 annual cash incentive program for (i) Mr. Constant to 60% of his base salary, an increase of 5%, and (ii) Mr. Korst to 55% of his base salary, an increase of 5%. No changes to the eligible bonus percentages for our other named executive officers were made for the 2016 annual cash incentive program.

The annual cash incentive program for 2016 included two financial performance metrics: EBITDA 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 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 other than Mr. Denman for the 2016 annual cash incentive program was divided as follows: 75% EBITDA; and 25% revenue. As the senior executive officer over our Acceptance Now segment, Mr. Denman's annual cash incentive program includes a divisional revenue target in addition to the corporate revenue and EBITDA metrics. Accordingly, the potential annual incentive award for Mr. Denman for the 2016 annual cash incentive program was divided as follows: 50% EBITDA; 10% corporate revenue; and 40% divisional revenue.

COMPENSATION DISCUSSION AND ANALYSIS

The financial performance targets for the 2016 annual cash incentive program were established in January 2016 following a review of our financial projections developed pursuant to our strategic plan and objectives for 2016. Based upon that review, the Compensation Committee established a corporate revenue target under the 2016 annual cash incentive program in the amount of \$3.183 billion and an EBITDA target under the 2016 annual cash incentive program in the amount of \$319.7 million. In setting the EBITDA target under the 2016 annual cash incentive program, the Compensation Committee considered (i) the level of

achievement of the EBITDA target for the 2015 annual cash incentive program and (ii) the level of the Company's anticipated investment in its growth strategies for 2016. 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:

% of Target Achieved	Revenue Range	% of Incentive Awarded	% of Target Achieved	EBITDA Range	% of Incentive Awarded
Less than 95.9900%	< - \$3,050.26	0%	Less than 83.9990%	< \$266.01	0%
96.0000% - 96.2499%	\$3,050.26 - \$3,058.54	20%	84.0000% - 84.9990%	\$266.01 - \$269.37	20%
96.2500% - 96.4999%	\$3,058.54 - \$3,066.82	25%	85.0000% - 85.9990%	\$269.37 - \$272.73	23%
96.5000% - 96.7499%	\$3,066.82 - \$3,075.10	30%	86.0000% - 86.9990%	\$272.73 - \$276.09	30%
96.7500% - 96.9999%	\$3,075.10 - \$3,083.38	35%	87.0000% - 87.9990%	\$276.09 - \$279.44	35%
97.0000% - 97.2499%	\$3,083.38 - \$3,091.66	40%	88.0000% - 88.9990%	\$279.44 - \$282.80	40%
97.2500% - 97.4999%	\$3,091.66 - \$3,099.95	43%	89.0000% - 89.9990%	\$282.80 - \$286.16	43%
97.5000% - 97.7499%	\$3,099.95 - \$3,108.23	50%	90.0000% - 90.9990%	\$286.16 - \$289.52	50%
97.7500% - 97.9999%	\$3,108.23 - \$3,116.51	55%	91.0000% - 91.9990%	\$289.52 - \$292.88	55%
98.0000% - 98.2499%	\$3,116.51 - \$3,124.79	60%	92.0000% - 92.9990%	\$292.88 - \$296.23	60%
98.2500% - 98.4999%	\$3,124.79 - \$3,133.07	65%	93.0000% - 93.9990%	\$296.23 - \$299.59	65%
98.5000% - 98.7499%	\$3,133.07 - \$3,141.35	70%	94.0000% - 94.9990%	\$299.59 - \$302.95	70%
98.7500% - 98.9999%	\$3,141.35 - \$3,149.63	75%	95.0000% - 95.9990%	\$302.95 - \$306.31	75%
99.0000% - 99.2499%	\$3,149.63 - \$3,157.91	80%	96.0000% - 96.9990%	\$306.31 - \$309.67	80%
99.2500% - 99.4999%	\$3,157.91 - \$3,166.19	85%	97.0000% - 97.9990%	\$309.67 - \$313.02	85%
99.5000% - 99.7499%	\$3,166.19 - \$3,174.47	90%	98.0000% - 98.9990%	\$313.02 - \$316.38	90%
99.7500% - 99.9999%	\$3,174.47 - \$3,182.75	95%	99.0000% - 99.9990%	\$316.38 - \$319.74	95%
100.0000% - 100.2856%	\$3,182.75 - \$3,192.22	100%	100.0000% - 100.9990%	\$319.74 - \$323.10	100%
100.2856% - 100.5713%	\$3,192.22 - \$3,201.69	107%	101.0000% - 101.9990%	\$323.10 - \$326.46	107%
100.5713% - 100.8570%	\$3,201.69 - \$3,211.15	114%	102.0000% - 102.9990%	\$326.46 - \$329.81	114%
100.8571% - 101.1428%	\$3,211.15 - \$3,220.62	121%	103.0000% - 103.9990%	\$329.81 - \$333.17	121%
101.1428% - 101.4285%	\$3,220.62 - \$3,230.09	129%	104.0000% - 104.9990%	\$333.17 - \$336.53	129%
101.4285% - 101.7142%	\$3,230.09 - \$3,239.55	136%	105.0000% - 105.9990%	\$336.53 - \$339.89	136%
101.7142% - 101.9999%	\$3,239.55 - \$3,249.02	143%	106.0000% - 106.9990%	\$339.89 - \$343.25	143%
101.9999% - 102.2856%	\$3,249.02 - \$3,258.49	150%	107.0000% - 107.9990%	\$343.25 - \$346.60	150%
102.2856% - 102.5713%	\$3,258.49 - \$3,267.96	157%	108.0000% - 108.9990%	\$346.60 - \$349.96	157%
102.5713% - 102.8570%	\$3,267.96 - \$3,277.42	164%	109.0000% - 109.9990%	\$349.96 - \$353.32	164%
102.8571% - 103.1428%	\$3,277.42 - \$3,286.89	171%	110.0000% - 110.9990%	\$353.32 - \$356.68	171%
103.1428% - 103.4285%	\$3,286.89 - \$3,296.36	179%	111.0000% - 111.9990%	\$356.68 - \$360.04	179%
103.4285% - 103.7142%	\$3,296.36 - \$3,305.83	186%	112.0000% - 112.9990%	\$360.04 - \$363.39	186%
103.7142% - 103.9999%	\$3,305.83 - \$3,315.29	193%	113.0000% - 113.9990%	\$363.39 - \$366.75	193%
Equal to or > than					
104.0000%	\$3,315.29 - >	200%	Equal to or > than 114.0000%	\$366.75 - >	200%
2016 Revenue Target	\$3,182.8		2016 EBITDA	\$319.74	

In January 2017, the Compensation Committee determined the level of achievement of the revenue and EBITDA targets as previously set by it with respect to the 2016 annual cash incentive program. EBITDA as reported in accordance with GAAP for the year ended December 31, 2016, was \$185.5 million. The Compensation Committee did not consider any proposed

adjustments to the calculation of the Company's EBITDA for the fiscal year ended December 31, 2016, and determined that the Company's EBITDA for purposes of the 2016 annual cash incentive program was equal to \$185.5 million. The Compensation Committee further determined that the total revenue earned by the Company for the fiscal year ended

December 31, 2016, was \$2.963 billion, as reported in the Company's financial statements for the year ended December 31, 2016.

As a result, the Compensation Committee determined that the Company failed to achieve (i) at least 84% of the EBITDA goal and

(ii) at least 96% of the revenue goal, which resulted in no payment of the target bonus amounts attributable to either the EBITDA goal or the revenue target (see the payout schedule above).

Long-Term Incentive Compensation

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

Generally, long-term incentive awards are made to our named executive officers pursuant to (i) the 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"). In June 2016, our stockholders approved the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (the "2016 Plan") and future long-term incentive awards will be made pursuant to this 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 January of each year the annual grant to our executive officers after the Compensation Committee has reviewed the information set forth in the tally sheets. Grants may also be made in connection with commencement of employment, promotions, or tenure.

2016 Long-term Incentive Compensation Awards. In 2016, the Compensation Committee concluded, based upon market data compiled by Hay Group and our Human Resources Department, that the aggregate amount of the long-term incentive compensation award as a percentage of base salary for 2016 for Mr. Korst should be increased to more fully align this executive officer's long-term incentive compensation with similarly situated officers of other comparable companies, including the Peer Group. Accordingly, the Compensation Committee increased the aggregate amount of the long-term incentive compensation award as a percentage of base salary for Mr. Korst from 85% to 90%. No changes to the aggregate amount of the long-term incentive compensation award as a percentage of base salary were made for our other named executive officers.

Consistent with prior years, the long-term incentive compensation awards for 2016 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 external performance of our common stock to executive compensation and because the Compensation Committee

COMPENSATION DISCUSSION AND ANALYSIS

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 Specialty Retail Index		RCII's TSR Actual Rank in the S&P 1500 Specialty Retail Index ¹		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 Future Payouts Under Equity Incentive Plan Awards" on page 34 of this proxy statement for threshold, target, and maximum amounts payable to our named executive officers under the 2016 long-term incentive performance-based awards.

performance-based awards that none of the performance-based restricted stock units granted as part of the 2014 long-term incentive compensation awards was earned and no shares were issued to our name executive officers pursuant to such awards.

Determination of Long-term Incentive Compensation Awards. In January 2017, the Compensation Committee determined the level of achievement of the three-year EBITDA target previously set by the Compensation Committee with respect to the long-term incentive performance-based awards made in January 2014. The Compensation Committee reviewed the Company's EBITDA for each of the three years in the period January 1, 2014 through December 31, 2016, and determined that the Company's aggregate EBITDA for such three-year period for purposes of the 2014 long-term incentive performance-based awards was less than 80% of the EBITDA target previously set by the Compensation Committee in the amount of \$1.203 billion. Accordingly, the Compensation Committee determined, in accordance with the terms of the 2014 long-term incentive

In January 2017, 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 2015, with a two-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, 2015 through December 31, 2016, and determined that the Company's relative TSR ranking was below the 25th percentile for such two-year measurement period. Accordingly, the Compensation Committee determined, in accordance with the terms of such awards, that none of the performance-based restricted stock units granted as part of the two-year long-term incentive compensation awards was earned and no shares were issued to our name executive officers pursuant to such awards.

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 38 of this proxy statement.

Fringe Benefits and Perquisites

Our named executive officers are eligible to participate in the benefit plans generally available to all of our employees, which include health, dental, life insurance, vision and disability plans, all of which the Compensation Committee believes are commensurate with plans of other similarly situated public companies in the retail industry. In addition, we will pay for the cost of an executive physical examination for each named executive officer each year. Our named executive officers were eligible in 2016 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.

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

amount is deemed compensation for the requesting executive and reflected on his or her W-2 earnings statement for the year.

The Compensation Committee has determined it is beneficial to offer the above-described fringe benefits and perquisites in order to attract and retain our named executive officers by offering compensation opportunities that are competitive with those offered by similarly-situated public companies in the retail industry. In determining the total compensation payable to our named executive officers for a given fiscal year, the Compensation Committee will examine such fringe benefits and perquisites in the context of the total compensation which our named executive officers are eligible to receive. However, given the fact that such fringe benefits and perquisites which are available to our named executive officers represent a relatively insignificant portion of their total compensation, the availability of such items does not materially influence the decisions made by the Compensation Committee with respect to other elements of the total compensation to which our named executive officers are entitled or awarded.

For a description of the fringe benefits and perquisites received by our named executive officers in 2016, please see “– All Other Compensation” on page 33 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, our 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. Davis exceeded the equity ownership guideline in 2016 while serving as Chief Executive Officer. Mr. Speese, our Chief Executive Officer, beneficially owns approximately 2.5% of our outstanding common stock, or more than 10 times his current annual salary.

Section 162(m)

In general, Section 162(m) of the Internal Revenue Code imposes a \$1,000,000 limit on the amount of compensation we can deduct in any year with respect to our Chief Executive Officer, Chief Financial Officer, and each of our three other most highly compensated executive officers. The limit does not apply to so-called “performance-based compensation,” which includes compensation attributable to stock options and performance-based restricted stock awards granted pursuant to the 2006 Plan or the Equity Plan. The Compensation Committee believes that our executive compensation deduction for 2016 will not be materially affected by the Section 162(m) limitations.

Summary of Compensation

The following table summarizes the compensation earned by our “named executive officers” in 2016, as well as the compensation earned by such individuals in each of 2015 and 2014, if serving as an executive officer during that time. For 2016, our “named executive officers” consisted of our Chief Executive Officer, our Chief Financial Officer, our Interim Chief Financial Officer, our three other most highly compensated executive officers, and one additional individual for whom disclosure would have been required but for the fact that such individual was not serving as an executive officer at December 31, 2016. The table specifically identifies the dollar value of compensation related to 2016, 2015 and 2014 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 2016, 2015 and 2014 fiscal years;

- option awards, comprised of awards of options during the 2016, 2015 and 2014 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 2016, 2015 and 2014.

Summary Compensation Table

Name and Principal Position	Year	Salary	Stock Awards ⁽¹⁾	Option Awards ⁽¹⁾	Non-Equity Incentive Plan Compensation ⁽²⁾	All Other Compensation ⁽³⁾	Total
Robert D. Davis <i>Chief Executive Officer</i>	2016	\$ 772,500	\$ 2,337,833	\$ 386,250	\$ 0	\$ 39,052	\$ 3,535,635
	2015	\$ 772,500	\$ 2,640,816	\$ 386,253	\$ 289,688	\$ 36,790	\$ 4,126,047
	2014	\$ 750,000	\$ 1,232,214	\$ 543,156	\$ 262,038	\$ 27,643	\$ 2,815,051
Guy J. Constant <i>Executive Vice President – Chief Financial Officer</i>	2016	\$ 506,472	\$ 797,027	\$ 131,682	\$ 0	\$ 19,169	\$ 1,454,350
	2015	\$ 491,720	\$ 872,881	\$ 129,683	\$ 101,417	\$ 14,483	\$ 1,610,184
	2014	\$ 475,000	\$ 395,669	\$ 63,300	\$ 52,701	\$ 9,877	\$ 996,547
Maureen B. Short <i>Interim Chief Financial Officer</i>	2016	\$ 259,584	\$ 235,675	\$ 38,938	\$ 0	\$ 20,857	\$ 555,054
Mark E. Denman <i>Executive Vice President – Acceptance Now</i>	2016	\$ 309,968	\$ 318,939	\$ 52,695	\$ 0	\$ 23,336	\$ 704,938
Fred E. Herman <i>Executive Vice President – Domestic RTO</i>	2016	\$ 302,357	\$ 311,115	\$ 51,400	\$ 0	\$ 23,091	\$ 687,963
Christopher A. Korst <i>Executive Vice President – CAO & General Counsel</i>	2016	\$ 438,677	\$ 477,933	\$ 78,963	\$ 0	\$ 31,980	\$ 1,027,553
	2015	\$ 417,789	\$ 485,665	\$ 71,033	\$ 78,336	\$ 28,290	\$ 1,081,113
	2014	\$ 405,620	\$ 249,915	\$ 76,630	\$ 75,040	\$ 24,813	\$ 832,018
Charles J. White <i>Executive Vice President – Domestic RTO</i>	2016	\$ 346,698	\$ 356,728	\$ 58,938	\$ 0	\$ 16,591	\$ 778,955
	2015	\$ 336,600	\$ 390,885	\$ 57,785	\$ 90,882	\$ 14,900	\$ 891,052

(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 2016, 2015 and 2014 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, 2016, included in our Annual Report on Form 10-K filed with the SEC on March 1, 2017, 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 2016, represents the compensation as described in the “All Other Compensation” table below.

All Other Compensation

The following table provides information regarding each component of compensation for 2016 included in the All Other Compensation column in the Summary Compensation Table above.

Name	Company Matching Contributions ⁽¹⁾	Value of Insurance Premiums ⁽²⁾	Other ⁽³⁾	Total
Robert D. Davis	\$ 21,443	\$ 11,674	\$ 5,935	\$ 39,052
Guy J. Constant	\$ 4,395	\$ 12,011	\$ 2,763	\$ 19,169
Maureen B. Short	\$ 8,719	\$ 6,743	\$ 5,395	\$ 20,857
Mark E. Denman	\$ 10,180	\$ 8,436	\$ 4,720	\$ 23,336
Fred E. Herman	\$ 3,794	\$ 12,585	\$ 6,712	\$ 23,091
Christopher A. Korst	\$ 11,703	\$ 12,985	\$ 7,292	\$ 31,980
Charles J. White	\$ 8,359	\$ 1,892	\$ 6,340	\$ 16,591

(1) Represents contributions or other allocations made by us to our 401(k) Retirement Savings Plan and/or Deferred Compensation Plan.

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

(3) Represents deemed compensation related to incentive travel award, fees paid by us for an annual executive physical examination, and premiums paid by RAC for group term life.

Grants of Plan-Based Awards

The table below sets forth information about plan-based awards granted to the named executive officers during 2016 under the 2016 annual cash incentive program and the 2006 Plan or the Equity Plan, as applicable.

Name	Grant Date	Date of Compensation Committee	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽²⁾			All Other Stock Awards: Number of Shares of Stock or Units ⁽³⁾	All Other Option Awards: Number of Securities Underlying Options ⁽⁴⁾	Exercise or Base Price of Option Award ⁽⁵⁾	Closing Price on Grant Date	Grant Date Fair Value of Stock and Option Award
			Threshold	Target	Maximum	Threshold	Target	Maximum					
Robert D. Davis													
Short-Term Incentive	N/A	1/29/16	\$154,500	\$772,500	\$1,545,000	-	-	-	-	-	-	-	-
Restricted Stock Units	2/05/16	1/29/16	-	-	-	-	-	-	37,355	-	-	\$11.04	\$386,251
Performance Stock Units	2/05/16	1/29/16	-	-	-	0	145,207	290,414	-	-	-	\$11.04	\$1,951,582
Stock Options	2/05/16	1/29/16	-	-	-	-	-	-	-	144,663	\$10.34	\$11.04	\$386,250
Guy J. Constant													
Short-Term Incentive	N/A	1/29/16	\$60,777	\$303,883	\$607,766	-	-	-	-	-	-	-	-
Restricted Stock Units	2/05/16	1/29/16	-	-	-	-	-	-	12,735	-	-	\$11.04	\$131,680
Performance Stock Units	2/05/16	1/29/16	-	-	-	0	49,505	99,010	-	-	-	\$11.04	\$665,347
Stock Options	2/05/16	1/29/16	-	-	-	-	-	-	-	49,319	\$10.34	\$11.04	\$131,682
Maureen B. Short													
Short-Term Incentive	N/A	1/29/16	\$20,767	\$103,834	\$207,668	-	-	-	-	-	-	-	-
Restricted Stock Units	2/05/16	1/29/16	-	-	-	-	-	-	3,766	-	-	\$11.04	\$38,938
Performance Stock Units	2/05/16	1/29/16	-	-	-	0	14,638	29,276	-	-	-	\$11.04	\$196,737
Stock Options	2/05/16	1/29/16	-	-	-	-	-	-	-	14,583	\$10.34	\$11.04	\$38,938
Mark E. Denman													
Short-Term Incentive	N/A	1/29/16	\$30,997	\$154,984	\$309,968	-	-	-	-	-	-	-	-
Restricted Stock Units	2/05/16	1/29/16	-	-	-	-	-	-	5,096	-	-	\$11.04	\$52,693
Performance Stock Units	2/05/16	1/29/16	-	-	-	0	19,810	39,620	-	-	-	\$11.04	\$266,246
Stock Options	2/05/16	1/29/16	-	-	-	-	-	-	-	19,736	\$10.34	\$11.04	\$52,695
Fred E. Herman													
Short-Term Incentive	N/A	1/29/16	\$30,236	\$151,178	\$302,356	-	-	-	-	-	-	-	-
Restricted Stock Units	2/05/16	1/29/16	-	-	-	-	-	-	4,971	-	-	\$11.04	\$51,400
Performance Stock Units	2/05/16	1/29/16	-	-	-	0	19,324	38,648	-	-	-	\$11.04	\$259,715
Stock Options	2/05/16	1/29/16	-	-	-	-	-	-	-	19,251	\$10.34	\$11.04	\$51,400
Christopher A. Korst													
Short-Term Incentive	N/A	1/29/16	\$48,255	\$241,273	\$482,546	-	-	-	-	-	-	-	-
Restricted Stock Units	2/05/16	1/29/16	-	-	-	-	-	-	7,637	-	-	\$11.04	\$78,967
Performance Stock Units	2/05/16	1/29/16	-	-	-	0	29,685	59,370	-	-	-	\$11.04	\$398,966
Stock Options	2/05/16	1/29/16	-	-	-	-	-	-	-	29,574	\$10.34	\$11.04	\$78,963
Charles J. White													
Short-Term Incentive	N/A	1/29/16	\$34,670	\$173,349	\$346,698	-	-	-	-	-	-	-	-
Restricted Stock Units	2/05/16	1/29/16	-	-	-	-	-	-	5,700	-	-	\$11.04	\$58,938
Performance Stock Units	2/05/16	1/29/16	-	-	-	0	22,157	44,314	-	-	-	\$11.04	\$297,790
Stock Options	2/05/16	1/29/16	-	-	-	-	-	-	-	22,074	\$10.34	\$11.04	\$58,938

(1) These columns show the potential value of the payout of the annual cash incentive bonuses for 2016 performance for each named executive officer if the threshold, target and maximum performance levels are achieved. The potential payout is performance-based and driven by company and individual performance. No amounts were paid for 2016 performance under the 2016 annual cash incentive plan.

(2) Represents restricted stock units which vest depending on our relative TSR performance over a three-year measurement period as compared to the S&P 1500 Specialty Retail Index and the named executive officer remains an employee through the end of such measurement period. The issuance of the stock underlying the performance-based restricted stock units granted to our named executive officers will range from a minimum of zero shares if our relative TSR performance is below the 25th percentile, to the maximum number of shares if our relative TSR performance ranks at least the 90th percentile.

(3) Represents restricted stock units which vest upon completion of three-years of continuous employment with us from February 5, 2016.

(4) Represents options to purchase shares of our common stock which vest ratably over a four-year period.

(5) Calculated by reference to the closing price for shares of our common stock on the Nasdaq Global Select Market on the last trading day before the date of grant as reported on the Nasdaq Global Select Market, in accordance with the applicable plan.

Outstanding Equity Awards at Fiscal Year End

The following table provides information regarding stock options and restricted stock units held by the named executive officers that were outstanding at December 31, 2016.

	OPTION AWARDS				STOCK AWARDS	
	Number of Securities Underlying Unexercised Options - Exercisable	Number of Securities Underlying Unexercised Options - Unexercisable	Option Exercise Price	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽¹⁾
Robert D. Davis	3,465		\$ 28.81	1/31/2017	14,983 ⁽⁸⁾	\$ 168,559
	10,440		\$ 15.26	1/30/2018	13,179 ⁽⁹⁾	\$ 148,264
	10,949		\$ 15.37	1/30/2019	37,355 ⁽¹⁰⁾	\$ 420,244
	7,555		\$ 19.70	1/29/2020	39,953 ⁽¹¹⁾	\$ 449,471
	8,311		\$ 29.91	1/31/2021	43,904 ⁽¹²⁾	\$ 493,920
	11,521		\$ 37.19	1/31/2022	26,357 ⁽¹³⁾	\$ 296,516
	11,082	3,694 ⁽²⁾	\$ 34.77	1/31/2023	145,207 ⁽¹⁴⁾	\$ 1,633,579
	35,179	35,178 ⁽³⁾	\$ 25.03	1/31/2024		
	10,496	31,488 ⁽⁴⁾	\$ 29.31	2/6/2025		
	144,663 ⁽⁵⁾	\$ 10.34	2/5/2026			
Guy J. Constant	5,000	5,000 ⁽⁶⁾	\$ 28.68	7/1/2024	4,425 ⁽⁹⁾	
	3,524	10,572 ⁽⁴⁾	\$ 29.31	2/6/2025	12,735 ⁽¹⁰⁾	\$ 143,269
		49,319 ⁽⁵⁾	\$ 10.34	2/5/2026	11,042 ⁽¹¹⁾	\$ 124,223
					14,427 ⁽¹²⁾	\$ 162,304
					8,724 ⁽¹³⁾	\$ 98,145
				14,427 ⁽¹⁴⁾	\$ 162,304	
Maureen B. Short	1,875		\$ 22.38	10/1/2020	1,079 ⁽⁸⁾	\$ 12,139
	594		\$ 29.91	1/31/2021	1,278 ⁽⁹⁾	\$ 14,378
	1,642		\$ 37.19	1/31/2022	3,766 ⁽¹⁰⁾	\$ 42,368
	1,595	531 ⁽²⁾	\$ 34.77	1/31/2023	2,877 ⁽¹¹⁾	\$ 32,366
	2,533	2,533 ⁽³⁾	\$ 25.03	1/31/2024	3,833 ⁽¹²⁾	\$ 43,121
	1,522	4,566 ⁽⁴⁾	\$ 29.31	2/6/2025	2,555 ⁽¹³⁾	\$ 28,744
		14,583 ⁽⁵⁾	\$ 10.34	2/5/2026	14,638 ⁽¹⁴⁾	\$ 164,678
Mark E. Denman	2,500		\$ 32.28	1/3/2021	1,099 ⁽⁸⁾	\$ 12,364
	3,570		\$ 27.45	10/3/2021	1,511 ⁽⁹⁾	\$ 16,999
	1,860		\$ 37.19	1/31/2022	5,096 ⁽¹⁰⁾	\$ 57,330
	2,363	788 ⁽²⁾	\$ 34.77	1/31/2023	2,931 ⁽¹¹⁾	\$ 32,974
	2,581	2,580 ⁽³⁾	\$ 25.03	1/31/2024	4,533 ⁽¹²⁾	\$ 50,996
	1,800	5,401 ⁽⁴⁾	\$ 29.31	2/6/2025	3,022 ⁽¹³⁾	\$ 33,998
		19,736 ⁽⁵⁾	\$ 10.34	2/5/2026	19,810 ⁽¹⁴⁾	\$ 222,863
Fred E. Herman	520		\$ 28.81	1/31/2017	2,135 ⁽⁸⁾	\$ 24,019
	2,565		\$ 15.26	1/30/2018	1,703 ⁽⁹⁾	\$ 19,159
	2,227		\$ 15.37	1/30/2019	4,971 ⁽¹⁰⁾	\$ 55,924
	1,529		\$ 19.70	1/29/2020	5,694 ⁽¹¹⁾	\$ 64,058
	1,244		\$ 29.91	1/31/2021	5,673 ⁽¹²⁾	\$ 63,821
	1,912		\$ 37.19	1/31/2022	3,406 ⁽¹³⁾	\$ 38,318
	2,615	871 ⁽²⁾	\$ 34.77	1/31/2023	19,324 ⁽¹⁴⁾	\$ 217,395
	5,000	5,000 ⁽⁷⁾	\$ 33.34	1/2/2024		
	5,013	5,013 ⁽³⁾	\$ 25.03	1/31/2024		
	1,356	4,069 ⁽⁴⁾	\$ 29.31	2/6/2025		
		19,251 ⁽⁵⁾	\$ 10.34	2/5/2026		

COMPENSATION DISCUSSION AND ANALYSIS

	OPTION AWARDS				STOCK AWARDS	
	Number of Securities Underlying Unexercised Options - Exercisable	Number of Securities Underlying Unexercised Options - Unexercisable	Option Exercise Price	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽¹⁾
Christopher A. Korst	2,425		\$ 28.81	1/31/2017	3,039 ⁽⁸⁾	\$ 34,189
	2,500		\$ 14.52	1/2/2018	2,424 ⁽⁹⁾	\$ 27,270
	2,267		\$ 15.26	1/30/2018	7,637 ⁽¹⁰⁾	\$ 85,916
	9,600		\$ 15.37	1/30/2019	8,103 ⁽¹¹⁾	\$ 91,159
	6,656		\$ 19.70	1/29/2020	8,074 ⁽¹²⁾	\$ 91,159
	6,734		\$ 29.91	1/31/2021	4,847 ⁽¹³⁾	\$ 54,529
	7,411		\$ 37.19	1/31/2022	29,685 ⁽¹⁴⁾	\$ 333,956
	6,979	2,326 ⁽²⁾	\$ 34.77	1/31/2023		
	7,135	7,135 ⁽³⁾	\$ 25.03	1/31/2024		
	1,930	5,791 ⁽⁴⁾	\$ 29.31	2/6/2025		
	29,574 ⁽⁵⁾	\$ 10.34	2/5/2026			
Charles J. White	389		\$ 15.26	1/30/2018	2,473 ⁽⁸⁾	\$ 27,821
	1,395		\$ 15.37	1/30/2019	1,972 ⁽⁹⁾	\$ 22,185
	1,915		\$ 19.70	1/29/2020	5,700 ⁽¹⁰⁾	\$ 64,125
	2,492		\$ 29.91	1/31/2021	6,593 ⁽¹¹⁾	\$ 74,171
	4,429		\$ 37.19	1/31/2022	6,472 ⁽¹²⁾	\$ 72,810
	4,220	1,406 ⁽²⁾	\$ 34.77	1/31/2023	3,905 ⁽¹³⁾	\$ 43,931
	5,000	5,000 ⁽⁷⁾	\$ 33.34	1/2/2024	22,157 ⁽¹⁴⁾	\$ 249,266
	5,805	5,804 ⁽³⁾	\$ 25.03	1/31/2024		
	1,570	4,711 ⁽⁴⁾	\$ 29.31	2/6/2025		
		22,074 ⁽⁵⁾	\$ 10.34	2/5/2026		

(1) Calculated by reference to the closing price for shares of our common stock on the Nasdaq Global Select Market on December 30, 2016, which was \$11.25.

(2) These options to purchase shares of our common stock vested on January 31, 2017.

(3) These options to purchase shares of our common stock vest in equal parts on each of January 31, 2017 and January 31, 2018.

(4) These options to purchase shares of our common stock vest in equal parts on each of February 5, 2017, February 5, 2018 and February 5, 2019.

(5) These options to purchase shares of our common stock vest in equal parts on each of February 6, 2017, February 6, 2018, February 6, 2019 and February 6, 2020.

(6) These options to purchase shares of our common stock vest in equal parts on each of July 1, 2017, and July 1, 2018.

(7) These options to purchase shares of our common stock vest in equal parts on each of January 2, 2017, and January 2, 2018.

(8) Represents the number of shares of our common stock that will vest and become issuable pursuant to the time-based restricted stock unit awards upon the named executive officer's completion of three years of continuous employment with us from January 31, 2014. These shares vested on January 31, 2017.

(9) Represents the number of shares of our common stock that will vest and become issuable pursuant to the time-based restricted stock unit awards upon the named executive officer's completion of three years of continuous employment with us from February 6, 2015.

(10) Represents the number of shares of our common stock that will vest and become issuable pursuant to the time-based restricted stock unit awards upon the named executive officer's completion of three years of continuous employment with us from February 5, 2016.

(11) Represents the number of shares of our common stock that will vest and become issuable pursuant to the performance-based restricted stock unit awards upon our achievement of a three-year EBITDA target of \$1.203 billion for the three-year period ending December 31, 2016 and the named executive officer remains an employee through December 31, 2016. Aggregate EBITDA for the fiscal years ended December 31, 2014, 2015, and 2016 was less than 80% of the EBITDA target previously set by the Compensation Committee in the amount of \$1.203 billion, determined in accordance with the terms of the performance-based award, which resulted in no shares vesting.

(12) Represents the number of shares of our common stock that will vest and become issuable pursuant to the performance-based restricted stock unit awards based on our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the three-year period ending December 31, 2017, and the named executive officer remains an employee through December 31, 2017.

(13) Represents the number of shares of our common stock that will vest and become issuable pursuant to the performance-based restricted stock unit awards based on our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the two-year period ending December 31, 2016, and the named executive officer remains an employee through December 31, 2016. Our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the two-year period ending December 31, 2016, ranked below the 25th percentile, which resulted in no shares vesting.

(14) Represents the number of shares of our common stock that will vest and become issuable pursuant to the performance-based restricted stock unit awards based on our relative TSR performance as compared to the S&P 1500 Specialty Retail Index for the three-year period ending December 31, 2018, and the named executive officer remains an employee through December 31, 2018.

Option Exercises and Stock Vested

The following table reflects certain information with respect to options exercised by our named executive officers during the 2016 fiscal year, as well as applicable stock awards that vested, during the 2016 fiscal year:

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Robert D. Davis	–	–	3,372	\$45,927
Guy J. Constant	–	–	–	–
Maureen B. Short	–	–	485	\$ 6,606
Mark E. Denman	–	–	719	\$ 9,793
Fred E. Herman	–	–	796	\$10,842
Christopher A. Korst	–	–	2,124	\$28,929
Charles J. White	–	–	1,284	\$17,488

Nonqualified Deferred Compensation

The Rent-A-Center, Inc. Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan for a select group of our key management personnel and highly compensated employees. The Deferred Compensation Plan first became available to eligible employees in July 2007, with deferral elections taking effect as of August 3, 2007. The Deferred Compensation Plan allows participants to defer up to 50% of their base compensation and up to 100% of any bonus compensation. Participants may invest the amounts deferred in measurement funds that are the same funds offered as the investment options in our 401(k) Retirement Savings Plan. We may make discretionary

contributions to the Deferred Compensation Plan, which are subject to a three-year graded vesting schedule based on the participant's years of service with us. For 2016, we made matching contributions in the Deferred Compensation Plan of 50% of the employee's contribution to the plan up to an amount not to exceed 6% of such employee's compensation, which is the same matching policy as under our 401(k) Retirement Savings Plan. We are obligated to pay the deferred compensation amounts in the future in accordance with the terms of the Deferred Compensation Plan.

