

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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016
or

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

For the transition period from _____ to _____
Commission File Number: 0-25370

Rent-A-Center, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

45-0491516
(I.R.S. Employer
Identification No.)

**5501 Headquarters Drive
Plano, Texas 75024**
(Address, including zip code of registrant's
principal executive offices)

Registrant's telephone number, including area code: 972-801-1100

Indicate by check mark 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. YES NO

Indicate by check mark 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark 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.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 25, 2016:

Class	Outstanding
Common stock, \$.01 par value per share	53,091,850

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Item 1. Consolidated Financial Statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended March 31,	
	2016	2015
	Unaudited	
(In thousands, except per share data)		
Revenues		
Store		
Rentals and fees	\$ 674,295	\$ 711,450
Merchandise sales	131,707	136,280
Installment sales	18,420	18,253
Other	4,088	5,431
Total store revenues	828,510	871,414
Franchise		
Merchandise sales	4,947	4,387
Royalty income and fees	2,195	1,838
Total revenues	835,652	877,639
Cost of revenues		
Store		
Cost of rentals and fees	176,241	185,118
Cost of merchandise sold	113,886	117,722
Cost of installment sales	6,025	6,157
Total cost of store revenues	296,152	308,997
Franchise cost of merchandise sold	4,556	4,049
Total cost of revenues	300,708	313,046
Gross profit	534,944	564,593
Operating expenses		
Store expenses		
Labor	209,387	220,974
Other store expenses	211,807	224,175
General and administrative expenses	43,061	42,691
Depreciation, amortization and write-down of intangibles	19,824	19,764
Other charges	2,435	391
	486,514	507,995
Operating profit	48,430	56,598
Interest expense	11,977	12,578
Interest income	(97)	(190)
Earnings before income taxes	36,550	44,210
Income tax expense	11,489	16,912
NET EARNINGS	\$ 25,061	\$ 27,298
Basic earnings per common share	\$ 0.47	\$ 0.51
Diluted earnings per common share	\$ 0.47	\$ 0.51
Cash dividends declared per common share	\$ 0.08	\$ 0.24

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Three Months Ended March 31,	
	2016	2015
	Unaudited	
Net earnings	\$ 25,061	\$ 27,298
Other comprehensive income (loss):		
Foreign currency translation adjustments	2,450	(777)
Total other comprehensive income (loss)	2,450	(777)
COMPREHENSIVE INCOME	\$ 27,511	\$ 26,521

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and par value data)	March 31, 2016	December 31, 2015
	Unaudited	Revised
ASSETS		
Cash and cash equivalents	\$ 46,362	\$ 60,363
Receivables, net of allowance for doubtful accounts of \$3,388 and \$3,614 in 2016 and 2015, respectively	67,926	69,320
Prepaid expenses and other assets	62,147	158,807
Rental merchandise, net		
On rent	822,821	907,625
Held for rent	251,329	228,847
Merchandise held for installment sale	5,014	4,668
Property assets, net of accumulated depreciation of \$498,683 and \$482,448 in 2016 and 2015, respectively	325,563	330,939
Goodwill	207,130	206,122
Other intangible assets, net	7,129	7,777
	<u>\$ 1,795,421</u>	<u>\$ 1,974,468</u>
LIABILITIES		
Accounts payable – trade	\$ 93,327	\$ 96,355
Accrued liabilities	352,426	332,553
Deferred income taxes	109,445	119,245
Senior debt, net	207,971	419,648
Senior notes, net	536,509	536,185
	<u>1,299,678</u>	<u>1,503,986</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value; 250,000,000 shares authorized; 109,461,602 and 109,441,911 shares issued in 2016 and 2015, respectively	1,095	1,094
Additional paid-in capital	820,346	818,339
Retained earnings	1,030,573	1,009,770
Treasury stock at cost, 56,369,752 shares in 2016 and 2015	(1,347,677)	(1,347,677)
Accumulated other comprehensive loss	(8,594)	(11,044)
	<u>495,743</u>	<u>470,482</u>
	<u>\$ 1,795,421</u>	<u>\$ 1,974,468</u>

See accompanying notes to consolidated financial statements.

RENT-A-CENTER, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Three Months Ended March 31,	
	2016	2015
	Unaudited	
Cash flows from operating activities		
Net earnings	\$ 25,061	\$ 27,298
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of rental merchandise	174,074	179,668
Bad debt expense	3,634	3,712
Stock-based compensation expense	2,352	2,163
Depreciation of property assets	19,110	18,849
Loss on sale or disposal of property assets	386	232
Amortization of intangibles	518	886
Amortization of financing fees	779	770
Deferred income taxes	(9,801)	(36,471)
Excess tax benefit related to stock awards	—	(31)
Changes in operating assets and liabilities, net of effects of acquisitions		
Rental merchandise	(112,204)	(156,158)
Receivables	(2,240)	(159)
Prepaid expenses and other assets	96,958	127,249
Accounts payable – trade	(3,028)	4,057
Accrued liabilities	30,915	55,973
Net cash provided by operating activities	226,514	228,038
Cash flows from investing activities		
Purchase of property assets	(14,440)	(14,245)
Proceeds from sale of stores	1,104	648
Acquisitions of businesses	(2,641)	(10,659)
Net cash used in investing activities	(15,977)	(24,256)
Cash flows from financing activities		
Exercise of stock options	—	522
Excess tax benefit related to stock awards	—	31
Proceeds from debt	7,410	158,250
Repayments of debt	(219,543)	(302,312)
Dividends paid	(12,773)	(12,742)
Net cash used in financing activities	(224,906)	(156,251)
Effect of exchange rate changes on cash	368	(542)
Net increase (decrease) in cash and cash equivalents	(14,001)	46,989
Cash and cash equivalents at beginning of period	60,363	46,126
Cash and cash equivalents at end of period	\$ 46,362	\$ 93,115

See accompanying notes to consolidated financial statements.

1. Basis of Presentation.

The interim consolidated financial statements of Rent-A-Center, Inc. included herein have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to the SEC's rules and regulations, although we believe the disclosures are adequate to make the information presented not misleading. We suggest these financial statements be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2015. In our opinion, the accompanying unaudited interim financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary to present fairly our results of operations and cash flows for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

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. We also offer merchandise on an installment sales basis in certain of our stores under the names "Get It Now" and "Home Choice."

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. Those kiosks can be staffed by an Acceptance Now employee (staffed locations) or employ a virtual solution where customers initiate the rent-to-own transaction online in the retailers' locations using our tablet computer and our virtual solution (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. Our stores in Mexico operate under the name "RAC - La mejor forma de comprar," which translates as RAC - A better way to buy.

Rent-A-Center Franchising International, Inc., an indirect, wholly owned subsidiary of Rent-A-Center, is a franchisor of rent-to-own stores. 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.

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 2 and 3 to the consolidated financial statements. This resulted in a reduction in prepaid expenses and other assets of \$11.7 million and \$12.5 million at March 31, 2016 and December 31, 2015, respectively, a reduction in senior debt of \$5.5 million and \$6.0 million, respectively, and a reduction in senior notes of \$6.2 million and \$6.5 million, respectively. There was no impact to our results of operations or cash flows.

In May 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. The adoption of ASU 2016-08 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 retrospective application with the cumulative effect recognized as of the date of initial application. We are currently in the process of determining what impact the adoption

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of these ASUs will have on our financial position, results of operations and cash flows, and we are evaluating the adoption date and transition alternatives.

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 the 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.

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.

2. 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"). The Term Loans are scheduled to mature on March 19, 2021, and the Revolving Facility has a scheduled maturity of March 19, 2019.

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. We are also required to pay down the Term Loans each year by an amount equal to 50% of annual excess cash flow, as defined in the Credit Agreement. This percentage requirement decreases to 25% if the Consolidated Total Leverage Ratio (as defined in the Credit Agreement) is between 3.0:1 and 2.5:1, and to 0% if the Consolidated Total Leverage Ratio is less than 2.5:1. 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. 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 amounts outstanding under the Term Loans and Revolving Facility at March 31, 2016, were \$193.5 million and \$20.0 million, respectively, reduced by unamortized issuance costs of \$0.3 million and \$5.2 million, respectively. The amounts outstanding under the Term Loan and Revolving Facility at December 31, 2015, were \$221.1 million and \$190.0 million, respectively, reduced by unamortized issuance costs of \$0.3 million and \$5.7 million, respectively.

