

RENT A CENTER INC DE
Form DEF 14A
April 11, 2005

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

**SCHEDULE 14A
(Rule 14a-101)**

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

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

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

RENT-A-CENTER, INC.

(Name of Registrant as Specified In Its Charter)

Not Applicable

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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**PROXY STATEMENT FOR
AND
NOTICE OF
2005 ANNUAL STOCKHOLDERS MEETING**

Annual Meeting: May 18, 2005
9:30 a.m. local time

Location: Rent-A-Center, Inc.
5700 Tennyson Parkway
Plano, Texas 75024

Record Date: Close of business on March 25, 2005
If you were a stockholder of record at the close of business on March 25, 2005, you may vote at the meeting.

Number of Votes: Holders of our Common Stock are entitled to one vote for each share of Common Stock they owned on March 25, 2005. The holders of our Preferred Stock were entitled to convert their two shares of Preferred Stock into 180 shares of our Common Stock on March 25, 2005, and thus are entitled to an equal number of votes.

Agenda:

1. To elect three directors, each of whom is to be elected by the stockholders of record as of March 25, 2005; and
2. To transact any other proper business.

Proxies: Unless you tell us on the proxy card to vote differently, we will vote signed returned proxies FOR the Board's nominees. The proxy holders will use their discretion on other matters. If a nominee cannot or will not serve as a director, the proxy holders will vote for a person whom they believe will carry on our present policies.

Proxies Solicited By: The Board of Directors

First Mailing Date: This proxy statement is dated April 11, 2005. We are first mailing this proxy statement on or about April 21, 2005.

Revoking Your Proxy: You may revoke your proxy before it is voted at the meeting. To revoke, follow the procedures listed on page 22 under Voting Procedures/ Revoking Your Proxy How You May Revoke Your Proxy.

PLEASE VOTE BY RETURNING YOUR PROXY YOUR VOTE IS IMPORTANT
Prompt return of your proxy will help reduce the costs of re-solicitation.

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**PROPOSAL ONE:
ELECTION OF DIRECTORS**

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

Under the terms of the stockholders agreement between Apollo, Mr. Speese and us, Apollo is now entitled to designate one person for nomination as a director. Apollo was previously entitled to designate three persons for nomination under that agreement. Mr. Berg has been designated by Apollo to serve as a Class II director, and Apollo previously designated Mr. Copses to serve as a Class I director, and Mr. Jhawar to serve as a Class III director.

Number of Directors to be Elected: Three directors are to be elected, each of whom is to be elected by all of our stockholders.

BOARD NOMINEES **Our Board, upon recommendation of the Nominating Committee, has nominated Mark E. Speese and Laurence M. Berg to be re-elected, and Richard K. Arme y to be elected, by all of the stockholders. We urge you to vote for Messrs. Speese, Arme y and Berg.**

Terms to Expire at the 2008 Annual Meeting: Mark E. Speese Mr. Speese has served as our Chairman of the Board and Chief Executive Officer since October 2001 and has served as one of our directors since 1990. Mr. Speese previously served as our Vice Chairman from September 1999 until December 2000. From 1990 until April 1999, Mr. Speese served as our President. Mr. Speese also served as our Chief Operating Officer from November 1994 until March 1999. Mr. Speese s term as a Class II director expires at this year s annual stockholders meeting. Mr. Speese is 47 years old.

Richard K. Arme y Mr. Arme y has served as one of our directors since his appointment by the Board of Directors to fill a vacancy in May 2004. Our Chief Executive Officer identified Mr. Arme y as a potential candidate for the Board of Directors and Mr. Arme y was recommended by the Nominating Committee. Mr. Arme y is Senior Policy Advisor at DLA Piper Rudnick Gray Cary, a position he has held since January 2003. Previously, Mr. Arme y served in the U.S. House of Representatives for 18 years, the last eight as Majority Leader. Mr. Arme y holds a Ph.D. from the University of Oklahoma, and taught economics at the university level, primarily at the University of North Texas, prior to entering political life. Mr. Arme y s term as a Class II director expires at this year s annual stockholders meeting. Mr. Arme y is 64 years old.