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

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY ⁽²⁾	Aggregate Earnings in Last FY	Aggregate Withdrawals/Distributions	Aggregate Balance at Last FYE ⁽³⁾
Robert D. Davis	\$ 106,219	\$ 17,530	\$ 92,768	\$ 0	\$ 1,046,025
Guy J. Constant ⁽¹⁾	–	–	–	–	–
Maureen B. Short	\$ 12,125	\$ 4,487	\$ 9,458	\$ 0	\$ 120,855
Mark E. Denman	\$ 32,490	\$ 6,354	\$ 20,160	\$ 0	\$ 173,700
Fred E. Herman	\$ 30,083	\$ 6,017	\$ 13,314	\$ 0	\$ 144,329
Christopher A. Korst	\$ 42,639	\$ 8,173	\$ 39,830	\$ 0	\$ 422,476
Charles J. White	\$ 14,636	\$ 4,656	\$ 15,008	\$ 0	\$ 349,983

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

(2) Represents matching contributions or other allocations made by us under our 401(k) Retirement Plan and/or Deferred Compensation Plan which amount was also reported as compensation in the "Summary Compensation Table" on page 32 of this proxy.

(3) Of these amounts, the following aggregate amounts are included in the Summary Compensation Table above (as fiscal 2014, 2015 or 2016 compensation, as applicable) for each Named Executive Officer: Mr. Davis – \$355,351; Ms. Short – \$12,125; Mr. Denman – \$32,490; Mr. Herman – \$30,083; Mr. Korst – \$132,833; and Mr. White – \$65,341.

Termination of Employment and Change-in-Control Arrangements

Severance Arrangements

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

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

- unpaid but earned base salary through the date of termination;
- a pro rata bonus calculated based upon the named executive officer's bonus amount from the previous year;
- one and one half times the sum of the named executive officer's highest annual rate of salary during the previous 24 months, and the named executive officer's average annual bonus for the two preceding calendar years; and
- continued health insurance coverage for the named executive officer and the named executive officer's spouse and covered dependents for up to 18 months.

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

- unpaid but earned base salary through the date of termination;
- a pro rata bonus calculated based upon the named executive officer's bonus amount from the previous year; and
- continued health insurance coverage for the named executive officer and the named executive officer's spouse and covered dependents for 12 months.

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

Termination in Conjunction With a Change In Control. If the named executive officer's employment is terminated in conjunction with a change in control of us without "cause" or by the named executive officer for "good reason," the named executive officer will be entitled to receive the same severance payments and benefits as described above (not in connection with a change in control) with respect to a termination without

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

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

- any person becomes the beneficial owner of 40% or more of the combined voting power of our then outstanding voting securities;
- a consolidation, merger or reorganization of us, unless (i) our stockholders immediately prior to such transaction own at least a majority of the voting power of the outstanding voting securities of the resulting entity, (ii) the members of our Board immediately prior to the execution of the agreement providing for such a transaction constitute a majority of the board of directors of the surviving corporation or of its majority stockholder, and (iii) no person beneficially owns more than 40% of the combined voting power of the then outstanding voting securities of the surviving corporation (other than a person who is (a) us or a subsidiary of us, (b) an employee benefit plan maintained by us, the surviving corporation or any subsidiary, or (c) the beneficial owner of 40% or more of the combined voting power of our outstanding voting securities immediately prior to such transaction;
- individuals who, as of September 14, 2006, constitute our entire Board cease to constitute a majority of our Board, provided that anyone who later becomes a director and whose appointment or nomination for election was approved by at least two-thirds of our directors at the time shall be considered as though such individual were a member of our Board; or
- a complete liquidation or dissolution of us, or a sale or other disposition of all or substantially all of our assets (other than to an entity described in the second bullet point above).

Long-Term Incentive Plans

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

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

Under the 2006 Plan and the Equity Plan, the term "exchange transaction" means a merger (other than in which the holders of our common stock immediately prior thereto have the same proportionate ownership of common stock in the surviving corporation immediately thereafter), consolidation, acquisition or disposition of property or stock, separation, reorganization (other than a reincorporation or the creation of a holding company), liquidation of us or any other similar transaction or event so designated by our Board, as a result of which our stockholders receive cash, stock or other property in exchange for or in connection with their shares of our common stock.

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

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

Potential Payments and Benefits Upon Termination Without a Change in Control

The following table provides quantitative disclosure of the estimated payments that would be made to our named executive officers under their severance agreements, as well as the amounts our named executive officers would receive upon the exercise of the equity and cash awards held by them on December 30, 2016, the last business day of our fiscal 2016, assuming that:

- each named executive officer's employment with us was terminated on December 30, 2016, and was not in connection with an event which constituted a "change in control" or an "exchange transaction" under any agreement or plan described above;
- the base salary earned by each named executive officer for his services to us through December 30, 2016 has been fully paid to such named executive officer;

- to the extent not otherwise terminated in connection with the named executive officer's termination, each of our named executive officers exercised any previously unexercised, vested options and sold the underlying shares at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 30, 2016, which was \$11.25; and
- to the extent not otherwise terminated in connection with the named executive officer's termination, each of our named executive officers sold the shares of our common stock underlying their previously unvested restricted stock units at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 30, 2016.

Name	Cash Severance Payout	Continuation of Medical Benefits	Acceleration and Continuation of Outstanding Awards	Total Termination Benefits
Robert D. Davis				
Termination by Us without "Cause"	\$1,376,016	\$ 20,330	\$ 0	\$1,396,346
Termination by Us for "Cause"	\$ 0	\$ 0	\$ 0	\$ 0
Termination by Us due to Mr. Davis's Disability or death	\$ 0	\$ 13,553	\$3,610,553	\$3,624,106
Termination by Mr. Davis for Reason other than death or disability	\$ 0	\$ 0	\$ 0	\$ 0
Guy J. Constant				
Termination by Us without "Cause"	\$ 835,771	\$ 20,330	\$ 0	\$ 856,101
Termination by Us for "Cause"	\$ 0	\$ 0	\$ 0	\$ 0
Termination by Us due to Mr. Constant's Disability or death	\$ 0	\$ 13,553	\$ 690,244	\$ 703,797
Termination by Mr. Constant for Reason other than death or disability	\$ 0	\$ 0	\$ 0	\$ 0
Maureen B. Short				
Termination by Us without "Cause"	\$ 420,966	\$ 12,515	\$ 0	\$ 433,481
Termination by Us for "Cause"	\$ 0	\$ 0	\$ 0	\$ 0
Termination by Us due to Ms. Short's Disability or death	\$ 0	\$ 8,343	\$ 337,793	\$ 346,136
Termination by Ms. Short for Reason other than death or disability	\$ 0	\$ 0	\$ 0	\$ 0
Mark E. Denman				
Termination by Us without "Cause"	\$ 520,188	\$ 20,330	\$ 0	\$ 540,518
Termination by Us for "Cause"	\$ 0	\$ 0	\$ 0	\$ 0
Termination by Us due to Mr. Denman's Disability or death	\$ 0	\$ 13,553	\$ 427,523	\$ 441,076
Termination by Mr. Denman for Reason other than death or disability	\$ 0	\$ 0	\$ 0	\$ 1,125
Fred E. Herman				
Termination by Us without "Cause"	\$ 494,816	\$ 20,330	\$ 0	\$ 515,146
Termination by Us for "Cause"	\$ 0	\$ 0	\$ 0	\$ 0
Termination by Us due to Mr. Herman's Disability or death	\$ 0	\$ 13,553	\$ 482,693	\$ 496,246
Termination by Mr. Herman for Reason other than death or disability	\$ 0	\$ 0	\$ 0	\$ 0
Christopher A. Korst				
Termination by Us without "Cause"	\$ 716,768	\$ 20,330	\$ 0	\$ 737,098
Termination by Us for "Cause"	\$ 0	\$ 0	\$ 0	\$ 0
Termination by Us due to Mr. Korst's Disability or death	\$ 0	\$ 13,553	\$ 718,178	\$ 731,731
Termination by Mr. Korst for Reason other than death or disability	\$ 0	\$ 0	\$ 0	\$ 0
Charles J. White				
Termination by Us without "Cause"	\$ 588,209	\$ 0	\$ 0	\$ 588,209
Termination by Us for "Cause"	\$ 0	\$ 0	\$ 0	\$ 0
Termination by Us due to Mr. White's Disability or death	\$ 0	\$ 0	\$ 554,310	\$ 554,310
Termination by Mr. White for Reason other than death or disability	\$ 0	\$ 0	\$ 0	\$ 0

Potential Payments and Benefits Upon Termination With a Change in Control

The following table provides quantitative disclosure of the estimated payments that would be made to our named executive officers under their employment agreement or severance agreements, as well as the amounts our named executive officers would receive upon the exercise of the equity and cash awards held by them on December 30, 2016, the last business day of our fiscal 2016, assuming that:

- each named executive officer's employment with us was terminated on December 30, 2016, and was in connection with an event which constituted a "change in control" or an "exchange transaction" under any agreement or plan described above;
- the base salary earned by each named executive officer for his services to us through December 30, 2016 has been fully paid to such named executive officer;
- with respect to options awarded pursuant to the 2006 Plan or the Equity Plan, the Board does not direct such outstanding options to be converted into options to purchase shares of the exchange stock;
- to the extent not otherwise terminated in connection with the named executive officer's termination, each of our named executive officers exercised any previously unexercised options and sold the underlying shares at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 30, 2016; and
- to the extent not otherwise terminated in connection with the named executive officer's termination, each of our named executive officers sold the shares of our common stock underlying their previously unvested restricted stock units at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 30, 2016.

Name	Cash Severance Payout	Continuation of Medical Benefits	Acceleration and Continuation of Outstanding Awards	Total Termination Benefits
Robert D. Davis				
Termination by Us without "Cause" or by Mr. Davis for "Good Reason"	\$1,834,688	\$27,107	\$3,742,196	\$5,603,991
Termination by Us due to Mr. Davis's Disability or death	\$ 0	\$13,553	\$3,742,196	\$3,755,749
Termination by Us for "Cause" or by Mr. Davis without "Good Reason"	\$ 0	\$ 0	\$3,742,196	\$3,742,196
Guy J. Constant				
Termination by Us without "Cause" or by Mr. Constant for "Good Reason"	\$1,114,361	\$27,107	\$ 735,124	\$1,876,592
Termination by Us due to Mr. Constant's Disability or death	\$ 0	\$13,553	\$ 735,124	\$ 748,677
Termination by Us for "Cause" or by Mr. Constant without "Good Reason"	\$ 0	\$ 0	\$ 735,124	\$ 735,124
Maureen B. Short				
Termination by Us without "Cause" or by Ms. Short for "Good Reason"	\$ 561,288	\$16,687	\$ 351,063	\$ 929,038
Termination by Us due to Ms. Short's Disability or death	\$ 0	\$ 8,343	\$ 351,063	\$ 359,406
Termination by Us for "Cause" or by Ms. Short without "Good Reason"	\$ 0	\$ 0	\$ 351,063	\$ 351,063
Mark E. Denman				
Termination by Us without "Cause" or by Mr. Denman for "Good Reason"	\$ 693,584	\$27,107	\$ 445,482	\$1,166,173
Termination by Us due to Mr. Denman's Disability or death	\$ 0	\$13,553	\$ 445,482	\$ 459,035
Termination by Us for "Cause" or by Mr. Denman without "Good Reason"	\$ 0	\$ 0	\$ 445,482	\$ 445,482
Fred E. Herman				
Termination by Us without "Cause" or by Mr. Herman for "Good Reason"	\$ 513,764	\$27,107	\$ 500,211	\$1,187,073
Termination by Us due to Mr. Herman's Disability or death	\$ 0	\$13,553	\$ 500,211	\$ 513,764
Termination by Us for "Cause" or by Mr. Herman without "Good Reason"	\$ 0	\$ 0	\$ 500,211	\$ 500,211
Christopher A. Korst				
Termination by Us without "Cause" or by Mr. Korst for "Good Reason"	\$ 955,690	\$27,107	\$ 745,090	\$1,727,887
Termination by Us due to Mr. Korst's Disability or death	\$ 0	\$13,553	\$ 745,090	\$ 758,643
Termination by Us for "Cause" or by Mr. Korst without "Good Reason"	\$ 0	\$ 0	\$ 745,090	\$ 745,090
Charles J. White				
Termination by Us without "Cause" or by Mr. White for "Good Reason"	\$ 784,278	\$ 0	\$ 574,397	\$1,358,675
Termination by Us due to Mr. White's Disability or death	\$ 0	\$ 0	\$ 574,397	\$ 574,397
Termination by Us for "Cause" or by Mr. White without "Good Reason"	\$ 0	\$ 0	\$ 574,397	\$ 574,397

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

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

- an event which constituted a “change in control” and an “exchange transaction” under each of the agreements and plans described above was consummated on December 30, 2016;
- with respect to options awarded pursuant to the 2006 Plan and the Equity Plan, the Board does not direct such outstanding options to be converted into options to purchase shares of the exchange stock;

- each named executive officer exercised any previously unexercised options and sold the underlying shares at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 30, 2016; and
- each named executive officer sold the shares of our common stock underlying their previously unvested restricted stock units at the closing price for shares of our common stock on the Nasdaq Global Select Market on December 30, 2016.

Name	Potential Realizable Value ⁽¹⁾
Robert D. Davis	\$ 3,742,196
Guy J. Constant	\$ 735,124
Maureen B. Short	\$ 351,063
Mark E. Denman	\$ 445,482
Fred E. Herman	\$ 500,211
Christopher A. Korst	\$ 745,090
Charles J. White	\$ 574,397

(1) Calculated by reference to the closing price for shares of our common stock on The Nasdaq Global Select Market on December 30, 2016, the last business day of fiscal 2016, which was \$11.25.

Compensation Related Risk

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

- The allocation among the components of direct annual compensation provides an appropriate balance between annual and long-term incentives and between fixed and performance-based compensation.
- The performance measures and the multi-year vesting features of the long-term equity incentive compensation component encourage participants to seek sustainable growth and value creation.
- Inclusion of share-based compensation through the long-term equity incentive compensation component encourages appropriate decision-making that is aligned with the long-term interests of our stockholders.
- Our annual cash incentive program and the awards of restricted stock with performance-based vesting contain provisions with respect to our achievement of the applicable financial target such that each participant may receive (1) an additional payout pursuant to such award in the event that we exceed the applicable financial target, and (2) a portion of the target payout pursuant to such award in the event that we approach, yet fail to achieve, the target level of financial performance.
- We maintain a values-driven, ethics-based culture supported by a strong tone at the top.

Equity Compensation Plan Information

The following table sets forth certain information concerning all equity compensation plans previously approved by our stockholders and all equity compensation plans not previously approved by our stockholders as of December 31, 2016.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan ⁽²⁾
Equity compensation plans approved by security holders	4,434,312	\$25.07	6,177,521
Equity compensation plans not approved by security holders	-0-	-0-	-0-
Total	4,434,312	\$25.07	6,177,521

(1) Includes (a) 3,072,181 shares to be issued upon exercise of outstanding stock options with a weighted-average exercise price per share of \$25.07, and a weighted-average remaining term of 6.81 years, and (b) 1,362,131 shares to be issued upon vesting of outstanding restricted stock units with a weighted-average grant date fair value of \$15.31.

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

PROPOSAL THREE: ADVISORY VOTE ON EXECUTIVE COMPENSATION

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

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

We urge stockholders to read the “Compensation Discussion and Analysis” beginning on page 24 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative disclosures, appearing on pages 24 through 42, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and the Board believe that the policies and procedures articulated in the “Compensation Discussion and Analysis” are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement has contributed to our recent and long-term success.

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as a matter of good corporate governance, we are asking stockholders to approve the following advisory resolution at the 2017 Annual Meeting of Stockholders:

“RESOLVED, that the stockholders of Rent-A-Center, Inc. (the “Company”) approve, on an advisory basis, the compensation of the Company’s named executive officers for the year ended December 31, 2016, as disclosed in the 2017 Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (including Item 402 of Regulation S-K), including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and narrative disclosure.”

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

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

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

PROPOSAL FOUR: ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

Pursuant to Section 14A of the Exchange Act, we are asking stockholders to vote on whether future advisory votes on executive compensation of the nature reflected in Proposal Number Three above should occur every year, every two years or every three years.

Since 2011, the Company has held an advisory vote on executive compensation annually. The Board has determined that holding an advisory vote on executive compensation every year continues to be the most appropriate alternative for the Company, and therefore the Board recommends that stockholders again vote for a 1-year interval for the advisory vote on executive compensation.

In formulating its recommendation, the Board considered that a 1-year advisory vote on executive compensation will allow the Company’s stockholders to provide the Company with input on the Company’s compensation programs as disclosed in the Proxy Statement each year.

Additionally, a 1-year advisory vote on executive compensation is consistent with the Company’s policy of being open to, and engaging in discussions with, its stockholders on corporate governance matters and its executive compensation philosophy, policies and practices. The Company understands that its stockholders may have different views as to what are the best approaches to the frequency of Say-on-Pay advisory votes, and the Company looks forward to hearing from its stockholders on this Proposal.

PROPOSAL FOUR: ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

This advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the Board. Stockholders will be able to specify one of four choices for this proposal on the proxy card: 1 year, 2 years, 3 years or abstain. Stockholders are not voting to approve or disapprove the Board's recommendation. Although non-binding, the Board and the Compensation Committee will carefully review the voting results. Notwithstanding the Board's recommendation and the outcome

of the stockholder vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to our compensation programs.

Our Board of Directors recommends that you select the option of "1 YEAR" for future advisory votes on executive compensation.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Roberts, Mr. Gade, and Mr. Lentell each served as members of the Compensation Committee for all or a portion of 2016. Each member is independent and no member of the Compensation Committee (1) has ever been employed by us, as an officer or otherwise, or (2) other than with respect to Mr. Lentell, as described under the heading "Related Person Transactions" below, has or had any relationship with us in 2016

requiring disclosure pursuant to SEC rules. In addition, during 2016, none of our executive officers served as a member of the compensation or similar committee or as a member of the board of directors of any other entity having an executive officer that also served on the Compensation Committee or Board of Directors of Rent-A-Center.

RELATED PERSON TRANSACTIONS

Policy on Review and Approval of Transactions with Related Persons

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

Our directors and executive officers are required to provide notice to our legal department of the facts and circumstances of any proposed transaction involving amounts greater than \$50,000 involving them or their immediate family members that may be deemed to be a related person transaction. Our legal department will then assess whether the proposed related person transaction requires approval pursuant to the policy and procedures. If our

legal department determines that any proposed, ongoing or completed transaction involves an amount in excess of \$100,000 and is a related person transaction, our Chief Executive Officer and the Chairman of the Nominating and Corporate Governance Committee must be notified (unless it involves our Chief Executive Officer, in which case the Chairman of the Nominating and Corporate Governance Committee must be notified), for consideration at the next regularly scheduled meeting of the Nominating and Corporate Governance Committee. In certain instances, the Chairman of the Nominating and Corporate Governance Committee may pre-approve or ratify, as applicable, any related person transaction in which the aggregate amount involved is, or is expected to be, less than \$500,000. The Nominating and Corporate Governance Committee or its Chairman, as applicable, will approve or ratify, as applicable, only those related person transactions that are in, or are not inconsistent with, our best interests and those of our stockholders.

Intrust Bank Relationship

J.V. Lentell, one of our directors, serves as Vice Chairman of the Board of Directors of Intrust Bank, N.A., one of our lenders. Intrust Bank, N.A. is a \$15 million participant (total commitment) in our senior credit facility. We also maintain operational checking and other accounts, including a \$20 million revolving line of credit, with Intrust Bank, N.A. In addition, Intrust Bank, N.A. serves as trustee of our 401(k) and deferred compensation plans. During

2016, we paid Intrust a total of \$0.9 million in fees in connection with banking services provided by them, of which \$0.7 million was for administration fees and trustee fees for our 401(k) and deferred compensation plans. The total fees paid to Intrust during 2016 constituted less than 1/2% of Intrust’s annual revenue for the year ended December 31, 2016.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based on a review of reports filed by our directors, executive officers and beneficial owners of more than 10% of our shares of common stock, and upon representations from those persons, we believe that all SEC stock ownership reports required to be filed by those reporting persons during and with respect to 2016 were timely made.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the common stock ownership for each of our directors, each of the named executive officers who are currently employed by us, all of our directors and executive officers as a group, and each of our known 5% stockholders. Beneficial ownership is determined in accordance with SEC rules and regulations. Unless otherwise indicated and subject to community property laws where applicable, we believe that each of the stockholders named in the table below has sole voting and investment power with respect to the shares indicated as beneficially owned. Information in the table is as of February 21, 2017, unless otherwise indicated.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent
Mark E. Speese	1,318,382 ⁽¹⁾	2.4
Michael J. Gade	40,700 ⁽²⁾	*
Rishi Garg	16,122 ⁽³⁾	*
Jeffery M. Jackson	48,355 ⁽⁴⁾	*
J.V. Lentell	53,300 ⁽⁵⁾	*
Steven L. Pepper	22,974 ⁽⁶⁾	*
Leonard H. Roberts	39,800 ⁽⁷⁾	*
Mark E. Denman	32,156 ⁽⁸⁾	*
Fred E. Herman	42,150 ⁽⁹⁾	*
Christopher A. Korst	85,751 ⁽¹⁰⁾	*
Maureen B. Short		
BlackRock, Inc.	6,175,878 ⁽¹¹⁾	11.6
Classic Fund Management Aktiengesellschaft	3,174,813 ⁽¹²⁾	5.97
Engaged Capital, LLC	8,983,609 ⁽¹³⁾	16.9
Frontier Capital Management Co., LLC	2,956,302 ⁽¹⁴⁾	5.56
The Vanguard Group	6,892,502 ⁽¹⁵⁾	12.96
All named executive officers and directors as a group (11 total)	1,813,695	3.4

* Less than 1%.

- (1) Represents (a) 744,627 shares held directly, (b) 150,618 shares issuable pursuant to currently exercisable options, (c) 101,137 shares held directly by Mr. Speese's spouse, (d) 300,000 shares held directly by the Mark E. Speese 2016 Grantor Retained Annuity Trust, and (e) 22,000 deferred stock units.
- (2) Represents (a) 2,400 shares held directly, (b) 5,000 shares issuable pursuant to currently exercisable options, and (c) 33,300 deferred stock units.
- (3) Represents 16,122 deferred stock units.
- (4) Represents (a) 6,055 shares held directly, (b) 9,000 shares issuable pursuant to currently exercisable options and (c) 33,300 deferred stock units.
- (5) Represents (a) 15,000 shares held directly; (b) 5,000 shares issuable pursuant to currently exercisable options, and (c) 33,300 deferred stock units.
- (6) Represents 22,974 deferred stock units.
- (7) Represents (a) 1,500 shares held directly, (b) 5,000 shares issuable pursuant to currently exercisable options, and (c) 33,300 deferred stock units.
- (8) Represents (a) 7,914 shares held directly, (b) 23,487 shares issuable pursuant to currently exercisable options, (c) 745 shares held pursuant to our 401(k) Plan (as of December 31, 2016), and (d) 10 shares held in our non-qualified deferred compensation plan (as of December 31, 2016).
- (9) Represents (a) 6,641 shares held directly and (b) 35,509 shares issuable pursuant to currently exercisable options.
- (10) Represents (a) 17,997 shares held directly, (b) 66,430 shares issuable pursuant to currently exercisable options, and (c) 1,324 shares held pursuant to our 401(k) Plan (as of December 31, 2016).
- (11) The address of BlackRock, Inc. is 55 East 52nd Street, New York, New York, 10022. BlackRock, Inc. exercises sole voting control over 6,030,804 of these shares and sole investment control over all 6,175,878 shares. This information is based on a Schedule 13G/A filed by BlackRock, Inc. with the Securities and Exchange Commission on January 17, 2017.
- (12) The address of Classic Fund Management Aktiengesellschaft is Raetikonstrasse 33, FL-9490 Vaduz, Principality of Liechtenstein. Classic Fund Management exercises sole voting and investment control over all 3,174,813 shares. This information is based on a Schedule 13G filed by Classic Fund Management with the Securities and Exchange Commission on January 23, 2017.
- (13) The address of Engaged Capital, LLC is 610 Newport Center Drive, Suite 250, Newport Beach, CA 92660. Engaged Capital, LLC exercises sole voting and investment control over all 7,288,376 shares. This information is based on a Schedule 13D/A filed by Engaged Capital, LLC with the Securities and Exchange Commission on March 23, 2017.
- (14) The address of Frontier Capital Management Co., LLC is 99 Summer Street, Boston, MA 02110. Frontier Capital Management Co., LLC exercises sole voting control over 1,041,021 of these shares and sole investment control over all 2,956,302 shares. This information is based on a Schedule 13G/A filed by Dimensional Fund Advisors LP with the Securities and Exchange Commission on February 9, 2016.
- (15) The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. The Vanguard Group exercises sole voting control over 62,576 of these shares, shared voting control over 6,808 of these shares, sole investment control over 6,825,810 of these shares, and shared investment control over 66,692 of these shares. This information is based on a Schedule 13G/A filed by The Vanguard Group with the Securities and Exchange Commission on February 10, 2017.

SUBMISSION OF STOCKHOLDER PROPOSALS

From time to time, stockholders may seek to nominate directors or present proposals for inclusion in the proxy statement and form of proxy for consideration at an annual stockholders meeting. To be included in the proxy statement or considered at an annual or any special meeting, you must timely submit nominations of directors or proposals, in addition to meeting other legal requirements. We must receive proposals for possible inclusion in the proxy statement related to the 2018 annual stockholders meeting no

later than December 25, 2017. Proposals for possible consideration at the 2018 annual stockholders meeting must be received by us no earlier than February 8, 2018, and no later than March 10, 2018. The 2018 annual stockholders meeting is expected to take place on June 7, 2018. Direct any proposals, as well as related questions, to Corporate Secretary, Rent-A-Center, Inc., 5501 Headquarters Drive, Plano, Texas 75024.

OTHER BUSINESS

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

PLEASE VOTE – YOUR VOTE IS IMPORTANT

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-25370

Rent-A-Center, Inc.

(Exact name of registrant as specified in its charter)

Delaware

45-0491516

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

**5501 Headquarters Drive
Plano, Texas 75024**

(Address, including zip code of registrant's principal executive offices)

972-801-1100

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, par value \$0.01 per share	The Nasdaq Global Select Market, Inc.

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark	YES	NO			
• If the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
• If the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
• Whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
• Whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
• If disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.	<input checked="" type="checkbox"/>				
• Whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">Large accelerated filer <input checked="" type="checkbox"/></td> <td style="width: 33%;">Accelerated filer <input type="checkbox"/></td> <td style="width: 33%;">Non-accelerated filer <input type="checkbox"/></td> </tr> </table>		Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>
Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>			
• Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	<input type="checkbox"/>	<input checked="" type="checkbox"/>			

Aggregate market value of the 51,850,190 shares of Common Stock held by non-affiliates of the registrant at the closing sales price as reported on The Nasdaq Global Select Market, Inc. on June 30, 2016

\$636,720,333

Number of shares of Common Stock outstanding as of the close of business on February 21, 2017:

53,196,843

Documents incorporated by reference:

Portions of the definitive proxy statement relating to the 2017 Annual Meeting of Stockholders of Rent-A-Center, Inc. are incorporated by reference into Part III of this report.

TABLE OF CONTENTS

	<u>Page</u>
PART I	3
Item 1. Business	3
Item 1A. Risk Factors	9
Item 1B. Unresolved Staff Comments	14
Item 2. Properties	14
Item 3. Legal Proceedings	14
Item 4. Mine Safety Disclosures	14
PART II	15
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	15
Item 6. Selected Financial Data	17
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	19
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	29
Item 8. Financial Statements and Supplementary Data	30
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	58
Item 9A. Controls and Procedures	58
Item 9B. Other Information	58
PART III	59
Item 10. Directors, Executive Officers and Corporate Governance	59
Item 11. Executive Compensation	59
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	59
Item 13. Certain Relationships and Related Transactions, and Director Independence	59
Item 14. Principal Accountant Fees and Services	59
PART IV	60
Item 15. Exhibits and Financial Statement Schedules	60

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K includes “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “seeks” or words of similar meaning, or future or conditional verbs, such as “will,” “should,” “could,” “may,” “aims,” “intends,” or “projects.” A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. These forward-looking statements are all based on currently available operating, financial and competitive information and are subject to various risks and uncertainties. Our actual future results and trends may differ materially depending on a variety of factors, including, but not limited to, the risks and uncertainties discussed under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results. Any or all of the forward-looking statements contained in this Annual Report on Form 10-K and any other public statement made by us, including by our management, may turn out to be incorrect. We are including this cautionary note to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for forward-looking statements. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise. Factors that could cause or contribute to these differences include, but are not limited to:

- the general strength of the economy and other economic conditions affecting consumer preferences and spending;
- factors affecting the disposable income available to our current and potential customers;
- changes in the unemployment rate;
- difficulties encountered in improving the financial and operational performance of our business segments;
- our chief executive officer and chief financial officer transitions, including our ability to effectively operate and execute our strategies during the interim period and difficulties or delays in identifying and attracting a permanent chief executive officer and chief financial officer, each with the required level of experience and expertise;
- failure to manage our store labor and other store expenses;
- our ability to identify, develop and successfully execute strategic initiatives;
- disruptions caused by the implementation and operation of our new store information management system, including capacity-related outages;
- our ability to successfully market smartphones and related services to our customers;
- our ability to develop and successfully implement virtual or e-commerce capabilities;
- disruptions in our supply chain;
- limitations of, or disruptions in, our distribution network;
- rapid inflation or deflation in prices of our products;
- our ability to execute and the effectiveness of a store consolidation, including our ability to retain the revenue from customer accounts merged into another store location as a result of a store consolidation;
- our available cash flow;
- our ability to identify and successfully market products and services that appeal to our customer demographic;
- consumer preferences and perceptions of our brands;
- uncertainties regarding the ability to open new locations;
- our ability to acquire additional stores or customer accounts on favorable terms;
- our ability to control costs and increase profitability;
- our ability to retain the revenue associated with acquired customer accounts and enhance the performance of acquired stores;
- our ability to enter into new and collect on our rental or lease purchase agreements;

- the passage of legislation or adoption of regulations adversely affecting the rent-to-own industry;
- our compliance with applicable statutes or regulations governing our transactions;
- changes in interest rates;
- adverse changes in the economic conditions of the industries, countries or markets that we serve;
- information technology and data security costs;
- the impact of any breaches in data security or other disturbances to our information technology and other networks and our ability to protect the integrity and security of individually identifiable data of our customers and employees;
- changes in our stock price, the number of shares of common stock that we may or may not repurchase, and future dividends, if any;
- changes in estimates relating to self-insurance liabilities and income tax and litigation reserves;
- changes in our effective tax rate;
- fluctuations in foreign currency exchange rates;
- our ability to maintain an effective system of internal controls;
- the resolution of our litigation; and
- the other risks detailed from time to time in our reports to the Securities and Exchange Commission.

PART I

Item 1. Business.

History of Rent-A-Center

Unless the context indicates otherwise, references to “we,” “us” and “our” refer to the consolidated business operations of Rent-A-Center, Inc., the parent, and any or all of its direct and indirect subsidiaries. For any references in this document to Note A through Note U, refer to the Notes to Consolidated Financial Statements in Item 8.

We are one of the largest rent-to-own operators in North America, focused on improving the quality of life for our customers by providing them the opportunity to obtain ownership of high-quality durable products, such as consumer electronics, appliances, computers (including tablets), smartphones, and furniture (including accessories), under flexible rental purchase agreements with no long-term obligation. We were incorporated in the State of Delaware in 1986, and our common stock is traded on the Nasdaq Global Select Market under the symbol “RCII.”

Our principal executive offices are located at 5501 Headquarters Drive, Plano, Texas 75024. Our telephone number is (972) 801-1100 and our company website is www.rentacenter.com. We do not intend for information contained on our website to be part of this Annual Report on Form 10-K. We make available free of charge on or through our website our Annual Report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (the “SEC”). Additionally, we provide electronic or paper copies of our filings free of charge upon request.

The Rental Purchase Transaction

The rental purchase transaction is a flexible alternative for consumers to obtain use and enjoyment of brand name merchandise with no long-term obligation. Key features of the rental purchase transaction include:

Brand name merchandise. We offer well-known brands such as LG, Samsung, Sony and Vizio home electronics; Frigidaire, General Electric, LG, Samsung and Whirlpool appliances; Acer, Apple, Asus, Samsung and Toshiba computers and/or tablets; LG and Samsung smartphones; and Ashley, Powell and Standard furniture.

Convenient payment options. Our customers make payments on a weekly, semi-monthly or monthly basis in our stores, kiosks, online or by telephone. We accept cash, credit or debit cards. Rental payments are generally made in advance and, together with applicable fees, constitute our primary revenue source. Approximately 85% and 92% of our rental purchase agreements are on a weekly term in our Core U.S. rent-to-own stores and our Mexico segment, respectively. Payments are made in advance on a monthly basis in our Acceptance Now segment.

No negative consequences. A customer may terminate a rental purchase agreement at any time without penalty.

No credit needed. Generally, we do not conduct a formal credit investigation of our customers. We verify a customer’s residence and sources of income. References provided by the customer are also contacted to verify certain information contained in the rental purchase order form.

Delivery & set-up included. We generally offer same-day or next-day delivery and installation of our merchandise at no additional cost to the customer in our rent-to-own stores. Our Acceptance Now locations rely on our third-party retail partners to deliver merchandise rented by the customer. Such third-party retail partners typically charge us a fee for delivery, which we pass on to the customer.