The full amount of the Revolving Facility may be used for the issuance of letters of credit, of which \$94.7 million had been so utilized as of March 31, 2016, and at which date \$560.3 million was available.

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

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

borrowings under the Revolving Facility, which were 2.50% and 1.50%, respectively, at March 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 March 31, 2016, is equal to 0.50% 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 2.5:1 (subject to an exception for cash dividends in an amount not to exceed \$20.0 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 1.75:1. The table below shows the required and actual ratios under the Credit Agreement calculated as of March 31, 2016:

	Required Ratio		Actual Ratio
Consolidated total leverage ratio	No greater than	4.25:1	2.52:1
Consolidated senior secured leverage ratio	No greater than	2.75:1	0.66:1
Consolidated fixed charge coverage ratio	No less than	1.75:1	1.86:1

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 March 31, 2016 (\$734.9 million) by consolidated EBITDA for the 12-month period ending March 31, 2016 (\$292.1 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 March 31, 2016 (\$192.1 million) by consolidated EBITDA for the 12-month period ending March 31, 2016 (\$292.1 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.

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

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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 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.

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 March 31, 2016 (\$528.0 million), by consolidated fixed charges for the 12-month period ending March 31, 2016 (\$284.1 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 outstanding balance of this line of credit was \$0.0 and \$14.6 million at March 31, 2016, and December 31, 2015, respectively. The line of credit generally renews on August 21 of each year. Borrowings under this line of credit bear interest at the greater of a variable rate or 2.0%.

The table below shows the scheduled maturity dates of our outstanding debt at March 31, 2016:

<u>Year Ending December 31,</u>	<u>INTRUST Line of</u>			<u>Total</u>
	<u>Term Loan</u>	<u>Revolving Facility</u>	<u>Credit</u>	
	(In thousands)			
2016	\$ 1,687	\$ —	\$ —	\$ 1,687
2017	2,250	—	—	2,250
2018	2,250	—	—	2,250
2019	2,250	20,000	—	22,250
2020	2,250	—	—	2,250
Thereafter	182,813	—	—	182,813
	<u>\$ 193,500</u>	<u>\$ 20,000</u>	<u>\$ —</u>	<u>\$ 213,500</u>

3. Subsidiary Guarantors – Senior Notes.

Senior Notes Due 2020. 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 March 31, 2016, and December 31, 2015, were \$292.7 million and \$292.7 million, respectively, reduced by \$3.0 million and \$3.1 million of unamortized issuance costs, respectively.

Senior Notes Due 2021. On May 2, 2013, we issued \$250.0 million in senior unsecured notes due May 2021, bearing interest at 4.750%, 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 4.750% notes outstanding as of March 31, 2016, and December 31, 2015, was \$250.0 million, reduced by \$3.3 million and \$3.4 million of unamortized issuance costs, respectively.

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The indentures governing the 6.625% notes and the 4.750% 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 2.5:1 (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 4.750% 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 4.750% 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 4.750% 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 4.750% 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.

4. 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 March 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 March 31, 2016, and December 31, 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 March 31, 2016, and December 31, 2015, (in thousands):

	March 31, 2016			December 31, 2015		
	Carrying Value	Fair Value	Difference	Carrying Value	Fair Value	Difference
6.625% senior notes	\$ 292,740	\$ 254,684	\$ (38,056)	\$ 292,740	\$ 248,097	\$ (44,643)
4.75% senior notes	250,000	188,750	(61,250)	250,000	183,125	(66,875)
Total	\$ 542,740	\$ 443,434	\$ (99,306)	\$ 542,740	\$ 431,222	\$ (111,518)

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

5. Other Charges - Operating Expenses.

Mexico Store Consolidation Plan. During the first quarter of 2016, we closed 14 stores in Mexico, resulting in pre-tax restructuring charges of \$2.4 million in the Mexico segment for disposal of rental merchandise, fixed assets and leasehold improvements and other charges to decommission the stores.

During the first quarter of 2015, we closed 8 stores in Mexico, resulting in pre-tax restructuring charges of \$0.3 million in the Mexico segment, for disposal of fixed assets and leasehold improvements and other charges to decommission the stores.

6. 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 offers smartphones.

Segment information for the three months ended March 31, 2016 and 2015 is as follows (in thousands):

	Three Months Ended March 31,	
	2016	2015
Revenues		
Core U.S.	\$ 584,365	\$ 629,203
Acceptance Now	230,396	224,277
Mexico	13,749	17,934
Franchising	7,142	6,225
Total revenues	<u>\$ 835,652</u>	<u>\$ 877,639</u>
	Three Months Ended March 31,	
	2016	2015
Gross profit		
Core U.S.	\$ 411,889	\$ 441,140
Acceptance Now	111,142	109,164
Mexico	9,327	12,113
Franchising	2,586	2,176
Total gross profit	<u>\$ 534,944</u>	<u>\$ 564,593</u>
	Three Months Ended March 31,	
	2016	2015
Operating profit		
Core U.S.	\$ 62,236	\$ 67,573
Acceptance Now	29,369	34,532
Mexico	(2,610)	(3,454)
Franchising	1,413	1,216
Total segment operating profit	90,408	99,867
Corporate	(41,978)	(43,269)
Total operating profit	<u>\$ 48,430</u>	<u>\$ 56,598</u>

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

	Three Months Ended March 31,	
	2016	2015
Depreciation, amortization and write-down of intangibles		
Core U.S.	\$ 10,892	\$ 12,675
Acceptance Now	837	753
Mexico	939	1,474
Franchising	45	49
Total segments	12,713	14,951
Corporate	7,111	4,813
Total depreciation, amortization and write-down of intangibles	<u>\$ 19,824</u>	<u>\$ 19,764</u>

	Three Months Ended March 31,	
	2016	2015
Capital expenditures		
Core U.S.	\$ 3,771	\$ 814
Acceptance Now	292	283
Mexico	147	108
Total segments	4,210	1,205
Corporate	10,230	13,040
Total capital expenditures	<u>\$ 14,440</u>	<u>\$ 14,245</u>

Segment information - Selected balance sheet data (in thousands):

	March 31, 2016	December 31, 2015
On rent rental merchandise, net		
Core U.S.	\$ 481,434	\$ 540,004
Acceptance Now	325,476	350,046
Mexico	15,911	17,575
Total on rent rental merchandise, net	<u>\$ 822,821</u>	<u>\$ 907,625</u>

	March 31, 2016	December 31, 2015
Held for rent rental merchandise, net		
Core U.S.	\$ 239,272	\$ 215,327
Acceptance Now	5,827	5,000
Mexico	6,230	8,520
Total held for rent rental merchandise, net	<u>\$ 251,329</u>	<u>\$ 228,847</u>

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

	March 31, 2016	December 31, 2015
Assets by segment		Revised
Core U.S.	\$ 1,111,298	\$ 1,240,593
Acceptance Now	402,168	426,827
Mexico	34,005	38,898
Franchising	3,197	2,723
Total segments	1,550,668	1,709,041
Corporate	244,753	265,427
Total assets	\$ 1,795,421	\$ 1,974,468

7. Stock-Based Compensation.

We recognized \$2.4 million and \$2.2 million in pre-tax compensation expense related to stock options and restricted stock units during the three-month periods ended March 31, 2016 and 2015, respectively. During the three months ended March 31, 2016, we granted approximately 712,000 stock options, 622,000 performance-based restricted stock units and 424,000 time-vesting restricted stock units. The stock options granted were valued using a Black-Scholes pricing model with the following assumptions: an expected volatility of 35.88% to 40.52%, a risk-free interest rate of 1.14% to 1.85%, an expected dividend yield of 3.1% to 6.4% and an expected life of 3.50 to 5.75 years. The weighted-average exercise price of the options granted during the three months ended March 31, 2016, was \$10.94 and the weighted-average grant-date fair value was \$2.65. Performance-based restricted stock units are valued using a Monte Carlo simulation. Time-vesting restricted stock units are valued using the closing price on the trading day immediately preceding the day of the grant. The weighted-average grant date fair value of the restricted stock units granted during the three months ended March 31, 2016, was \$9.14.