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Laurence M. Berg

Mr. Berg has served as one of our directors since August 1998. Mr. Berg is a Senior Partner of Apollo Management, L.P. and its investment affiliates, where he has worked since 1992. Prior to joining Apollo, Mr. Berg was a member of the Mergers and Acquisition Group at Drexel Burnham Lambert. Mr. Berg is also a director of Hayes Lemmerz International, Inc., a manufacturer of automobile wheels, and Educate, Inc., a national provider of tutoring and other supplemental education services. Mr. Berg's term as a Class II director expires at this year's annual stockholders meeting. Mr. Berg is 38 years old.

WE RECOMMEND THAT YOU VOTE FOR EACH OF THE BOARD NOMINEES

Table of Contents**CONTINUING DIRECTORS**

Terms to Expire at the 2006 Annual Meeting:	Andrew S. Jhawar	Mr. Jhawar has served as one of our directors since October 2001. Mr. Jhawar is a Partner of Apollo Management, L.P. and its investment affiliates, where he has worked since February 2000. Prior to joining Apollo, Mr. Jhawar was an investment banker at Donaldson, Lufkin, & Jenrette Securities from August 1999 until January 2000 and, from July 1993 until December 1997, at Jefferies & Company, Inc., primarily concentrating on the structuring and execution of high yield and equity financing transactions. From January 1998 until June 1999, Mr. Jhawar attended Harvard Business School where he received his MBA degree. Mr. Jhawar is also a director of General Nutrition Centers, Inc., a specialty retailer of nutritional supplements. Mr. Jhawar's term as a Class III director expires at our 2006 annual stockholders meeting. Mr. Jhawar is 33 years old.
	J.V. Lentell	Mr. Lentell has served as one of our directors since February 1995. 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. 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's term as a Class III director expires at our 2006 annual stockholders meeting. Mr. Lentell is 66 years old.
Terms to Expire at the 2007 Annual Meeting:	Mitchell E. Fadel	Mr. Fadel has served as our President since July 2000, as our Chief Operating Officer since December 2002 and as a director since December 2000. From November 1992 until July 2000, Mr. Fadel served as President and Chief Executive Officer of our subsidiary, ColorTyme, Inc. We acquired ColorTyme in May 1996. Mr. Fadel's term as a Class I director expires at our 2007 annual stockholders meeting. Mr. Fadel is 47 years old.
	Mary Elizabeth Burton	Ms. Burton has served as a director since May 2002. Since July 1992, Ms. Burton has also served as the Chairman and Chief Executive Officer of BB Capital, Inc., a retail advisory services firm, which she owns. From June 1998 until April 1999, Ms. Burton served as the Chief Executive Officer of The Cosmetic Center, Inc. During her twenty-five year career, Ms. Burton has also served as the Chief Executive Officer of Supercuts, Inc. and PIP Printing, Inc., as well as serving in various other senior

executive level capacities in the retail industry. Ms. Burton also currently serves on the Board of Directors of Zale Corporation, an operator of specialty retail jewelry stores, Staples, Inc., an operator of office supply stores, The Sports Authority, Inc., an operator of sporting goods and apparel stores, Aeropostale, Inc., an operator of casual apparel stores, and General Nutrition Centers, Inc., a specialty retailer of nutritional supplements. Ms. Burton's term as a Class I director expires at our 2007 annual stockholders meeting. Ms. Burton is 53 years old.

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Peter P. Copses	Mr. Copses has served as one of our directors since August 1998. Mr. Copses is a Senior Partner of Apollo Management, L.P. and its investment affiliates, where he has worked since 1990. Prior to joining Apollo, Mr. Copses was an investment banker at Drexel Burnham Lambert, and subsequently at Donaldson, Lufkin, & Jenrette Securities, primarily concentrating on the structuring, financing and negotiation of mergers and acquisitions. Mr. Copses is also a director of General Nutrition Centers, Inc., a specialty retailer of nutritional supplements. Mr. Copses term as a Class I director expires at our 2007 annual stockholders meeting. Mr. Copses is 46 years old.
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BOARD INFORMATION

Board Meetings: During 2004, our Board of Directors met ten times, including regularly scheduled and special meetings. Each director attended all meetings of the Board during his or her service as a director, except that Messrs. Fadel, Berg and Jhawar and Ms. Burton were each unable to attend one meeting after receiving or waiving proper notice. All of our directors attended more than 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of the Board committees on which they serve. The Board also took action by unanimous written consent four times during 2004.

Independent Directors: The Board has determined that the following directors are independent as defined under Nasdaq rules: Richard K. Arney, Laurence M. Berg, Mary Elizabeth Burton, Peter P. Copses, Andrew S. Jhawar, and J.V. Lentell.