Product maintenance & replacement. We provide any required service or repair without additional charge, except for damage in excess of normal wear and tear. Repair services are provided through our network of service centers, the cost of which may be reimbursed by the vendor if the item is still under factory warranty. If the product cannot be repaired at the customer’s residence, we provide a temporary replacement while the product is being repaired. If the product cannot be repaired, we will replace it with a product of comparable quality, age and condition.

Lifetime reinstatement. If a customer is temporarily unable to make payments on a piece of rental merchandise and must return the merchandise, that customer generally may later re-rent the same piece of merchandise (or if unavailable, a substitute of comparable quality, age and condition) on the terms that existed at the time the merchandise was returned, and pick up payments where they left off without losing what they previously paid.

Flexible options to obtain ownership. Ownership of the merchandise generally transfers to the customer if the customer has continuously renewed the rental purchase agreement for a period of seven to 30 months, depending upon the product type, or exercises a specified early purchase option.

Our Growth Strategy

Beginning in 2013, we launched a multi-year program designed to transform and modernize our operations in order to improve the profitability of the Core U.S. segment while continuing to grow our Acceptance Now segment. This program was focused on building new competencies and capabilities through a variety of operational and infrastructure initiatives such as introducing a new labor model in our Core U.S. rent-to-own stores, formulating a customer-focused, value-based pricing strategy, developing a new sourcing and distribution model, implementing new technology into our Acceptance Now locations, and introducing e-commerce capabilities to our Core U.S. segment. Many of these initiatives are now complete.

We remain focused on strengthening our Core business while continuing to build upon Acceptance Now's recent success with signing pilot agreements with two new national retailers representing a significant scale opportunity. We will continue to review strategic priorities and opportunities in both businesses to enhance value.

In order to position the Company for long-term growth and profitability, we are taking important steps to drive operational improvements, including:

- achieving an optimal product mix by shifting to a higher concentration of the higher-end, aspirational products that our customers want, and which have always helped make Rent-A-Center a leader in the rent-to-own industry;
- providing a better value proposition and being more customer centric, which will help us extend average rental time, translating to happier, more loyal customers that return to us in the future;
- stabilizing our workforce by adding back a full-time co-worker to most of our stores, as we believe that investing in the frontline will improve customer satisfaction and business results;
- utilizing technology investments and new capabilities to enable or accelerate business strategies and find innovative, engaging ways to better serve customers; and
- implementing a streamlined collection process and enhancing customer service through employee training to reduce delinquencies and collection times.

Our Operating Segments

We report four operating segments: Core U.S., Acceptance Now, Mexico, and Franchising. Additional information regarding our operating segments is presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Item 7 of this Annual Report on Form 10-K, and financial information regarding these segments and revenues by geographic area are provided in Note S to the consolidated financial statements contained in this Annual Report on Form 10-K. Substantially all of our revenues for the past three years originated in the United States.

Core U.S.

Our Core U.S. segment is our largest operating segment, comprising approximately 70% of our consolidated net revenues for the year ended December 31, 2016. Approximately 79% of our business in this segment is from repeat customers.

At December 31, 2016, we operated 2,463 company-owned stores in the United States, Canada and Puerto Rico, including 45 retail installment sales stores under the names "Get It Now" and "Home Choice." We routinely evaluate the markets in which we operate and will close, sell or merge underperforming stores.

Acceptance Now

Through our Acceptance Now segment, we generally provide an on-site rent-to-own option at a third-party retailer's location. In the event a retail purchase credit application is declined, the customer can be introduced to an in-store Acceptance Now representative who explains an alternative transaction for acquiring the use and ownership of the merchandise. Because we neither require nor perform a formal credit investigation for the approval of the rental purchase transaction, applicants who meet certain basic criteria are generally approved. We believe our Acceptance Now program is beneficial for both the retailer and the consumer. The retailer captures more sales because we buy the merchandise directly from them and future rental payments are

generally made at the retailer's location. We believe consumers also benefit from our Acceptance Now program because they are able to obtain the products they want and need without the necessity of credit. The gross margins in this segment are lower than the gross margins in our Core U.S. segment because we pay retail for the product. Through certain retail partners, we offer our customers the option to obtain ownership of the product at or slightly above the full retail price if they pay within 90 days. In some cases, the retailer provides us a rebate on the cost of the merchandise if the customer exercises this 90 day option.

Each Acceptance Now kiosk location typically consists of an area with a computer, desk and chairs. We occupy the space without charge by agreement with each retailer. Accordingly, capital expenditures with respect to a new Acceptance Now location are minimal, and any exit costs associated with the closure of an Acceptance Now location would also be immaterial on an individual basis. Our operating model is highly agile and dynamic because we can open and close locations quickly and efficiently.

We rely on our third-party retail partners to deliver merchandise rented by the customer. Such third-party retail partners typically charge us a fee for delivery, which we pass on to the customer. In the event the customer returns rented merchandise, we pick it up at no additional charge. Merchandise returned from an Acceptance Now kiosk location is offered for rent at one of our Core U.S. rent-to-own stores.

We intend to grow the Acceptance Now segment by increasing the number of our retail partners and the number of locations with our existing retail partners. As of December 31, 2016, we operated 1,431 staffed kiosk locations inside furniture and electronics retailers located in 40 states and Puerto Rico, and 478 virtual (direct) locations.

Mexico

Our Mexico segment currently consists of our company-owned rent-to-own stores in Mexico. At December 31, 2016, we operated 130 stores in this segment. The financial performance of our Mexico

segment met our expectations in 2016 as a result of the operational initiatives implemented in 2015, and we are evaluating additional strategies for our operations in Mexico.

We are subject to the risks of doing business internationally as described under “Risk Factors.”

Franchising

The stores in our Franchising segment use Rent-A-Center's, ColorTyme's or RimTyme's trade names, service marks, trademarks and logos, and operate under distinctive operating procedures and

The following table summarizes our locations allocated among these operating segments as of December 31:

	2016	2015	2014
Core U.S.	2,463	2,672	2,824
Acceptance Now Staffed	1,431	1,444	1,406
Acceptance Now Direct	478	532	—
Mexico	130	143	177
Franchising	229	227	187
Total locations	4,731	5,018	4,594

The following discussion applies generally to all of our operating segments, unless otherwise noted.

Rent-A-Center Operations

Store Expenses

Our expenses primarily relate to merchandise costs and the operations of our stores, including salaries and benefits for our employees, occupancy expense for our leased real estate, advertising expenses, lost, damaged, or stolen merchandise, fixed asset depreciation, and other expenses.

As a result of the investment in new stores and kiosk locations and their growth curves, our quarterly earnings are impacted by how many new locations we opened during a particular quarter and the quarters preceding it.

Product Selection

Our Core U.S. and Mexico stores generally offer merchandise from five basic product categories: consumer electronics, appliances, computers (including tablets), smartphones, and furniture (including accessories). Although we seek to maintain sufficient inventory in our stores to offer customers a wide variety of models, styles and brands, we generally limit merchandise to prescribed levels to maintain strict inventory controls. We seek to provide a wide variety of high quality merchandise to our customers, and we emphasize products from name-brand manufacturers. Customers may request either new merchandise or previously rented merchandise. Previously rented merchandise is generally offered at a similar weekly or monthly rental rate as is offered for new merchandise, but with an opportunity to obtain ownership of the merchandise after fewer rental payments.

Consumer electronic products offered by our stores include high definition televisions, home theater systems, video game consoles and stereos. Appliances include refrigerators, freezers, washing machines, dryers, and ranges. We offer desktop, laptop, tablet computers and smartphones. Our furniture products include dining room, living room and bedroom furniture featuring a number of styles, materials and

standards. Franchising's primary source of revenue is the sale of rental merchandise to its franchisees who, in turn, offer the merchandise to the general public for rent or purchase under a rent-to-own transaction.

At December 31, 2016, this segment franchised 229 stores in 31 states operating under the Rent-A-Center (152 stores), ColorTyme (39 stores) and RimTyme (38 stores) names. These rent-to-own stores primarily offer high quality durable products such as consumer electronics, appliances, computers, furniture and accessories, wheels and tires.

As franchisor, Franchising receives royalties of 2.0% to 6.0% of the franchisees' monthly gross revenue and, generally, an initial fee up to \$35,000 per new location.

colors. Accessories include lamps and tables and are typically rented as part of a package of items, such as a complete room of furniture. Showroom displays enable customers to visualize how the product will look in their homes and provide a showcase for accessories.

The merchandise assortment may vary in our non-U.S. stores according to market characteristics and consumer demand unique to the particular country in which we are operating. For example, in Mexico, the appliances we offer are sourced locally, providing our customers in Mexico the look and feel to which they are accustomed in that product category.

Acceptance Now locations offer the merchandise available for sale at the applicable third-party retailer, primarily furniture and accessories, consumer electronics and appliances.

For the year ended December 31, 2016, furniture and accessories accounted for approximately 37% of our consolidated rentals and fees revenue, consumer electronic products for 22%, appliances for 16%, computers for 6%, smartphones for 4% and other products and services for 15%.

Product Turnover

On average, in the Core U.S. segment, a rental term of 15 months or exercising an early purchase option is generally required to obtain ownership of new merchandise. Product turnover is the number of times a product is rented to a different customer. On average, a product is rented (turned over) to three customers before a customer acquires ownership. Merchandise returned in the Acceptance Now segment is moved to a Core U.S. store where it is offered for rent. Ownership is attained in approximately 25% of first-time rental purchase agreements in the Core U.S. segment. The average total life for each product in our Core U.S. segment is approximately 18 months, which includes the initial rental period, all re-rental periods and idle time in our system. To cover the higher operating expenses generated by product turnover and

the key features of rental purchase transactions, rental purchase agreements require higher aggregate payments than are generally charged under other types of purchase plans, such as installment purchase or credit plans.

Collections

Store managers use our management information system to track collections on a daily basis. If a customer fails to make a rental payment when due, store personnel will attempt to contact the customer to obtain payment and reinstate the agreement, or will terminate the account and arrange to regain possession of the merchandise. We attempt to recover the rental items as soon as possible following termination or default of a rental purchase agreement, generally by the seventh day. Collection efforts are enhanced by the personal and job-related references

required of customers, the personal nature of the relationships between our employees and customers, and the availability of lifetime reinstatement. Currently, we track past due amounts using a guideline of seven days in our Core U.S. segment and 30 days in the Acceptance Now segment. These metrics align with the majority of the rental purchase agreements in each segment, since payments are generally made weekly in the Core U.S. segment and monthly in the Acceptance Now segment.

If a customer does not return the merchandise or make payment, the remaining book value of the rental merchandise associated with delinquent accounts is generally charged off on or before the 90th day following the time the account became past due in the Core U.S. segment, on or before the 150th day in the Acceptance Now segment and on or before the 60th day in the Mexico segment.

Management

Our executive management team has extensive rent-to-own or similar retail experience and has demonstrated the ability to grow and manage our business through their operational leadership and strategic vision. In addition, our regional and district managers have long tenures with us, and we have a history of promoting management personnel from within. We believe this extensive industry and company experience will allow us to effectively execute our growth strategies.

Purchasing

Our centralized inventory management organization utilizes a combination of automated and manual merchandise planning, forecasting and replenishment processes to determine appropriate inventory levels to maintain in our third-party distribution centers and company-owned stores. Inventory levels are monitored on a daily basis, and purchase orders are processed and sent to manufacturers and distributors on a weekly basis to replenish inventory housed in our third-party distribution centers. We use customized software solution that builds recommended store replenishment orders based on current store inventory levels, current store rental and return trends, seasonality, product needs, desired weeks of supply targets, and other key factors. Approved orders are then passed through an automated solution to our third party distribution center and furniture manufacturers and product ships to the stores. The replenishment system and associated processes allow us to retain tight control over our inventory, ensure assortment diversity in our stores and assists us in having the right products available at the right time.

In our Core U.S. and Mexico segments, we purchase our rental merchandise from a variety of suppliers. In 2016, approximately 12% of our merchandise purchases were attributable to Ashley Furniture

Industries. No other brand accounted for more than 10% of merchandise purchased during these periods. We do not generally enter into written contracts with our suppliers that obligate us to meet certain minimum purchasing levels. Although we expect to continue relationships with our existing suppliers, we believe there are numerous sources of products available, and we do not believe the success of our operations is dependent on any one or more of our present suppliers.

In our Acceptance Now segment, we purchase the merchandise selected by the customer from the applicable third-party retailer at the time such customer enters into a rental purchase agreement with us.

With respect to our Franchising segment, the franchise agreement requires the franchised stores to exclusively offer for rent or sale only those brands, types and models of products that Franchising has approved. The franchised stores are required to maintain an adequate mix of inventory that consists of approved products for rent as dictated by Franchising policy manuals. Franchising negotiates purchase arrangements with various suppliers it has approved, and franchisees purchase directly from those suppliers and from inventory housed in our third-party distribution centers.

Marketing

We promote our products and services through television and radio commercials, print advertisements, store telemarketing, digital display advertisements, direct email campaigns, social networks, paid and organic search, website and store signage. Our advertisements emphasize such features as product and name-brand selection, the opportunity to pay as you go without credit, long-term contracts or obligations, delivery and set-up at no additional cost, product repair and loaner services at no extra cost, lifetime reinstatement and multiple options to acquire ownership, including 90 day option pricing, an early purchase option or through a fixed number of payments. In addition, we promote the "RAC Worry-Free Guarantee[®]" to further highlight these aspects of the rental purchase transaction. We believe that by

leveraging our advertising efforts to highlight the benefits of the rental purchase transaction, we will continue to educate our customers and potential customers about the rent-to-own alternative to credit as well as solidify our reputation as a leading provider of high-quality, branded merchandise and services.

Franchising has established national advertising funds for the franchised stores, whereby Franchising has the right to collect up to 3% of the monthly gross revenue from each franchisee as contributions to the fund. Franchising directs the advertising programs of the fund, generally consisting of television and radio commercials and print advertisements. Franchising also has the right to require franchisees to expend up to 3% of their monthly gross revenue on local advertising.

Industry & Competition

According to a report published by the Association of Progressive Rental Organizations in 2016, the \$8.5 billion rent-to-own industry in the United States, Mexico and Canada consists of approximately 9,200 stores, serves approximately 4.8 million customers and approximately 83% of rent-to-own customers have household incomes between \$15,000 and \$50,000 per year. The rent-to-own industry provides customers the opportunity to obtain merchandise they might otherwise be unable to obtain due to insufficient cash resources or a lack of access to credit. We believe the number of consumers lacking access to credit is increasing. According to data released by the Fair Isaac Corporation on September 13, 2016, consumers in the “subprime” category (those with credit scores below 650) made up 31% of the United States population.

The rent-to-own industry is experiencing rapid change with the emergence of virtual and kiosk-based operations, such as our Acceptance Now business. These new industry participants are

disrupting traditional rent-to-own stores by attracting customers and making the rent-to-own transaction more acceptable to potential customers. In addition, banks and consumer finance companies are developing products and services designed to compete for the traditional rent-to-own customer.

These factors are increasingly contributing to an already highly competitive environment. Our stores and kiosks compete with other national, regional and local rent-to-own businesses, including on-line only competitors, as well as with rental stores that do not offer their customers a purchase option. With respect to customers desiring to purchase merchandise for cash or on credit, we also compete with retail stores, online competitors, and non-traditional lenders. Competition is based primarily on convenience, store location, product selection and availability, customer service, rental rates and terms.

Seasonality

Our revenue mix is moderately seasonal, with the first quarter of each fiscal year generally providing higher merchandise sales than any other quarter during a fiscal year. Generally, our customers will more frequently exercise the early purchase option on their existing rental purchase agreements or purchase pre-leased merchandise off the

showroom floor during the first quarter of each fiscal year, primarily due to federal income tax refunds. Furthermore, we tend to experience slower growth in the number of rental purchase agreements in the third quarter of each fiscal year when compared to other quarters throughout the year. We expect these trends to continue in the future.

Trademarks

We own various trademarks and service marks, including Rent-A-Center® and RAC Worry-Free Guarantee® that are used in connection with our operations and have been registered with the United States Patent and Trademark Office. The duration of our trademarks is unlimited, subject to periodic renewal and continued use. In addition, we have obtained trademark registrations in Mexico, Canada and certain other foreign jurisdictions. We believe we hold the necessary rights for protection of the trademarks and service marks essential to our business. The products held for rent in our stores also bear trademarks and service marks held by their respective manufacturers.

Franchising licenses the use of the Rent-A-Center and ColorTyme trademarks and service marks to its franchisees under the franchise agreement. Franchising owns various trademarks and service marks, including ColorTyme® and RimTyme®, that are used in connection with its operations and have been registered with the United States Patent and Trademark office. The duration of these marks is unlimited, subject to periodic renewal and continued use.

Employees

As of February 21, 2017, we had approximately 21,600 employees.

Government Regulation

Core U.S. & Acceptance Now

State Regulation. Currently, 46 states, the District of Columbia and Puerto Rico have rental purchase statutes that recognize and regulate rental purchase transactions as separate and distinct from credit sales. We believe this existing legislation is generally favorable to us, as it defines and clarifies the various disclosures, procedures and transaction structures related to the rent-to-own business with which we must comply. With some variations in individual states, most related state legislation requires the lessor to make prescribed disclosures to customers about the rental purchase agreement and transaction, and provides time periods during which customers may reinstate agreements despite having failed to make a timely payment. Some state rental purchase laws prescribe grace periods for non-payment, prohibit

or limit certain types of collection or other practices, and limit certain fees that may be charged. Ten states limit the total rental payments that can be charged to amounts ranging from 2.0 times to 2.4 times the disclosed cash price or the retail value of the rental product. Five states limit the cash price of merchandise to amounts ranging from 1.56 to 2.5 times our cost for each item.

Although Minnesota has a rental purchase statute, the rental purchase transaction is also treated as a credit sale subject to consumer lending restrictions pursuant to judicial decision. Therefore, we offer our customers in Minnesota an opportunity to purchase our merchandise through an installment sale transaction in our Home Choice stores. We operate 17 Home Choice stores in Minnesota.

North Carolina has no rental purchase legislation. However, the retail installment sales statute in North Carolina expressly provides that lease transactions which provide for more than a nominal purchase price at the end of the agreed rental period are not credit sales under the statute. We operate 99 rent-to-own stores, and 82 and 73 Acceptance Now Staffed and Acceptance Now Direct locations, respectively, in North Carolina.

Courts in Wisconsin and New Jersey, which do not have rental purchase statutes, have rendered decisions which classify rental purchase transactions as credit sales subject to consumer lending restrictions. Accordingly, in Wisconsin, we offer our customers an opportunity to purchase our merchandise through an installment sale transaction in our Get It Now stores. In New Jersey, we have modified our typical rental purchase agreements to provide disclosures, grace periods, and pricing that we believe comply with the retail installment sales act. We operate 28 Get It Now stores in Wisconsin and 46 Rent-A-Center stores in New Jersey.

There can be no assurance as to whether new or revised rental purchase laws will be enacted or whether, if enacted, the laws would not have a material and adverse effect on us.

Federal Regulation. To date, no comprehensive federal legislation has been enacted regulating or otherwise impacting the rental purchase transaction. The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") does not regulate leases with terms of 90 days or less. Because the rent-to-own transaction is for a term of week to week, or at most, month to month, and established federal law deems the term of a lease to be its minimum term regardless of extensions or renewals, if any, we believe the rent-to-own transaction is not covered by the Dodd-Frank Act.

From time to time, we have supported legislation introduced in Congress that would regulate the rental purchase transaction. While both beneficial and adverse legislation may be introduced in Congress in the future, any adverse federal legislation, if enacted, could have a material and adverse effect on us.

Mexico and Canada

No comprehensive legislation regulating the rent-to-own transaction has been enacted in Mexico or Canada. We use substantially the same rental purchase transaction in those countries as in the U.S. stores, but with such additional provisions as we believe may be necessary to comply with such country's specific laws and customs.

Item 1A. Risk Factors.

You should carefully consider the risks described below before making an investment decision. We believe these are all the material risks currently facing our business. Our business, financial condition or results of operations could be materially adversely affected by these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. You should also refer to the other information included in this Annual Report on Form 10-K, including our consolidated financial statements and related notes.

Our success depends on the effective implementation and continued execution of our strategies.

Our Core U.S. store base is mature and our Acceptance Now business operates in an intensively competitive environment. We recently completed a multi-year program designed to address these dynamics by transforming and modernizing our operations in order to improve the profitability of the Core U.S. segment while continuing to grow profitably our Acceptance Now segment. We remain focused on strengthening our Core business while continuing to build upon Acceptance Now's recent success with signing pilot agreements with two new national retailers representing a significant scale opportunity. We will continue to review strategic priorities and opportunities in both businesses to enhance value.

In order to position the Company for long-term growth and profitability, we are taking important steps to drive operational improvements, including:

- achieving an optimal product mix by shifting to a higher concentration of the higher-end, aspirational products that our customers want, and which have always helped make Rent-A-Center a leader in the rent-to-own industry;
- providing a better value proposition and being more customer centric, which will help us extend average rental time, translating to happier, more loyal customers that return to us in the future;
- stabilizing our workforce by adding back a full-time co-worker to most of our stores, as we believe that investing in the frontline will improve customer satisfaction and business results;
- utilizing technology investments and new capabilities to enable or accelerate business strategies and find innovative, engaging ways to better serve customers; and
- implementing a streamlined collection process and enhancing customer service through employee training to reduce delinquencies and collection times.

There is no assurance that we will be able to implement and execute these strategic initiatives in accordance with our expectations. Higher costs or failure to achieve targeted results associated with the implementation of such new programs or initiatives could adversely affect our results of operations or negatively impact our ability to successfully execute future strategies, which may result in an adverse impact on our business and financial results.

We are highly dependent on the financial performance of our Core U.S. operating segment.

Our financial performance is highly dependent on our Core U.S. segment, which comprised approximately 70% of our consolidated net revenues for the year ended December 31, 2016. Any significant decrease in the financial performance of the Core U.S. segment may also have a material adverse impact on our ability to implement our growth strategies.

We are in a management transition period in which the individuals serving as both our chief executive officer and chief financial officer are acting in interim roles. We may not be able to effectively operate and execute our strategies during this interim period and may encounter difficulties or delays in identifying and attracting a permanent chief executive officer and chief financial officer, each with the required level of experience and expertise.

On December 2, 2016, Guy J. Constant resigned as Executive Vice President—Finance, Chief Financial Officer & Treasurer of the Company, and Maureen B. Short was named as Interim Chief Financial Officer. On January 9, 2017, Robert D. Davis resigned as Chief Executive Officer and a director of the Company. On that date, our founder, former chief executive officer, and Chairman of the Board, Mark E. Speese, was named as Interim Chief Executive Officer. We are in the process of searching for a permanent chief executive officer and chief financial officer. However, if we are unsuccessful in appointing a chief executive officer and a chief financial officer each with the required level of experience and expertise in a timely manner, our operations and business strategies could be materially and adversely affected. Any significant leadership change or executive management transition creates uncertainty, involves inherent risk, and may involve a diversion of resources and management attention, be disruptive to our daily operations or impact public or market perception, any of which could negatively impact our ability to operate effectively or execute our strategies and result in a material adverse impact on our business, financial condition, results of operations or cash flows.

Our ability to attract and retain key employees may be adversely impacted by the recent executive departures and resulting management transition, and our recent financial results.

Executive leadership transitions can be inherently difficult to manage and may cause disruption to our business. As a result of the recent changes in our executive management team, our existing management team has taken on substantially more responsibility, which has resulted in greater workload demands and could divert their attention away from other key areas of our business. In addition, management transition inherently causes some loss of institutional knowledge, which can negatively affect strategy and execution, and our results of operations and financial condition could suffer as a result.

Our future success depends in large part upon our ability to attract and retain key management executives and other key employees. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash and equity compensation. Because of our lower than expected operating results for the year ended December 31, 2016, our senior management did not earn any amounts under the annual cash

incentive plan for 2016, and salary increases and future cash incentive compensation opportunities could be limited. In addition, our long-term incentive program includes equity awards in the form of stock options and restricted stock units. Any prolonged inability to provide salary increases or cash incentive compensation opportunities, or if the anticipated value of such equity awards does not materialize or our equity compensation otherwise ceases to be viewed as a valuable benefit, our ability to attract, retain and motivate executives and key employees could be weakened. In addition the uncertainty and operational disruptions caused by the management changes and related transitions could result in additional key employees deciding to leave the Company. If we are unable to retain, attract and motivate talented employees with the appropriate skill sets, we may not achieve our objectives and our results of operations could be adversely impacted.

Failure to effectively manage our costs could have a material adverse effect on our profitability.

Certain elements of our cost structure are largely fixed in nature. Consumer spending remains uncertain, which makes it more challenging for us to maintain or increase our operating income in the Core U.S. segment. The competitiveness in our industry and increasing price transparency means that the focus on achieving efficient operations is greater than ever. As a result, we must continuously focus on managing our cost structure. Failure to manage our labor and benefit rates, advertising and marketing expenses, operating leases, charge-offs due to customer stolen merchandise, other store expenses or indirect spending could materially adversely affect our profitability.

Our Acceptance Now segment depends on the success of our third-party retail partners and our continued relationship with them.

Our Acceptance Now segment revenues depend in part on the ability of unaffiliated third-party retailers to attract customers. The failure of our third-party retail partners to maintain quality and consistency in their operations and their ability to continue to provide products and services, or the loss of the relationship with any of these third-party retailers and an inability to replace them, could cause our Acceptance Now segment to lose customers, substantially decreasing the revenues and earnings of our Acceptance Now segment. This could adversely affect our financial results. In 2016, approximately 73% of the total revenue of the Acceptance Now segment originated at our Acceptance Now kiosks located in stores operated by six retail partners. We may be unable to continue growing the Acceptance Now segment if we are unable to find third-party retailers willing to partner with us or if we are unable to enter into agreements with third-party retailers acceptable to us.

The success of our business is dependent on factors affecting consumer spending that are not under our control.

Consumer spending is affected by general economic conditions and other factors including levels of employment, disposable consumer income, prevailing interest rates, consumer debt and availability of credit, costs of fuel, inflation, recession and fears of recession, war and fears of war, pandemics, inclement weather, tax rates and rate increases, timing of receipt of tax refunds, consumer confidence in future economic conditions and political conditions, and consumer perceptions of personal well-being and security. Unfavorable changes in factors affecting discretionary spending could reduce demand for our products and services resulting in lower revenue and negatively impacting the business and its financial results.

If we are unable to compete effectively with the growing e-commerce sector, our business and results of operations may be materially adversely affected.

With the continued expansion of Internet use, as well as mobile computing devices and smartphones, competition from the e-commerce sector continues to grow. We have launched virtual capabilities within our Acceptance Now and Core U.S. segments. There can be no assurance we will be able to grow our e-commerce business in a profitable manner. Certain of our competitors, and a number of e-commerce retailers, have established e-commerce operations against which we compete for customers. It is possible that the increasing competition from the e-commerce sector may reduce our market share, gross margin, and operating margin, and may materially adversely affect our business and results of operations in other ways.

Disruptions in our supply chain and other factors affecting the distribution of our merchandise could adversely impact our business.

Any disruption in the operation of our distribution centers could result in our inability to meet our customers' expectations, higher costs, an inability to stock our stores or longer lead time associated with distributing merchandise. Any such disruption within our supply chain network, including damage or destruction to one of our five regional distribution centers, could result in decreased net sales, increased costs and reduced profits.

Our debt agreements impose restrictions on us which may limit or prohibit us from engaging in certain transactions. If a default were to occur, our lenders could accelerate the amounts of debt outstanding, and holders of our secured indebtedness could force us to sell our assets to satisfy all or a part of what is owed.

Covenants under our senior credit facilities and the indenture governing our outstanding senior unsecured notes restrict our ability to pay dividends and engage in various operational matters. In addition, covenants under our senior credit facilities require us to maintain specified financial ratios. Our ability to meet these financial ratios may be affected by events beyond our control. These restrictions could limit our ability to obtain future financing, make needed capital expenditures or other investments, repurchase our outstanding debt or equity, pay dividends, withstand a future downturn in our business or in the economy, dispose of operations, engage in mergers, acquire additional stores or otherwise conduct necessary corporate activities. Various transactions that we may view as important opportunities, are also subject to the consent of lenders under the senior credit facilities, which may be withheld or granted subject to conditions specified at the time that may affect the attractiveness or viability of the transaction.

If a default were to occur, the lenders under our senior credit facilities could accelerate the amounts outstanding under the credit facilities. In addition, the lenders under these agreements could terminate their commitments to lend to us. If the lenders under these agreements accelerate the repayment of borrowings, we may not have sufficient liquid assets at that time to repay the amounts then outstanding under our indebtedness or be able to find additional alternative financing. Even if we could obtain additional alternative financing, the terms of the financing may not be favorable or acceptable to us.

The existing indebtedness under our senior credit facilities is secured by substantially all of our assets. Should a default or acceleration of this indebtedness occur, the holders of this indebtedness could sell the assets to satisfy all or a part of what is owed.

Our current insurance program may expose us to unexpected costs and negatively affect our financial performance.

Our insurance coverage is subject to deductibles, self-insured retentions, limits of liability and similar provisions that we believe are prudent based on our operations. Because we self-insure a significant portion of expected losses under our workers' compensation, general liability, vehicle and group health insurance programs, unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including potential increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs. This could have a material adverse effect on our financial condition and results of operations.

Our operations in Mexico are subject to political or regulatory changes and significant changes in the economic environment and other concerns.

We opened our first store in Mexico in October 2010, and operated 130 stores in Mexico as of December 31, 2016. Changes in the business, regulatory or political climate in Mexico could adversely affect our operations there. Mexico is also subject to certain potential risks and uncertainties that are beyond our control, such as violence, social unrest, enforcement of property rights and public safety and security that could restrict or eliminate our ability to open new or operate some or all of our locations in Mexico, or significantly reduce customer traffic or demand. In addition, our assets, investments in, earnings from and dividends from our Mexican subsidiaries must be translated to U.S. dollars from the Mexican peso. Accordingly, we are exposed to risks associated with fluctuations of the exchange rate for the Mexican peso which may have an impact on our future costs or on future cash flows from our Mexico operations, and could adversely affect our financial performance.

Failure to improve our financial performance in Mexico could result in our taking actions that may change or impact our projected results in the future.

We are pursuing several operational initiatives designed to improve the financial performance of our operations in Mexico. If we are unable to achieve an acceptable level of profitability in Mexico, we will consider all available alternatives for our operations in Mexico, some of which may change or impact our projected results in the future.

Our transactions are regulated by and subject to the requirements of various federal and state laws and regulations, which may require significant compliance costs and expose us to litigation. Any negative change in these laws or the passage of unfavorable new laws could require us to alter our business practices in a manner that may be materially adverse to us.

Currently, 46 states, the District of Columbia and Puerto Rico have passed laws that regulate rental purchase transactions as separate and distinct from credit sales. One additional state has a retail installment sales statute that excludes leases, including rent-to-own transactions, from its coverage if the lease provides for more than a nominal purchase price at the end of the rental period. The specific rental purchase laws generally require certain contractual and advertising disclosures. They also provide varying levels of substantive consumer protection, such as requiring a grace period for late fees and contract reinstatement rights in the event the rental purchase agreement is terminated. The rental purchase laws of ten states limit the total amount that may be charged over the life of a rental purchase agreement and the laws of five states limit the cash prices for which we may offer merchandise.

Similar to other consumer transactions, our rental purchase transaction is also governed by various federal and state consumer protection statutes. These consumer protection statutes, as well as the rental purchase statutes under which we operate, provide various consumer remedies, including monetary penalties, for violations. In our history, we have been the subject of litigation alleging that we have violated some of these statutory provisions.

Although there is currently no comprehensive federal legislation regulating rental purchase transactions, adverse federal legislation may be enacted in the future. From time to time, both favorable and adverse legislation seeking to regulate our business has been introduced in Congress. In addition, various legislatures in the states where we currently do business may adopt new legislation or amend existing legislation that could require us to alter our business practices in a manner that could have a material adverse effect on our business, financial condition and results of operations.

Our reputation, ability to do business and operating results may be impaired by improper conduct by any of our employees, agents or business partners.

Our operations in the U.S. and abroad are subject to certain laws generally prohibiting companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, such as the U.S. Foreign Corrupt Practices Act, and similar anti-bribery laws in other jurisdictions. Our employees, contractors or agents may violate the policies and procedures we have implemented to ensure compliance with these laws. Any such improper actions could subject us to civil or criminal investigations in the U.S. and in other jurisdictions, could lead to substantial civil and criminal, monetary and non-monetary penalties, and related shareholder lawsuits, could cause us to incur significant legal fees, and could damage our reputation.

We may be subject to legal proceedings from time to time which seek material damages. The costs we incur in defending ourselves or associated with settling any of these proceedings, as well as a material final judgment or decree against us, could materially adversely affect our financial condition by requiring the payment of the settlement amount, a judgment or the posting of a bond.

In our history, we have defended class action lawsuits alleging various regulatory violations and have paid material amounts to settle such claims. Significant settlement amounts or final judgments could materially and adversely affect our liquidity and capital resources. The failure to pay any material judgment would be a default under our senior credit facilities and the indenture governing our outstanding senior unsecured notes.

Our operations are dependent on effective information management systems. Failure of these systems could negatively impact our business, financial condition and results of operations.