8. Contingencies.

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.

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 \$9.0 million was outstanding as of March 31, 2016.

RENT-A-CENTER, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

9. *Earnings Per Common Share.*

Basic and diluted earnings per common share were calculated as follows (in thousands, except per share data):

	Three Months Ended March 31,	
	2016	2015
Numerator:		
Net earnings	\$ 25,061	\$ 27,298
Denominator:		
Weighted-average shares outstanding	53,085	53,033
Effect of dilutive stock awards	257	344
Weighted-average dilutive shares	53,342	53,377
Basic earnings per share	\$ 0.47	\$ 0.51
Diluted earnings per share	\$ 0.47	\$ 0.51

For the three-month periods ended March 31, 2016 and 2015, the number of anti-dilutive stock awards that were outstanding but not included in the computation of diluted earnings per common share was 3,791,737 and 2,042,717, respectively.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. 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 “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 Quarterly Report on Form 10-Q 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;
- failure to manage our store labor (including overtime pay) and other store expenses;
- our ability to identify, develop and successfully execute strategic initiatives;
- our ability to successfully implement our new store information management system and a new finance/HR enterprise system;
- our ability to successfully market smartphones and related services to our customers;
- our ability to develop and successfully implement virtual or e-commerce capabilities;
- failure to achieve the anticipated profitability enhancements from the changes to the 90 day option pricing program and the development of dedicated commercial sales 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 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.

Additional important factors that could cause our actual results to differ materially from our expectations are discussed under the section “*Risk Factors*” in our Annual Report on Form 10-K for the year ended December 31, 2015, and elsewhere in this Quarterly Report on Form 10-Q. You should not unduly rely on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events.

Our Business

We are a rent-to-own industry leader, 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, tablets, smartphones, furniture and accessories, under flexible rental purchase agreements with no long-term obligation. We were incorporated in Delaware in 1986.

Our Growth Strategy

We are in the midst of 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 is 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.

Flexible Labor Model. Historically, we utilized a fixed labor model in our Core U.S. rent-to-own stores, generally using five employees who perform all tasks including sales, customer verification, collections, merchandise receiving and delivery and setup. Because our stores are open for business six days per week, this fixed labor model included regularly scheduled overtime, and did not allow us to scale our costs to match the revenue cycles. In 2015, we rolled out a flexible labor model utilizing part-time delivery specialists so that in-store personnel can provide better customer service during peak operating hours, gain cost savings during off-peak hours and improve efficiency during seasonal fluctuations in the business. We have introduced the flexible labor model primarily as attrition requires personnel changes, and most of our Core U.S. stores are in a state of transition to full deployment, which has had a positive impact on our Core U.S. store labor expense.

Pricing and Promotions. We need to price our products to remain competitive in the market, maintain a customer-centric focus and drive traffic while maintaining a focus on profitable growth. We implemented new pricing strategies in our Core U.S. stores in 2015 to meet these challenges. We focused on areas of immediate impact, while building a foundation for improvement, and have incorporated more structured and data-driven decision making to improve our Core U.S. marketing promotions, sales events and brand alignment. In 2016, we made a deliberate decision to be more disciplined, selective and strategic with our pricing and promotional strategies, which has impacted our same store sales growth but benefited gross margins.

Sourcing and Distribution. From the Company's inception to 2015, the stores in our Core U.S. segment relied on rental merchandise shipped from the manufacturer or distributor directly to the store and did not utilize centralized warehousing and distribution. This operating model allowed us to expand our store base rapidly with lower costs to enter new markets, but also limited our product options, reduced our ability to leverage our expenses, created longer lead times and embedded additional costs. Now that the store base has matured and we have achieved substantial market penetration, in 2015, we created new direct supplier partnerships, implemented a new system to manage distribution operations, implemented a network of distribution centers through a third-party logistics partnership and automated replenishment processes from distribution centers to stores. The use of distribution centers allows us to take greater advantage of discounted bulk purchasing and expand the number of potential manufacturers and suppliers, which allows us to offer our customers a wider selection of products while generating greater margins, better flexibility and improved store service levels. In 2016, these efforts have resulted in cost-per-unit savings of approximately 5-9% and a more efficient supply chain.

Virtual Acceptance Now. In 2014, we developed a virtual solution that decreased the time to process rental purchase agreements, streamlined the sales process and enhanced the customer's experience. This virtual solution was implemented in all of our manned Acceptance Now locations as of March 31, 2016. This platform is also being used in unmanned Acceptance Now Direct locations, or virtual kiosks, where the retailer does not have enough credit-constrained customers to justify creating a manned location.

E-Commerce. Like many industries, the rent-to-own industry is being transformed by the Internet and virtual marketplace. To meet these evolving demands, we plan to introduce e-commerce capabilities to our Core U.S. segment in 2016. We believe offering the rental purchase transaction online will allow us to access new customers who might not otherwise consider rent-to-own, as well as enable our existing customers to interact with Rent-A-Center more easily and conveniently. By pairing e-commerce together with our traditional brick-and mortar stores, we believe we will offer our customers an even more compelling value proposition.

Technology Investments. Included in our multi-year transformation program are significant investments in new technologies that have enabled or will enable the strategic programs described above, as well as other initiatives, to improve operations and support business growth. In 2015, we developed and implemented applications and systems to support our new distribution network, such as a warehouse management system and enhancements to our automated replenishment system. We developed a virtual solution for the Acceptance Now transaction. We implemented our Enterprise corporate management system which integrates key corporate back-office systems, such as our financial reporting and inventory management systems, as well as collects and consolidates critical business data from all store operations.

In 2016, we are in the process of implementing our new store information management system and processes that extend and improve capabilities for store sales and operations in the stores in our Core U.S. segment. We are developing and implementing e-commerce capabilities in our Core U.S. segment. We are working on an integrated financial and human resources enterprise system which will be implemented in the first quarter of 2017.

Results of Operations

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

Overview

During the three months ended March 31, 2016, we continued our transformational efforts focused on driving profitable sales. While our same store revenues in the Core U.S. segment decreased 3.8%, our gross profit margins increased to 70.5% as compared to 70.1% in the comparable 2015 period.

The Acceptance Now segment had flat same store revenue for the three months ended March 31, 2016, but had an increase in revenue of \$6.1 million from stores open less than 12 months.

Revenues in our Core U.S. segment decreased approximately \$44.8 million due to the continued rationalization of our Core U.S. store base and a 3.8% decrease in our same store revenues. Our gross margins increased due to our pricing and supply chain initiatives. Our store optimization and flexible labor initiatives have improved operating margins.

We closed 14 of our Mexico stores to focus on the northern region and border markets. We were very close to breakeven in this segment for the three months ended March 31, 2016.

Cash flow from operations was \$226.5 million for the three months ended March 31, 2016. We used our free cash flow to pay down debt by \$212.1 million, ending the period with \$46.4 million of cash and cash equivalents and a leverage ratio of 2.52x.