Board Committees: The standing committees of the Board during 2004 include the Audit Committee, the Compensation Committee, the Finance Committee and the Nominating Committee. Each of the Audit, Compensation and Nominating Committees has the authority to retain independent advisors and consultants, with all fees and expenses to be paid by us.

Under our stockholders agreement, each committee of our Board must consist of three directors, one of whom must be a director designated for nomination by Apollo. Under our Certificate of Incorporation, so long as our Series C Preferred Stock is outstanding, one member of each of the Audit Committee, the Compensation Committee, the Finance Committee and the Executive Committee, if one is created, must be a director who was designated for nomination by Apollo.

The Audit Committee assists the Board in fulfilling its oversight responsibilities by reviewing (1) the financial reports and other financial information provided by us to any governmental body or the public, (2) our systems of controls regarding finance, accounting, legal compliance and ethics that management and the Board have established, (3) our independent auditor's qualifications and independence, (4) the performance of our internal audit function and our independent auditors, and (5) the efficacy and efficiency of our auditing, accounting and financial reporting processes generally. The Audit Committee

has the direct responsibility for the appointment, compensation, retention and oversight of our independent auditors, and reviews our internal audit department's reports, responsibilities, budget and staffing. The Audit Committee also pre-approves all audit and non-audit services provided by our independent auditors and oversees compliance with our Code of Ethics. A copy of the Audit Committee Charter is available on our website at www.rentacenter.com. The Audit Committee reviews, updates and assesses the adequacy of the Audit Committee Charter on an annual basis.

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The Board has determined that each of Messrs. Arme y and Copses and Ms. Burton is independent as defined by SEC and Nasdaq rules. In addition, the Board has determined that each of them is an audit committee financial expert as defined by SEC rules and meets the financial sophistication requirements of Nasdaq. The Audit Committee held twelve meetings in 2004. *Members: Mr. Copses, Chairman, Mr. Arme y and Ms. Burton.*

The Compensation Committee discharges the Board's responsibilities with respect to all forms of compensation of our Chief Executive Officer and other senior executives, administers our equity incentive plans, and produces the annual report on executive compensation set forth later in this proxy statement. The Compensation Committee held one regular meeting in 2004 and acted by unanimous written consent four times during 2004. All members of the Compensation Committee are non-employee directors and are independent under Nasdaq rules. The Board has adopted a charter for the Compensation Committee, which can be found at www.rentacenter.com. *Members: Mr. Lentell, Chairman, and Messrs. Arme y and Berg.*

The Finance Committee. Under our Certificate of Incorporation, the Finance Committee must approve the issuance of our debt and equity securities, except in limited circumstances. In certain cases, the approval of the Finance Committee must be unanimous. The Finance Committee met three times during 2004. *Members: Mr. Speese, Chairman, and Messrs. Copses and Lentell.*

The Nominating Committee. 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 (a) by or at the direction of our Board or (b) by any stockholder, provided they comply with the provisions of Article I, Section 9 of our Bylaws. The Board has delegated the screening and recruitment process for board members to the Nominating Committee. The Nominating 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 Committee may engage a consultant to conduct a search to identify qualified candidates. The Nominating Committee then undertakes the evaluation process described below for any candidates so identified.

The Nominating Committee believes that the minimum requirements for a person to be qualified to be a member of the Board of Directors are that a person must be committed to equal opportunity employment, and must not be a director, consultant, employee of or to any competitor of ours (i.e., a company in the rent-to-own business). The Nominating 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 experiences with businesses and other organizations of a comparable size and industry. The Nominating Committee evaluates whether certain individuals possess the foregoing qualities and recommends to the Board for nomination candidates to serve as our directors. This process is the same regardless of whether the nominee is recommended by one of our stockholders.

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The Nominating Committee will consider candidates for nomination proposed by stockholders, so long as the stockholder provides notice and information on the proposed nominee to the Nominating Committee through the Secretary in accordance with the provisions of Article I, Section 9 of our Bylaws relating to direct stockholder nominations. For the Nominating Committee to consider candidates recommended by stockholders, Section I, Article 9 of our Bylaws requires that the stockholder provide notice to our Secretary (a) not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders, or (b) with respect to an election to be held at a special meeting of stockholders for the election of directors, not later than the close of business on the tenth day following the day on which notice of the date of the special meeting was mailed to the stockholders. The notice to our Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, 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 (b) as to the stockholder giving the notice (i) the name and address, as they appear on our books, of such stockholder and (ii) the class and number of shares of our voting stock which are beneficially owned by such stockholder.