We utilize integrated information management systems. The efficient operation of our business is dependent on these systems to effectively manage our financial and operational data. The failure of our information management systems to perform as designed, loss of data or any interruption of our information management systems for a significant period of time could disrupt our business. If the information management systems sustain repeated failures, we may not be able to manage our store operations, which could have a material adverse effect on our business, financial condition and results of operations.

We are currently investing in new information management technology and systems and implementing modifications and upgrades to existing systems to support our growth plan. These investments include replacing legacy systems, making changes to existing systems, building redundancies, and acquiring new systems and hardware with updated functionality. We are taking appropriate actions to ensure the successful implementation of these initiatives, including the testing of new systems and the transfer of existing data, with minimal disruptions to the business. These efforts may take longer and may require greater financial and other resources than anticipated, may cause distraction of key personnel, may cause disruptions to our existing systems and our business, and may not provide the anticipated benefits. The disruption in our information management systems, or our inability to improve, upgrade, integrate or expand our systems to meet our evolving business requirements, could impair our ability to achieve critical strategic initiatives and could materially adversely impact our business, financial condition and results of operations.

In the third quarter of 2016, we experienced unexpected capacity-related system outages of our new store information management system in our Core U.S. stores which negatively impacted our third quarter operating results. In the fourth quarter of 2016, we implemented software releases to improve stability and added hardware to help mitigate over-utilization issues. As a result, we did not experience any additional capacity-related outages in the fourth quarter of 2016.

If we fail to protect the integrity and security of customer and employee information, we could be exposed to litigation or regulatory enforcement and our business could be adversely impacted.

We collect and store certain personal information provided to us by our customers and employees in the ordinary course of our business. Despite instituted safeguards for the protection of such information, we cannot be certain that all of our systems are entirely free from vulnerability to attack. Computer hackers may attempt to penetrate our network security and, if successful, misappropriate confidential customer or employee information. In addition, one of our employees, contractors or other third party with whom we do business may attempt to circumvent our security measures in order to obtain such information, or inadvertently cause a breach involving such information. Loss of customer or employee information could disrupt our operations, damage our reputation, and expose us to claims from customers, employees, regulators and other persons, any of which could have an adverse effect on our business, financial condition and results of operations. In addition, the costs associated with information security, such as increased investment in technology, the costs of compliance with privacy laws, and costs incurred to prevent or remediate information security breaches, could adversely impact our business.

A change of control could accelerate our obligation to pay our outstanding indebtedness, and we may not have sufficient liquid assets at that time to repay these amounts.

Under our senior credit facilities, an event of default would result if a third party became the beneficial owner of 35.0% or more of our voting stock or upon certain changes in the constitution of Rent-A-Center's Board of Directors. As of December 31, 2016, \$191.8 million was outstanding under our senior credit facilities.

Under the indenture governing our outstanding senior unsecured notes, in the event of a change in control, we may be required to offer to purchase all of our outstanding senior unsecured notes at 101% of their original aggregate principal amount, plus accrued interest to the date of repurchase. A change in control also would result in an event of default under our senior credit facilities, which would allow our lenders to accelerate indebtedness owed to them.

If a specified change in control occurs and the lenders under our debt instruments accelerate these obligations, we may not have sufficient liquid assets to repay amounts outstanding under these agreements.

Rent-A-Center's organizational documents and our debt instruments contain provisions that may prevent or deter another group from paying a premium over the market price to Rent-A-Center's stockholders to acquire its stock.

Rent-A-Center's organizational documents contain provisions that classify its Board of Directors, authorize its Board of Directors to issue blank check preferred stock and establish advance notice requirements on its stockholders for director nominations and actions to be taken at meetings of the stockholders. In addition, as a Delaware corporation, Rent-A-Center is subject to Section 203 of the Delaware General Corporation Law relating to business combinations. Our senior credit facilities and the indentures governing our senior unsecured notes each

contain various change of control provisions which, in the event of a change of control, would cause a default under those provisions. These provisions and arrangements could delay, deter or prevent a merger, consolidation, tender offer or other business combination or change of control involving us that could include a premium over the market price of Rent-A-Center's common stock that some or a majority of Rent-A-Center's stockholders might consider to be in their best interests.

Rent-A-Center is a holding company and is dependent on the operations and funds of its subsidiaries.

Rent-A-Center is a holding company, with no revenue generating operations and no assets other than its ownership interests in its direct and indirect subsidiaries. Accordingly, Rent-A-Center is dependent on the cash flow generated by its direct and indirect operating subsidiaries and must rely on dividends or other intercompany transfers from its operating subsidiaries to generate the funds necessary to meet its obligations, including the obligations under the senior credit facilities. The ability of Rent-A-Center's subsidiaries to pay dividends or make other payments to it is subject to applicable state laws. Should one or more of Rent-A-Center's subsidiaries be unable to pay dividends or make distributions, its ability to meet its ongoing obligations could be materially and adversely impacted.

Our stock price is volatile, and you may not be able to recover your investment if our stock price declines.

The price of our common stock has been volatile and can be expected to be significantly affected by factors such as:

- our ability to meet market expectations with respect to the growth and profitability of each of our operating segments;
- quarterly variations in our results of operations, which may be impacted by, among other things, changes in same store sales or when and how many locations we acquire or open;

- quarterly variations in our competitors' results of operations;
- changes in earnings estimates or buy/sell recommendations by financial analysts; and
- the stock price performance of comparable companies.

In addition, the stock market as a whole historically has experienced price and volume fluctuations that have affected the market price of many specialty retailers in ways that may have been unrelated to these companies' operating performance.

Failure to achieve and maintain effective internal controls could have a material adverse effect on our business and stock price.

Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our brand and operating results could be harmed. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

While we continue to evaluate and improve our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Failure to achieve and maintain an effective internal control environment could cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our stock price.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease space for substantially all of our Core U.S. and Mexico stores and certain support facilities under operating leases expiring at various times through 2023. Most of our store leases are five year leases and contain renewal options for additional periods ranging from three to five years at rental rates adjusted according to agreed-upon formulas. Store sizes average approximately 4,700 square feet. Approximately 75% of each store's space is generally used for showroom space and 25% for offices and storage space. Our Acceptance Now kiosks occupy space without charge in the retailer's location with no lease commitment.

We believe suitable store space generally is available for lease and we would be able to relocate any of our stores or support facilities without significant difficulty should we be unable to renew a particular lease. We also expect additional space is readily available at competitive rates to open new stores or support facilities, as necessary.

We own the land and building in Plano, Texas, in which our corporate headquarters is located. The land and improvements are pledged as collateral under our senior credit facilities.

Item 3. Legal Proceedings.

From time to time, we, along with our subsidiaries, are party to various legal proceedings arising in the ordinary course of business. We reserve for loss contingencies that are both probable and reasonably estimable. We regularly monitor developments related to these legal proceedings, and review the adequacy of our legal reserves on a quarterly basis. We do not expect these losses to have a material impact on our consolidated financial statements if and when such losses are incurred.

We are subject to unclaimed property audits by states in the ordinary course of business. A comprehensive multi-state unclaimed property audit is currently in progress. The property subject to review in this audit process includes unclaimed wages, vendor payments and customer refunds. State escheat laws generally require entities to report and remit abandoned and unclaimed property to the state. Failure to timely report and remit the property can result in assessments that could include interest and penalties, in addition to the payment of the escheat liability itself. We routinely remit escheat payments to states in compliance with applicable escheat laws. Management believes it is too early to determine the ultimate outcome of this audit, as our remediation efforts

are still in process and there have been recent developments in escheat laws which may be applicable to this matter.

Alan Hall, et. al. v. Rent-A-Center, Inc., et. al.; James DePalma, et. al. v. Rent-A-Center, Inc., et. al. On December 23, 2016, a putative class action was filed against us and certain of our former officers by Alan Hall in federal court in Sherman, Texas. The complaint alleges that the defendants violated Section 10(b) and/or Section 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by issuing false and misleading statements and omitting material facts regarding our business, operations and prospects during the period covered by the complaint. The complaint purports to be brought on behalf of all purchasers of our common stock from July 27, 2015, through October 10, 2016, and seeks damages in unspecified amounts. A complaint filed by James DePalma also in Sherman, Texas alleging similar claims was consolidated by the court into the Hall matter. We believe that these claims are without merit and intend to vigorously defend ourselves. However, we cannot assure you that we will be found to have no liability in this matter.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock has been listed on the Nasdaq Global Select Market[®] and its predecessors under the symbol "RCII" since January 25, 1995, the date we commenced our initial public offering. The following table sets forth, for the periods indicated, the high and low sales price per share of our common stock as reported, and the quarterly cash dividend declared per share on our common stock.

2016	High	Low	Cash Dividends Declared	2015	High	Low	Cash Dividends Declared
Fourth Quarter	\$ 13.16	\$ 8.00	\$ 0.08	Fourth Quarter	\$ 26.26	\$ 14.69	\$ 0.24
Third Quarter	\$ 13.73	\$ 10.20	\$ 0.08	Third Quarter	\$ 29.66	\$ 23.68	\$ 0.24
Second Quarter	\$ 15.94	\$ 11.21	\$ 0.08	Second Quarter	\$ 33.59	\$ 25.13	\$ 0.24
First Quarter	\$ 16.37	\$ 9.76	\$ 0.08	First Quarter	\$ 37.23	\$ 26.47	\$ 0.24

As of February 21, 2017, there were approximately 38 record holders of our common stock.

Future decisions to pay cash dividends on our common stock continue to be at the discretion of our Board of Directors and will depend on a number of factors, including future earnings, capital requirements, contractual restrictions, financial condition, future prospects and any other factors our Board of Directors may deem relevant. Cash dividend payments are subject to certain restrictions in our debt agreements. Please see Note I and Note J to the consolidated financial statements for further discussion of such restrictions.

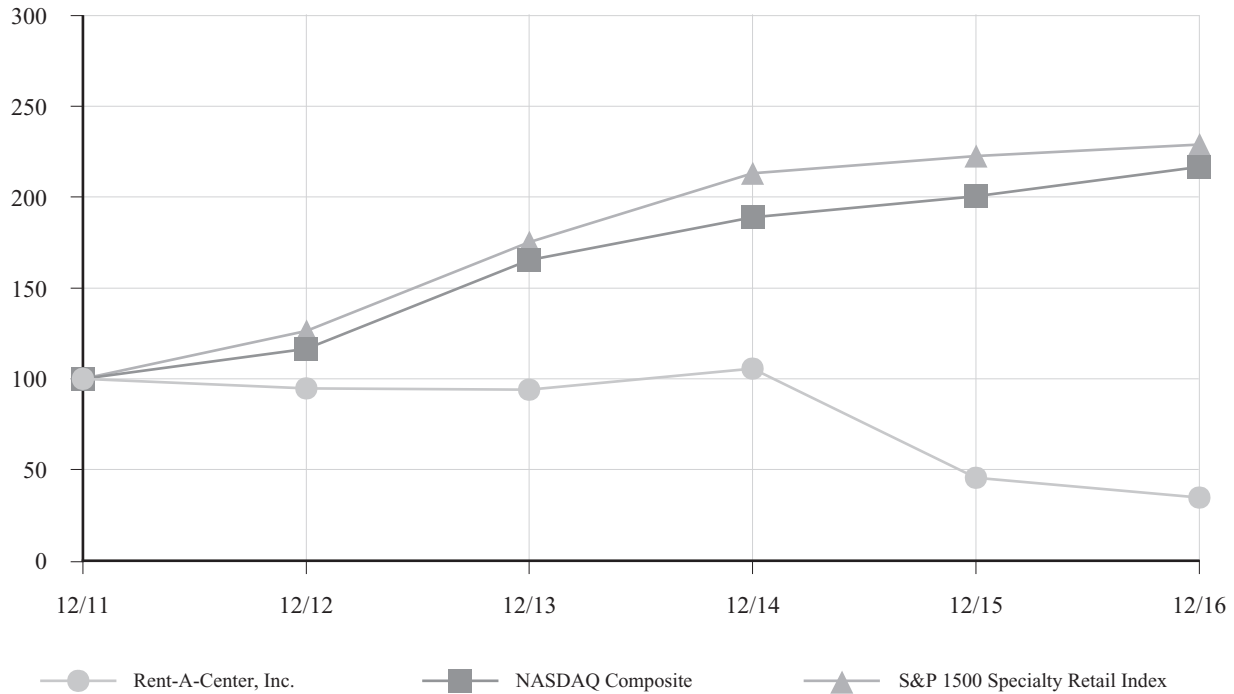
Under our current common stock repurchase program, our Board of Directors has authorized the purchase, from time to time, in the open market and privately negotiated transactions, up to an aggregate of \$1.25 billion of Rent-A-Center common stock. As of December 31, 2016, we had purchased a total of 36,994,653 shares of Rent-A-Center common stock for an aggregate purchase price of \$994.8 million under this common stock repurchase program. No shares were repurchased during 2016 and 2015.

Stock Performance Graph

The following chart represents a comparison of the five year total return of our common stock to the NASDAQ Composite Index and the S&P 1500 Specialty Retail Index. We selected the S&P 1500 Specialty Retail Index for comparison because we use this published industry index as the comparator group to measure our relative total shareholder return for

purposes of determining vesting of performance stock units granted under our long-term incentive compensation program. The graph assumes \$100 was invested on December 31, 2011, and dividends, if any, were reinvested for all years ending December 31.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among Rent-A-Center, Inc., the NASDAQ Composite Index, and S&P 1500 Specialty Retail Index



Item 6. Selected Financial Data.

The selected financial data presented below for the five years ended December 31, 2016, have been derived from our audited consolidated financial statements. The historical financial data are qualified in their entirety by, and should be read in conjunction with, the consolidated financial statements and the notes thereto, the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information included in this report.

(In thousands, except per share data)	Year Ended December 31,				
	2016	2015 ⁽¹⁾	2014	2013	2012
Consolidated Statements of Operations					
Revenues					
Store					
Rentals and fees	\$ 2,500,053	\$ 2,781,315	\$ 2,745,828 ⁽⁶⁾	\$ 2,695,895	\$ 2,653,925
Merchandise sales	351,198	377,240	290,048	278,753	300,077
Installment sales	74,509	76,238	75,889	71,475	67,071
Other	12,706	19,158	19,949	18,133	16,391
Franchise					
Merchandise sales	16,358	15,577	19,236	24,556	32,893
Royalty income and fees	8,428	8,892	6,846	5,206	5,314
Total revenues	2,963,252	3,278,420	3,157,796	3,094,018	3,075,671
Cost of revenues					
Store					
Cost of rentals and fees	664,845	728,706	704,595	676,674	642,387
Cost of merchandise sold	323,727	356,696	231,520	216,206	241,219
Cost of installment sales	24,285	25,677	26,084	24,541	23,287
Other charges and (credits)	—	34,698 ⁽⁴⁾	(6,836) ⁽⁹⁾	—	—
Franchise cost of merchandise sold	15,346	14,534	18,070	23,104	31,314
Total cost of revenues	1,028,203	1,160,311	973,433	940,525	938,207
Gross profit	1,935,049	2,118,109	2,184,363	2,153,493	2,137,464
Operating expenses					
Store expenses					
Labor	789,049	854,610	888,929	881,671	840,377
Other store expenses	791,614	833,914	842,254	789,212	764,770
General and administrative expenses	168,907	166,102	162,316	147,621	140,039
Depreciation, amortization and write-down of intangibles	80,456	80,720	83,168	86,912	79,249
Goodwill impairment charge	151,320 ⁽²⁾	1,170,000 ⁽⁵⁾	—	1,068	—
Other charges	20,299 ⁽³⁾	20,651 ⁽⁶⁾	14,234 ⁽¹⁰⁾	—	—
Total operating expenses	2,001,645	3,125,997	1,990,901	1,906,484	1,824,435
Operating (loss) profit	(66,596)	(1,007,888)	193,462	247,009	313,029
Finance charges from refinancing	—	—	4,213 ⁽¹¹⁾	—	—
Interest expense, net	46,678	48,692	46,896	38,813	31,223
(Loss) earnings before income taxes	(113,274)	(1,056,580)	142,353	208,196	281,806
Income tax (benefit) expense	(8,079)	(103,060) ⁽⁷⁾	45,931	79,439	101,788
Net (loss) earnings	\$ (105,195)	\$ (953,520)	\$ 96,422	\$ 128,757	\$ 180,018
Basic (loss) earnings per common share	\$ (1.98)	\$ (17.97)	\$ 1.82	\$ 2.35	\$ 3.06
Diluted (loss) earnings per common share	\$ (1.98)	\$ (17.97)	\$ 1.81	\$ 2.33	\$ 3.03
Cash dividends declared per common share	\$ 0.32	\$ 0.96	\$ 0.93	\$ 0.86	\$ 0.69

Item 6. Selected Financial Data — Continued.

(Dollar amounts in thousands)	December 31,				
	2016	2015 ⁽¹⁾	2014	2013	2012
Consolidated Balance Sheet Data					
Rental merchandise, net	\$ 1,001,954	\$ 1,136,472	\$ 1,237,856	\$ 1,124,198	\$ 1,006,419
Intangible assets, net	60,560	213,899	1,377,992	1,373,518	1,352,888
Total assets	1,602,741	1,974,468	3,271,197	3,018,175	2,859,085
Total debt	724,230	955,833	1,042,813	916,275	687,500
Total liabilities	1,337,808	1,590,878	1,881,802	1,682,306	1,403,228
Total stockholders' equity	264,933	383,590	1,389,395	1,335,869	1,455,857
Operating Data (Unaudited)					
Core U.S. and Mexico stores open at end of period	2,593	2,815	3,001	3,161	3,098
Acceptance Now Staffed locations open at end of period	1,431	1,444	1,406	1,325	966
Acceptance Now Direct locations open at end of period	478	532	—	—	—
Same store revenue (decrease) growth ⁽¹²⁾	(6.2)%	5.7%	1.2%	(2.0)%	1.4%
Franchise stores open at end of period	229	227	187	179	224

(1) Includes revisions for correction of deferred tax error associated with our goodwill impairment reported in the fourth quarter of 2015 as discussed in Note B in the consolidated financial statements.

(2) Includes a \$151.3 million goodwill impairment charge in the Core U.S. segment.

(3) As discussed further in Note M, includes a \$22.5 million restructuring charge primarily related to the closure of Core U.S. stores, Acceptance Now locations, and Mexico stores, partially offset by a \$2.2 million litigation claims settlement

(4) Includes a \$34.7 million write-down of smartphones.

(5) Includes a \$1,170.0 million goodwill impairment charge in the Core U.S. segment.

(6) As discussed further in Note M, includes a \$7.5 million loss on the sale of Core U.S. and Canada stores, a \$7.2 million charge related to the closure of Core U.S. and Mexico stores, \$2.8 million of charges for start-up and warehouse closure expenses related to our sourcing and distribution initiative, a \$2.0 million restructuring charge and \$1.1 million of losses for other store sales and closures.

(7) Includes \$6.0 million of discrete adjustments to income tax reserves.

(8) Includes a \$0.6 million reduction of revenue due to consumer refunds as a result of an operating system programming error.

(9) Includes a \$6.8 million credit due to the settlement of a lawsuit against the manufacturers of LCD screen displays.

(10) As discussed further in Note M, includes store closure charges of \$5.1 million, corporate restructuring charges of \$2.8 million, asset impairment charges of \$4.6 million and a \$1.8 million loss on the sale of stores in the Core U.S. segment.

(11) Includes the effects of a \$4.2 million financing expense related to the payment of debt origination costs and the write-off of unamortized financing costs.

(12) In 2012, same store revenue growth includes revenues only of stores open throughout the full period and the comparable prior period. Beginning in 2013, new or acquired stores were added to the same store revenue base in the 13th full month of operation.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

The following discussion focuses on our results of operations and issues related to our liquidity and capital resources. You should read this discussion in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

Overview

The Core U.S. segment experienced decreases in its revenues, gross profit and operating profit for the year ended December 31, 2016 as compared to 2015 primarily due to a 9.0% decrease in same store sales and the continued rationalization of our Core U.S. store base. Same store revenues were negatively impacted by unexpected capacity-related system outages occurring in the third quarter following the full implementation of our new store information system within our Core U.S. stores. We have implemented software releases to improve stability and added hardware to help mitigate over-utilization issues and did not experience any additional capacity-related system outages in the fourth quarter of 2016. However, the recovery from these outages to rebuild our portfolio and improve account management is taking longer than expected. We are currently evaluating and implementing a number of actions to stabilize the core business, focusing on product mix, pricing, our store-level workforce and delinquencies. As part of our continued rationalization of our Core U.S. store base, we closed, sold or converted 209 stores in 2016, 157 stores in 2015 and 202 stores in 2014.

Our annual goodwill impairment testing performed as of December 31, 2016 resulted in the recognition of an impairment charge of \$151.3 million, thus writing off the remaining goodwill in the Core U.S. segment. The impairment is a non-cash charge and does not affect our liquidity, debt covenants or our ability to declare and pay dividends. The goodwill in our Acceptance Now segment was not impaired.

The growth in our Acceptance Now segment was relatively flat for the year ended December 31, 2016 as compared to 2015. We did experience an increase in charge-offs due to customer stolen merchandise. Expressed as a percentage of revenues, charge-offs were approximately 10% in 2016 as compared to 8.5% in 2015. This is due to an increase in multi-line vendor partners which offer higher risk merchandise versus a traditional furniture vendor as well as challenges in operational execution of the account management process.

Cash flow from operations was \$353.7 million for the year ended December 31, 2016. We used our free cash flow to pay down debt by \$233.8 million, ending the period with \$95.4 million of cash and cash equivalents.

Recent Developments

Executive Management Changes.

- On December 2, 2016, Guy J. Constant resigned from his position as Chief Financial Officer and Maureen B. Short was appointed as our Interim Chief Financial Officer. Ms. Short joined the Company in 2008 and has served as Senior Vice President—Finance, Investor Relations and Treasury since November 2014.
- On January 9, 2017, Robert D. Davis resigned from his position as Chief Executive Officer and Mark E. Speese was appointed as our Interim Chief Executive Officer. Mr. Speese has served as the Chairman of the Board since October 2001 and as one of the Company's directors since 1990.

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following table is a reference for the discussion that follows.

(Dollar amounts in thousands)	Year Ended December 31,			2016-2015 Change		2015-2014 Change	
	2016	2015	2014	\$	%	\$	%
Revenues							
Store							
Rentals and fees	\$ 2,500,053	\$ 2,781,315	\$ 2,745,828	\$ (281,262)	(10.1)%	\$ 35,487	1.3%
Merchandise sales	351,198	377,240	290,048	(26,042)	(6.9)%	87,192	30.1%
Installment sales	74,509	76,238	75,889	(1,729)	(2.3)%	349	0.5%
Other	12,706	19,158	19,949	(6,452)	(33.7)%	(791)	(4.0)%
Total store revenues	2,938,466	3,253,951	3,131,714	(315,485)	(9.7)%	122,237	3.9%
Franchise							
Merchandise sales	16,358	15,577	19,236	781	5.0%	(3,659)	(19.0)%
Royalty income and fees	8,428	8,892	6,846	(464)	(5.2)%	2,046	29.9%
Total revenues	2,963,252	3,278,420	3,157,796	(315,168)	(9.6)%	120,624	3.8%
Cost of revenues							
Store							
Cost of rentals and fees	664,845	728,706	704,595	(63,861)	(8.8)%	24,111	3.4%
Cost of merchandise sold	323,727	356,696	231,520	(32,969)	(9.2)%	125,176	54.1%
Cost of installment sales	24,285	25,677	26,084	(1,392)	(5.4)%	(407)	(1.6)%
Total cost of store revenues	1,012,857	1,111,079	962,199	(98,222)	(8.8)%	148,880	15.5%
Other charges and (credits)	—	34,698	(6,836)	(34,698)	(100.0)%	41,534	607.6%
Franchise cost of merchandise sold	15,346	14,534	18,070	812	5.6%	(3,536)	(19.6)%
Total cost of revenues	1,028,203	1,160,311	973,433	(132,108)	(11.4)%	186,878	19.2%
Gross profit	1,935,049	2,118,109	2,184,363	(183,060)	(8.6)%	(66,254)	(3.0)%
Operating expenses							
Store expenses							
Labor	789,049	854,610	888,929	(65,561)	(7.7)%	(34,319)	(3.9)%
Other store expenses	791,614	833,914	842,254	(42,300)	(5.1)%	(8,340)	(1.0)%
General and administrative	168,907	166,102	162,316	2,805	1.7%	3,786	2.3%
Depreciation, amortization and write-down of intangibles	80,456	80,720	83,168	(264)	(0.3)%	(2,448)	(2.9)%
Goodwill impairment charge	151,320	1,170,000	—	(1,018,680)	—	1,170,000	—
Other charges	20,299	20,651	14,234	(352)	(1.7)%	6,417	45.1%
Total operating expenses	2,001,645	3,125,997	1,990,901	(1,124,352)	(36.0)%	1,135,096	57.0%
Operating (loss) profit	(66,596)	(1,007,888)	193,462	941,292	93.4%	(1,201,350)	(621.0)%
Finance charges from refinancing	—	—	4,213	—	—%	(4,213)	(100.0)%
Interest, net	46,678	48,692	46,896	(2,014)	(4.1)%	1,796	3.8%
(Loss) earnings before income taxes	(113,274)	(1,056,580)	142,353	943,306	89.3%	(1,198,933)	(842.2)%
Income tax (benefit) expense	(8,079)	(103,060)	45,931	94,981	92.2%	(148,991)	(324.4)%
Net (loss) earnings	\$ (105,195)	\$ (953,520)	\$ 96,422	\$ 848,325	89.0%	\$ (1,049,942)	(1,088.9)%

Comparison of the Years Ended December 31, 2016 and 2015

Store Revenue. Total store revenue decreased by \$315.5 million, or 9.7%, to \$2,938.5 million for the year ended December 31, 2016, from \$3,254.0 million for 2015. This was primarily due to a decrease of approximately \$302.1 million in the Core U.S. segment, as discussed further in the segment performance section below.

Same store revenue generally represents revenue earned in 3,469 locations that were operated by us for 13 months or more. Same store revenues decreased by \$134.7 million, or 6.2%, to \$2,043.0 million for the year ended December 31, 2016, as compared to \$2,177.7 million in 2015. The decrease in same store revenues was primarily attributable to a decline in the Core U.S. segment, as discussed further in the segment

performance section below. Same store revenues are reported on a constant currency basis.

Cost of Rentals and Fees. Cost of rentals and fees consists of depreciation of rental merchandise. Cost of rentals and fees for the year ended December 31, 2016, decreased by \$63.9 million, or 8.8%, to \$664.8 million, as compared to \$728.7 million in 2015. This decrease in cost of rentals and fees was primarily attributable to a \$64.0 million decrease in the Core U.S. segment primarily as a result of lower rentals and fees revenue. Cost of rentals and fees expressed as a percentage of rentals and fees revenue increased to 26.6% for the year ended December 31, 2016 as compared to 26.2% in 2015.

Cost of Merchandise Sold. Cost of merchandise sold represents the net book value of rental merchandise at time of sale. Cost of merchandise sold decreased by \$33.0 million, or 9.2%, to \$323.7 million for the year ended December 31, 2016, from \$356.7 million in 2015, primarily attributable to a decrease of \$24.8 million in the Core U.S. segment. The gross margin percent of merchandise sales increased to 7.8% for the year ended December 31, 2016, from 5.4% in 2015.

Other Charges — Cost of Revenues. During 2015, a charge of \$34.7 million was recognized for the write-down of smartphones in the Core U.S. segment.

Gross Profit. Gross profit decreased by \$183.1 million, or 8.6%, to \$1,935.0 million for the year ended December 31, 2016, from \$2,118.1 million in 2015, due primarily to a decrease of \$177.2 million in the Core U.S. segment. Gross profit as a percentage of total revenue increased to 65.3% in 2016 compared to 64.6% in 2015 primarily due to improvements in the Acceptance Now segment, as discussed further in the segment performance section below. Excluding other charges, gross profit was \$1,935.0 million, or 65.3% of revenue for the year ended December 31, 2016, compared to \$2,152.8 million, or 65.7% of revenue for 2015. These changes are primarily due to the decrease in the Core U.S. store revenue.

Store Labor. Store labor includes all salaries and wages paid to store-level employees and district managers' salaries, together with payroll taxes and benefits. Store labor decreased by \$65.6 million, or 7.7%, to \$789.0 million for the year ended December 31, 2016, as compared to \$854.6 million in 2015. Labor in the Core U.S. segment decreased \$59.5 million due to our flexible labor initiative and the continued rationalization of the Core U.S. store base. Store labor expressed as a percentage of total store revenue increased to 26.9% for the year ended December 31, 2016, from 26.3% in 2015.

Other Store Expenses. Other store expenses include occupancy, charge-offs due to customer stolen merchandise, delivery, advertising, selling, insurance, travel and other store-level operating expenses. Other store expenses decreased by \$42.3 million, or 5.1%, to \$791.6 million for the year ended December 31, 2016, as compared to \$833.9 million in 2015. Other store expenses in the Core U.S. segment decreased \$47.9 million due primarily to the continued rationalization of the Core U.S. store base. Other store expenses expressed as a percentage of total store revenue increased to 26.9% for the year ended December 31, 2016, from 25.6% in 2015.

General and Administrative Expenses. General and administrative expenses include all corporate overhead expenses related to our

headquarters such as salaries, payroll taxes and benefits, stock-based compensation, occupancy, administrative and other operating expenses, as well as salaries and labor costs for our regional directors, divisional vice presidents and executive vice presidents. General and administrative expenses increased by \$2.8 million, or 1.7%, to \$168.9 million for the year ended December 31, 2016, as compared to \$166.1 million in 2015, primarily due to severance costs. General and administrative expenses expressed as a percentage of total revenue increased to 5.7% for the year ended December 31, 2016, compared to 5.1% in 2015.

Goodwill Impairment Charge. During 2016 and 2015, we recognized goodwill impairment charges of \$151.3 million and \$1,170.0, respectively, due to an impairment in the goodwill in the Core U.S. segment. Goodwill impairment charge is discussed further in Note F in the consolidated financial statements.

Other Charges — Operating Expenses. Other charges relating to store sales and consolidations, startup costs related to our new sourcing and distribution network and corporate restructuring decreased by \$0.4 million, or 1.7%, to \$20.3 million in 2016, as compared to \$20.7 million in 2015. Other charges for the year ended December 31, 2016 included restructuring charges for the closure of Core U.S., Acceptance Now, and Mexico locations, partially offset by a litigation claims settlement. See Note M to the notes to the consolidated financial statements for additional detail regarding these other charges.

Operating Loss. Operating loss decreased \$941.3 million, or 93.4%, to \$66.6 million for the year ended December 31, 2016, as compared to \$1,007.9 million in 2015. Operating loss as a percentage of total revenue was 2.2% for the year ended December 31, 2016, as compared to 30.7% for 2015, primarily due to the goodwill impairment charges and other charges discussed above. Excluding the \$171.6 million and \$1,190.7 million of goodwill impairment and other charges in 2016 and 2015, respectively, discussed above, operating profit as a percentage of revenue would have been 3.5% and 5.6% in 2016 and 2015, respectively, discussed further in the Core U.S. segment performance section below.

Income Tax Benefit. Our effective income tax rate was 7.1% for 2016 as compared to a rate of 9.8% for 2015. The decrease in income tax benefit is primarily due to the lower goodwill impairment charge in 2016 compared to 2015.

Net Loss. Net loss was \$105.2 million for the year ended December 31, 2016 as compared to \$953.5 million in 2015, a decrease of \$848.3 million

Comparison of the Years Ended December 31, 2015 and 2014

Store Revenue. Total store revenue increased by \$122.2 million, or 3.9%, to \$3,254.0 million for the year ended December 31, 2015, from \$3,131.7 million for 2014. This was primarily due to an increase of approximately \$173.5 million in the Acceptance Now segment, partially offset by decreases of approximately \$42.8 million and \$8.4 million in the Core U.S. and Mexico segments, respectively, as discussed further in the segment performance section below.

Same store revenue represents revenue earned in 4,105 locations that were operated by us for 13 months or more. Same store revenues increased by \$143.0 million, or 5.7%, to \$2,641.7 million for the year ended December 31, 2015, as compared to \$2,498.8 million in 2014. The increase in same store revenues was primarily attributable to growth in the Acceptance Now segment.

Cost of Rentals and Fees. Cost of rentals and fees for the year ended December 31, 2015, increased by \$24.1 million, or 3.4%, to

\$728.7 million, as compared to \$704.6 million in 2014. This increase in cost of rentals and fees was primarily attributable to growth in rentals and fees revenue in the Acceptance Now segment in 2015 as compared to 2014, partially offset by decreases in rentals and fees revenue in the Core U.S. and Mexico segments. The gross margin percent of rentals and fees decreased to 73.8% for the year ended December 31, 2015, as compared to 74.3% in 2014, driven by increased revenue in the Acceptance Now segment, which has higher costs of rental merchandise.

Cost of Merchandise Sold. Cost of merchandise sold represents the net book value of rental merchandise at time of sale. Cost of merchandise sold increased by \$125.2 million, or 54.1%, to \$356.7 million for the year ended December 31, 2015, from \$231.5 million in 2014. The gross margin percent of merchandise sales decreased to 5.4% for the year ended December 31, 2015, from 20.2% in 2014, driven by a lower gross profit margin on merchandise sales and a higher mix of merchandise

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

sales, primarily due to increased usage of the 90 day cash option in the Acceptance Now segment and sales of smartphones in the Core U.S. segment.