RENT-A-CENTER, INC. AND SUBSIDIARIES

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

(Dollar amounts in thousands)	Three Months Ended		Change	
	March 31,		\$	%
	2016	2015		
Revenues				
Store				
Rentals and fees	\$ 674,295	\$ 711,450	\$ (37,155)	(5.2)%
Merchandise sales	131,707	136,280	(4,573)	(3.4)%
Installment sales	18,420	18,253	167	0.9 %
Other	4,088	5,431	(1,343)	(24.7)%
Total store revenue	828,510	871,414	(42,904)	(4.9)%
Franchise				
Merchandise sales	4,947	4,387	560	12.8 %
Royalty income and fees	2,195	1,838	357	19.4 %
Total revenues	835,652	877,639	(41,987)	(4.8)%
Cost of revenues				
Store				
Cost of rentals and fees	176,241	185,118	(8,877)	(4.8)%
Cost of merchandise sold	113,886	117,722	(3,836)	(3.3)%
Cost of installment sales	6,025	6,157	(132)	(2.1)%
Total cost of store revenues	296,152	308,997	(12,845)	(4.2)%
Franchise cost of merchandise sold	4,556	4,049	507	12.5 %
Total cost of revenues	300,708	313,046	(12,338)	(3.9)%
Gross profit	534,944	564,593	(29,649)	(5.3)%
Operating expenses				
Store expenses				
Labor	209,387	220,974	(11,587)	(5.2)%
Other store expenses	211,807	224,175	(12,368)	(5.5)%
General and administrative	43,061	42,691	370	0.9 %
Depreciation, amortization and write-down of intangibles	19,824	19,764	60	0.3 %
Other charges	2,435	391	2,044	522.8
Total operating expenses	486,514	507,995	(21,481)	(4.2)%
Operating profit	48,430	56,598	(8,168)	(14.4)%
Interest, net	11,880	12,388	(508)	(4.1)%
Earnings before income taxes	36,550	44,210	(7,660)	(17.3)%
Income tax expense	11,489	16,912	(5,423)	(32.1)%
Net earnings	\$ 25,061	\$ 27,298	\$ (2,237)	(8.2)%

Three Months Ended March 31, 2016, compared to Three Months Ended March 31, 2015

Store Revenue. Total store revenue decreased by \$42.9 million, or 4.9%, to \$828.5 million for the three months ended March 31, 2016, from \$871.4 million for the three months ended March 31, 2015. This was primarily due to a decrease of approximately \$44.8 million in the Core U.S. segment, as discussed further in the segment performance section below.

Same store revenue generally represents revenue earned in 3,199 locations that were operated by us for 13 months or more. Same store revenues decreased by \$15.9 million, or 2.5%, to \$619.9 million for the three months ended March 31, 2016, as compared to \$635.7 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 three months ended March 31, 2016, decreased by \$8.9 million, or 4.8%, to \$176.2 million, as compared to \$185.1 million in 2015.

RENT-A-CENTER, INC. AND SUBSIDIARIES

This decrease in cost of rentals and fees was primarily attributable to a \$10.1 million decrease in the Core U.S. segment as a result of lower rentals and fees revenue, partially offset by a \$1.9 million increase in the Acceptance Now segment due to revenue growth. Cost of rentals and fees expressed as a percentage of rentals and fees revenue increased to 26.1% for the three months ended March 31, 2016, as compared to 26.0% in 2015, driven by increased revenue in the Acceptance Now segment, which has higher costs of rental merchandise.

Cost of Merchandise Sold. Cost of merchandise sold decreased by \$3.8 million, or 3.3%, to \$113.9 million for the three months ended March 31, 2016, from \$117.7 million in 2015, comprised of a \$5.4 million decrease in the Core U.S. segment, partially offset by an increase of \$2.2 million in the Acceptance Now segment. The gross margin percent of merchandise sales decreased to 13.5% for the three months ended March 31, 2016, from 13.6% in 2015.

Gross Profit. Gross profit decreased by \$29.6 million, or 5.3%, to \$534.9 million for the three months ended March 31, 2016, from \$564.6 million in 2015, due primarily to a decrease of \$29.3 million in the Core U.S. segment. Gross profit as a percentage of total revenue decreased to 64.0% for the three months ended March 31, 2016, as compared to 64.3% in 2015, primarily due to the lower margins in the Acceptance Now segment, partially offset by improvements in the Core U.S. segment as discussed further in the segment performance section below.

Store Labor. Store labor decreased by \$11.6 million, or 5.2%, to \$209.4 million, for the three months ended March 31, 2016, as compared to \$221.0 million in 2015. Labor in the Core U.S. segment decreased \$11.3 million due to our continued rollout of the flexible labor initiative and the continued rationalization of the Core U.S. store base. Store labor expressed as a percentage of total store revenue was 25.3% for the three months ended March 31, 2016, as compared to 25.4% in 2015.

Other Store Expenses. Other store expenses decreased by \$12.4 million, or 5.5%, to \$211.8 million for the three months ended March 31, 2016, as compared to \$224.2 million in 2015. Other store expenses in the Core U.S. segment decreased \$9.9 million due to the continued rationalization of the Core U.S. store base. Other store expenses expressed as a percentage of total store revenue were 25.6% for the three months ended March 31, 2016, compared to 25.7% in 2015.

General and Administrative Expenses. General and administrative expenses increased by \$0.4 million, or 0.9%, to \$43.1 million for the three months ended March 31, 2016, as compared to \$42.7 million in 2015. General and administrative expenses expressed as a percentage of total revenue increased to 5.2% for the three months ended March 31, 2016, from 4.9% in 2015.

Other Charges. Other charges increased by \$2.0 million, or 522.8%, to \$2.4 million for the three months ended March 31, 2016, as compared to \$0.4 million in 2015. During the three months ended March 31, 2016, we recognized a \$2.4 million restructuring charge for the closure of 14 Mexico stores, compared to a \$0.4 million restructuring charge for the closure of Mexico and Core U.S. stores in 2015.

Operating Profit. Operating profit decreased by \$8.2 million, or 14.4%, to \$48.4 million for the three months ended March 31, 2016, as compared to \$56.6 million in 2015 due to decreases of \$5.3 million and \$5.2 million in the Core U.S. and Acceptance Now segments, as discussed in the segment performance sections below. Operating profit as a percentage of total revenue decreased to 5.8% for the three months ended March 31, 2016, from 6.4% in 2015, primarily due to a decrease in the Acceptance Now segment discussed further in the segment performance section below.

Income Tax Expense. Income tax expense decreased by \$5.4 million, or 32.1%, to \$11.5 million for the three months ended March 31, 2016, as compared to \$16.9 million in 2015. The effective tax rate was 31.4% for the three months ended March 31, 2016, compared to 38.3% in 2015, primarily due to discrete income tax items.

Segment Performance

Core U.S. segment.

(Dollar amounts in thousands)	Three Months Ended		Change	
	March 31,			
	2016	2015	\$	%
Revenues	\$ 584,365	\$ 629,203	\$ (44,838)	(7.1)%
Gross profit	411,889	441,140	(29,251)	(6.6)%
Operating profit	62,236	67,573	(5,337)	(7.9)%
Change in same store revenue				(3.8)%
Stores in same store revenue calculation				1,975

Revenues. The decrease in revenues for the three months ended March 31, 2016, was driven primarily by a \$37.6 million decrease in rentals and fees revenue as compared to 2015. This decrease is primarily due to the decrease in same store revenue for the period

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and the continued rationalization of our Core U.S. store base. The decrease in same store revenue was driven by continued declines in the computer/tablet category, the impact resulting from the ongoing recast of the smartphone category, further deterioration in oil affected markets and lower merchandise sales revenue. Same store revenue generally represents revenue earned in stores that were operated by us for 13 months or more.

Gross Profit. Gross profit decreased for the three months ended March 31, 2016, as compared to 2015, primarily due to the decrease in store revenue as discussed above. Gross profit as a percentage of segment revenues increased to 70.5% for the three months ended March 31, 2016, as compared to 70.1% in 2015, primarily due to our pricing and supply chain initiatives, and revenue mix.

Operating Profit. Operating profit as a percentage of segment revenues was 10.7% for each of the three-month periods ended March 31, 2016 and 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, the flexible labor initiative and lower incentive compensation. Other store expenses, as a percentage of store revenue, were negatively impacted by sales deleverage, partially offset by a lower store count, initial improvements in fleet productivity and lower losses. 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 3.5% for three months ended March 31, 2016, compared to 3.8% in 2015. Charge-offs in our Core U.S. rent-to-own stores due to other merchandise losses, expressed as a percentage of Core U.S. rent-to-own revenues, were approximately 1.6% for both of the three-month periods ended March 31, 2016, and 2015. Other merchandise losses include unrepairable and missing merchandise, and loss/damage waiver claims.

Acceptance Now segment.