The Board has determined that each member of the Nominating Committee is independent as defined by Nasdaq listing standards. The Nominating Committee met once in 2004. The Board has adopted a written charter for the Nominating Committee, which is available on our website at www.rentacenter.com. *Members: Ms. Burton, Chairperson, and Messrs. Copses and Lentell.*

BOARD COMPENSATION

Retainer and Fees: In 2004, non-employee directors each received an annual retainer of \$30,000, payable in four equal installments on the first day of each fiscal quarter. Additionally, non-employee directors each received \$2,000 for each Board meeting and \$1,000 for each committee meeting attended in person and were reimbursed for their expenses in attending such meetings. Non-employee directors also each received \$500 for each telephonic Board or committee meeting attended. Messrs. Speese and Fadel did not receive any compensation for their services as a director during 2004.

Option Grants: Non-employee directors receive options to purchase 9,000 shares of our Common Stock on the first business day of the first full fiscal year of service as a director and options to purchase 5,000 shares of our Common Stock on the first business day of each year thereafter. The exercise price of the options is the fair market value of shares of our Common Stock on the grant date. These options vest and are exercisable immediately. Messrs. Speese and Fadel were not granted any options for their services as a director during 2004.

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CORPORATE GOVERNANCE

Board Code of Ethics: Our Board has adopted a Code of Business Conduct and Ethics applicable to all of the members of the Board. The Board Code of Ethics provides guidance to our directors to help them recognize and deal with ethical issues and provides a mechanism to report unethical conduct. The Board Code of Business Conduct and Ethics is available on our website at www.rentacenter.com.

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

By telephone:	By mail:	By e-mail:
1-800-275-2696	Rent-A-Center, Inc.	complianceofficer@rcenter.com
Ext. 1140	Attn: Compliance Officer	
	5700 Tennyson Parkway	
	Suite 100	
	Plano, Texas 75024	

All such communications submitted under this process will be compiled by our Compliance Officer and submitted to the Board or the requisite Board committee on a periodic basis. Complaints or concerns relating to our accounting, internal controls or auditing matters will be referred to the Audit Committee under the procedures adopted by the Audit Committee.

Procedures for Reporting Accounting Concerns: The Audit Committee has established procedures for (a) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, and (b) the submission by our employees, on a confidential and anonymous basis, of concerns regarding questionable accounting or auditing matters. These procedures are posted at www.rentacenter.com.

Policy of Director Attendance at the 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 attended the 2004 Annual Meeting of Stockholders, except Mr. Berg.

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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:

Name	Age	Position
Mark E. Speese	47	Chairman of the Board of Directors and Chief Executive Officer
Mitchell E. Fadel	47	President and Chief Operating Officer
Dana F. Goble	39	Executive Vice President Operations
Anthony M. Doll	36	Executive Vice President Operations
Robert D. Davis	33	Senior Vice President Finance, Chief Financial Officer and Treasurer
Christopher A. Korst	45	Senior Vice President General Counsel and Secretary
Robert F. Bloom	53	President and Chief Executive Officer of ColorTyme, Inc.

Mark E. Speese Mr. Speese has served as the Chairman of our Board and Chief Executive Officer since October 2001 and has served as one of our directors since 1990. Mr. Speese previously served as our Vice Chairman from September 1999 until December 2000. From 1990 until April 1999, Mr. Speese served as our President. Mr. Speese also served as our Chief Operating Officer from November 1994 until March 1999.

Mitchell E. Fadel Mr. Fadel has served as our President since July 2000, as our Chief Operating Officer since December 2002 and as a director since December 2000. From November 1992 until July 2000, Mr. Fadel served as President and Chief Executive Officer of ColorTyme. We acquired ColorTyme in May 1996.

Dana F. Goble Mr. Goble has served as Executive Vice President Operations since July 2001 and as an Executive Vice President since March 1999. From March 2000 until July 2001, Mr. Goble also served as our Chief Operating Officer and from December 1996 until March 1999, Mr. Goble served as one of our Senior Vice Presidents.