Other Charges and (Credits). During 2015, we recognized a \$34.7 million charge for the write-down of smartphones as discussed above, compared to a \$6.8 million credit recognized in 2014 as a result of a class-action settlement with the manufacturers of LCD screen displays, which is discussed further in Note L to the consolidated financial statements.

Gross Profit. Gross profit decreased by \$66.3 million, or 3.0%, to \$2,118.1 million for the year ended December 31, 2015, from \$2,184.4 million in 2014, driven by decreases of \$108.4 million and \$8.7 million in the Core U.S. and Mexico segments, partially offset by a \$49.0 million increase in the Acceptance Now segment, as discussed further in the segment performance section below. Gross profit as a percentage of total revenue decreased to 64.6% in 2015 compared to 69.2% in 2014. Without the \$34.7 million smartphone write-down and the \$6.8 million vendor settlement credit discussed above, gross margin as a percentage of total revenue would have been 65.7% for the year ended December 31, 2015, a decrease of 3.3% from the prior year, primarily due to the lower margins in the Acceptance Now segment as discussed above.

Store Labor. Store labor decreased by \$34.3 million, or 3.9%, to \$854.6 million for the year ended December 31, 2015, as compared to \$888.9 million in 2014. Store labor in the Core U.S. and Mexico segments decreased \$46.7 million and \$5.5 million, respectively, partially offset by an increase of \$17.9 million in the Acceptance Now segment. Store labor expressed as a percentage of total store revenue decreased to 26.3% for the year ended December 31, 2015, from 28.4% in 2014, as discussed further in the segment performance section below.

Other Store Expenses. Other store expenses decreased by \$8.3 million, or 1.0%, to \$833.9 million for the year ended December 31, 2015, as compared to \$842.3 million in 2014. Other store expenses expressed as a percentage of total store revenue decreased to 25.6% for the year ended December 31, 2015, from 26.9% in 2014, as discussed further in the segment performance section below.

General and Administrative Expenses. General and administrative expenses increased by \$3.8 million, or 2.3%, to \$166.1 million for the year ended December 31, 2015, as compared to \$162.3 million in 2014. General and administrative expenses expressed as a percentage of total revenue were 5.1% for each of the years ended December 31, 2015 and 2014.

Goodwill Impairment Charge. During 2015, we recognized a \$1,170.0 goodwill impairment charge due to an impairment in the goodwill in the Core U.S. segment. Goodwill impairment charge is discussed further in Note F to the notes to the consolidated financial statements.

Other Charges. Other charges increased by \$6.4 million, or 45.1%, to \$20.7 million in 2015, as compared to \$14.2 million in 2014. See Note M to the notes to the consolidated financial statements for additional detail regarding these other charges.

Operating Profit (Loss). Operating loss was \$1,007.9 million for the year ended December 31, 2015, as compared to an operating profit of \$193.5 million in 2014, a decrease of \$1,201.4 million. Operating loss as a percentage of total revenue was 30.7% for the year ended December 31, 2015, as compared to an operating profit of 6.1% for 2014, primarily due to the goodwill impairment charge and other charges and credits discussed above. Excluding the \$1,225.3 million and \$7.4 million of goodwill impairment charge and other charges and credits in 2015 and 2014, respectively, discussed above, operating profit as a percentage of revenue would have been 6.6% and 6.4% in 2015 and 2014, respectively, discussed further in the segment performance section below.

Finance Charges from Refinancing. We refinanced our senior credit facility during March 2014, and recognized a \$4.2 million charge to write off approximately \$2.3 million of new origination fees and \$1.9 million of unamortized financing costs from our previous credit agreement.

Income Tax (Benefit) Expense. Our effective income tax rate was a benefit of 9.8% for 2015 as compared to an expense of 32.3% for 2014. The 2015 rate for income taxes is less than that of 2014 due primarily to the non-deductible portion of the goodwill write-down.

Net Earnings (Loss). Net loss was \$953.5 million for the year ended December 31, 2015 as compared to net earnings of \$96.4 million in 2014, a decrease of \$1,049.9 million

Segment Performance

Core U.S. segment.

(Dollar amounts in thousands)	Year Ended December 31,			2016-2015 Change		2015-2014 Change	
	2016	2015	2014	\$	%	\$	%
Revenues	\$2,069,725	\$2,371,823	\$2,414,659	\$(302,098)	(12.7)%	\$(42,836)	(1.8)%
Gross profit	1,467,679	1,644,840	1,753,269	(177,161)	(10.8)%	(108,429)	(6.2)%
Operating (loss) profit	(1,020)	(959,447)	264,967	958,427	(99.9)%	(1,224,414)	(462.1)%
Change in same store revenue					(9.0)%		0.1%
Stores in same store revenue calculation					2,053		2,679

Revenues. Revenue decreased in 2016 compared to 2015, primarily driven by a decrease of \$272.4 million in rentals and fees revenue and a \$21.0 million decrease in merchandise sales. The decrease is primarily due to the decrease in same store revenue and the continued rationalization of our Core U.S. store base. The decrease in same store revenue was driven primarily by the impact of recovery challenges from the capacity-related outages of our store information management system that occurred in the third quarter, and other factors including the recast of the smartphone category, declines in television and computer/

tablet categories, deterioration in oil affected markets, and heavy promotional activity. Same store revenue generally represents revenue earned in stores that were operated by us for 13 months or more.

Gross Profit. Gross profit decreased in 2016 from 2015, primarily due to the decrease in store revenue as discussed above, partially offset by the \$34.7 million write-down of smartphones inventory in 2015. Gross profit as a percentage of segment revenues increased to 70.9% in 2016 from 69.3% in 2015. Excluding other charges, gross profit as a percentage of segment revenue was 70.9% in 2016 and 70.8% in 2015.

Operating Loss. Operating loss as a percentage of segment revenues was 0.1% in 2016 compared to operating loss of 40.5% for 2015. Excluding other charges, operating profit as a percentage of segment revenues decreased to 8.1%, for the year ended December 31, 2016, compared to 11.0% in 2015. Labor, as a percentage of store revenue, was negatively impacted by sales deleverage and higher health care expenses, partially offset by improved labor productivity. Other store expenses, as a percentage of store revenue, were negatively impacted by sales deleverage, and increased customer stolen merchandise

losses, partially offset by a lower store count. Charge-offs in our Core U.S. rent-to-own stores due to customer stolen merchandise, expressed as a percentage of Core U.S. rent-to-own revenues, were approximately 3.7% for the year ended December 31, 2016, compared to 3.1% in 2015. Other merchandise losses include unrepairable and missing merchandise, and loss/damage waiver claims. Charge-offs in our Core U.S. rent-to-own stores due to other merchandise losses, expressed as a percentage of revenues, were approximately 2.0% for the years ended December 31, 2016 and 2015.

Acceptance Now segment.

(Dollar amounts in thousands)	Year Ended December 31,			2016-2015 Change		2015-2014 Change	
	2016	2015	2014	\$	%	\$	%
Revenues	\$ 817,814	\$ 818,325	\$ 644,853	\$ (511)	(0.1)%	\$ 173,472	26.9%
Gross profit	422,381	420,980	372,012	1,401	0.3%	48,968	13.2%
Operating profit	105,925	123,971	112,918	(18,046)	(14.6)%	11,053	9.8%
Change in same store revenue					(0.4)%		25.8%
Stores in same store revenue calculation					1,297		1,286

Revenues. Revenues were flat for the year ended December 31, 2016 compared to 2015. Overall, this segment contributed approximately 27.6% of consolidated revenues in 2016 as compared to 25.0% in 2015.

Gross Profit. Gross profit increased for the year ended December 31, 2016 compared to 2015. Gross profit as a percentage of segment revenues was 51.6% in 2016 as compared to 51.4% in 2015.

Operating Profit. Operating profit as a percentage of total segment revenue decreased to 13.0% in 2016 from 15.1% for 2015. Other store expenses, as a percentage of store revenue, for the year ended December 31, 2016 were negatively impacted by higher customer

stolen merchandise. Charge-offs in our Acceptance Now locations due to customer stolen merchandise, expressed as a percentage of revenues, were approximately 10.0% in 2016 as compared to 8.5% in 2015, primarily due to an increase in multi-line vendor partners which offer higher risk merchandise versus a traditional furniture vendor, as well as challenges in operational execution of the account management process. Other merchandise losses include unrepairable merchandise and loss/damage waiver claims. Charge-offs in our Acceptance Now locations due to other merchandise losses, expressed as a percentage of revenues, were approximately 0.9% and 0.6% in 2016 and 2015, respectively.

Mexico segment.

(Dollar amounts in thousands)	Year Ended December 31,			2016-2015 Change		2015-2014 Change	
	2016	2015	2014	\$	%	\$	%
Revenues	\$ 50,927	\$ 63,803	\$ 72,202	\$ (12,876)	(20.2)%	\$ (8,399)	(11.6)%
Gross profit	35,549	42,354	51,070	(6,805)	(16.1)%	(8,716)	(17.1)%
Operating loss	(2,449)	(14,149)	(21,961)	11,700	(82.7)%	7,812	(35.6)%
Change in same store revenue					6.6%		9.6%
Stores in same store revenue calculation					119		140

Revenues. Revenues for 2016 were negatively impacted by approximately \$9.1 million due to exchange rate fluctuations as compared to 2015. On a constant currency basis, revenue for 2016 was negatively impacted by approximately 6.0% due primarily to the impact of store closures in 2016 and 2015.

Gross Profit. Gross profit for the year ended December 31, 2016 was negatively impacted by approximately \$6.4 million due to exchange rate fluctuations as compared to 2015. On a constant currency basis, gross profit also decreased as a result of decreased revenues in the segment due to store closures in 2016 and 2015. Gross profit as a percentage of segment revenues increased to 69.8% in 2016 from 66.4% in 2015

primarily due to revenue mix and higher merchandise sales gross margin due to pricing initiatives.

Operating Loss. Operating losses were positively impacted by approximately \$1.4 million for the year ended December 31, 2016 due to exchange rate fluctuations compared to 2015. Operating losses as a percentage of segment revenues decreased to 4.8% in 2016 from 22.2% for 2015. Operating losses included restructuring charges of \$2.3 million and \$3.0 million, related to store closures during 2016 and 2015, respectively. Excluding these store closure charges, operating losses as a percentage of segment revenues would have been 0.3% in 2016, compared to 17.5% in 2015 as a result of operating initiatives designed to improve the financial performance of our Mexico operations.

Franchising segment.

(Dollar amounts in thousands)	Year Ended December 31,			2016-2015 Change		2015-2014 Change	
	2016	2015	2014	\$	%	\$	%
Revenues	\$ 24,786	\$ 24,469	\$ 26,082	\$ 317	1.3%	\$ (1,613)	(6.2)%
Gross profit	9,440	9,935	8,012	(495)	(5.0)%	1,923	24.0%
Operating profit	5,650	5,793	3,295	(143)	(2.5)%	2,498	75.8%

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Revenues. Merchandise sales and royalty income and fees increased approximately \$0.3 million for the year ended December 31, 2016, compared to 2015.

Gross Profit. Gross profit as a percentage of segment revenues decreased to 38.1% in 2016 from 40.6% in 2015.

Operating Profit. Operating profit as a percentage of segment revenues decreased to 22.8% in 2016 from 23.7% for 2015 primarily due to decreased gross profit.

Quarterly Results

The following table contains certain unaudited historical financial information for the quarters indicated:

<i>(In thousands, except per share data)</i>	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Year Ended December 31, 2016				
Revenues	\$ 835,652	\$ 749,619	\$ 693,877	\$ 684,104
Gross profit	534,944	500,158	457,226	442,721
Operating profit (loss)	48,430	27,550	16,700	(159,276)
Net earnings (loss)	25,061	9,946	6,181	(146,383)
Basic earnings (loss) per common share	\$ 0.47	\$ 0.19	\$ 0.12	\$ (2.76)
Diluted earnings (loss) per common share	\$ 0.47	\$ 0.19	\$ 0.12	\$ (2.76)
Cash dividends declared per common share	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
<i>(In thousands, except per share data)</i>				
Year Ended December 31, 2015				
Revenues	\$ 877,639	\$ 815,343	\$ 791,605	\$ 793,833
Gross profit	564,593	538,529	488,612	526,375
Operating profit (loss)	56,598	49,701	6,565	(1,120,752)
Net earnings (loss)	27,298	23,147	(4,092)	(999,873)
Basic earnings (loss) per common share	\$ 0.51	\$ 0.44	\$ (0.08)	\$ (18.84)
Diluted earnings (loss) per common share	\$ 0.51	\$ 0.43	\$ (0.08)	\$ (18.84)
Cash dividends declared per common share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24

(1) Fourth quarter net loss and loss per share revised for correction of deferred tax error associated with our goodwill impairment reported in the fourth quarter of 2015 as discussed in Note B in the consolidated financial statements.

<i>(As a percentage of revenues)</i>	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Year Ended December 31, 2016				
Revenues	100.0%	100.0%	100.0%	100.0%
Gross profit	64.0%	66.7%	65.9%	64.7%
Operating profit (loss)	5.8%	3.7%	2.4%	(23.3)%
Net earnings (loss)	3.0%	1.3%	0.9%	(21.4)%

<i>(As a percentage of revenues)</i>	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Year Ended December 31, 2015				
Revenues	100.0%	100.0%	100.0%	100.0%
Gross profit	64.3%	66.0%	61.7%	66.3%
Operating profit (loss)	6.4%	6.1%	0.8%	(141.2)%
Net earnings (loss)	3.1%	2.8%	(0.5)%	(126.0)%

Liquidity and Capital Resources

Overview. For the year ended December 31, 2016, we generated \$353.7 million in operating cash flow. We paid down debt by \$233.8 million from cash generated from operations and an \$84.9 million income tax refund. We also used cash in the amount of \$61.1 million for capital expenditures and \$25.6 million for payment of dividends, ending the year with \$95.4 million in cash and cash equivalents.

Analysis of Cash Flow. Net cash provided by operating activities increased by \$123.2 million to \$353.7 million in 2016 from \$230.5 million in 2015. This was primarily attributable to the receipt in 2016 of income tax refunds of approximately \$84.9 million in addition to a decrease in merchandise purchases due to lower sales in the Core U.S. segment and lower 90 days same as cash sales in the Acceptance Now segment.

Net cash used in investing activities decreased by \$31.1 million to \$59.0 million in 2016 from \$90.1 million in 2015, due to a decrease in capital expenditures, business acquisitions, and property sales.

Net cash used in financing activities increased by \$135.5 million to \$259.4 million in 2016 from \$123.9 million in 2015, primarily driven by our net reduction in debt of \$233.8 million in 2016, as compared to a net decrease in debt of \$74.4 million in 2015, and lower dividend payments year over year.

Liquidity Requirements. Our primary liquidity requirements are for rental merchandise purchases. As we implement our growth strategies, the need for additional rental merchandise is expected to remain our primary capital requirement. Other capital requirements include expenditures for property assets and debt service. Our primary sources of liquidity have been cash provided by operations. In the future, to provide any additional funds necessary for the continued operations and expansion of our business, we may incur from time to time additional short-term or long-term bank indebtedness and may issue, in public or private transactions, equity and debt securities. The availability and attractiveness of any outside sources of financing will depend on a number of factors, some of which relate to our financial condition and performance, and some of which are beyond our control, such as prevailing interest rates and general financing and economic conditions. There can be no assurance that additional financing will be available, or if available, that it will be on terms we find acceptable.

We believe the cash flow generated from operations will be sufficient to fund our liquidity requirements as discussed above during the next 12 months. Should we require additional funding sources, we maintain revolving credit facilities, including a \$20.0 million line of credit at INTRUST Bank, which provide us with revolving loans in an aggregate principal amount not exceeding \$695.0 million. At February 21, 2017, we had \$77.9 million in cash and \$91.1 million in outstanding letters of credit, resulting in availability of \$583.9 million in our revolving credit facilities.

In order to draw on our credit facilities, we must be in compliance with certain debt covenant requirements. We are required to maintain certain financial ratios under the Credit Agreement, including a consolidated fixed charge coverage ratio of no less than 1.50:1, and a consolidated senior secured leverage ratio of no greater than 4.00:1. At December 31, 2016, our consolidated fixed charge coverage ratio was 1.50:1, and our consolidated senior secured leverage ratio was 3.58:1. If our consolidated EBITDA continues to decline, our consolidated fixed charge coverage ratio or our consolidated senior secured leverage ratio may not meet the required levels, which would be a breach of the Credit Agreement. A breach of either covenant may result in acceleration of all amounts outstanding under the Credit Agreement (upon consent or request of more than 50% of the lenders). If all amounts outstanding under the Credit Agreement were to become due and we were unable to repay such amounts, a default under our senior notes would occur which may result in the holders of the notes declaring the full principal amount of, and all accrued and unpaid interest on, the notes

Merchandise Losses. Merchandise losses consist of the following:

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Customer stolen merchandise	\$ 169,021	\$ 154,781	\$ 137,107
Other merchandise losses ⁽¹⁾	49,731	52,003	41,770
Total merchandise losses	\$ 218,752	\$ 206,784	\$ 178,877

(1) Other merchandise losses include unrepairable and missing merchandise, and loss/damage waiver claims.

immediately due and payable. We cannot assure you that we would have enough funds to immediately pay our accelerated senior credit facilities and senior note obligations or that we would be able to obtain financing to do so on favorable terms, if at all. We are reviewing any potential impacts of our expected operating performance on covenant compliance and are in discussions with our lead bank regarding near and long-term solutions, including amendment, waiver and refinancing.

As of December 31, 2016, the revolving credit facilities were undrawn and the amount we could borrow under our revolving credit facilities was effectively limited by the consolidated senior secured leverage ratio covenant to an amount equal to \$78.0 million. We generally have used the revolving credit facilities to manage normal fluctuations in operational cash flow caused by the timing of cash receipts, drawing funds and repaying those amounts as cash is generated by our operating activities.

To the extent we have available cash that is not necessary to fund the items listed above, and subject to conditions and covenants within our Credit Agreement, we may declare and pay dividends on our common stock, make additional payments to reduce our existing debt or repurchase additional shares of our common stock. While our operating cash flow has been strong and we expect this strength to continue, our liquidity could be negatively impacted if we do not remain as profitable as we expect.

A change in control would result in an event of default under our senior credit facilities which would allow our lenders to accelerate the indebtedness owed to them. In addition, if a change in control occurs, we may be required to offer to repurchase all of our outstanding senior unsecured notes at 101% of their principal amount, plus accrued interest to the date of repurchase. Our senior credit facilities limit our ability to repurchase the senior unsecured notes, including in the event of a change in control. In the event a change in control occurs, we cannot be sure we would have enough funds to immediately pay our accelerated senior credit facilities and senior note obligations or that we would be able to obtain financing to do so on favorable terms, if at all.

Deferred Taxes. Certain federal tax legislation enacted during the period 2009 to 2014 permitted bonus first-year depreciation deductions ranging from 50% to 100% of the adjusted basis of qualified property placed in service during such years. The depreciation benefits associated with these tax acts are now reversing. On December 18, 2015, the Protecting Americans from Tax Hikes Act of 2015 ("PATH") extended the bonus depreciation to 2015 and through December 2019. The PATH act permits first-year bonus depreciation of 50% in 2015-2017, 40% in 2018, and 30% in 2019. The PATH act resulted in an estimated benefit of \$154 million for us in 2016. We estimate the remaining tax deferral associated with these acts is approximately \$199 million at December 31, 2016, of which approximately 75.4%, or \$150 million will reverse in 2017, and the remainder will reverse between 2018 and 2019. We also estimate a benefit of \$171 million resulting from bonus depreciation in 2017 which will offset the \$150 million reversal, resulting in a net positive impact to cash taxes of \$22 million.

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Capital Expenditures. We make capital expenditures in order to maintain our existing operations as well as for new capital assets in new and acquired stores, and investment in information technology. We spent \$61.1 million, \$80.9 million and \$83.8 million on capital expenditures in the years 2016, 2015 and 2014, respectively.

Acquisitions and New Location Openings. See Note F to the consolidated financial statements for information about cash used to acquire locations and accounts. The table below summarizes the location activity for the years ended December 31, 2016, 2015 and 2014.

Year Ended December 31, 2016

	Core U.S.	Acceptance Now Staffed	Acceptance Now Direct	Mexico	Franchising	Total
Locations at beginning of period	2,672	1,444	532	143	227	5,018
New location openings	—	171	67	1	2	241
Acquired locations remaining open	—	—	—	—	5	5
Conversions	—	1	(2)	—	—	(1)
Closed locations						
Merged with existing locations	(185)	(185)	—	(4)	(1)	(375)
Sold or closed with no surviving location	(24)	—	(119)	(10)	(4)	(157)
Locations at end of period	2,463	1,431	478	130	229	4,731
Acquired locations closed and accounts merged with existing locations	3	—	—	—	—	3
Total approximate purchase price (in millions)	\$ 2.3	\$ —	\$ —	\$ —	\$ —	\$ 2.3

Year Ended December 31, 2015

	Core U.S.	Acceptance Now Staffed	Acceptance Now Direct	Mexico	Franchising	Total
Locations at beginning of period	2,824	1,406	—	177	187	4,594
New location openings	—	161	505	—	11	677
Acquired locations remaining open	5	—	—	—	—	5
Conversions	(40)	(29)	29	—	40	—
Closed locations						
Merged with existing locations	(83)	(94)	—	(34)	—	(211)
Sold or closed with no surviving location	(34)	—	(2)	—	(11)	(47)
Locations at end of period	2,672	1,444	532	143	227	5,018
Acquired locations closed and accounts merged with existing locations	34	—	—	—	—	34
Total approximate purchase price (in millions)	\$ 25.5	\$ —	\$ —	\$ —	\$ —	\$ 25.5

Year Ended December 31, 2014

	Core U.S.	Acceptance Now Staffed	Acceptance Now Direct	Mexico	Franchising	Total
Locations at beginning of period	3,010	1,325	—	151	179	4,665
New location openings	10	209	—	31	30	280
Acquired locations remaining open	6	—	—	—	—	6
Closed locations						
Merged with existing locations	(163)	(127)	—	(5)	—	(295)
Sold or closed with no surviving location	(39)	(1)	—	—	(22)	(62)
Locations at end of period	2,824	1,406	—	177	187	4,594
Acquired locations closed and accounts merged with existing locations	13	—	—	—	—	13
Total approximate purchase price (in millions)	\$ 21.2	\$ —	\$ —	\$ —	\$ —	\$ 21.2

Senior Debt. As discussed in Note I to the consolidated financial statements, the \$900.0 million Credit Agreement consists of \$225.0 million, seven-year Term Loans, and a \$675.0 million, five-year Revolving Facility.

The full amount of the Revolving Facility may be used for the issuance of letters of credit, of which \$91.1 million had been so utilized as of February 21, 2017, at which date \$583.9 million was available. The Term Loans are scheduled to mature on March 19, 2021 and the

Revolving Facility has a scheduled maturity of March 19, 2019. The weighted average Eurodollar rate on our outstanding debt was 0.91% at February 21, 2017.

Senior Notes. See descriptions of the senior notes in Note J to the consolidated financial statements.

Store Leases. We lease space for substantially all of our Core U.S. and Mexico stores and certain support facilities under operating leases

expiring at various times through 2023. Most of our store leases are five year leases and contain renewal options for additional periods ranging from three to five years at rental rates adjusted according to agreed-upon formulas.

Franchising Guarantees. Our subsidiary, ColorTyme Finance, Inc. ("ColorTyme Finance"), is a party to an agreement with Citibank, N.A., pursuant to which Citibank provides up to \$27.0 million in aggregate financing to qualifying franchisees of Franchising. Under the Citibank agreement, upon an event of default by the franchisee under agreements governing this financing and upon the occurrence of certain other events, Citibank can assign the loans and the collateral securing

such loans to ColorTyme Finance, with ColorTyme Finance paying or causing to be paid the outstanding debt to Citibank and then succeeding to the rights of Citibank under the debt agreements, including the right to foreclose on the collateral. Rent-A-Center and ColorTyme Finance guarantee the obligations of the franchise borrowers under the Citibank facility. An additional \$20.0 million of financing is provided by Texas Capital Bank, National Association under an agreement similar to the Citibank financing, which is guaranteed by Rent-A-Center East, Inc., a subsidiary of Rent-A-Center. The maximum guarantee obligations under these agreements, excluding the effects of any amounts that could be recovered under collateralization provisions, is \$47.0 million, of which \$2.8 million was outstanding as of December 31, 2016.

Contractual Cash Commitments. The table below summarizes debt, lease and other minimum cash obligations outstanding as of December 31, 2016:

(In thousands)	Payments Due by Period				
	Total	2017	2018-2019	2020-2021	Thereafter
Senior Term Debt ⁽¹⁾	\$ 191,813	\$ 2,250	\$ 4,500	\$ 185,063	\$ —
6.625% Senior Notes ⁽²⁾	370,316	19,394	38,788	312,134	—
4.75% Senior Notes ⁽³⁾	303,437	11,875	23,750	267,812	—
Operating Leases	487,622	165,187	224,991	92,188	5,256
Total contractual cash obligations ⁽⁴⁾	\$ 1,353,188	\$ 198,706	\$ 292,029	\$ 857,197	\$ 5,256

(1) Does not include interest payments. Our senior term debt bears interest at varying rates equal to the Eurodollar rate (not less than 0.75%) plus 3.00% or the prime rate plus 2.00% at our election. The Eurodollar rate on our senior term debt at December 31, 2016 was 0.91%.

(2) Includes interest payments of \$9.7 million on each May 15 and November 15 of each year.

(3) Includes interest payments of \$5.9 million on each May 1 and November 1 of each year.

(4) As of December 31, 2016, we have \$33.7 million in uncertain tax positions. Because of the uncertainty of the amounts to be ultimately paid as well as the timing of such payments, uncertain tax positions are not reflected in the contractual obligations table.

Seasonality. Our revenue mix is moderately seasonal, with the first quarter of each fiscal year generally providing higher merchandise sales than any other quarter during a fiscal year, primarily related to federal income tax refunds. Generally, our customers will more frequently exercise the early purchase option on their existing rental purchase

agreements or purchase pre-leased merchandise off the showroom floor during the first quarter of each fiscal year. Furthermore, we tend to experience slower growth in the number of rental purchase agreements in the third quarter of each fiscal year when compared to other quarters throughout the year. We expect these trends to continue in the future.

Critical Accounting Estimates, Uncertainties or Assessments in Our Financial Statements

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent losses and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. In applying accounting principles, we must often make individual estimates and assumptions regarding expected outcomes or uncertainties. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. We believe the following are areas where the degree of judgment and complexity in determining amounts recorded in our consolidated financial statements make the accounting policies critical.

If we make changes to our reserves in accordance with the policies described below, our earnings would be impacted. Increases to our reserves would reduce earnings and, similarly, reductions to our reserves would increase our earnings. A pre-tax change of approximately \$0.8 million in our estimates would result in a corresponding \$0.01 change in our diluted earnings per common share.

Self-Insurance Liabilities. We have self-insured retentions with respect to losses under our workers' compensation, general liability and vehicle liability insurance programs. We establish reserves for our liabilities associated with these losses by obtaining forecasts for the ultimate

expected losses and estimating amounts needed to pay losses within our self-insured retentions.

We continually institute procedures to manage our loss exposure and increases in health care costs associated with our insurance claims through our risk management function, including a transitional duty program for injured workers, ongoing safety and accident prevention training, and various other programs designed to minimize losses and improve our loss experience in our store locations. We make assumptions on our liabilities within our self-insured retentions using actuarial loss forecasts, company-specific development factors, general industry loss development factors, and third-party claim administrator loss estimates which are based on known facts surrounding individual claims. These assumptions incorporate expected increases in health care costs. Periodically, we reevaluate our estimate of liability within our self-insured retentions. At that time, we evaluate the adequacy of our reserves by comparing amounts reserved on our balance sheet for anticipated losses to our updated actuarial loss forecasts and third-party claim administrator loss estimates, and make adjustments to our reserves as needed.

As of December 31, 2016, the amount reserved for losses within our self-insured retentions with respect to workers' compensation, general liability and vehicle liability insurance was \$120.8 million, as compared to \$115.4 million at December 31, 2015. However, if any of the factors that contribute to the overall cost of insurance claims were to change, the actual amount incurred for our self-insurance liabilities could be more or less than the amounts currently reserved.

PART II

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Income Taxes. Our annual tax rate is affected by many factors, including the mix of our earnings, legislation and acquisitions, and is based on our income, statutory tax rates and tax planning opportunities available to us in the jurisdictions in which we operate. Tax laws are complex and subject to differing interpretations between the taxpayer and the taxing authorities. Significant judgment is required in determining our tax expense, evaluating our tax positions and evaluating uncertainties. Deferred income tax assets represent amounts available to reduce income taxes payable in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing the future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely heavily on estimates. We use our historical experience and our short- and long-range business forecasts to provide insight and assist us in determining recoverability. We recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon the ultimate settlement with the relevant tax authority. A number of years may elapse before a particular matter, for which we have recorded a liability, is audited and effectively settled. We review our tax positions quarterly and adjust our liability for unrecognized tax benefits in the period in which we determine the issue is effectively settled with the tax authorities, the statute of limitations expires for the relevant taxing authority to examine the tax position, or when more information becomes available.

Valuation of Goodwill. We perform an assessment of goodwill for impairment at the reporting unit level annually on October 1, or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Factors which could necessitate an interim impairment assessment include, but are not limited to, a sustained decline in our market capitalization, prolonged negative industry or economic trends and significant underperformance relative to historical or projected future operating results.

Our reporting units are generally our reportable operating segments identified in Note S to the consolidated financial statements. Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions that we believe are reasonable but inherently uncertain, and actual results may differ from those estimates. These estimates and assumptions include, but are not limited to, future cash flows based on revenue growth rates and operating margins, and future economic and market conditions approximated by a discount rate derived from our weighted average cost of capital. Factors that could affect our ability to achieve the expected growth rates or operating margins include, but are not limited to, the general strength of the economy and other economic conditions that affect consumer preferences and spending and factors that affect the disposable income of our current and potential customers. Factors that could affect our weighted average cost of capital include changes in interest rates and changes in our effective tax rate.

We use a two-step approach to assess goodwill impairment. If the fair value of the reporting unit exceeds its carrying value, then the goodwill is not deemed impaired. If the carrying value of the reporting unit exceeds fair value, we perform a second analysis to measure the fair value of all assets and liabilities within the reporting unit, and if the carrying value of

goodwill exceeds its implied fair value, goodwill is considered impaired. The amount of the impairment is the difference between the carrying value of goodwill and the implied fair value, which is calculated as if the reporting unit had been acquired and accounted for as a business combination.

During the period from our 2015 goodwill impairment assessment through the third quarter 2016, we periodically analyzed whether any indicators of impairment had occurred. As part of these periodic analyses, we compared estimated fair value of the company, as determined based on the consolidated stock price, to its net book value. As the estimated fair value of the company was higher than its net book value during each of these periods, no additional testing was deemed necessary.

Prior to completion of our annual October 2016 goodwill impairment test, we experienced a significant decline in our stock price, which we attribute to certain events occurring in the fourth quarter of 2016, including the release of our fourth quarter operating performance on a per share basis, and the announcement of changes in executive management.

On October 1, 2016, initial indications of the annual goodwill impairment assessment suggested the Company's derived fair value would exceed its carrying value as of the testing date. Subsequent to October 1, 2016, due to the events discussed above and a significant decline in our stock price, we deemed it more appropriate to assess goodwill impairment as of December 31, 2016, rather than the historical testing date. We believe this conclusion is consistent with the Financial Accounting Standards Board's intent with regards to testing goodwill for impairment.

In conjunction with the events occurring in the fourth quarter, and for purposes of our annual impairment testing at December 31, 2016, we updated our long-term business plan, which is used as the basis for estimating the future cash flows of our reporting units. That plan considered current economic conditions and trends, estimated future operating results, our views of growth rates, and anticipated future economic and regulatory conditions.

Step one of our annual goodwill impairment test as of December 31, 2016, was completed in February 2017. We determined the fair value of the Acceptance Now segment exceeded its carrying value, while the fair value of our Core U.S. segment was below its carrying value. Therefore, we conducted step two of the impairment test for our Core U.S. segment and determined the carrying value of goodwill in our Core U.S. segment exceeded its implied fair value, resulting in an impairment charge of \$151.3 million.

At December 31, 2016, the remaining amount of goodwill was \$55.3 million, solely attributable to the Acceptance Now segment. At December 31, 2015, the amount of goodwill allocated to the Core U.S. and Acceptance Now segments was \$150.8 million and \$55.3 million, respectively.

Based on an assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, we believe our consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of our company as of, and for, the periods presented in this Annual Report on Form 10-K. However, we do not suggest that other general risk factors, such as those discussed elsewhere in this report as well as changes in our growth objectives or performance of new or acquired locations, could not adversely impact our consolidated financial position, results of operations and cash flows in future periods.

Effect of New Accounting Pronouncements

Please refer to New Accounting Pronouncements in Note A of this Annual Report on Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Sensitivity

As of December 31, 2016, we had \$292.7 million in senior notes outstanding at a fixed interest rate of 6.625% and \$250.0 million in senior notes outstanding at a fixed interest rate of 4.75%. We also had \$191.8 million outstanding in Term Loans, no outstanding borrowings under our Revolving Facility or our INTRUST line of credit, each at interest rates indexed to the Eurodollar rate or the prime rate. The fair value of the 6.625% senior notes, based on the closing price at December 31, 2016, was \$266.4 million. The fair value of the 4.75% senior notes, based on the closing price at December 31, 2016, was \$206.3 million. Carrying value approximates fair value for all other indebtedness.