(Dollar amounts in thousands)	Three Months Ended		Change	
	March 31,		\$	%
	2016	2015		
Revenues	\$ 230,396	\$ 224,277	\$ 6,119	2.7 %
Gross profit	111,142	109,164	1,978	1.8 %
Operating profit	29,369	34,532	(5,163)	(15.0)%
Change in same store revenue				— %
Stores in same store revenue calculation				1,145

Revenues. The increase in revenues in 2016 over 2015 was driven by revenue growth in locations open less than 12 months.

Gross profit. Gross profit increased as a result of increased revenues in this segment. Gross profit as a percentage of segment revenues was 48.2% for the three months ended March 31, 2016, as compared to 48.7% in 2015. The gross margin percentage was negatively impacted by lower gross profit margin on rentals and merchandise sales driven by a higher mix of 90 day option transactions as we lapped the rollout of our 90 day option pricing by the end of the first quarter.

Operating profit. Operating profit for the three months ended March 31, 2016, decreased due to higher labor and other store expenses due to the increased store count, which offset the increase in gross profit discussed above. Labor, as a percentage of store revenue was essentially flat. Other store expenses, as a percentage of store revenue, 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 9.0% for the three months ended March 31, 2016, compared to 7.7% in 2015. The ratio of agreement charge-offs to total agreements in this segment is comparable to the Core U.S. segment but the percentage of revenue is higher, primarily due to the higher cost of rental merchandise in this segment. Charge-offs in our Acceptance Now locations due to other merchandise losses, expressed as a percentage of revenues, were approximately 0.9% for the three months ended March 31, 2016, as compared to 0.8% in 2015. Other merchandise losses include unrepairable merchandise and loss/damage waiver claims.

Mexico segment.

(Dollar amounts in thousands)	Three Months Ended		Change	
	March 31,		\$	%
	2016	2015		
Revenues	\$ 13,749	\$ 17,934	\$ (4,185)	(23.3)%
Gross profit	9,327	12,113	(2,786)	(23.0)%
Operating loss	(2,610)	(3,454)	844	24.4 %
Change in same store revenue				9.7 %
Stores in same store revenue calculation				79

Revenues. The reported revenues for the three months ended March 31, 2016, were reduced by approximately \$2.8 million due to exchange rate fluctuations as compared to 2015. On a constant currency basis, revenue was positively impacted by the growth in same store revenue, but negatively impacted by store closures in the first quarter of 2016 and 2015.

Gross Profit. Gross profit was reduced by approximately \$1.9 million due to exchange rate fluctuations as compared to 2015. Gross profit decreased as a result of decreased revenues in this segment. Gross profit as a percentage of segment revenues was 67.8% for the three months ended March 31, 2016, as compared to 67.5% in 2015.

Operating Loss. Operating losses for the three months ended March 31, 2016, were reduced by approximately \$0.6 million due to exchange rate fluctuations compared to 2015. Operating loss as a percentage of segment revenues decreased to 19.0% for the three months ended March 31, 2016, respectively, from 19.3% in 2015. Operating losses included charges of \$2.4 million for the three months ended March 31, 2016, related to store closures in the first quarter. Excluding these store closure charges, operating loss as a percentage of segment revenues would have been 1.8% for the three months ended March 31, 2016, compared to 17.6% in 2015, improving as a result of operating initiatives designed to improve the financial performance of our Mexico operations.

Franchising segment.

(Dollar amounts in thousands)	Three Months Ended		Change	
	March 31,		\$	%
	2016	2015		
Revenues	\$ 7,142	\$ 6,225	\$ 917	14.7%
Gross profit	2,586	2,176	410	18.8%
Operating profit	1,413	1,216	197	16.2%

Revenues. Merchandise sales and royalty income and fees increased approximately \$1.0 million for the three months ended March 31, 2016, compared to 2015.

Gross Profit. Gross profit as a percentage of segment revenues increased to 36.2% for the three months ended March 31, 2016, from 35.0% in 2015.

Operating Profit. Operating profit as a percentage of segment revenues increased to 19.8% for the three months ended March 31, 2016, compared to 19.5% for 2015, due to the increase in gross profit discussed above.

Liquidity and Capital Resources

Overview. For the three months ended March 31, 2016, we had \$226.5 million of net cash provided by operating activities. We paid down debt by \$212.1 million from a \$80.0 million income tax refund and cash generated from operations. We also used cash in the amount of \$14.4 million for capital expenditures and \$12.8 million for payment of dividends, ending the three-month period with \$46.4 million of cash and cash equivalents.

Analysis of Cash Flow. Cash provided by operating activities decreased \$1.5 million to \$226.5 million for the three months ended March 31, 2016, from \$228.0 million in 2015. This was partially attributable to the receipt in 2016 of income tax refunds of approximately \$80.0 million and increased sales of merchandise due to the increased usage of the 90 day option, partially offset by increased merchandise purchases to implement our sourcing and distribution initiative.

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Cash used in investing activities decreased approximately \$8.3 million to \$16.0 million for the three months ended March 31, 2016, from \$24.3 million in 2015, due primarily to a decrease in the number of acquisitions of businesses.

Net cash used in financing activities was \$224.9 million for the three months ended March 31, 2016, compared to \$156.3 million in 2015, a change of \$68.7 million. Our net reduction in debt was \$212.1 million for the three months ended March 31, 2016, as compared to a net decrease in debt of \$144.1 million for the comparable period in 2015, primarily due to the use of the income tax refunds to pay down debt.

Liquidity Requirements. Our primary liquidity requirements are for rental merchandise purchases, implementation of our growth strategies, capital expenditures and debt service. Our primary sources of liquidity have been cash provided by operations and borrowings. 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, together with amounts available under our Credit Agreement, will be sufficient to fund our liquidity requirements as discussed above during the next 12 months. Our revolving credit facilities, including our \$20.0 million line of credit at INTRUST Bank, provide us with revolving loans in an aggregate principal amount not exceeding \$695.0 million, of which \$595.3 million was available as of April 25, 2016, at which date we had \$54.1 million in cash. To the extent we have available cash that is not necessary to fund the items listed above, 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 and had a negative effect of \$118 million on our 2015 cash flow. On December 18, 2015, the Protecting Americans from Tax Hikes Act of 2015 ("PATH") extended the bonus depreciation through December 2019. The PATH act resulted in an estimated benefit of \$100 million for us in 2015. Most, if not all, of the 2015 tax liability had been paid by December 15, 2015, so a refund of approximately \$80 million was requested from the IRS and received in early 2016. We estimate the remaining tax deferral associated with these acts is approximately \$180 million at March 31, 2016, of which approximately 76.7%, or \$138 million will reverse in 2016, and the remainder will reverse between 2017 and 2018. We also estimate a benefit of \$100 million resulting from bonus depreciation in 2016 which will offset the \$138 million reversal, resulting in a net negative impact to cash taxes of \$38 million.

Merchandise Losses. Merchandise losses consist of the following (in thousands):

	Three Months Ended March 31,	
	2016	2015
Customer stolen merchandise	\$ 44,164	\$ 44,220
Other merchandise losses ⁽¹⁾	11,019	11,893
Total merchandise losses	\$ 55,183	\$ 56,113

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

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 \$14.4 million and \$14.2 million on capital expenditures during the nine-month periods ended March 31, 2016 and 2015, respectively, and expect to spend between \$70 million and \$80 million in 2016.

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Acquisitions and New Location Openings. During the first three months of 2016, we acquired locations and accounts for an aggregate purchase price of approximately \$1.9 million in two different transactions.

The table below summarizes the location activity for the three-month period ended March 31, 2016.

	Three Months Ended March 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	—	16	5	—	—	21
Acquired locations remaining open	—	—	—	—	—	—
Conversions	—	1	(1)	—	—	—
Closed locations						
Merged with existing locations	(6)	(25)	(10)	(4)	—	(45)
Sold or closed with no surviving location	(4)	—	—	(10)	—	(14)
Locations at end of period	2,662	1,436	526	129	227	4,980
Acquired locations closed and accounts merged with existing locations	2	—	—	—	—	2
Total approximate purchase price of acquired stores (in thousands)	\$ 1,854	\$ —	\$ —	\$ —	\$ —	\$ 1,854

Senior Debt. As discussed in Note 2 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 \$94.7 million had been so utilized as of April 25, 2016, at which date \$5.0 million was outstanding and \$575.3 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 0.74% at April 25, 2016.