Anthony M. Doll Mr. Doll has served as Executive Vice President Operations since May 2003. From September 1998 to April 2003, Mr. Doll served as one of our Senior Vice Presidents. From September 1996 until September 1998, Mr. Doll served as one of our Regional Vice Presidents.

Robert D. Davis

Mr. Davis has served as our Senior Vice President Finance since September 1999, as our Chief Financial Officer since March 1999 and as our Treasurer since January 1997. From September 1998 until September 1999, Mr. Davis served as our Vice President Finance and Treasurer. Mr. Davis is a licensed certified public accountant in the State of Texas.

Christopher A. Korst

Mr. Korst has served as our Senior Vice President General Counsel since May 2001 and as Secretary since September 2004. From January 2000 until May 2001, Mr. Korst owned and operated AdvantEdge Quality Cars, which he acquired in a management buyout.

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Robert F. Bloom

Mr. Bloom joined ColorTyme in June 2004 and was appointed President and Chief Executive Officer of ColorTyme by the Board in September 2004. Mr. Bloom was employed by EZCORP, Inc., a leading operator of pawn shops, from June 2000 until May 2004, serving in various capacities, including as Senior Vice President of Operations since October 2003. From January 1999 to April 2000, Mr. Bloom served as Regional Vice President of Franchise Operations for the Family Steakhouse division of Metromedia Restaurant Group.

Code of Ethics: Our Board has adopted a Code of Business Conduct and Ethics governing all of our employees, including per SEC requirement 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 on our website at www.rentacenter.com. We intend to make all required disclosures concerning any amendments to, or waivers from, the Code of Business Conduct and Ethics on our website.

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COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Committee: The Compensation Committee reviews and approves the compensation levels for our senior executives, evaluates the performance of our senior executives, administers our equity incentive plans and considers any related matters for us.

Overall Philosophy and Objectives: We have developed a compensation program for our senior executives designed to meet the following goals:

- Reward performance that increases the value of your stock;
- Attract, retain and motivate senior executives with competitive compensation opportunities;
- Build and encourage ownership of our shares;
- Balance short-term and long-term strategic goals; and
- Address the concerns of our stockholders, employees, the financial community and the general public.

To meet these objectives, we review competitive compensation data and adjust the base salary and annual and long-term incentive programs as discussed below.

Senior Executive Compensation: *Overview.* In determining compensation levels, the Compensation Committee considers salary and bonus levels which will attract and retain qualified senior executives when combined with the other components of our compensation programs, including long term stock based equity grants. Our compensation policy incorporates specific annual performance criteria, both on an individual basis as well as for the company as a whole, which we believe contributes to long-term shareholder value. Stock price performance has not been an important consideration in determining annual compensation because the price of our common stock is subject to a variety of factors outside our control. The Compensation Committee considers numerous factors, including our financial performance, the individual contribution of each senior executive, compensation practices of comparable companies and general economic factors. The Compensation Committee, in certain cases, offers senior executives equity compensation in addition to salary in keeping with our overall compensation philosophy, which attempts to place equity in the hands of our senior executives in an effort to further instill stockholder considerations and values in the actions of our senior executives. The available forms of senior executive compensation include base salary, cash bonus awards and incentive stock options, restricted stock awards and stock appreciation rights.

Salaries. Senior executives' salaries are determined by evaluating our financial performance, the most recent comparative peer data, as well as the senior executive's role and responsibilities. Individual salaries are reviewed annually and salary increases are based on the senior executive's performance and compensation of similarly situated individuals at comparable companies. The Compensation Committee utilizes statistical compensation studies of

comparable companies in similar industry, size, and region to determine base salaries for our senior executives. Base salaries are targeted at the median of the market.

Cash Bonus. The Compensation Committee has approved a cash bonus program for the 2005 fiscal year in which our senior executives, other than Mark E. Speese, our Chief Executive Officer, are eligible to participate. Bonuses are capped at a certain percentage of the eligible participant's base salary, with the percentage depending on the individual's position with us. Of the maximum cash bonus amount an eligible participant may earn, 40% is contingent on the achievement by us of a target amount of after tax profit, and the remaining 60% is subject to the achievement of individual goals and objectives, which are set at the beginning of the fiscal year. The Compensation Committee, in its sole discretion, may recommend to the Board a bonus to be paid to our Chief Executive Officer for the 2005 fiscal year.