Market Risk

Market risk is the potential change in an instrument's value caused by fluctuations in interest rates. Our primary market risk exposure is fluctuations in interest rates. Monitoring and managing this risk is a continual process carried out by our senior management. We manage our market risk based on an ongoing assessment of trends in interest rates and economic developments, giving consideration to possible effects on both total return and reported earnings. As a result of such assessment, we may enter into swap contracts or other interest rate protection agreements from time to time to mitigate this risk.

Interest Rate Risk

We have outstanding debt with variable interest rates indexed to prime or Eurodollar rates that exposes us to the risk of increased interest costs if interest rates rise. As of December 31, 2016, we have not entered into any interest rate swap agreements. Based on our overall interest rate exposure at December 31, 2016, a hypothetical 1.0% increase or decrease in market interest rates would have the effect of causing a \$1.9 million additional pre-tax charge or credit to our statement of operations.

Foreign Currency Translation

We are exposed to market risk from foreign exchange rate fluctuations of the Mexican peso to the U.S. dollar as the financial position and operating results of our stores in Mexico are translated into U.S. dollars for consolidation. Resulting translation adjustments are recorded as a separate component of stockholders' equity.

Item 8. Financial Statements and Supplementary Data.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Rent-A-Center, Inc. and Subsidiaries	
Reports of Independent Registered Public Accounting Firm	31
Management’s Annual Report on Internal Control over Financial Reporting	33
Consolidated Financial Statements	
Statements of Operations.....	34
Statements of Comprehensive Income (Loss)	35
Balance Sheets	35
Statements of Stockholders’ Equity.....	36
Statements of Cash Flows.....	37
Notes to Consolidated Financial Statements	38

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Rent-A-Center, Inc.:

We have audited the accompanying consolidated balance sheets of Rent-A-Center, Inc. and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rent-A-Center, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 1, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Dallas, Texas
March 1, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Rent-A-Center, Inc.:

We have audited Rent-A-Center, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Rent-A-Center, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016, and our report dated March 1, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
Dallas, Texas
March 1, 2017

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company, including the Interim Chief Executive Officer and Interim Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control system was designed to provide reasonable assurance to management and the Company's Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. A system of internal control may become inadequate over time because of changes in conditions, or deterioration in the degree of compliance with the policies or procedures. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2016, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control - Integrated Framework (2013)*. Based on this assessment, management has concluded that, as of December 31, 2016, the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles based on such criteria.

KPMG LLP, the Company's independent registered public accounting firm, has issued an audit report on the effectiveness of the Company's internal control over financial reporting, which is included elsewhere in this Annual Report on Form 10-K.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(In thousands, except per share data)</i>	Year Ended December 31,		
	2016	2015	2014
Revenues			
Store			
Rentals and fees	\$ 2,500,053	\$ 2,781,315	\$ 2,745,828
Merchandise sales	351,198	377,240	290,048
Installment sales	74,509	76,238	75,889
Other	12,706	19,158	19,949
Total store revenues	2,938,466	3,253,951	3,131,714
Franchise			
Merchandise sales	16,358	15,577	19,236
Royalty income and fees	8,428	8,892	6,846
Total revenues	2,963,252	3,278,420	3,157,796
Cost of revenues			
Store			
Cost of rentals and fees	664,845	728,706	704,595
Cost of merchandise sold	323,727	356,696	231,520
Cost of installment sales	24,285	25,677	26,084
Total cost of store revenues	1,012,857	1,111,079	962,199
Other charges and (credits)	—	34,698	(6,836)
Franchise cost of merchandise sold	15,346	14,534	18,070
Total cost of revenues	1,028,203	1,160,311	973,433
Gross profit	1,935,049	2,118,109	2,184,363
Operating expenses			
Store expenses			
Labor	789,049	854,610	888,929
Other store expenses	791,614	833,914	842,254
General and administrative expenses	168,907	166,102	162,316
Depreciation, amortization and write-down of intangibles	80,456	80,720	83,168
Goodwill impairment charge	151,320	1,170,000	—
Other charges	20,299	20,651	14,234
Total operating expenses	2,001,645	3,125,997	1,990,901
Operating (loss) profit	(66,596)	(1,007,888)	193,462
Finance charges from refinancing	—	—	4,213
Interest expense	47,181	49,326	47,843
Interest income	(503)	(634)	(947)
(Loss) earnings before income taxes	(113,274)	(1,056,580)	142,353
Income tax (benefit) expense	(8,079)	(103,060)	45,931
Net (loss) earnings	\$ (105,195)	\$ (953,520)	\$ 96,422
Basic (loss) earnings per common share	\$ (1.98)	\$ (17.97)	\$ 1.82
Diluted (loss) earnings per common share	\$ (1.98)	\$ (17.97)	\$ 1.81
Cash dividends declared per common share	\$ 0.32	\$ 0.96	\$ 0.93

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Net (loss) earnings	\$ (105,195)	\$ (953,520)	\$ 96,422
Other comprehensive loss:			
Foreign currency translation adjustments	(5,188)	(6,399)	(4,656)
Total other comprehensive loss	(5,188)	(6,399)	(4,656)
Comprehensive income (loss)	\$ (110,383)	\$ (959,919)	\$ 91,766

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<i>(In thousands, except share and par value data)</i>	December 31,	
	2016	2015
ASSETS		
Cash and cash equivalents	\$ 95,396	\$ 60,363
Receivables, net of allowance for doubtful accounts of \$3,593 and \$3,614 in 2016 and 2015, respectively	69,785	69,320
Prepaid expenses and other assets	54,989	158,807
Rental merchandise, net		
On rent	795,118	907,625
Held for rent	206,836	228,847
Merchandise held for installment sale	3,629	4,668
Property assets, net of accumulated depreciation of \$522,101 and \$482,448 in 2016 and 2015, respectively	316,428	330,939
Goodwill	55,308	206,122
Other intangible assets, net	5,252	7,777
Total assets	\$ 1,602,741	\$ 1,974,468
LIABILITIES		
Accounts payable — trade	\$ 108,238	\$ 96,355
Accrued liabilities	332,196	332,553
Deferred income taxes	173,144	206,137
Senior debt, net	186,747	419,648
Senior notes, net	537,483	536,185
Total liabilities	1,337,808	1,590,878
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value; 250,000,000 shares authorized; 109,519,369 and 109,441,911 shares issued in 2016 and 2015, respectively	1,095	1,094
Additional paid-in capital	827,107	818,339
Retained earnings	800,640	922,878
Treasury stock at cost, 56,369,752 shares in 2016 and 2015	(1,347,677)	(1,347,677)
Accumulated other comprehensive loss	(16,232)	(11,044)
Total stockholders' equity	264,933	383,590
Total liabilities and stockholders' equity	\$ 1,602,741	\$ 1,974,468

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<i>(In thousands)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount					
Balance at January 1, 2014	109,108	\$ 1,091	\$ 802,124	\$ 1,880,320	\$(1,347,677)	\$ 11	\$ 1,335,869
Net earnings	—	—	—	96,422	—	—	96,422
Other comprehensive loss	—	—	—	—	—	(4,656)	(4,656)
Exercise of stock options	212	2	4,645	—	—	—	4,647
Vesting of restricted share units	33	1	—	—	—	—	1
Tax effect of stock awards vested and options exercised	—	—	(150)	—	—	—	(150)
Stock-based compensation	—	—	6,559	—	—	—	6,559
Dividends declared	—	—	—	(49,297)	—	—	(49,297)
Balance at December 31, 2014	109,353	1,094	813,178	1,927,445	(1,347,677)	(4,645)	1,389,395
Net loss	—	—	—	(953,520)	—	—	(953,520)
Other comprehensive loss	—	—	—	—	—	(6,399)	(6,399)
Exercise of stock options	66	—	1,485	—	—	—	1,485
Vesting of restricted share units	23	—	—	—	—	—	—
Tax effect of stock awards vested and options exercised	—	—	(5,865)	—	—	—	(5,865)
Stock-based compensation	—	—	9,541	—	—	—	9,541
Dividends declared	—	—	—	(51,047)	—	—	(51,047)
Balance at December 31, 2015	109,442	1,094	818,339	922,878	(1,347,677)	(11,044)	383,590
Net loss	—	—	—	(105,195)	—	—	(105,195)
Other comprehensive loss	—	—	—	—	—	(5,188)	(5,188)
Vesting of restricted share units	77	1	(1)	—	—	—	—
Tax effect of stock awards vested and options expired	—	—	(440)	—	—	—	(440)
Stock-based compensation	—	—	9,209	—	—	—	9,209
Dividends declared	—	—	—	(17,043)	—	—	(17,043)
Balance at December 31, 2016	109,519	\$ 1,095	\$ 827,107	\$ 800,640	\$(1,347,677)	\$ (16,232)	\$ 264,933

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Cash flows from operating activities			
Net (loss) earnings	\$ (105,195)	\$ (953,520)	\$ 96,422
Adjustments to reconcile net (loss) earnings to net cash provided by operating activities			
Depreciation of rental merchandise	657,090	718,100	685,115
Bad debt expense	15,449	15,260	15,509
Stock-based compensation expense	9,209	9,541	6,559
Depreciation of property assets	77,361	76,429	78,747
Loss on sale or disposal of property assets	3,718	11,897	10,363
Goodwill impairment charge	151,320	1,170,000	—
Amortization of intangibles	2,176	3,333	2,955
Amortization of financing fees	2,217	3,126	3,218
Deferred income taxes	(32,994)	(144,818)	26,796
Excess tax benefit related to stock awards	—	(86)	(331)
Changes in operating assets and liabilities, net of effects of acquisitions			
Rental merchandise	(523,697)	(622,149)	(796,672)
Receivables	(15,914)	(19,088)	(21,823)
Prepaid expenses and other assets	104,379	31,636	(130,690)
Accounts payable — trade	11,883	(45,523)	21,440
Accrued liabilities	(3,267)	(23,650)	21,505
Net cash provided by operating activities	353,735	230,488	19,113
Cash flows from investing activities			
Purchase of property assets	(61,143)	(80,870)	(83,785)
Proceeds from sale of property assets	5,262	15,964	14,474
Acquisitions of businesses	(3,098)	(25,170)	(27,354)
Net cash used in investing activities	(58,979)	(90,076)	(96,665)
Cash flows from financing activities			
Exercise of stock options	—	1,485	4,647
Excess tax benefit related to stock awards	—	86	331
Proceeds from debt	52,245	531,180	772,860
Repayments of debt	(286,065)	(605,620)	(646,323)
Dividends paid	(25,554)	(51,011)	(48,663)
Net cash provided by (used in) financing activities	(259,374)	(123,880)	82,852
Effect of exchange rate changes on cash	(349)	(2,295)	(1,448)
Net increase in cash and cash equivalents	35,033	14,237	3,852
Cash and cash equivalents at beginning of year	60,363	46,126	42,274
Cash and cash equivalents at end of year	\$ 95,396	\$ 60,363	\$ 46,126
Supplemental cash flow information:			
Cash paid during the year for:			
Interest	\$ 44,469	\$ 49,386	\$ 48,064
Income taxes (excludes \$84,884, \$116,337 and \$3,372 of income taxes refunded in 2016, 2015 and 2014, respectively)	\$ 18,536	\$ 128,083	\$ 146,250

Noncash Financing Activities:

During March 2014, we incurred \$225.0 million of term loans and \$100.0 million of revolving debt when we refinanced \$187.5 million of existing term loans and \$140.0 million of existing revolving debt as discussed further in Note I. The difference of \$2.5 million was repaid in cash and is included in repayments of debt in the statement above.

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A — Nature of Operations and Summary of Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Principles of Consolidation and Nature of Operations

These financial statements include the accounts of Rent-A-Center, Inc. and its direct and indirect subsidiaries. All intercompany accounts and transactions have been eliminated. Unless the context indicates otherwise, references to "Rent-A-Center" refer only to Rent-A-Center, Inc., the parent, and references to "we," "us" and "our" refer to the consolidated business operations of Rent-A-Center and any or all of its direct and indirect subsidiaries. We report four operating segments: Core U.S., Acceptance Now, Mexico and Franchising.

Our Core U.S. segment consists of company-owned rent-to-own stores in the United States, Canada and Puerto Rico that lease household durable goods to customers on a rent-to-own basis. Our stores in Canada operate under the name "Rent-A-Centre." We also offer merchandise on an installment sales basis in certain of our stores under the names "Get It Now" and "Home Choice." At December 31, 2016, we operated 2,463 company-owned stores nationwide and in Canada and Puerto Rico, including 45 retail installment sales stores.

Our Acceptance Now segment generally offers the rent-to-own transaction to consumers who do not qualify for financing from the traditional retailer through kiosks located within such retailers' locations. At December 31, 2016, we operated 1,431 Acceptance Now Staffed locations and 478 Acceptance Now Direct locations.

Our Mexico segment consists of our company-owned rent-to-own stores in Mexico that lease household durable goods to customers on a rent-to-own basis. At December 31, 2016, we operated 130 stores in Mexico.

Rent-A-Center Franchising International, Inc., an indirect wholly-owned subsidiary of Rent-A-Center, is a franchisor of rent-to-own stores. At December 31, 2016, Franchising had 229 franchised stores operating in 31 states. Our Franchising segment's primary source of revenue is the sale of rental merchandise to its franchisees, who in turn offer the merchandise to the general public for rent or purchase under a rent-to-own transaction. The balance of our Franchising segment's revenue is generated primarily from royalties based on franchisees' monthly gross revenues.

Rental Merchandise

Rental merchandise is carried at cost, net of accumulated depreciation. Depreciation for merchandise is generally provided using the income forecasting method, which is intended to match as closely as practicable the recognition of depreciation expense with the consumption of the rental merchandise, and assumes no salvage value. The consumption of rental merchandise occurs during periods of rental and directly coincides with the receipt of rental revenue over the rental purchase agreement period. Under the income forecasting method, merchandise

held for rent is not depreciated and merchandise on rent is depreciated in the proportion of rents received to total rents provided in the rental contract, which is an activity-based method similar to the units of production method. We depreciate merchandise (including computers and tablets) that is held for rent for at least 180 consecutive days using the straight-line method over a period generally not to exceed 18 months. Beginning in 2016, smartphones are depreciated over an 18 month straight-line basis beginning with the earlier of on rent or 90 consecutive days on held for rent.

Rental merchandise which is damaged and inoperable is expensed when such impairment occurs. If a customer does not return the merchandise or make payment, the remaining book value of the rental merchandise associated with delinquent accounts is generally charged off on or before the 90th day following the time the account became past due in the Core U.S. segment, on or before the 150th day in the Acceptance Now segment and on or before the 60th day in the Mexico segment. We maintain a reserve for these expected expenses. In addition, any minor repairs made to rental merchandise are expensed at the time of the repair.

Cash Equivalents

Cash equivalents include all highly liquid investments with an original maturity of three months or less. We maintain cash and cash equivalents at several financial institutions, which at times may not be federally insured or may exceed federally insured limits. We have not experienced any losses in such accounts and believe we are not exposed to any significant credit risks on such accounts.

Revenues

Merchandise is rented to customers pursuant to rental purchase agreements which provide for weekly, semi-monthly or monthly rental terms with non-refundable rental payments. Generally, the customer has the right to acquire title either through a purchase option or through payment of all required rentals. Rental revenue and fees are recognized over the rental term and merchandise sales revenue is recognized when the customer exercises the purchase option and pays the cash price due. Cash received prior to the period in which it should be recognized is deferred and recognized according to the rental term. Revenue is accrued for uncollected amounts due based on historical collection experience. However, the total amount of the rental purchase agreement is not accrued because the customer can terminate the rental agreement at any time and we cannot enforce collection for non-payment of future rents.

Revenues from the sale of merchandise in our retail installment stores are recognized when the installment note is signed, the customer has taken possession of the merchandise and collectability is reasonably assured.

Revenues from the sale of rental merchandise are recognized upon shipment of the merchandise to the franchisee. Franchise royalty income and fee revenue is recognized upon completion of substantially all services and satisfaction of all material conditions required under the terms of the franchise agreement. Some franchisees purchase directly from a supplier but request reimbursement through ColorTyme Finance, Inc. and we recognize revenue for the commission we earn on these transactions.

Receivables and Allowance for Doubtful Accounts

The installment notes receivable associated with the sale of merchandise at our Get It Now and Home Choice stores generally consists of the sales price of the merchandise purchased and any additional fees for services the customer has chosen, less the customer's down payment. No interest is accrued and interest income is recognized each time a customer makes a payment, generally on a monthly basis.

We have established an allowance for doubtful accounts for our installment notes receivable. Our policy for determining the allowance is based on historical loss experience, as well as the results of management's review and analysis of the payment and collection of the installment notes receivable within the previous year. We believe our allowance is adequate to absorb any known or probable losses. Our policy is to charge off installment notes receivable that are 120 days or more past due. Charge-offs are applied as a reduction to the allowance for doubtful accounts and any recoveries of previously charged off balances are applied as an increase to the allowance for doubtful accounts.

The majority of Franchising's trade and notes receivable relate to amounts due from franchisees. Credit is extended based on an evaluation of a franchisee's financial condition and collateral is generally not required. Trade receivables are due within 30 days and are stated at amounts due from franchisees net of an allowance for doubtful accounts. Accounts that are outstanding longer than the contractual payment terms are considered past due. Franchising determines its allowance by considering a number of factors, including the length of time receivables are past due, Franchising's previous loss history, the franchisee's current ability to pay its obligation to Franchising, and the condition of the general economy and the industry as a whole. Franchising writes off trade receivables that are 120 days or more past due and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Property Assets and Related Depreciation

Furniture, equipment and vehicles are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets (generally 5 years) by the straight-line method. Our building is depreciated over 40 years. Leasehold improvements are amortized over the useful life of the asset or the initial term of the applicable leases by the straight-line method, whichever is shorter.

We have incurred costs to develop computer software for internal use. We capitalize the costs incurred during the application development stage, which includes designing the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary stages along with post-implementation stages of internally developed software are expensed as incurred. Internally developed software costs, once placed in service, are amortized over various periods up to 10 years.

We incur repair and maintenance expenses on our vehicles and equipment. These amounts are recognized when incurred, unless such

repairs significantly extend the life of the asset, in which case we amortize the cost of the repairs for the remaining useful life of the asset utilizing the straight-line method.

Goodwill and Other Intangible Assets

We record goodwill when the consideration paid for an acquisition exceeds the fair value of the identifiable net tangible and identifiable intangible assets acquired. Goodwill is not subject to amortization but must be periodically evaluated for impairment. Impairment occurs when the carrying value of goodwill is not recoverable from future cash flows. We perform an assessment of goodwill for impairment at the reporting unit level annually as of October 1, or when events or circumstances indicate that impairment may have occurred. Due to certain key events occurring in the fourth quarter, we performed our annual assessment of goodwill impairment for 2016 as of December 31st.

Our reporting units are generally our reportable operating segments. Factors which could necessitate an interim impairment assessment include a sustained decline in our stock price, prolonged negative industry or economic trends and significant underperformance relative to expected historical or projected future operating results.

We determine the fair value of each reporting unit using methodologies which include the present value of estimated future cash flows and comparisons of multiples of enterprise values to earnings before interest, taxes, depreciation and amortization. The analysis is based upon available information regarding expected future cash flows and discount rates. Discount rates are based upon our cost of capital. We use a two-step approach to assess goodwill impairment. If the fair value of the reporting unit exceeds its carrying value, then the goodwill is not deemed impaired. If the carrying value of the reporting unit exceeds fair value, we perform a second analysis to measure the fair value of all assets and liabilities within the reporting unit, and if the carrying value of goodwill exceeds its implied fair value, goodwill is considered impaired. The amount of the impairment is the difference between the carrying value of goodwill and the implied fair value, which is calculated as if the reporting unit had just been acquired and accounted for as a business combination.

Acquired customer relationships are amortized utilizing the straight-line method over a 21 month period, non-compete agreements are amortized using the straight-line method over the contractual life of the agreements, vendor relationships are amortized using the straight-line method over a 7 or 15 year period, other intangible assets are amortized using the straight-line method over the life of the asset.

Accounting for Impairment of Long-Lived Assets

We evaluate all long-lived assets, including intangible assets, excluding goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment is recognized when the carrying amounts of such assets cannot be recovered by the undiscounted net cash flows they will generate.

Self-Insurance Liabilities

We have self-insured retentions with respect to losses under our workers' compensation, general liability, vehicle liability and health insurance programs. We establish reserves for our liabilities associated with these losses by obtaining forecasts for the ultimate expected losses and estimating amounts needed to pay losses within our self-insured retentions. We make assumptions on our liabilities within our self-insured retentions using actuarial loss forecasts, company-specific development factors, general industry loss development factors, and

third-party claim administrator loss estimates which are based on known facts surrounding individual claims. These assumptions incorporate expected increases in health care costs. Periodically, we reevaluate our estimate of liability within our self-insured retentions. At that time, we evaluate the adequacy of our reserves by comparing amounts reserved on our balance sheet for anticipated losses to our updated actuarial loss forecasts and third-party claim administrator loss estimates, and make adjustments to our reserves as needed.

Foreign Currency Translation

The functional currency of our foreign operations is the applicable local currency. Assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the current rate of exchange on the last day of the reporting period. Revenues and expenses are generally translated at a daily exchange rate and equity transactions are translated using the actual rate on the day of the transaction.

Other Comprehensive Income

Other comprehensive income is comprised exclusively of our foreign currency translation adjustment.

Income Taxes

We record deferred taxes for temporary differences between the tax and financial reporting bases of assets and liabilities at the enacted tax rate expected to be in effect when taxes become payable. Income tax accounting requires management to make estimates and apply judgments to events that will be recognized in one period under rules that apply to financial reporting in a different period in our tax returns. In particular, judgment is required when estimating the value of future tax deductions, tax credits and net operating loss carryforwards (NOLs), as represented by deferred tax assets. We evaluate the recoverability of these future tax deductions and credits by assessing the future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income rely heavily on estimates. We use our historical experience and our short- and long-range business forecasts to provide insight and assist us in determining recoverability. When it is determined the recovery of all or a portion of a deferred tax asset is not likely, a valuation allowance is established. We include NOLs in the calculation of deferred tax assets. NOLs are utilized to the extent allowable due to the provisions of the Internal Revenue Code of 1986, as amended, and relevant state statutes.

We recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon the ultimate settlement with the relevant tax authority. A number of years may elapse before a particular matter, for which we have recorded a liability, is audited and effectively settled. We review our tax positions quarterly and adjust our liability for unrecognized tax benefits in the period in which we determine the issue is effectively settled with the tax authorities, the statute of limitations expires for the relevant taxing authority to examine the tax position, or when more information becomes available. We classify interest accrued related to unrecognized tax benefits as interest expense.

Sales Taxes

We apply the net basis for sales taxes imposed on our goods and services in our consolidated statements of earnings. We are required by

the applicable governmental authorities to collect and remit sales taxes. Accordingly, such amounts are charged to the customer, collected and remitted directly to the appropriate jurisdictional entity.

Earnings (Loss) Per Common Share

Basic earnings (loss) per common share are based upon the weighted average number of common shares outstanding during each period presented. Diluted earnings (loss) per common share are based upon the weighted average number of common shares outstanding during the period, plus, if dilutive, the assumed exercise of stock options at the beginning of the year, or for the period outstanding during the year for current year issuances.

Advertising Costs

Costs incurred for producing and communicating advertising are expensed when incurred. Advertising expense was \$90.6 million, \$96.2 million and \$94.8 million, for the years ended December 31, 2016, 2015 and 2014, respectively.

Stock-Based Compensation

We maintain long-term incentive plans for the benefit of certain employees and directors, which are described more fully in Note N. We recognize share-based payment awards to our employees and directors at the estimated fair value on the grant date. Determining the fair value of any share-based award requires information about several variables that include, but are not limited to, expected stock volatility over the terms of the award, expected dividend yields, and the risk free interest rate. We base expected life on historical exercise and post-vesting employment-termination experience, and expected volatility on historical realized volatility trends. In addition, all stock-based compensation expense is recorded net of an estimated forfeiture rate. The forfeiture rate is based upon historical activity and is analyzed at least annually as actual forfeitures occur. Compensation costs are recognized net of estimated forfeitures over the requisite service period on a straight-line basis. We issue new shares to settle stock awards. Stock options are valued using a Black-Scholes pricing model. Time-vesting restricted stock units are valued using the closing price on the Nasdaq Global Select Market on the day before the grant date, adjusted for any provisions affecting fair value, such as the lack of dividends or dividend equivalents during the vesting period. Performance-based restricted stock units will vest in accordance with a total shareholder return formula, and are valued by a third-party valuation firm using Monte Carlo simulations.

Stock-based compensation expense is reported within general and administrative expenses in the consolidated statements of earnings.

Reclassifications

Certain reclassifications have been made to the reported amounts for the prior periods to conform to the current period presentation. These reclassifications had no impact on net earnings or earnings per share in any period.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent losses and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In applying

accounting principles, we must often make individual estimates and assumptions regarding expected outcomes or uncertainties. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

New Accounting Pronouncements

On April 7, 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. Rent-A-Center adopted this ASU retrospectively as of January 1, 2016, and now reports debt issuance costs which were previously included in prepaid expenses and other assets as a deduction from the associated debt liabilities as disclosed in Notes I and J to the consolidated financial statements. This resulted in a reduction in prepaid expenses and other assets of \$10.4 million and \$12.5 million, respectively, a reduction in senior debt of \$5.1 million and \$6.0 million, respectively, and a reduction in senior notes of \$5.3 million and \$6.5 million, respectively, at December 31, 2016 and December 31, 2015. There was no impact to our results of operations or cash flows.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which clarifies existing accounting literature relating to how and when a company recognizes revenue. Under ASU 2014-09, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. On July 9, 2015, the FASB approved a one-year deferral of the effective date. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, which amends ASU 2014-09 relating to how and when a company recognizes revenue when another party is involved in providing a good or service to a customer. Under Topic 606, a company will recognize revenue on a gross basis when it provides a good or service to a customer (acts as the principal in a transaction), and on a net basis when it arranges for the good or service to be provided to the customer by another party (acts as an agent in a transaction). ASU 2016-08 provides additional guidance for determining whether a company acts as a principal or agent, depending primarily on whether a company controls goods or services before delivery to the customer. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which provides additional guidance related to the identification of performance obligations within the contract, and licensing. In May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which provides additional guidance related to certain technical areas within ASU 2014-09. In December 2016, the FASB issued ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, which provides additional guidance related to certain technical areas within ASU 2014-09. The adoption of these additional ASUs must be concurrent with the adoption of ASU 2014-09, which will be required for Rent-A-Center beginning January 1, 2018, with early adoption permitted as of the original effective date. These ASUs allow adoption with either retrospective application to each prior period presented, or modified

retrospective application with the cumulative effect recognized as of the date of initial application. We are currently in the process of evaluating the potential impact this new pronouncement will have on our financial statements and do not anticipate early adoption. We have not completed our evaluation and therefore cannot conclude whether the pronouncement will have a significant impact on our financial statements at this time. We expect to complete our evaluation by the end of 2017. We currently anticipate that we will utilize the modified retrospective method of adoption, however, this expectation may change following the completion of our evaluation of the impact of this pronouncement on our financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which replaces existing accounting literature relating to the classification of, and accounting for, leases. Under ASU 2016-02, a company must recognize for all leases (with the exception of leases with terms less than 12 months) a liability representing a lessee's obligation to make lease payments arising from a lease, and a right-of-use asset representing the lessee's right to use, or control the use of, a specified asset for the lease term. Lessor accounting is largely unchanged, with certain improvements to align lessor accounting with the lessee accounting model and Topic 606, *Revenue from Contracts with Customers*. The adoption of ASU 2016-02 will be required for Rent-A-Center beginning January 1, 2019, with early adoption permitted. The ASU must be adopted using a modified retrospective transition, applying the new criteria to all leases existing or entered into after the beginning of the earliest comparative period in the consolidated financial statements. We are currently in the process of determining what impact the adoption of this ASU will have on our financial position, results of operations and cash flows, and we are evaluating the adoption date and transition alternatives.

In March 2016, the FASB issued ASU 2016-09, *Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which includes multiple provisions intended to simplify various aspects of the accounting for share-based payments. The adoption of ASU 2016-09 will be required for Rent-A-Center beginning January 1, 2017. ASU 2016-09 requires that certain provisions be adopted using a modified retrospective transition and other provisions retrospectively. We are currently in the process of determining what impact the adoption of this ASU will have on our financial position, results of operations and cash flows, and we are evaluating the adoption date and transition alternatives.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which provides guidance on the treatment of cash receipts and cash payments for certain types of cash transactions, to eliminate diversity in practice in the presentation of the cash flow statement. The adoption of ASU 2016-15 will be required for Rent-A-Center on a retrospective basis beginning January 1, 2018, with early adoption permitted. We are currently in the process of determining the adoption date and what impact the adoption of this ASU will have on our presentation of cash flows.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that we adopt as of the specified effective date. Unless otherwise discussed, we believe the impact of any other recently issued standards that are not yet effective are either not applicable to us at this time or will not have a material impact on our consolidated financial statements upon adoption.

Note B — Correction of Immaterial Errors

During the fourth quarter of 2016, we identified errors in accounting for our estimates for deferred taxes associated with our goodwill impairment reported in the fourth quarter 2015, resulting in an immaterial understatement of deferred income tax liabilities and overstatement of retained earnings, which affected periods beginning December 31, 2015 through September 30, 2016. In accordance with Staff Accounting Bulletin (SAB) No. 99, *Materiality*, and SAB No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, management evaluated the materiality of the errors from qualitative and quantitative perspectives, and concluded the errors were immaterial to the prior periods. The errors resulted in an overstatement of income tax benefit and an

understatement of net loss of \$86.9 million, respectively, for the year ended December 31, 2015; a corresponding understatement of deferred income taxes and overstatement of retained earnings in our consolidated balance sheet at December 31, 2015; and non-cash impacts to net loss and deferred income taxes in our consolidated cash flow statement at December 31, 2015.

Due to the immaterial nature of the error correction, we revised our historical financial statements based on the amounts discussed above for 2015 herein, and will revise the quarters within 2016 when they are published in future filings.

Note C — Receivables and Allowance for Doubtful Accounts

Receivables consist of the following:

<i>(In thousands)</i>	December 31,	
	2016	2015
Installment sales receivable	\$ 55,834	\$ 57,010
Trade and notes receivables	14,067	15,924
Other receivables	3,477	—
Total receivables	73,378	72,934
Less allowance for doubtful accounts	(3,593)	(3,614)
Total receivables, net of allowance for doubtful accounts	\$ 69,785	\$ 69,320

The allowance for doubtful accounts related to installment sales receivable was \$3.3 million and \$3.4 million, and the allowance for doubtful accounts related to trade and notes receivable was \$0.3 million and \$0.2 million at December 31, 2016 and 2015, respectively.

Changes in our allowance for doubtful accounts are as follows:

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Beginning allowance for doubtful accounts	\$ 3,614	\$ 4,023	\$ 3,700
Bad debt expense	15,449	15,260	15,509
Accounts written off	(16,095)	(16,317)	(15,718)
Recoveries	625	648	532
Ending allowance for doubtful accounts	\$ 3,593	\$ 3,614	\$ 4,023

Note D — Rental Merchandise

<i>(In thousands)</i>	December 31,	
	2016	2015
On rent		
Cost	\$ 1,338,670	\$ 1,527,384
Less accumulated depreciation	(543,552)	(619,759)
Net book value, on rent	\$ 795,118	\$ 907,625
Held for rent		
Cost	\$ 255,857	\$ 297,956
Less accumulated depreciation	(49,021)	(69,109)
Net book value, held for rent	\$ 206,836	\$ 228,847

Note E — Property Assets

<i>(In thousands)</i>	December 31,	
	2016	2015
Furniture and equipment	\$ 522,036	\$ 409,076
Transportation equipment	11,854	11,807
Building and leasehold improvements	274,118	294,221
Land and land improvements	6,747	6,747
Construction in progress	23,774	91,536
Total property assets	838,529	813,387
Less accumulated depreciation	(522,101)	(482,448)
Total property assets, net of accumulated depreciation	\$ 316,428	\$ 330,939

We had \$22.9 million and \$70.3 million of capitalized software costs included in construction in progress at December 31, 2016, and 2015 respectively. For the years ended December 31, 2016, 2015 and 2014, we placed in service internally developed software of approximately \$84.5 million, \$22.9 million and \$51.6 million, respectively.

Note F — Intangible Assets and Acquisitions

Goodwill Impairment Charge

In February 2017, we completed step one of our annual goodwill impairment test as of December 31, 2016. We determined the fair value of our Acceptance Now segment exceeded its carrying value, but the fair value of our Core U.S. segment was below its carrying value. We then performed step two of the impairment test for the Core U.S. segment and determined the carrying value of goodwill exceeded its

implied fair value. Accordingly, in the fourth quarter of 2016 we recognized an impairment charge of \$151.3 million for the Core U.S. segment.

During 2015, we recorded a goodwill impairment charge of \$1,170.0 million in our Core U.S. segment. Based on the results of our 2014 annual goodwill impairment assessment, we concluded no impairment of goodwill existed at December 31, 2014.