Senior Notes. See descriptions of our senior notes in Note 3 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 2026. 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 \$9.0 million was outstanding as of March 31, 2016.

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

Contractual Cash Obligations	Payments Due by Period				
	Total	2016	2017-2018	2019-2020	Thereafter
	(In thousands)				
Senior Term Debt	\$ 193,500 ⁽¹⁾	\$ 1,687	\$ 4,500	\$ 4,500	\$ 182,813
Revolving Facility	20,000 ⁽²⁾	—	—	20,000	—
6.625% Senior Notes ⁽³⁾	389,710	19,394	38,788	331,528	—
4.75% Senior Notes ⁽⁴⁾	315,313	11,875	23,750	23,750	255,938
Operating Leases	517,503	133,211	258,653	114,352	11,287
Total ⁽⁵⁾	<u>\$ 1,436,026</u>	<u>\$ 166,167</u>	<u>\$ 325,691</u>	<u>\$ 494,130</u>	<u>\$ 450,038</u>

⁽¹⁾ Amount referenced 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 March 31, 2016, was 0.75%.

⁽²⁾ Amount referenced does not include interest payments. Our Revolving Facility bears interest at varying rates equal to the Eurodollar rate plus 1.50% to 2.75% or the prime rate plus 0.50% to 1.75% at our election. The weighted average Eurodollar rate on our Revolving Facility at March 31, 2016, was 0.40%.

⁽³⁾ Includes interest payments of \$9.7 million on each of May 15 and November 15 of each year.

⁽⁴⁾ Includes interest payments of \$5.9 million on each of May 1 and November 1 of each year.

⁽⁵⁾ As of March 31, 2016, we have \$26.7 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.

Effect of New Accounting Pronouncements

In May 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. The adoption of ASU 2016-08 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 retrospective application with the cumulative effect recognized as of the date of initial application. We are currently in the process of determining what impact the adoption of these ASUs will have on our financial position, results of operations and cash flows, and we are evaluating the adoption date and transition alternatives.

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 the 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.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Sensitivity

As of March 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 4.750%. We also had \$193.5 million outstanding in Term Loans, \$20.0 million outstanding on our Revolving Facility and \$0 million outstanding on 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 March 31, 2016, was \$254.7 million. The fair value of the 4.750% senior notes, based on the closing price at March 31, 2016, was \$188.8 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 March 31, 2016, we have not entered into any interest rate swap agreements. Based on our overall interest rate exposure at March 31, 2016, a hypothetical 1.0% increase or decrease in market interest rates would have the effect of causing a \$1.6 million additional pre-tax charge or credit to our statement of earnings.

Foreign Currency Translation

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

Item 4. Controls and Procedures.

Evaluation of 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 Chief Executive Officer and 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 Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is (1) recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer, to allow timely decisions regarding required disclosure. Based on this evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that, as of March 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.

Changes in internal controls. We are in the process of implementing 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 will result in changes to these business processes and related internal controls over financial reporting.

Other than as described above, for the quarter ended March 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.

PART II – Other Information

Item 6. Exhibits.

The exhibits required to be furnished pursuant to Item 6 of Form 10-Q are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference.

RENT-A-CENTER, INC. AND SUBSIDIARIES

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 duly authorized.

Rent-A-Center, Inc.

By /s/ Guy J. Constant

Guy J. Constant
Executive Vice President - Finance,
Chief Financial Officer and Treasurer

Date: April 29, 2016

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	Registration Rights Agreement relating to the 6.625% Senior Notes due 2020, dated as of November 2, 2010, among Rent-A-Center, Inc., the subsidiary guarantors party thereto and J.P. Morgan Securities LLC, as representative for the initial purchasers named therein (Incorporated herein by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K dated as of November 2, 2010.)
4.4	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.)
4.5	Registration Rights Agreement relating to the 4.75% Senior Notes due 2021, dated as of May 2, 2013, among Rent-A-Center, Inc., the subsidiary guarantors party thereto and J.P. Morgan Securities LLC, as representative for the initial purchasers named therein (Incorporated herein by reference to Exhibit 4.2 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.)

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- 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 (Incorporated herein by reference to Exhibit 10.11 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2015.)
- 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 (Incorporated herein by reference to Exhibit 10.14 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013.)
- 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.)
- 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 (Incorporated herein by reference to Exhibit 10.24 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013.)
- 10.25† Non-Qualified Stock Option Agreement, dated October 2, 2006, between Rent-A-Center, Inc. and Mark E. Speese (Incorporated herein by reference to Exhibit 10.23 to the registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.)

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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†*	Rent-A-Center, Inc. 2016 Long-Term Incentive Plan.
10.37†*	Form of Stock Option Agreement issuable to management pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan.
10.38†*	Form of Stock Compensation Agreement (RSU) issuable to management pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan.
10.39†*	Form of Stock Compensation Agreement (PSU) issuable to management pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan.
21.1	Subsidiaries of Rent-A-Center, Inc. (Incorporated herein by reference to Exhibit 21.1 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2015.)
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 Robert D. Davis
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 Guy J. Constant
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 Robert D. Davis
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 Guy J. Constant
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document

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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.

RENT-A-CENTER, INC.**2016 LONG-TERM INCENTIVE PLAN**

1. **Purpose.** The purpose of the plan is to foster the ability of Rent-A-Center, Inc. (the “Company”) and its subsidiaries to attract, motivate and retain key personnel and enhance stockholder value through the use of certain equity and cash incentive compensation opportunities. The plan replaces the Rent-A-Center, Inc. 2006 Long-Term Incentive Plan (the “2006 Plan”), but the adoption of and effectiveness of the plan will not affect the terms and conditions of any outstanding awards granted under the 2006 Plan.

2. **Administration.**

(a) **Committee.** The plan will be administered by the compensation committee of the Company’s board of directors (the “Committee”).

(b) **Responsibility and Authority of Committee.** Subject to the provisions of the plan, the Committee, acting in its discretion, will have responsibility and full power and authority to (1) select the persons to whom awards will be made, (2) prescribe the terms and conditions of each award and make amendments thereto, (3) construe, interpret and apply the provisions of the plan and of any agreement or other document governing the terms of an award made under the plan, and (4) make any and all determinations and take any and all other actions as it deems necessary or desirable in order to carry out the terms of the plan. Notwithstanding the foregoing, the Company’s board of directors will have sole responsibility and authority for matters relating to the grant and administration of awards to non-employee directors, and reference herein to the Committee with respect to any such matters will be deemed to refer to the board of directors. In exercising its responsibilities under the plan, the Committee may obtain at the Company’s expense such advice, guidance and other assistance from outside compensation consultants and other professional advisers as it deems appropriate.

(c) **Delegation of Authority.** Subject to the requirements of applicable law, the Committee may delegate to any person or group or subcommittee of persons (who may, but need not be, members of the Committee) such plan-related functions within the scope of its responsibility, power and authority on such terms and conditions as it deems appropriate; *provided, however,* that the Committee may not delegate authority to grant or administer awards granted to the Company’s senior executive officers.

(d) **Committee Actions.** A majority of the members of the Committee shall constitute a quorum. The Committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The decision of the Committee as to any disputed question, including questions of construction, interpretation and administration, shall be final and conclusive on all persons. The Committee shall keep a record of its proceedings and acts and shall keep or cause to be kept such books and records as may be necessary in connection with the proper administration of the plan.

(e) **Indemnification.** The Company shall indemnify and hold harmless each member of the Committee or subcommittee appointed by the Committee and any employee or director of the Company or of a subsidiary to whom any duty or power relating to the administration or interpretation of the plan is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the board of directors), damage and expense, including legal and other expenses incident thereto, arising out of or incurred in connection with the such person’s services under the plan, unless and except to the extent attributable to such person’s fraud or willful misconduct.