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Long Term Incentives. In addition to base salary and cash bonus awards, the Compensation Committee from time to time may consider long-term stock incentives, such as stock option awards to senior executives. Grants of stock options to senior executives are discretionary and determined by the Compensation Committee using its business judgment. The Compensation Committee believes that grants of stock option awards provide incentive for the creation of shareholder value since the full benefit of the grant to each senior executive can only be realized with an appreciation in the price of our common stock. Stock options granted to our senior executives have been granted only pursuant to our Long-Term Incentive Plan. No stock options were granted to senior executives in 2004.

Chief Executive Officer Compensation. In determining the base salary for Mr. Speese for the 2005 fiscal year, the Compensation Committee considered our performance in 2004, and the level of compensation paid to the highest paid executive at comparable publicly owned companies. Based on these factors, the Compensation Committee established Mr. Speese's 2005 base salary effective January 1, 2005, at \$685,000, which is a 5.4% increase from his 2004 salary level. This placed Mr. Speese's compensation below the median of base salaries paid by comparable publicly owned companies.

The Compensation Committee determined that some bonus payment should be made to Mr. Speese for his 2004 performance, although the bonus payment should be less than the cash bonus amounts paid to Mr. Speese in prior years. Factors considered by the Compensation Committee in determining Mr. Speese's cash bonus amount for 2004 were our financial performance in 2004, accomplishment of executive management leadership objectives by Mr. Speese, Mr. Speese's industry experience and past performance, total cash compensation necessary to retain top executive talent, and other subjective factors. On this basis, the Compensation Committee awarded Mr. Speese a bonus of \$142,500 for services rendered in 2004.

Review of all Components of Executive Compensation. The Compensation Committee has reviewed all components of our Chief Executive Officer's and our other senior executives' compensation, including salary, bonus, equity and long-term incentive compensation, accumulated realized and unrealized stock option gains, and the dollar value to the senior executive and cost to us of all perquisites and other personal benefits.

The Compensation Committee's Conclusion. Based on this review, the Compensation Committee found our Chief Executive Officer's and our senior executives' total compensation, individually and in the aggregate, to be reasonable and not excessive. The Compensation Committee specifically considered that we do not maintain any employment contracts or change of control agreements with such individuals. In addition, when the Compensation Committee considers any component of our Chief Executive

Officers and our other senior executives' total compensation, the aggregate amounts and mix of all the components, including stock holdings and accumulated realized and unrealized stock option gains, are taken into consideration in the Compensation Committee's decisions.

Internal Pay Equity. The Compensation Committee reviews each component of senior executive compensation, as well as total senior executive compensation, for internal consistency relative to other officers and employees at our corporate office. The Compensation Committee believes that the relative difference between senior executive compensation and the compensation of our other officers and employees at our corporate office is consistent with such differences found in our peer group and our reference labor market.

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Section 162(m). Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid for any fiscal year to the chief executive officer and four other most highly compensated executive officers. Any awards pursuant to our Long-Term Incentive Plan qualify as deductible performance-based compensation under Section 162(m), so that any compensation realized from the exercise of stock options would not be affected by Section 162(m). Compensation paid this fiscal year which is subject to the Section 162(m) cap is not expected to exceed \$1 million for any senior executive. Therefore, the Compensation Committee believes that we will not be subject to any Section 162(m) limitations on the deductibility of compensation paid to our senior executives for the 2005 fiscal year. The Compensation Committee may in the future award compensation which would not comply with the Section 162(m) requirements for deductibility if the Compensation Committee concluded that to be in our best interest.

COMPENSATION COMMITTEE
J. V. Lentell, Chairman
Richard K. Armev
Laurence M. Berg

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PERFORMANCE GRAPH⁽¹⁾

Comparison of Cumulative Total Return Among
Rent-A-Center, NASDAQ Stock Market Market Index and Rent-A-Center's Peer Group⁽²⁾

	2000	2000	2001	2002	2003	2004
RENT-A-CENTER	100.00	174.13	169.44	252.11	378.55	334.38
PEER GROUP INDEX	100.00	45.77	55.64	60.70	95.27	150.74
NASDAQ MARKET INDEX	100.00	62.85	50.10	34.95	52.55	56.97

⁽¹⁾ Assumes \$100 invested on January 1, 2000 and dividends reinvested, if any. Historical performance does not necessarily predict future results.

⁽²⁾ Our peer group for the 2004 fiscal year consisted of Aaron Rents, Inc., Rent-Way, Inc. and Bestway, Inc. Bestway was delisted by NASDAQ on December 21, 2004.