Intangible Assets

Amortizable intangible assets consist of the following:

<i>(Dollar amounts in thousands)</i>	Avg. Life (years)	December 31, 2016		December 31, 2015	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	2	\$ 79,106	\$ 78,707	\$ 78,887	\$ 76,830
Vendor relationships	11	7,538	3,408	7,538	2,840
Non-compete agreements	3	6,746	6,023	6,746	5,724
Total other intangible assets		\$ 93,390	\$ 88,138	\$ 93,171	\$ 85,394

Aggregate amortization expense (in thousands):

Year Ended December 31, 2016	\$ 2,176
Year Ended December 31, 2015	\$ 3,333
Year Ended December 31, 2014	\$ 2,955

Estimated amortization expense, assuming current intangible balances and no new acquisitions, for each of the years ending December 31, is as follows:

<i>(In thousands)</i>	Estimated Amortization Expense
2017	\$ 1,195
2018	684
2019	678
2020	465
2021	445
Thereafter	1,785
Total amortization expense	\$ 5,252

At December 31, 2016, the amount of goodwill attributable to the Acceptance Now segment was approximately \$55.3 million. At December 31, 2015, the amount of goodwill allocated to the Core U.S. and Acceptance Now segments was approximately \$150.8 million and \$55.3 million, respectively.

A summary of the changes in recorded goodwill follows:

<i>(In thousands)</i>	Year Ended December 31,	
	2016	2015
Beginning goodwill balance	\$ 206,122	\$ 1,370,459
Additions from acquisitions	1,442	12,942
Goodwill impairments and write-offs related to stores sold or closed	(152,239)	(1,177,581)
Post purchase price allocation adjustments	(17)	302
Ending goodwill balance	\$ 55,308	\$ 206,122

Acquisitions

The following table provides information concerning the acquisitions made during the years ended December 31, 2016, 2015 and 2014.

<i>(Dollar amounts in thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Number of stores acquired remaining open	—	5	6
Number of stores acquired that were merged with existing stores	3	34	13
Number of transactions	3	24	26
Total purchase price	\$ 2,302	\$ 25,488	\$ 26,653
Amounts allocated to:			
Goodwill	\$ 1,442	\$ 12,942	\$ 14,562
Non-compete agreements	—	1,166	—
Customer relationships	181	2,625	1,525
Rental merchandise	679	8,755	9,731
Property and other assets	—	—	835

Purchase prices are determined by evaluating the average monthly rental income of the acquired stores and applying a multiple to the total for rent-to-own store acquisitions. All acquisitions have been accounted for as asset purchases, and the operating results of the acquired stores and accounts have been included in the financial statements since their date of acquisition.

The weighted average amortization period was approximately 21 months for intangible assets added during the year ended December 31, 2016. Additions to goodwill due to acquisitions in 2016 were tax deductible.

Note G — Accrued Liabilities

<i>(In thousands)</i>	December 31,	
	2016	2015
Accrued insurance costs	\$ 125,172	\$ 121,844
Deferred revenue	58,255	60,535
Accrued compensation	40,551	42,940
Taxes other than income	22,556	20,081
Deferred compensation	11,394	10,489
Accrued interest payable	5,808	5,781
Deferred rent	5,199	6,882
Accrued dividends	4,262	12,773
Accrued other	58,999	51,228
Total Accrued liabilities	\$ 332,196	\$ 332,553

Note H — Income Taxes

A reconciliation of the federal statutory rate of 35% to actual follows:

	Year Ended December 31,		
	2016	2015	2014
Tax at statutory rate	35.0%	35.0%	35.0%
Goodwill impairment	(29.3)%	(27.0)%	—%
State income taxes	3.3%	2.8%	1.8%
Effect of foreign operations, net of foreign tax credits	(0.2)%	—%	(4.4)%
Effect of current and prior year credits	2.9%	0.5%	(3.5)%
Adjustments to deferred taxes	0.6%	—%	(2.4)%
Valuation allowance	(6.6)%	(1.0)%	6.2%
Other, net	1.4%	(0.5)%	(0.4)%
Effective income tax rate	7.1%	9.8%	32.3%

The components of income tax (benefit) expense are as follows:

(In thousands)	Year Ended December 31,		
	2016	2015	2014
Current expense (benefit)			
Federal	\$ 23,752	\$ 29,668	\$ 14,943
State	779	(6,432)	4,032
Foreign	(582)	2,575	1,673
Total current	23,949	25,811	20,648
Deferred (benefit) expense			
Federal	(27,307)	(100,139)	24,556
State	(6,586)	(28,143)	(90)
Foreign	1,865	(589)	817
Total deferred	(32,028)	(128,871)	25,283
Total income tax (benefit) expense	\$ (8,079)	\$ (103,060)	\$ 45,931

Deferred tax assets (liabilities) consist of the following:

(In thousands)	December 31,	
	2016	2015
Deferred tax assets		
State net operating loss carryforwards	\$ 17,538	\$ 16,032
Foreign net operating loss carryforwards	17,234	20,396
Accrued liabilities	70,733	62,115
Intangible assets	43,662	29,913
Other assets including credits	7,497	5,413
Foreign tax credit carryforwards	13,576	13,576
Total deferred tax assets	170,240	147,445
Valuation allowance	(35,410)	(31,829)
Deferred tax assets, net	134,830	115,616
Rental merchandise	(234,211)	(263,158)
Property assets	(73,763)	(56,888)
Total deferred tax liabilities	(307,974)	(320,046)
Net deferred taxes	\$ (173,144)	\$ (204,430)

At December 31, 2016, there are approximately \$360.6 million of state NOL carryforwards expiring between 2017 and 2036, offset by a valuation allowance of \$27.4 million. Of the total remaining state NOL carryforwards, approximately 16.5% represent acquired NOLs. Utilization of these NOLs is subject to applicable annual limitations for U.S. state tax purposes. At December 31, 2016, the Mexico NOL carryforwards were approximately \$53.0 million, which expire between 2020 and 2026, and are offset with a full valuation allowance. The

Puerto Rico NOL is \$4.2 million and it will expire in 2024. In addition, at December 31, 2016, we also had approximately \$13.6 million in foreign tax credit ("FTC") carryforwards expiring between 2020 and 2025, offset by a valuation allowance of \$11.1 million. We establish a valuation allowance to the extent we consider it more likely than not that the deferred tax assets attributable to our NOLs, FTCs or other deferred tax assets will not be recovered.

We are subject to federal, state, local and foreign income taxes. Along with our U.S. subsidiaries, we file a U.S. federal consolidated income tax return. With few exceptions, we are no longer subject to U.S. federal, state, foreign and local income tax examinations by tax authorities for years before 2012. We are currently under examination in Mexico, Puerto Rico, and various states and have been notified of audit for years 2012—2014, by the Internal Revenue Service. We do not anticipate that adjustments as a result of these audits, if any, will result in a material change to our consolidated statement of earnings, financial condition, statement of cash flows or earnings per share.

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. As of December 31, 2016, in part because in the current year, the Company achieved a history of cumulative pre-tax income in the U.S. federal tax jurisdiction, management determined that sufficient positive evidence exists as of December 31, 2016, to conclude that it is more likely than not that deferred taxes are realizable.

A reconciliation of the beginning and ending amount of unrecognized tax benefits follows:

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Beginning unrecognized tax benefit balance	\$ 27,164	\$ 13,376	\$ 13,173
Additions based on tax positions related to current year	773	1,508	425
Additions for tax positions of prior years	8,396	20,684	2,400
Reductions for tax positions of prior years	(2,246)	(8,354)	(2,225)
Settlements	(364)	(50)	(397)
Ending unrecognized tax benefit balance	\$ 33,723	\$ 27,164	\$ 13,376

Included in the balance of unrecognized tax benefits at December 31, 2016, is \$6.8 million, net of federal benefit, which, if ultimately recognized, will affect our annual effective tax rate.

During the next twelve months, we anticipate that it is reasonably possible that the amount of unrecognized tax benefits could be reduced by approximately \$8.1 million either because our tax position will be sustained upon audit or as a result of the expiration of the statute of limitations for specific jurisdictions.

As of December 31, 2016, we have accrued approximately \$2.4 million for the payment of interest for uncertain tax positions and recorded interest expense of approximately \$0.5 million for the year then ended, which are excluded from the reconciliation of unrecognized tax benefits presented above.

Note I — Senior Debt

On March 19, 2014, we entered into a Credit Agreement (the "Credit Agreement") among the Company, the several lenders from time to time parties to the Credit Agreement, Bank of America, N.A., BBVA Compass Bank, Wells Fargo Bank, National Association and SunTrust Bank, as syndication agents, and JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement represents a refinancing of our senior secured debt outstanding under our prior credit agreement, the Fourth Amended and Restated Credit Agreement, dated as of May 28, 2003, as amended and restated as of July 14, 2011, and as amended by the First Amendment dated as of April 13, 2012, among the Company, the several banks and other financial institutions or entities from time to time parties thereto, and JPMorgan Chase Bank, N.A., as administrative agent (as amended, the "Prior Credit Agreement"). The Credit Agreement provides a \$900.0 million senior credit facility consisting of \$225.0 million in term loans (the "Term Loans") and a \$675.0 million revolving credit facility (the "Revolving Facility").

Also on March 19, 2014, we borrowed \$225.0 million in Term Loans and \$100.0 million under the Revolving Facility and utilized the proceeds to repay our prior senior secured debt outstanding under the Prior Credit

Agreement. The Term Loans are payable in consecutive quarterly installments each in an aggregate principal amount of \$562,500, with a final installment equal to the remaining principal balance of the Term Loans due on March 19, 2021. In the event our Consolidated Total Leverage Ratio exceeds 2.5:1, we are also required to pay down the Term Loans by a percentage of annual excess cash flow, as defined in the Credit Agreement. Additional payments will be equal to 25% of annual excess cash flows if the Consolidated Total Leverage Ratio is between 2.5:1 and 3.0:1, increasing to 50% of annual excess cash flows if the Consolidated Leverage Ratio is greater than 3.0:1. We made a mandatory excess cash flow prepayment in March 2016 with respect to our results for the year ended December 31, 2015, of approximately \$27 million, and we anticipate making a mandatory excess cash flow prepayment in the first quarter of 2017 with respect to our results for the year ended December 31, 2016, of approximately \$135—\$145 million. No mandatory excess cash flow prepayment was made with respect to the year ended December 31, 2014. We are further required to pay down the Term Loans with proceeds from certain asset sales or borrowings as defined in the Credit Agreement.

The debt facilities as of December 31, 2016 and 2015 are as follows:

(In thousands)	Facility Maturity	December 31, 2016			December 31, 2015		
		Maximum Facility	Amount Outstanding	Amount Available	Maximum Facility	Amount Outstanding	Amount Available
Senior Debt:							
Term Loan	March 19, 2021	\$ 225,000	\$ 191,813	\$ —	\$ 225,000	\$ 221,063	\$ —
Revolving Facility	March 19, 2019	675,000	—	584,304	675,000	190,000	390,300
Total		900,000	191,813	584,304	900,000	411,063	390,300
Other indebtedness:							
Line of credit	August 21, 2017	20,000	—	20,000	20,000	14,570	5,430
Total		\$ 920,000	191,813	\$ 604,304	\$ 920,000	425,633	\$ 395,730
Unamortized debt issuance costs			(5,066)			(5,985)	
Total senior debt, net			\$ 186,747			\$ 419,648	

The full amount of the revolving credit facility may be used for the issuance of letters of credit. At December 31, 2016 and 2015, the amounts available under the revolving credit facility were reduced by approximately \$90.7 million and \$94.7 million, respectively, for our outstanding letters of credit, resulting in availability of \$584.3 million in our revolving credit facility.

Borrowings under the Revolving Facility bear interest at varying rates equal to either the Eurodollar rate plus 1.50% to 2.75%, or the prime rate plus 0.50% to 1.75% (ABR), at our election. The margins on the Eurodollar loans and on the ABR loans for borrowings under the Revolving Facility, which were 2.25% and 1.25%, respectively, at December 31, 2016, may fluctuate based upon an increase or decrease in our consolidated total leverage ratio as defined by a pricing grid included in the Credit Agreement. The margins on the Eurodollar loans and on the ABR loans for Term Loans are 3.00% and 2.00%, respectively, but may also fluctuate in the event the all-in pricing for any subsequent incremental Term Loan exceeds the all-in pricing for prior Term Loans by more than 0.50% per annum. A commitment fee equal to 0.30% to 0.50% of the unused portion of the Revolving Facility is payable quarterly, and fluctuates dependent upon an increase or decrease in our consolidated total leverage ratio. The commitment fee at December 31, 2016, is equal to 0.45% of the unused portion of the Revolving Facility.

Our borrowings under the Credit Agreement are, subject to certain exceptions, secured by a security interest in substantially all of our tangible and intangible assets, including intellectual property, and are also secured by a pledge of the capital stock of our U.S. subsidiaries.

The Credit Agreement also permits us to increase the amount of the Term Loans and/or the Revolving Facility from time to time on up to three occasions, in an aggregate amount of no more than \$250.0 million, provided that we are not in default at the time and have obtained the consent of the administrative agent and the lenders providing such increase.

Subject to a number of exceptions, the Credit Agreement contains, without limitation, covenants that generally limit our ability and the ability of our subsidiaries to:

- incur additional debt;
- repurchase capital stock, repurchase 6.625% notes and 4.75% notes and/or pay cash dividends when total leverage is greater than 2.50:1 (subject to an exception for cash dividends in an amount not to exceed \$20 million annually);
- incur liens or other encumbrances;
- merge, consolidate or sell substantially all property or business;
- sell, lease or otherwise transfer assets (other than in the ordinary course of business);

- make investments or acquisitions (unless they meet financial tests and other requirements); or
- enter into an unrelated line of business.

The Credit Agreement requires us to comply with several financial covenants, including: (i) a consolidated total leverage ratio of no greater than 4.25:1 from the quarter ended December 31, 2015, to the quarter ended September 30, 2016, and 4.00:1 thereafter; (ii) a consolidated senior secured leverage ratio of no greater than 2.75:1; and (iii) a consolidated fixed charge coverage ratio of no less than 1.50:1 (pursuant to the Second Amendment discussed below).

On February 1, 2016, we entered into a First Amendment (the "First Amendment"), with JPMorgan Chase Bank, N.A., as administrative agent, the other agents party thereto and the lenders party thereto, to the Credit Agreement. The First Amendment permits us to make Restricted Payments (as such term is defined in the Credit Agreement) with respect to repurchases of and dividends upon our capital stock and repurchases of our senior unsecured notes, in an aggregate amount during any fiscal year not to exceed \$20 million, if after giving pro forma effect thereto the Consolidated Senior Secured Leverage Ratio (as such term is defined in the Credit Agreement) is greater than 2.50:1 and less than or equal to 3.75:1. The First Amendment is included as an exhibit to our Current Report on Form 8-K dated as of February 1, 2016.

On October 4, 2016, we entered into a Second Amendment (the "Second Amendment"), effective as of September 30, 2016, with JPMorgan Chase Bank, N.A., as administrative agent, the other agents party thereto and the lenders party thereto, to the Credit Agreement. The Second Amendment (i) reduces the maximum Consolidated Senior Secured Leverage Ratio from 2.75:1 to 2.50:1, beginning with the quarter ended December 31, 2016, and (ii) reduces the minimum Consolidated Fixed Charge Coverage Ratio covenant level from 1.75:1 to 1.50:1, beginning with the quarter ended September 30, 2016. We may elect to increase the minimum Consolidated Fixed Charge Coverage Ratio to 1.75:1.

The Second Amendment also effects the following changes to our ability to make certain Restricted Payments:

When the Consolidated Fixed Charge Coverage Ratio covenant level is 1.50:1, only regularly scheduled dividends are payable up to annual maximums as follows:

- when the Consolidated Senior Secured Leverage Ratio is less than or equal to 2.50:1, a maximum of \$25 million annually
- when the Consolidated Senior Secured Leverage Ratio is between 2.50:1 and 3.75:1, a maximum of \$20 million annually (including Notes Payments)

PART II
Notes to Consolidated Financial Statements

- when the Consolidated Senior Secured Leverage Ratio is over 3.75:1, a maximum of \$15 million annually (including Notes Payments)

Share repurchases are not permitted when the Consolidated Fixed Charge Coverage Ratio covenant level is 1.50:1.

When the Consolidated Fixed Charge Coverage Ratio covenant level is 1.75:1, Stock Payments (dividend & share repurchase) are permitted up to annual maximums as follows:

- when the Consolidated Senior Secured Leverage Ratio is less than or equal to 2.50:1:

AND available revolving commitments are greater than or equal to \$400 million, then a maximum of \$50 million annually

AND available revolving commitments are less than \$400 million, then a maximum of \$40 million annually

- when the Consolidated Senior Secured Leverage Ratio is between 2.50:1 and 3.75:1, then a maximum of \$20 million annually (including Notes Payments)

- when the Consolidated Senior Secured Leverage Ratio is over 3.75:1, then a maximum of \$15 million annually (including Notes Payments)

We retain the ability to repurchase senior notes when the Consolidated Senior Secured Leverage Ratio is less than or equal to 2.50:1.

In connection with the Second Amendment, we paid customary amendment fees to the Agent and the lenders that provided their consent to the Amendment of approximately \$1.0 million, which were capitalized and will be amortized to interest expense over the remaining term of the agreement.

The Second Amendment is included as an exhibit to our Current Report on Form 8-K dated as of October 4, 2016.

The table below shows the required and actual ratios under the Credit Agreement calculated as of December 31, 2016:

	Required Ratio	Actual Ratio
Consolidated total leverage ratio	No greater than 4.00:1	3.58:1
Consolidated senior secured leverage ratio	No greater than 2.50:1	0.65:1
Consolidated fixed charge coverage ratio	No less than 1.50:1	1.50:1

These financial covenants, as well as the related components of their computation, are defined in the Credit Agreement, which is included as an exhibit to our Current Report on Form 8-K dated as of March 19, 2014. In accordance with the Credit Agreement, the actual consolidated total leverage ratio was calculated by dividing the consolidated funded debt outstanding at December 31, 2016 (\$664.2 million) by consolidated EBITDA for the 12-month period ending December 31, 2016 (\$185.5 million). For purposes of the covenant calculations, (i) "consolidated funded debt" is defined as outstanding indebtedness less cash in excess of \$25.0 million, and (ii) "consolidated EBITDA" is generally defined as consolidated net income (a) plus the sum of income taxes, interest expense, depreciation and amortization expense, extraordinary non-cash expenses or losses, and other non-cash charges, and (b) minus the sum of interest income, extraordinary income or gains, other non-cash income, and cash payments with respect to extraordinary non-cash expenses or losses recorded in prior fiscal quarters. Consolidated EBITDA is a non-GAAP financial measure that is presented not as a measure of operating results, but rather as a measure used to determine covenant compliance under our senior credit facilities.

The actual consolidated senior secured leverage ratio was calculated pursuant to the Credit Agreement by dividing the consolidated senior secured debt outstanding at December 31, 2016 (\$121.4 million) by consolidated EBITDA for the 12-month period ending December 31, 2016 (\$185.5 million). For purposes of the covenant calculation, "consolidated senior secured debt" is generally defined as the aggregate principal amount of consolidated funded debt that is then secured by liens on property or assets of the Company or its subsidiaries, less cash greater than \$25 million.

The actual consolidated fixed charge coverage ratio was calculated pursuant to the Credit Agreement by dividing the sum of consolidated EBITDA and consolidated lease expense for the 12-month period ending December 31, 2016 (\$416.7 million), by consolidated fixed charges for the 12-month period ending December 31, 2016 (\$277.9 million). For purposes of the covenant calculation, "consolidated fixed charges" is defined as the sum of consolidated interest expense and consolidated lease expense.

Events of default under the Credit Agreement include customary events, such as a cross-acceleration provision in the event that we default on other debt. In addition, an event of default under the Credit Agreement would occur if a change of control occurs. This is defined to include the case where a third party becomes the beneficial owner of 35% or more of our voting stock or certain changes in the composition of Rent-A-Center's Board of Directors occur. An event of default would also occur if one or more judgments were entered against us of \$50.0 million or more and such judgments were not satisfied or bonded pending appeal within 30 days after entry.

We utilize our Revolving Facility for the issuance of letters of credit, as well as to manage normal fluctuations in operational cash flow caused by the timing of cash receipts. In that regard, we may from time to time draw funds under the Revolving Facility for general corporate purposes. Amounts are drawn as needed due to the timing of cash flows and are generally paid down as cash is generated by our operating activities.

In addition to the senior credit facilities discussed above, we maintain a \$20.0 million unsecured, revolving line of credit with INTRUST Bank, N.A. to facilitate cash management. The line of credit generally renews on August 21 of each year. Borrowings under the line of credit bear interest at the greater of a variable rate or 2.00%.

The table below shows the scheduled maturity dates of our outstanding debt at December 31, 2016.

<i>(In thousands)</i>	Term Loan	Revolving Facility	INTRUST Line of Credit	Total
2017	\$ 2,250	\$ —	\$ —	\$ 2,250
2018	2,250	—	—	2,250
2019	2,250	—	—	2,250
2020	2,250	—	—	2,250
2021	182,813	—	—	182,813
Thereafter	—	—	—	—
Total senior debt	\$ 191,813	\$ —	\$ —	\$ 191,813

Note J — Subsidiary Guarantors – Senior Notes

On November 2, 2010, we issued \$300.0 million in senior unsecured notes due November 2020, bearing interest at 6.625%, pursuant to an indenture dated November 2, 2010, among Rent-A-Center, Inc., its subsidiary guarantors and The Bank of New York Mellon Trust Company, as trustee. A portion of the proceeds of this offering were used to repay approximately \$200.0 million of outstanding term debt under our Prior Credit Agreement. The remaining net proceeds were used to repurchase shares of our common stock. The principal amount of the 6.625% notes outstanding as of December 31, 2016 and 2015 were \$292.7 million, reduced by \$2.5 million and \$3.1 million of unamortized issuance costs, respectively.

On May 2, 2013, we issued \$250.0 million in senior unsecured notes due May 2021, bearing interest at 4.75%, pursuant to an indenture dated May 2, 2013, among Rent-A-Center, Inc., its subsidiary guarantors and The Bank of New York Mellon Trust Company, as trustee. A portion of the proceeds of this offering were used to repurchase shares of our common stock under a \$200.0 million accelerated stock buyback program. The remaining net proceeds were used to repay outstanding revolving debt under our Prior Credit Agreement. The principal amount of the 4.75% notes outstanding as of December 31, 2016 and 2015 was \$250.0 million, reduced by \$2.8 million and \$3.4 million of unamortized issuance costs, respectively.

The indentures governing the 6.625% notes and the 4.75% notes are substantially similar. Each indenture contains covenants that limit our ability to:

- incur additional debt;
- sell assets or our subsidiaries;
- grant liens to third parties;
- pay cash dividends or repurchase stock when total leverage is greater than 2.50:1 (subject to an exception for cash dividends in an amount not to exceed \$20 million annually); and
- engage in a merger or sell substantially all of our assets.

Events of default under each indenture include customary events, such as a cross-acceleration provision in the event that we default in the

payment of other debt due at maturity or upon acceleration for default in an amount exceeding \$50.0 million, as well as in the event a judgment is entered against us in excess of \$50.0 million that is not discharged, bonded or insured.

The 6.625% notes may be redeemed on or after November 15, 2015, at our option, in whole or in part, at a premium declining from 103.313%. The 6.625% notes may be redeemed on or after November 15, 2018, at our option, in whole or in part, at par. The 6.625% notes also require that upon the occurrence of a change of control (as defined in the 2010 indenture), the holders of the notes have the right to require us to repurchase the notes at a price equal to 101% of the original aggregate principal amount, together with accrued and unpaid interest, if any, to the date of repurchase.

The 4.75% notes may be redeemed on or after May 1, 2016, at our option, in whole or in part, at a premium declining from 103.563%. The 4.75% notes may be redeemed on or after May 1, 2019, at our option, in whole or in part, at par. The 4.750% notes also require that upon the occurrence of a change of control (as defined in the 2013 indenture), the holders of the notes have the right to require us to repurchase the notes at a price equal to 101% of the original aggregate principal amount, together with accrued and unpaid interest, if any, to the date of repurchase.

Any mandatory repurchase of the 6.625% notes and/or the 4.75% notes would trigger an event of default under our Credit Agreement. We are not required to maintain any financial ratios under either of the indentures.

Rent-A-Center and its subsidiary guarantors have fully, jointly and severally, and unconditionally guaranteed the obligations of Rent-A-Center with respect to the 6.625% notes and the 4.75% notes. Rent-A-Center has no independent assets or operations, and each subsidiary guarantor is 100% owned directly or indirectly by Rent-A-Center. The only direct or indirect subsidiaries of Rent-A-Center that are not guarantors are minor subsidiaries. There are no restrictions on the ability of any of the subsidiary guarantors to transfer funds to Rent-A-Center in the form of loans, advances or dividends, except as provided by applicable law.

Note K — Commitments and Contingencies

Leases

We lease space for substantially all of our Core U.S. and Mexico stores, certain support facilities and the majority of our delivery vehicles under operating leases expiring at various times through 2023. Certain of the store leases contain escalation clauses for increased taxes and operating expenses. Rental expense was \$231.3 million, \$239.2 million and \$244.3 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Future minimum rental payments under operating leases with remaining lease terms in excess of one year at December 31, 2016 are as follows:

<i>(In thousands)</i>	Operating Leases
2017	\$ 165,187
2018	129,858
2019	95,133
2020	63,584
2021	28,604
Thereafter	5,256
Total future minimum rental payments	\$ 487,622

Contingencies

From time to time, the Company, along with our subsidiaries, is party to various legal proceedings arising in the ordinary course of business. We reserve for loss contingencies that are both probable and reasonably estimable. We regularly monitor developments related to these legal proceedings, and review the adequacy of our legal reserves on a quarterly basis. We do not expect these losses to have a material impact on our consolidated financial statements if and when such losses are incurred.

We are subject to unclaimed property audits by states in the ordinary course of business. A comprehensive multi-state unclaimed property audit is currently in progress. The property subject to review in this audit process includes unclaimed wages, vendor payments and customer refunds. State escheat laws generally require entities to report and remit abandoned and unclaimed property to the state. Failure to timely report and remit the property can result in assessments that could include interest and penalties, in addition to the payment of the escheat liability itself. We routinely remit escheat payments to states in compliance with applicable escheat laws. Management believes it is too early to determine the ultimate outcome of this audit, as our remediation efforts are still in process and there have been recent developments in escheat laws which may be applicable to this matter.

Alan Hall, et. al. v. Rent-A-Center, Inc., et. al.; James DePalma, et. al. v. Rent-A-Center, Inc., et. al. On December 23, 2016, a putative class action was filed against us and certain of our former officers by Alan Hall in federal court in Sherman, Texas. The complaint alleges that the defendants violated Section 10(b) and/or Section 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by issuing false and misleading statements and omitting material facts

regarding our business, operations and prospects during the period covered by the complaint. The complaint purports to be brought on behalf of all purchasers of our common stock from July 27, 2015, through October 10, 2016, and seeks damages in unspecified amounts. A complaint filed by James DePalma also in Sherman, Texas alleging similar claims was consolidated by the court into the Hall matter. We believe that these claims are without merit and intend to vigorously defend ourselves. However, we cannot assure you that we will be found to have no liability in this matter.

Franchising Guarantees

Our subsidiary, ColorTyme Finance, Inc. ("ColorTyme Finance"), is a party to an agreement with Citibank, N.A., pursuant to which Citibank provides up to \$27.0 million in aggregate financing to qualifying franchisees of Franchising. Under the Citibank agreement, upon an event of default by the franchisee under agreements governing this financing and upon the occurrence of certain other events, Citibank can assign the loans and the collateral securing such loans to ColorTyme Finance, with ColorTyme Finance paying or causing to be paid the outstanding debt to Citibank and then succeeding to the rights of Citibank under the debt agreements, including the right to foreclose on the collateral. Rent-A-Center and ColorTyme Finance guarantee the obligations of the franchise borrowers under the Citibank facility. An additional \$20.0 million of financing is provided by Texas Capital Bank, National Association under an agreement similar to the Citibank financing, which is guaranteed by Rent-A-Center East, Inc., a subsidiary of Rent-A-Center. The maximum guarantee obligations under these agreements, excluding the effects of any amounts that could be recovered under collateralization provisions, is \$47.0 million, of which \$2.8 million was outstanding as of December 31, 2016.

Note L — Other Charges and Credits – Cost of Revenues

Write-down of Rental Merchandise. During 2015, we projected that we would not recover the carrying value of certain smartphones. We recorded a \$34.7 million impairment charge, included in cost of revenues in the accompanying statement of operations.

Vendor Settlement Credit. We participated in an anti-trust class-action suit as an entity that indirectly purchased liquid-crystal displays from

certain manufacturers during the period from 1999 to 2006. We received net proceeds of approximately \$6.8 million pursuant to a negotiated settlement of this matter based on the number of LCD units purchased during that time period. The settlement proceeds are reported as a reduction to cost of goods sold in the consolidated statements of earnings for the year ended December 31, 2014.

Note M — Other Charges – Operating Expenses

Core U.S. Store and Acceptance Now Consolidation Plan. During the second quarter of 2016, we closed 167 Core U.S. stores and 96 Acceptance Now locations, resulting in pre-tax restructuring charges of \$20.1 million. Restructuring charges consisted of lease obligation costs, disposal of fixed assets, and other miscellaneous labor and shutdown costs.

During 2015, we closed 65 Core U.S. stores resulting in pre-tax restructuring charges of \$4.3 million. Restructuring charges consisted of lease obligations costs, accelerated depreciation and disposal of fixed assets and inventory and other miscellaneous operating costs.

Mexico Store Consolidation Plan. During the first quarter of 2016, we closed 14 stores in Mexico, resulting in pre-tax restructuring charges of \$2.3 million in the Mexico segment for disposal of rental merchandise, disposal of fixed assets and leasehold improvements, and other miscellaneous costs. During 2015, we closed 34 stores in Mexico. These store closures resulted in pre-tax restructuring charges of \$3.0 million in the Mexico segment for disposal of fixed assets and leasehold improvements, and other miscellaneous costs.

Claims Settlement. In the fourth quarter of 2016, we recognized a gain of \$2.2 million related to a litigation claims settlement.

Activity with respect to other charges for the year ended December 31, 2016 is summarized in the below table:

<i>(In thousands)</i>	Accrued Charges at December 31, 2014			Accrued Charges at December 31, 2015			Accrued Charges at December 31, 2016		
	Charges & Adjustments	Payments	Charges & Adjustments	Payments	Charges & Adjustments	Payments	Charges & Adjustments	Payments	
Cash charges:									
Labor reduction costs	\$ 3,915	\$ 3,020	\$ (3,595)	\$ 3,340	\$ 1,380	\$ (3,327)	\$ 1,393		
Lease obligation costs	257	4,273	(3,301)	1,229	15,198	(9,799)	6,628		
Other miscellaneous	—	2,529	(2,529)	—	1,455	(1,455)	—		
Total cash charges	\$ 4,172	9,822	\$ (9,425)	\$ 4,569	18,033	\$ (14,581)	\$ 8,021		
Non-cash charges:									
Inventory losses		\$ 314			\$ 287				
Loss on the sale of fixed assets		5,019			3,491				
Other, net		1,496			673				
Total Restructuring charges		16,651			22,484				
Other charges and (gains)		4,000			(2,185)				
Total other charges		\$ 20,651			\$ 20,299				

Note N — Stock-Based Compensation

We maintain long-term incentive plans for the benefit of certain employees and directors. Our plans consist of the Rent-A-Center, Inc. Amended and Restated Long-Term Incentive Plan (the "Prior Plan"), the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (the "2006 Plan"), the Rent-A-Center, Inc. 2006 Equity Incentive Plan (the "Equity Incentive Plan"), and the Rent-A-Center 2016 Long-Term Incentive Plan (the "2016 Plan") which are collectively known as the "Plans."

On March 9, 2016, upon the recommendation of the Compensation Committee, the Board adopted, subject to stockholder approval, the 2016 Plan and directed that it be submitted for the approval of the stockholders. On June 2, 2016, the stockholders approved the 2016 Plan. The 2016 Plan authorizes the issuance of a total of 6,500,000 shares of common stock. Any shares of common stock granted in connection with an award of stock options or stock appreciation rights will be counted against this limit as one share and any shares of common stock granted in connection with awards of

Sourcing and Distribution Network Startup Costs. As part of our transformational sourcing and distribution initiative, we entered into an agreement with a third-party logistics partner. As a result, we incurred one-time costs to set up new warehousing facilities and distribution routes and we incurred other charges to close existing warehouse space and terminate employees. The pre-tax charges for these items were approximately \$2.8 million for the year ended December 31, 2015, reflected in the Core U.S. segment.

Sale of Stores. During 2015, we incurred pre-tax losses of \$7.2 million on the sale of 40 Core U.S. stores to a franchisee and \$0.3 million on the sale of 14 Core U.S. stores in Canada. We also incurred losses on the sale and closure of other Core U.S. stores of \$1.1 million in 2015.

Corporate Restructuring. During 2015, we eliminated certain departments and functions in our field support center as a part of our efforts to transform and modernize our operations company-wide. This resulted in pre-tax restructuring charges for severance and other payroll-related costs of approximately \$2.0 million for the year ended December 31, 2015.

restricted stock, restricted stock units, deferred stock or similar forms of stock awards other than stock options and stock appreciation rights will be counted against this limit as two shares of common stock for every one share of common stock granted in connection with such awards. No shares of common stock will be deemed to have been issued if (1) such shares covered by the unexercised portion of an option that terminates, expires, or is cancelled or settled in cash or (2) such shares are forfeited or subject to awards that are forfeited, canceled, terminated or settled in cash. In any calendar year, (1) no employee will be granted options and/or stock appreciation rights for more than 800,000 shares of common stock; (2) no employee will be granted performance-based equity awards under the 2016 Plan (other than options and stock appreciation rights), covering more than 800,000 shares of common stock; and (3) no employee will be granted performance-based cash awards for more than \$5,000,000. At December 31, 2016, there were 302,935 shares allocated to equity awards outstanding in the 2016 Plan.