3. **Eligibility.** Plan awards may be made to any present or future directors, officers, employees, consultants and other personnel of the Company or a subsidiary.

4. **Limitations on Plan Awards.**

(a) Aggregate Share Limitations. The aggregate number of shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), that may be issued pursuant to awards granted under the plan shall not exceed 6,500,000 shares of Common Stock, and such total may be issued under the plan covering a stock option granted as an "incentive stock option" (within the meaning of Section 422 of the Internal Revenue Code of 1986). In applying this limitation:

(i) Any shares of Common Stock granted in connection with an award of stock options or stock appreciation rights shall be counted against this limit as one (1) share;

(ii) Any shares of Common Stock granted in connection with awards of restricted stock, restricted stock units, deferred stock or similar forms of stock award other than stock options or stock appreciation rights shall be counted against this limit as two (2) shares of Common Stock for every one (1) share of Common Stock granted in connection with such awards; and

(iii) No shares of Common Stock will be deemed to have been issued if (A) such shares are covered by the unexercised portion of an option that terminates, expires, or is canceled or settled in cash, or (B) such shares are forfeited or subject to awards that are forfeited, canceled, terminated or settled in cash.

(b) Individual Employee Limitations. In any calendar year, (1) no employee will be granted options and/or stock appreciation rights under the plan covering more than 800,000 shares of Common Stock; (2) no employee will be granted performance-based equity incentive awards (other than options and stock appreciation rights), as described in Section 9, covering more than 800,000 shares of Common Stock; and (3) no employee will be granted performance-based cash awards, as described in Section 9, for more than \$5,000,000.

5. Stock Option Awards. Subject to the plan, the Committee may grant stock options to such persons, at such times and upon such vesting and other conditions as the Committee, acting in its discretion, may determine.

(a) Minimum Exercise Price. The purchase price per share of Common Stock covered by an option granted under the plan may not be less than the fair market value per share on the date the option is granted. If the Common Stock is listed on an established stock exchange or traded on the Nasdaq Stock Market, the fair market value per share shall be the closing sales price (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination, as reported in *The Wall Street Journal* or such other source as the Committee deems reliable. The exercise price under an option which is intended to qualify as an "incentive stock option" (within the meaning of Section 422 of the Internal Revenue Code of 1986) granted to an employee who is a 10% stockholder within the meaning of Section 422(b)(6) of the Code, may not be less than 110% of the fair market value per share on the date the option is granted.

(b) Maximum Duration. Unless sooner terminated in accordance with its terms, an option will automatically expire on the tenth anniversary of the date it is granted (the fifth anniversary of the date it is granted in the case of an option which is intended to qualify as an "incentive stock option" granted to an employee who is a 10% stockholder).

(c) Nontransferability. No option shall be assignable or transferable except upon the optionee's death to a beneficiary designated by the optionee in a manner prescribed or approved for this purpose by the Committee or, if no designated beneficiary shall survive the optionee, pursuant to the optionee's will or by the laws of descent and distribution. During an optionee's lifetime, options may be exercised only by the optionee or the optionee's guardian or legal representative. Notwithstanding the foregoing, the Committee may permit the inter vivos transfer of an optionee's options (other than options designated as "incentive stock options") by gift to any "family member" (within the meaning of Item A.1.(a)(5) of the

General Instructions to Form S-8 or any successor provision), on such terms and conditions as the Committee deems appropriate.

(d) Manner of Exercise. An option may be exercised by transmitting to the Secretary of the Company (or such other person designated by the Committee) a written notice identifying the option being exercised and specifying the number of shares being purchased, together with payment of the exercise price and the amount of the applicable tax withholding obligations (unless other arrangements are made for the payment of such exercise and/or the satisfaction of such withholding obligations). The Committee, acting in its discretion, may permit the exercise price and withholding obligation to be paid in whole or in part in cash or by check, by means of a cashless exercise procedure to the extent permitted by law, by the surrender of previously-owned shares of Common Stock (to the extent of the fair market value thereof) or, subject to applicable law, by any other form of consideration deemed appropriate.

(e) Rights as a Stockholder. No shares of stock will be issued in respect of the exercise of an option until payment of the exercise price and the applicable tax withholding obligations are been made or arranged to the satisfaction of the Company. The holder of an option shall have no rights as a stockholder with respect to any shares covered by the option until the shares are issued pursuant to the exercise of the option.

6. Stock Awards. Subject to the plan, the Committee may grant restricted stock, deferred stock, stock units, stock bonus and other stock awards to such persons, at such times and upon such vesting and other conditions and restrictions as the Committee, acting in its discretion, may determine.

(a) Minimum Purchase Price. The consideration payable for shares transferred pursuant to a stock award must be no less than the minimum consideration (if any) required by applicable law.

(b) Stock Certificates for Restricted Stock. Shares of restricted stock issued pursuant to a stock award may be evidenced by book entry on the Company's stock transfer records or by a stock certificate issued in the recipient's name and bearing an appropriate legend regarding the conditions and restrictions applicable to the shares. The Company may require that stock certificates for restricted shares be held in custody by the Company or a designee pending the lapse of applicable forfeiture conditions and transfer restrictions. The Committee may condition the issuance of shares of restricted stock on the recipient's delivery to the Company of a stock power, endorsed in blank, for such shares.

(c) Stock Certificates for Vested Stock. The recipient of a stock award which is vested at the time of grant or which thereafter becomes vested will be entitled to receive a certificate, free and clear of conditions and restrictions (except as may be imposed in order to comply with applicable law) for the shares covered by such vested award, subject to the payment or satisfaction of applicable tax withholding obligations and, in the case of shares covered by a vested stock unit award, subject to applicable deferral conditions permitted by Section 409A of the Code.

(d) Rights as a Stockholder. Unless otherwise determined by the Committee, (1) the holder of a stock award will not be entitled to receive dividend payments (or, in the case of an award of stock units, dividend equivalent payments) with respect to the shares covered by the award and (2) the holder of shares of restricted stock may exercise voting rights pertaining to such shares. The Committee may impose vesting and deferral conditions on the payment of dividends, corresponding to the vesting and deferral conditions applicable to the corresponding stock award.

(e) Nontransferability. Except as may be specifically permitted by the Committee in connection with transfers at death or pursuant to inter vivos gifts, no outstanding stock award and no shares of stock covered by an outstanding stock award may be sold, assigned, transferred, disposed of, pledged or otherwise hypothecated other than to the Company in accordance with the terms of the award or the plan. Any attempt to do any of the foregoing shall be null and void and, unless the Committee determines otherwise, shall result in the immediate forfeiture of the award and/or the shares.

7. Other Equity-Based Awards. The Committee may grant stock appreciation rights, dividend equivalent payment rights, phantom shares, phantom stock units, bonus shares and other forms of equity-based awards to eligible persons, subject to such terms and conditions as it may establish; *provided, however* that no dividend or dividend equivalent payment rights shall be attributable to awards of stock appreciation rights or stock options. The base price for a stock appreciation right granted under the plan may not be less than the fair market value per share of stock covered by the award at the time it is granted. Unless sooner termination in accordance with its terms, a stock appreciation right will automatically expire on the tenth anniversary of the date it is granted. Awards made pursuant to this section may entail the transfer of shares of Common Stock to a participant or the payment in cash or other property determined with reference to shares of Common Stock.

8. Cash Awards. The Committee may grant awards in cash with the amount of the eventual payment subject to future service and such other restrictions and conditions as may be established by the Committee and set forth in the underlying agreement, including, but not limited to, continuous service with the Company and its subsidiaries, achievement of specific business objectives, increases in specified indices, attaining specified growth rates and other measurements of performance.

9. Performance-Based Equity and Cash Awards.

(a) General. The Committee may condition the grant, exercise, vesting or settlement of equity-based awards on the achievement of specified performance goals in accordance with this section. The Committee may also condition the grant, vesting or payment of annual and long-term cash incentive awards on the achievement of specified performance goals in accordance with this section. The applicable performance period for measuring achievement of specified performance goals may be any period designated by the Committee. Notwithstanding any other provision of the plan to the contrary, any dividend equivalents payable with respect to a performance-based equity award shall either be deferred and held in escrow until the achievement of the applicable performance goal(s) or automatically deemed reinvested in additional performance-based equity awards subject to achievement of the applicable performance goal(s).