Table of Contents**EXECUTIVE COMPENSATION AND OTHER INFORMATION**

Summary of Compensation: The following table summarizes the compensation we paid our Chairman and Chief Executive Officer and each of the four other most highly compensated executive officers at the end of 2004, based on compensation earned by them in 2004.

Name & Principal Position		Annual Compensation ⁽¹⁾		Long-Term Compensation	All Other Compensation
		Salary	Bonus	Securities Underlying Options(#)	
Mark E. Speese Chairman of the Board & Chief Executive Officer	2004	\$ 650,000	\$ 142,500		\$ 1,428 ⁽²⁾
	2003	\$ 600,000	\$ 220,000		
	2002	\$ 550,000			
Mitchell E. Fadel President & Chief Operating Officer	2004	\$ 475,000	\$ 85,500		\$ 654 ⁽²⁾
	2003	\$ 450,000	\$ 120,000		
	2002	\$ 400,000	\$ 110,000		
Dana F. Goble Executive Vice President Operations	2004	\$ 278,700	\$ 47,750		
	2003	\$ 265,000	\$ 80,000		
	2002	\$ 250,000	\$ 92,000		
Robert D. Davis Senior Vice President Finance, Treasurer & Chief Financial Officer	2004	\$ 265,000	\$ 47,700		\$ 11,780 ⁽³⁾
	2003	\$ 180,000	\$ 54,000		
	2002	\$ 180,000	\$ 53,100		
Christopher A. Korst Senior Vice President General Counsel & Secretary	2004	\$ 251,760	\$ 34,000		
	2003	\$ 240,000	\$ 46,800		
	2002	\$ 240,000	\$ 38,100		
Anthony M. Doll Executive Vice President Operations	2004	\$ 240,000	\$ 49,000		
	2003	\$ 205,962	\$ 80,000	25,000 ⁽⁴⁾	
	2002	\$ 160,000	\$ 100,000		

⁽¹⁾ Other than Mr. Davis, the named executive officers did not receive any annual compensation not properly categorized as salary or bonus, except for certain perquisites or other benefits the

aggregate cost of which did not exceed the lesser of \$50,000 or 10% of the total of annual salary and bonus for each such officer.

- (2) Represents deemed compensation as a result of non-business use of our corporate aircraft.
- (3) Represents tuition paid by us for an Executive Masters of Business Administration (EMBA) program attended by Mr. Davis.
- (4) In July 2003, Mr. Doll was granted 25,000 options to purchase our Common Stock on a one-for-one basis pursuant to our Long-Term Incentive Plan. The options vest over four years and expire ten years from the date of grant.

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Use of Corporate Aircraft: We own and operate a corporate jet for use by management for business purposes. From time to time, the corporate aircraft is available for non-business use to our Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer and Executive Vice Presidents. Use of the corporate aircraft by these executives for reasonable non-business use is subject to availability and must be pre-approved by the Chairman of the Audit Committee. Upon approval by the Chairman of the Audit Committee, the requesting executive must pay to us, in advance, 110% of the estimated total cost of the requested use of the corporate aircraft. If the actual cost for the non-business use of the corporate aircraft exceeds the advance deposit made by the requesting executive, the additional amount is deemed compensation to the requesting executive and reflected on his W-2 earnings statement for the year. During 2004, Messrs. Speese and Fadel each received compensation in the amount of \$1,428 and \$654, respectively, as a result of non-business use of the corporate aircraft.

2004 Option Holdings: The following table contains the number of shares received and the dollar value realized upon the exercise of options by our named executive officers during 2004, as well as values for in the money options, meaning a positive spread between the year-end share price of \$26.50 and the exercise price for the options held by our named executive officers. These values have not been, and might never be, realized. The options might never be exercised, and the value, if any, will depend on the share price on the exercise date.

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR END OPTION VALUES**

Name	Shares		Number of		Value of Unexercised	
	Acquired	Value	Unexercised Options	at Fiscal Year End	In-the-Money Options	At Fiscal Year End
	on	Realized	Exercisable(E)/	Unexercisable(U)	Exercisable(E)/	Unexercisable(U) ⁽¹⁾
Mark E. Speese		N/A	335,000(E)	187,500(U)	\$ 5,334,563(E)	\$ 3,019,500(U)
Mitchell E. Fadel		N/A	312,500(E)			