The 2006 Plan authorizes the issuance of 7,000,000 shares of Rent-A-Center's common stock that may be issued pursuant to awards granted under the 2006 Plan, of which no more than 3,500,000 shares may be issued in the form of restricted stock, deferred stock or similar forms of stock awards which have value without regard to future appreciation in value of or dividends declared on the underlying shares of common stock. In applying these limitations, the following shares will be deemed not to have been issued: (1) shares covered by the unexercised portion of an option that terminates, expires, or is canceled or settled in cash, and (2) shares that are forfeited or subject to awards that are forfeited, canceled, terminated or settled in cash. At December 31, 2016 and 2015, there were 2,108,068 and 1,762,142 shares, respectively, allocated to equity awards outstanding in the 2006 Plan. The 2006 Plan expired in accordance with its terms on March 24, 2016, and all shares remaining available for grant under the 2006 Plan were canceled.

We acquired the Equity Incentive Plan (formerly known as the Rent-Way, Inc. 2006 Equity Incentive Plan) in conjunction with our acquisition of Rent-Way in 2006. There were 2,468,461 shares of our common stock reserved for issuance under the Equity Incentive Plan. There were 1,526,203 and 1,587,693 shares allocated to equity awards outstanding in the Equity Incentive Plan at December 31, 2016 and 2015, respectively. The Equity Incentive Plan expired in accordance with its terms on January 13, 2016, and all shares remaining available for grant under the Equity Incentive Plan were canceled.

Stock-based compensation expense for the years ended December 31, 2016, 2015 and 2014 is as follows:

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Stock options	\$ 2,954	\$ 4,030	\$ 5,044
Restricted share units	6,255	5,511	1,515
Total stock-based compensation expense	9,209	9,541	6,559
Tax benefit recognized in the statements of earnings	658	1,715	2,117
Stock-based compensation expense, net of tax	\$ 8,551	\$ 7,826	\$ 4,442

We issue new shares of stock to satisfy option exercises and the vesting of restricted stock units.

The fair value of unvested options that we expect to result in compensation expense was approximately \$4.9 million with a weighted average number of years to vesting of 2.45 at December 31, 2016.

Information with respect to stock option activity related to the Plans for the year ended December 31, 2016 follows:

	Equity Awards Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value <i>(In thousands)</i>
Balance outstanding at January 1, 2016	2,874,366	\$ 30.33		
Granted	1,029,201	11.80		
Forfeited	(454,028)	24.01		
Expired	(377,358)	30.22		
Balance outstanding at December 31, 2016	3,072,181	\$ 25.07	6.81	\$ —
Exercisable at December 31, 2016	1,407,116	\$ 30.53	4.95	\$ —

There were no options exercised during the year ended December 31, 2016. The intrinsic value of options exercised during the years ended December 31, 2015 and 2014 was \$0.5 million and \$1.9 million, respectively, resulting in tax benefits of \$0.1 million and \$0.3 million, respectively, which are reflected as an outflow from operating activities and an inflow from financing activities in the consolidated statements of cash flows.

The weighted average fair values of the options granted under the Plans were calculated using the Black-Scholes method. The weighted average grant date fair value and weighted average assumptions used in the option pricing models are as follows:

	Year Ended December 31,		
	2016	2015	2014
Weighted average grant date fair value	\$ 3.06	\$ 6.34	\$ 6.49
Weighted average risk free interest rate	1.31%	1.42%	1.54%
Weighted average expected dividend yield	3.16%	3.32%	3.28%
Weighted average expected volatility	39.64%	33.28%	34.77%
Weighted average expected life (in years)	4.63	5.05	5.00

Information with respect to non-vested restricted stock unit activity follows:

	Restricted Awards Outstanding	Weighted Average Grant Date Fair Value
Balance outstanding at January 1, 2016	867,755	\$ 26.67
Granted	1,065,190	9.20
Vested	(249,638)	23.34
Forfeited	(321,176)	19.50
Balance outstanding at December 31, 2016	1,362,131	\$ 15.31

Restricted stock units are valued using the closing price reported by the Nasdaq Global Select Market on the trading day immediately preceding the day of the grant. Unrecognized compensation expense for unvested restricted stock units at December 31, 2016, was approximately \$7.8 million expected to be recognized over a weighted average period of 1.72 years.

Note O — Deferred Compensation Plan

The Rent-A-Center, Inc. Deferred Compensation Plan (the “Deferred Compensation Plan”) is an unfunded, nonqualified deferred compensation plan for a select group of our key management personnel and highly compensated employees. The Deferred Compensation Plan first became available to eligible employees in July 2007, with deferral elections taking effect as of August 3, 2007.

The Deferred Compensation Plan allows participants to defer up to 50% of their base compensation and up to 100% of any bonus compensation. Participants may invest the amounts deferred in measurement funds that are the same funds offered as the investment options in the Rent-A-Center, Inc. 401(k) Retirement Savings Plan. We may make discretionary contributions to the Deferred Compensation Plan, which are subject to a three-year graded vesting schedule based

on the participant’s years of service with us. We are obligated to pay the deferred compensation amounts in the future in accordance with the terms of the Deferred Compensation Plan. Assets and associated liabilities of the Deferred Compensation Plan are included in prepaid and other assets and accrued liabilities in our consolidated balance sheets. For the years ended December 31, 2016, 2015 and 2014, we made matching cash contributions of \$0.3 million, \$0.4 million and \$0.3 million, respectively, which represents 50% of the employees’ contributions to the Deferred Compensation Plan up to an amount not to exceed 4% of each employee’s respective compensation. No other discretionary contributions were made for the years ended December 31, 2016, 2015 and 2014. The deferred compensation plan liability was approximately \$11.4 million and \$10.5 million as of December 31, 2016 and 2015, respectively.

Note P — 401(k) Plan

We sponsor a defined contribution plan under Section 401(k) of the Internal Revenue Code for certain employees who have completed at least three months of service. Employees may elect to contribute up to 50% of their eligible compensation on a pre-tax basis, subject to limitations. We may make discretionary contributions to the 401(k) plan. Employer matching contributions are subject to a three-year graded vesting schedule based on the participant’s years of service with us. For the years ended December 31, 2016, 2015 and 2014, we made

matching cash contributions of \$7.6 million, \$7.2 million and \$6.7 million, respectively, which represents 50% of the employees’ contributions to the 401(k) plan up to an amount not to exceed 6% of each employee’s respective compensation. Employees are permitted to elect to purchase our common stock as part of their 401(k) plan. As of December 31, 2016 and 2015, 3.6% and 4.5%, respectively, of the total plan assets consisted of our common stock.

Note Q — Fair Value

We use a three-tier fair value hierarchy, which classifies the inputs used in measuring fair values, in determining the fair value of our non-financial assets and non-financial liabilities, which consist primarily of goodwill. These tiers include: Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are

either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. There were no changes in the methods and assumptions used in measuring fair value during the period.

At December 31, 2016, our financial instruments include cash and cash equivalents, receivables, payables, senior debt and senior notes. The carrying amount of cash and cash equivalents, receivables and payables approximates fair value at December 31, 2016 and 2015,

because of the short maturities of these instruments. Our senior debt is variable rate debt that re-prices frequently and entails no significant change in credit risk and, as a result, fair value approximates carrying value.

The fair value of our senior notes is based on Level 1 inputs and was as follows at December 31, 2016 and 2015:

<i>(In thousands)</i>	December 31, 2016			December 31, 2015		
	Carrying Value	Fair Value	Difference	Carrying Value	Fair Value	Difference
6.625% senior notes	\$ 292,740	\$ 266,393	\$ (26,347)	\$ 292,740	\$ 248,097	\$ (44,643)
4.75% senior notes	250,000	206,250	(43,750)	250,000	183,125	(66,875)
Total senior notes	\$ 542,740	\$ 472,643	\$ (70,097)	\$ 542,740	\$ 431,222	\$ (111,518)

Note R — Stock Repurchase Plan

Under our current common stock repurchase program, our Board of Directors has authorized the purchase, from time to time, in the open market and privately negotiated transactions, of up to an aggregate of \$1.25 billion of Rent-A-Center common stock. We have repurchased a

total of 36,994,653 shares of Rent-A-Center common stock for an aggregate purchase price of \$994.8 million as of December 31, 2016, under this common stock repurchase program. No shares were repurchased during 2016 and 2015.

Note S — Segment Information

The operating segments reported below are the segments for which separate financial information is available and for which segment results are evaluated by the chief operating decision makers. Our operating segments are organized based on factors including, but not limited to, type of business transactions, geographic location and store ownership. All operating segments offer merchandise from four basic product categories: consumer electronics, appliances, computers, furniture and accessories, and our Core U.S. and franchising segments also offer smartphones. Reportable segments and their respective operations are defined as follows:

Our Core U.S. segment primarily operates rent-to-own stores in the United States, Canada and Puerto Rico whose customers enter into weekly, semi-monthly or monthly rental purchase agreements, which renew automatically upon receipt of each payment. We retain the title to the merchandise during the term of the rental purchase agreement and ownership passes to the customer if the customer has continuously renewed the rental purchase agreement through the end of the term or exercises a specified early purchase option. This segment also includes the 45 stores operating in two states that utilize a retail model which generates installment credit sales through a retail sale transaction. Segment assets include cash, receivables, rental merchandise, property assets and other intangible assets.

Our Acceptance Now segment operates kiosks within various traditional retailers' locations where we generally offer the rent-to-own transaction to consumers who do not qualify for financing from the traditional retailer. The transaction offered is generally similar to that of the Core U.S. segment; however, the majority of the customers in this segment enter into monthly rather than weekly agreements. Segment assets include cash, rental merchandise, property assets, goodwill and other intangible assets.

Our Mexico segment currently consists of our company-owned rent-to-own stores in Mexico. The nature of this segment's operations and assets are the same as our Core U.S. segment.

The stores in our Franchising segment use Rent-A-Center's, ColorTyme's or RimTyme's trade names, service marks, trademarks and logos, and operate under distinctive operating procedures and standards. Franchising's primary source of revenue is the sale of rental merchandise to its franchisees who, in turn, offer the merchandise to the general public for rent or purchase under a rent-to-own program. As franchisor, Franchising receives royalties of 2.0% to 6.0% of the franchisees' monthly gross revenue and initial fees for new locations. Segment assets include cash, franchise fee receivables, property assets and intangible assets.

Segment information as of and for the years ended December 31, 2016, 2015 and 2014 is as follows:

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Revenues			
Core U.S.	\$ 2,069,725	\$ 2,371,823	\$ 2,414,659
Acceptance Now	817,814	818,325	644,853
Mexico	50,927	63,803	72,202
Franchising	24,786	24,469	26,082
Total revenues	\$ 2,963,252	\$ 3,278,420	\$ 3,157,796

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Gross profit			
Core U.S.	\$ 1,467,679	\$ 1,644,840	\$ 1,753,269
Acceptance Now	422,381	420,980	372,012
Mexico	35,549	42,354	51,070
Franchising	9,440	9,935	8,012
Total gross profit	\$ 1,935,049	\$ 2,118,109	\$ 2,184,363

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Operating profit (loss)			
Core U.S.	\$ (1,020)	\$ (959,447)	\$ 264,967
Acceptance Now	105,925	123,971	112,918
Mexico	(2,449)	(14,149)	(21,961)
Franchising	5,650	5,793	3,295
Total segments	108,106	(843,832)	359,219
Corporate	(174,702)	(164,056)	(165,757)
Total operating (loss) profit	\$ (66,596)	\$ (1,007,888)	\$ 193,462

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Depreciation, amortization and write-down of intangibles			
Core U.S.	\$ 39,734	\$ 49,137	\$ 57,324
Acceptance Now	3,309	3,334	2,917
Mexico	3,179	5,160	6,683
Franchising	177	185	184
Total segments	46,399	57,816	67,108
Corporate	34,057	22,904	16,060
Total depreciation, amortization and write-down of intangibles	\$ 80,456	\$ 80,720	\$ 83,168

We recorded goodwill impairment charges of \$151.3 million and \$1,170.0 million in the Core U.S. segment during the fourth quarters of 2016 and 2015, respectively, not included in the table above.

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Capital expenditures			
Core U.S.	\$ 20,802	\$ 21,739	\$ 31,228
Acceptance Now	2,330	2,473	3,833
Mexico	283	204	4,164
Total segments	23,415	24,416	39,225
Corporate	37,728	56,454	44,560
Total capital expenditures	\$ 61,143	\$ 80,870	\$ 83,785

<i>(In thousands)</i>	December 31,		
	2016	2015	2014
On rent rental merchandise, net			
Core U.S.	\$ 426,845	\$ 540,004	\$ 593,945
Acceptance Now	354,486	350,046	345,703
Mexico	13,787	17,575	20,766
Total on rent rental merchandise, net	\$ 795,118	\$ 907,625	\$ 960,414

<i>(In thousands)</i>	December 31,		
	2016	2015	2014
Held for rent rental merchandise, net			
Core U.S.	\$ 192,718	\$ 215,327	\$ 264,211
Acceptance Now	7,489	5,000	4,897
Mexico	6,629	8,520	8,334
Total held for rent rental merchandise, net	\$ 206,836	\$ 228,847	\$ 277,442

<i>(In thousands)</i>	December 31,		
	2016	2015	2014
	Revised		
Assets by segment			
Core U.S.	\$ 872,551	\$ 1,240,593	\$ 2,519,770
Acceptance Now	432,383	426,827	420,660
Mexico	31,415	38,898	59,841
Franchising	2,197	2,723	2,604
Total segments	1,338,546	1,709,041	3,002,875
Corporate	264,195	265,427	268,322
Total assets	\$ 1,602,741	\$ 1,974,468	\$ 3,271,197

<i>(In thousands)</i>	December 31,		
	2016	2015	2014
	Revised		
Assets by country			
United States	\$ 1,567,933	\$ 1,930,676	\$ 3,204,283
Mexico	31,415	38,898	59,841
Canada	3,393	4,894	7,073
Total assets	\$ 1,602,741	\$ 1,974,468	\$ 3,271,197

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
Furniture and accessories	\$ 927,537	\$ 955,576	\$ 938,065
Consumer electronics	553,976	626,668	642,226
Appliances	391,539	415,278	422,979
Computers	148,889	207,906	307,325
Smartphones	93,449	163,667	68,015
Other products and services	384,663	412,220	367,218
Total rentals and fees	\$ 2,500,053	\$ 2,781,315	\$ 2,745,828

Our revenues originate in the following countries:

<i>(In thousands)</i>	Year Ended December 31,		
	2016	2015	2014
United States	\$ 2,911,613	\$ 3,209,736	\$ 3,075,387
Mexico	50,927	63,803	72,202
Canada	712	4,881	10,207
Total revenues	\$ 2,963,252	\$ 3,278,420	\$ 3,157,796

Note T — Earnings Per Common Share

Summarized basic and diluted earnings per common share were calculated as follows:

<i>(In thousands, except per share data)</i>	Year Ended December 31,		
	2016	2015	2014
Numerator:			
Net earnings (loss)	\$ (105,195)	\$ (953,520)	\$ 96,422
Denominator:			
Weighted-average shares outstanding	53,121	53,050	52,850
Effect of dilutive stock awards	—	—	276
Weighted-average dilutive shares	53,121	53,050	53,126
Basic (loss) earnings per share	\$ (1.98)	\$ (17.97)	\$ 1.82
Diluted (loss) earnings per share	\$ (1.98)	\$ (17.97)	\$ 1.81

Diluted loss per common share for the year ended December 31, 2016, did not include the effect of dilutive stock awards because the result would have been anti-dilutive. For 2016, 2015, and 2014, the number of stock options that were outstanding but not included in the computation of diluted earnings per common share because their exercise price was greater than the average market price of the common stock and, therefore anti-dilutive, were 3,072,181, 2,585,711, and 2,496,147, respectively.

Note U — Unaudited Quarterly Data

Summarized quarterly financial data for the years ended December 31, 2016, and 2015 is as follows:

<i>(In thousands, except per share data)</i>	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter
Year Ended December 31, 2016				
Revenues	\$ 835,652	\$ 749,619	\$ 693,877	\$ 684,104
Gross profit	534,944	500,158	457,226	442,721
Operating profit (loss)	48,430	27,550	16,700	(159,276)
Net earnings (loss)	25,061	9,946	6,181	(146,383)
Basic earnings (loss) per common share	\$ 0.47	\$ 0.19	\$ 0.12	\$ (2.76)
Diluted earnings (loss) per common share	\$ 0.47	\$ 0.19	\$ 0.12	\$ (2.76)
Cash dividends declared per common share	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08

<i>(In thousands, except per share data)</i>	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter ⁽¹⁾
Year Ended December 31, 2015				
Revenues	\$ 877,639	\$ 815,343	\$ 791,605	\$ 793,833
Gross profit	564,593	538,529	488,612	526,375
Operating profit (loss)	56,598	49,701	6,565	(1,120,752)
Net earnings (loss)	27,298	23,147	(4,092)	(999,873)
Basic earnings (loss) per common share	\$ 0.51	\$ 0.44	\$ (0.08)	\$ (18.84)
Diluted earnings (loss) per common share	\$ 0.51	\$ 0.43	\$ (0.08)	\$ (18.84)
Cash dividends declared per common share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24

(1) Fourth quarter net loss and loss per share revised for correction of deferred tax error associated with our goodwill impairment reported in the fourth quarter of 2015 as discussed in Note B.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rule 13a-15(b) under the Securities Exchange Act of 1934, an evaluation was performed under the supervision and with the participation of our management, including our interim Chief Executive Officer and interim Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our management, including our interim Chief Executive Officer and our interim Chief Financial Officer, concluded that, as of December 31, 2016, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective.

Management's Annual Report on Internal Control over Financial Reporting

Please refer to Management's Annual Report on Internal Control over Financial Reporting in Part II, Item 8, of this Annual Report on Form 10-K.

Auditor's Report Relating to Effectiveness of Internal Control over Financial Reporting

Please refer to the Report of Independent Registered Public Accounting Firm in Part II, Item 8, of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

We completed implementation of a new Store Information Management System in all of our Core U.S. rent-to-own stores in 2016. The Store Information Management System manages key business processes in the store such as sales, customer account management, cash management and inventory management and has resulted in changes to these business processes and related internal controls over financial reporting.

During the quarter ended December 31, 2016, we completed our remediation efforts related to certain control deficiencies identified in 2015 pertaining to our financial reporting of tax related matters. In connection with these remediation efforts, we identified certain immaterial errors in income taxes in our December 31, 2015 consolidated financial statements that caused us to reevaluate the severity of the prior year control deficiencies in aggregate. Based on that reevaluation, we have concluded that these 2015 control deficiencies could have resulted in a material misstatement of our consolidated financial statements that would not have been prevented or detected on a timely basis, and as such, we concluded that these control deficiencies resulted in a material weakness for the year ended December 31, 2015. The recording of income taxes associated with goodwill write-downs of previous acquisitions were not accurately calculated. In addition, at the time of the goodwill impairment recorded in the fourth quarter of 2015, our internal resources did not have the requisite technical knowledge to properly assess the deferred tax impact of the goodwill write-off. This material weakness resulted in immaterial errors in the income tax balances within the December 31, 2015 consolidated financial statements associated with our \$1.2 billion goodwill impairment recorded in the fourth quarter, as described in Note B.

Our 2016 remediation included appropriate steps to improve and enhance our internal controls to address the material weakness, including additional staffing and additional controls around the measurement and recording of transactions related to tax accounting matters. We have determined these remediation actions were effectively designed and demonstrated effective operation for a sufficient period of time to enable us to conclude that the material weakness regarding internal controls has been remediated as of December 31, 2016.

Other than as described above, for the year ended December 31, 2016, there have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that, in the aggregate, have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

- Item 10. Directors, Executive Officers and Corporate Governance.^(*)**
- Item 11. Executive Compensation.^(*)**
- Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.^(*)**
- Item 13. Certain Relationships and Related Transactions, and Director Independence.^(*)**
- Item 14. Principal Accountant Fees and Services.^(*)**

** The information required by Items 10, 11, 12, 13 and 14 is or will be set forth in the definitive proxy statement relating to the 2017 Annual Meeting of Stockholders of Rent-A-Center, Inc., which is to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. This definitive proxy statement relates to a meeting of stockholders involving the election of directors and the portions therefrom required to be set forth in this Form 10-K by Items 10, 11, 12, 13 and 14 are incorporated herein by reference pursuant to General Instruction G(3) to Form 10-K.*

PART IV

Item 15. Exhibits and Financial Statement Schedules.

1. Financial Statements

The financial statements included in this report are listed in the Index to Financial Statements in Part II, Item 8, of this Annual Report on Form 10-K.

2. Financial Statement Schedules

Schedules for which provision is made in the applicable accounting regulations of the SEC are either not required under the related instructions or inapplicable.

3. Exhibits

The exhibits required to be filed pursuant to Item 15(b) of Form 10-K are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference. Exhibits 10.1, 10.9 through 10.28, and 10.30, listed in the Exhibit Index filed herewith, are management or compensatory plans or arrangements required to be filed as exhibits to this Annual Report on Form 10-K pursuant to Item 15(b) thereof.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

By: RENT-A-CENTER, INC.
/s/ MARK E. SPEESE
Mark E. Speese
Interim Chief Executive Officer

Date: March 1, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ MARK E. SPEESE Mark E. Speese	<i>Interim Chief Executive Officer and Chairman of the Board (Principal Executive Officer)</i>	March 1, 2017
/s/ MAUREEN B. SHORT Maureen B. Short	<i>Interim Chief Financial Officer (Principal Financial and Accounting Officer)</i>	March 1, 2017
/s/ MICHAEL J. GADE Michael J. Gade	<i>Director</i>	March 1, 2017
/s/ RISHI GARG Rishi Garg	<i>Director</i>	March 1, 2017
/s/ JEFFERY M. JACKSON Jeffery M. Jackson	<i>Director</i>	March 1, 2017
/s/ J. V. LENTELL J. V. Lentell	<i>Director</i>	March 1, 2017
/s/ STEVEN L. PEPPER Steven L. Pepper	<i>Director</i>	March 1, 2017
/s/ LEONARD H. ROBERTS Leonard H. Roberts	<i>Director</i>	March 1, 2017

Index to Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation of Rent-A-Center, Inc., as amended (Incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated as of December 31, 2002.)
3.2	Certificate of Amendment to the Certificate of Incorporation of Rent-A-Center, Inc., dated May 19, 2004 (Incorporated herein by reference to Exhibit 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.)
3.3	Amended and Restated Bylaws of Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated as of September 28, 2011.)
4.1	Form of Certificate evidencing Common Stock (Incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-4/A filed on January 13, 1999.)
4.2	Indenture, dated as of November 2, 2010, by and among Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K dated as of November 2, 2010.)
4.3	Indenture, dated as of May 2, 2013, by and among Rent-A-Center, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee (Incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K dated as of May 2, 2013.)
10.1†	Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.)
10.2	Guarantee and Collateral Agreement, dated March 19, 2014, by and among Rent-A-Center, Inc., its subsidiaries named as guarantors therein and JPMorgan Chase Bank, N.A. as Administrative Agent (Incorporated herein by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K dated March 19, 2014.)
10.3	Franchisee Financing Agreement, dated April 30, 2002, but effective as of June 28, 2002, by and between Texas Capital Bank, National Association, ColorTyme, Inc. and Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 10.14 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.)
10.4	Supplemental Letter Agreement to Franchisee Financing Agreement, dated May 26, 2003, by and between Texas Capital Bank, National Association, ColorTyme, Inc. and Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 10.23 to the registrant's Registration Statement on Form S-4 filed July 11, 2003.)
10.5	First Amendment to Franchisee Financing Agreement, dated August 30, 2005, by and among Texas Capital Bank, National Association, ColorTyme, Inc. and Rent-A-Center East, Inc. (Incorporated herein by reference to Exhibit 10.7 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.)
10.6	Franchise Financing Agreement, dated as of August 2, 2010, between ColorTyme Finance, Inc. and Citibank, N.A. (Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated as of August 2, 2010.)
10.7	Unconditional Guaranty of Rent-A-Center, Inc., dated as of August 2, 2010, executed by Rent-A-Center, Inc. in favor of Citibank, N.A. (Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated as of August 2, 2010.)
10.8	Unconditional Guaranty of Rent-A-Center, Inc., dated as of August 2, 2010, executed by ColorTyme Finance, Inc. in favor of Citibank, N.A. (Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated as of August 2, 2010.)
10.9†	Form of Stock Option Agreement issuable to Directors pursuant to the Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.20 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2004.)
10.10†	Form of Stock Option Agreement issuable to management pursuant to the Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.21 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2004.)
10.11†*	Summary of Director Compensation
10.12†	Form of Stock Compensation Agreement issuable to management pursuant to the Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.15 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
10.13†	Form of Long-Term Incentive Cash Award issuable to management pursuant to the Amended and Restated Rent-A-Center, Inc. Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.16 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
10.14†*	Form of Loyalty and Confidentiality Agreement entered into with management
10.15†	Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.17 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.)
10.16†	Form of Stock Option Agreement issuable to management pursuant to the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.18 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.)

Exhibit No.	Description
10.17†	Form of Stock Compensation Agreement issuable to management pursuant to the Rent-A-Center, Inc. 2006 Equity Incentive Plan (Incorporated herein by reference to Exhibit 10.19 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006.)
10.18†	Form of Long-Term Incentive Cash Award issuable to management pursuant to the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.20 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006.)
10.19†	Rent-A-Center, Inc. 2006 Equity Incentive Plan and Amendment (Incorporated herein by reference to Exhibit 4.5 to the registrant's Registration Statement on Form S-8 filed with the SEC on January 4, 2007.)
10.20†	Form of Stock Option Agreement issuable to management pursuant to the Rent-A-Center, Inc. 2006 Equity Incentive Plan (Incorporated herein by reference to Exhibit 10.22 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006.)
10.21†	Form of Stock Compensation Agreement issuable to management pursuant to the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.23 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006.)
10.22†	Form of Stock Option Agreement issuable to Directors pursuant to the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.24 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2006.)
10.23†	Form of Deferred Stock Unit Award Agreement issuable to Directors pursuant to the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.23 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2010.)
10.24†*	Form of Executive Transition Agreement entered into with management
10.25†	Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.36 to the registrant's Quarterly Report on Form 100Q for the quarter ended March 31, 2016.)
10.26†	Rent-A-Center, Inc. Non-Qualified Deferred Compensation Plan (Incorporated herein by reference to Exhibit 10.28 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007.)
10.27†	Rent-A-Center, Inc. 401-K Plan (Incorporated herein by reference to Exhibit 10.30 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2008.)
10.28	Credit Agreement, dated as of March 19, 2014, among Rent-A-Center, Inc., the several lenders from time to time parties thereto, Bank of America, N.A., BBVA Compass Bank, Wells Fargo Bank, N.A. and Suntrust Bank, as syndication agents, and JPMorgan Chase Bank, N.A., as administrative agent (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated as of March 19, 2014.)
10.29†	Rent-A-Center East, Inc. Retirement Savings Plan for Puerto Rico Employees (Incorporated herein by reference to Exhibit 99.1 to the registrant's Registration Statement on Form S-8 filed January 28, 2011.)
10.30	First Amendment to Franchisee Financing Agreement between ColorTyme Finance, Inc. and Citibank, N.A., dated as of July 25, 2012 (Incorporated herein by reference to Exhibit 10.32 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.)
10.31	Master Confirmation Agreement, dated as of May 2, 2013, between Rent-A-Center, Inc. and Goldman Sachs & Co. (Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated as of May 2, 2013.)
10.32	Second Amendment to Franchisee Financing Agreement between ColorTyme Finance, Inc. and Citibank, N.A., dated as of August 30, 2013 (Incorporated herein by reference to Exhibit 10.34 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013.)
10.33	Third Amendment to Franchisee Financing Agreement between ColorTyme Finance, Inc. and Citibank, N.A., dated as of May 1, 2014 (Incorporated herein by reference to Exhibit 10.33 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.)
10.34	Waiver and Fourth Amendment to Franchisee Financing Agreement between ColorTyme Finance, Inc. and Citibank, N.A., dated as of September 1, 2014 (Incorporated herein by reference to Exhibit 10.34 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.)
10.35	First Amendment to the Credit Agreement, dated February 1, 2016, between the Company, JPMorgan Chase Bank, N.A., as administrative agent, the other agents party thereto and the lenders party thereto (Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated as of February 1, 2016.)
10.36†	Form of Stock Option Agreement issuable to management pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.37 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.)
10.37†	Form of Stock Compensation Agreement (RSU) issuable to management pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.38 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.)
10.38†	Form of Stock Compensation Agreement (RSU) issuable to management pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.38 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.)

Exhibit No.	Description
10.39†	Form of Stock Compensation Agreement (PSU) issuable to management pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (Incorporated herein by reference to Exhibit 10.39 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.)
10.40	Second Amendment to the Credit Agreement, dated effective as of September 30, 2016, between the Company, JPMorgan Chase Bank, N.A., as administrative agent, the other agents party thereto and the lenders party thereto (Incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated as of October 4, 2016.)
18.1	Preferability letter regarding change in accounting principle (Incorporated herein by reference to Exhibit 18.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.)
21.1*	Subsidiaries of Rent-A-Center, Inc.
23.1*	Consent of KPMG LLP
31.1*	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002 by Mark E. Speese
31.2*	Certification pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934 implementing Section 302 of the Sarbanes-Oxley Act of 2002 by Maureen B. Short
32.1*	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Mark E. Speese
32.2*	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Maureen B. Short
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

† Management contract or compensatory plan or arrangement.

* Filed herewith.

** The XBRL-related information in Exhibit No. 101 to this Annual Report on Form 10-K is filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

Board of Directors

Mark E. Speese
Chairman of the Board and Chief Executive Officer
Rent-A-Center Inc.

Michael J. Gade
Founding Partner
Challance Group, L.L.P.

Rishi Garg
Partner
Mayfield Fund

Jeffery M. Jackson
Managing Director
Thayer Ventures

J.V. Lentell
Vice Chairman
Intrust Bank, N.A.

Steven L. Pepper
Former President
Yum Brands Mexico

Leonard H. Roberts
Retired Chairman of the Board and Chief Executive Officer
RadioShack Corporation

Corporate Officers

Anthony Blasquez Division Vice President – RTO Domestic
Niels D. Boensch Division Vice President – RTO Domestic
David G. Ewbank Division Vice President – RTO Domestic
Michael R. Muth Division Vice President – RTO Domestic
Chris P. Crocker Division Vice President – Acceptance Now
Rob D. Langhoff Division Vice President – Acceptance Now
Fred G. Mattox Division Vice President – Acceptance Now
Stephen B. McKinley Vice President of Sales – Acceptance Now
Mark F. Schmitz Vice President – Home Choice
Federico Fidalgo Country Manager – Mexico
Bobby R. Pope Division Vice President – Service and Distribution
Catherine M. Skula Senior Vice President – Franchising
Andrew M. Trusevich Senior Vice President and Assistant General Counsel
Angela J. Yochem Senior Vice President – Information Technology and Chief Information Officer
Eric A. Erlewein Vice President – Market Planning
Daniel G. Glasky Vice President – Merchandising
Mathew W. Grynwald Vice President – Legal
B. Mitch Jones Vice President – Operations Support
Jana R. Kelly Vice President – Inventory Management
G. Michael Landry Vice President – Franchise Development
Christi M. Liebe Vice President – Information Technology and Chief Technology Officer
Lety Nettles Vice President – Digital Integration
Daniel B. O'Rourke Vice President – Finance Analytics and Reporting
Jonathan Parks Vice President – Global Logistics & Distribution
Ashley J. Pinto Vice President – Internal Audit
Ron L. Schoolcraft Vice President – Acceptance Now Business Development
Jason B. Wall Vice President – Merchandising and Sales Strategy
Tiffany Watson Vice President – Performance Improvement, Training and Development
Dawn M. Wolverton Vice President – Assistant General Counsel and Secretary

Executive Officers

Mark E. Speese
Chairman of the Board and
Chief Executive Officer

Maureen B. Short
Interim Chief Financial Officer

Mark E. Denman
Executive Vice President – Acceptance Now

Fred E. Herman
Executive Vice President – Accounting and Global Controller

Christopher A. Korst
Executive Vice President – General Counsel
and Chief Administrative Officer

James E. York
Executive Vice President – RTO Domestic

Corporate and Stockholder Information

Corporate Offices
5501 Headquarters Drive
Plano, TX 75024
www.rentacenter.com

Stockholders may obtain copies of news releases, U.S. Securities and Exchange Commission filings, including Forms 10-K, 10-Q, and 8-K, and other company information by accessing our Web site at www.rentacenter.com

Stockholders may also contact:
Investor Relations
Rent-A-Center, Inc.
5501 Headquarters Drive
Plano, TX 75024
Phone: (972) 801-1100
Fax: (866) 260-1424
Email: ir@rentacenter.com

Annual Meeting
June 8, 2017 at 8:00 a.m.
Dallas/Plano Marriott
at Legacy Town Center
7121 Bishop Rd.
Plano, TX 75024

Transfer Agent and Registrar
Computershare
P.O. Box 30170
College Station, TX 77842-3170
(877) 264-3797
www.computershare.com

Stock Listing
NASDAQ Global Select Market
Ticker Symbol: RCL

Independent Auditors
KPMG LLP
2323 Ross Avenue
Suite 1400
Dallas, TX 75201