(b) Objective Performance Goals. A performance goal established in connection with an award covered by this section must be (1) objective, so that a third party having knowledge of the relevant facts could determine whether the goal is met, (2) prescribed in writing by the Committee before the beginning of the applicable performance period or at such later date when fulfillment is substantially uncertain not later than 90 days after the commencement of the performance period and in any event before completion of 25% of the performance period, and (3) based on any one or more of the following business criteria:

- (i) total revenue or any key component thereof;
- (ii) operating income, pre-tax or after-tax income from continuing operations; earnings before interest, taxes and amortization (i.e. EBITA); earnings before interest, taxes, depreciation and amortization (i.e. EBITDA); or net income;
- (iii) cash flow (including, without limitation, free cash flow, cash flow return on investment (discounted or otherwise), net cash provided by operations or cash flow in excess of cost of capital);
- (iv) earnings per share or earnings per share from continuing operations (basic or diluted);
- (v) return on capital employed, return on invested capital, return on assets or net assets;
- (vi) after-tax return on stockholders' equity;
- (vii) economic value created;

- (viii) operating margins or operating expenses;
- (ix) value of the Common Stock or total return to stockholders;
- (x) value of an investment in the Common Stock assuming the reinvestment of dividends;
- (xi) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration goals, geographic business expansion goals, cost targets, management of employment practices and employee benefits, or supervision of litigation or information technology goals, or goals relating to acquisitions or divestitures of subsidiaries, affiliates or joint ventures; and/or
- (xii) a combination of any or all of the foregoing criteria.

A performance goal applicable to an Award may provide for a targeted level or levels of achievement measured on a GAAP or non-GAAP basis, as determined by the Committee. A performance goal also may (but is not required to) be based solely by reference to the performance of the individual, the Company as a whole or any subsidiary, division, business segment or business unit of the Company, or any combination thereof or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to a peer group of other companies. Unless otherwise stated, such a performance goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). The Committee, in its sole discretion, may provide that one or more objectively determinable adjustments shall be made to one or more of the performance goals applicable to an Award. Such adjustments may include one or more of the following: (1) items related to a change in accounting principle; (2) items relating to financing activities; (3) expenses for restructuring or productivity initiatives; (4) other non-operating items; (5) items related to acquisitions; (6) items attributable to the business operations of any entity acquired by the Company during the applicable performance period; (7) items related to the disposal of a business or segment of a business; (8) items related to discontinued operations that do not qualify as a segment of a business under applicable accounting standards; (9) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the applicable performance period; (10) any other items of significant income or expense which are determined to be appropriate adjustments; (11) items relating to unusual or extraordinary corporate transactions, events or developments, (12) items related to amortization of acquired intangible assets; (13) items that are outside the scope of the Company's core, on-going business activities; (14) items relating to changes in tax laws; (15) items relating to asset impairment charges; (16) items relating to gains or losses for litigation, arbitration and contractual settlements; or (17) items relating to any other unusual or nonrecurring events or changes in applicable law, accounting principles or business conditions.

(c) Calculation of Performance-Based Award. At the expiration of the applicable performance period, the Committee shall determine the extent to which the performance goals established pursuant to this Section are achieved and the extent to which each performance-based award has been earned. The Committee may not exercise its discretion to increase the amount or value of an award that would otherwise be payable in accordance with the terms of a performance-based award made in accordance with this section.

10. Minimum Vesting Period. Notwithstanding any other provision of the plan to the contrary, awards of stock options, stock appreciation rights, restricted stock units, restricted stock and dividend equivalent rights, shall not vest or be exercisable (in the case of stock options and stock appreciation rights), earlier than the date that is one year following the date the award is made; provided, however, that, notwithstanding the foregoing, (a) the Committee may provide that such restrictions may lapse or be waived upon the recipient's death, disability or termination of service, or in connection with an "exchange

transaction” (as defined in Section 12(c), below), (b) awards of stock options, stock appreciation rights, restricted stock units and restricted stock that result in the issuance of an aggregate of up to five percent (5%) of the shares of Common Stock that may be authorized for grant under Section 4 (as such authorized number of shares of Common Stock may be adjusted as provided under the terms of the plan) may be granted without respect to such minimum vesting provision, and (c) awards of stock options, stock appreciation rights, restricted stock units and restricted stock may be granted to non-employee directors without respect to such minimum vesting provision.

11. Prohibition on Stock Option and Stock Appreciation Right Repricing. Except as provided in Section 12, the Committee may not, without prior approval of the Company’s stockholders, effect any repricing of any previously granted “underwater” stock option or stock appreciation right by: (a) amending or modifying the terms of the stock option or stock appreciation right to lower the exercise price; (b) canceling the underwater stock option or stock appreciation right and granting either (1) replacement stock options or stock appreciation rights having a lower exercise price, or (2) restricted stock, restricted stock units, or other stock-based award in exchange, or (3) cancelling or repurchasing the underwater stock options or stock appreciation rights for cash or other securities. A stock option or stock appreciation right will be deemed to be “underwater” at any time when the fair market value of the shares of Common Stock covered by such award is less than the exercise price of the award.

12. Capital Changes, Reorganization, Sale.

(a) Adjustments Upon Changes in Capitalization. The aggregate number and class of shares issuable under the plan, the maximum number of shares with respect to which options, stock appreciation rights and other equity awards may be granted to or earned by any employee in any calendar year, the number and class of shares and the exercise price or base price per share covered by each outstanding option and stock appreciation right, and the number and class of shares covered by each outstanding deferred stock unit or other-equity-based award, and any per-share base or purchase price or target market price included in the terms of any such award, and related terms shall be adjusted to reflect any increase or decrease in the number of issued shares of Common Stock resulting from a split-up or consolidation of shares or any like capital adjustment, or the payment of any stock dividend, and/or to reflect a change in the character or class of shares covered by the plan arising from a readjustment or recapitalization of the Company’s capital stock.

(b) Cash, Stock or Other Property for Stock. Except as otherwise provided in this section, in the event of an “exchange transaction” (as defined below), all optionees shall be permitted to exercise their outstanding options in whole or in part (whether or not otherwise exercisable) immediately prior to such exchange transaction, and any outstanding options which are not exercised before the exchange transaction shall thereupon terminate. Notwithstanding the preceding sentence, if, as part of an exchange transaction, the stockholders of the Company receive capital stock of another corporation (“exchange stock”) in exchange for their shares of Common Stock (whether or not such exchange stock is the sole consideration), and if the Company’s board of directors, acting in its discretion, so directs, then all outstanding options shall be converted in whole or in part into options to purchase shares of exchange stock. The amount and price of such converted options shall be determined by adjusting the amount and price of the options granted hereunder on the same basis as the determination of the number of shares of exchange stock the holders of outstanding Common Stock are entitled to receive in the exchange transaction and, unless the Company’s board of directors determines otherwise, the vesting conditions with respect to the converted options shall be substantially the same as the vesting conditions set forth in the original option agreement. The board of directors, acting in its discretion, may accelerate vesting of non-vested stock awards and other awards, provide for cash settlement of and/or make such other adjustments to the terms of any outstanding award (including, without limitation, outstanding options) as it deems appropriate in the context of an exchange transaction, taking into account, as applicable, the manner in which outstanding options are being treated.

(c) Definition of Exchange Transaction. For purposes hereof, the term “exchange transaction” means a merger (other than a merger of the Company in which the holders of the Common Stock immediately prior to the merger have the same proportionate ownership of common stock in the surviving corporation immediately after the merger), consolidation, acquisition or disposition of property or stock, separation, reorganization (other than a mere reincorporation or the creation of a holding company), liquidation of the Company or any other similar transaction or event so designated by the Company’s board of directors, acting in its discretion, as a result of which the stockholders of the Company receive cash, stock or other property in exchange for or in connection with their shares of Common Stock.

(d) Fractional Shares. In the event of any adjustment in the number of shares covered by any award pursuant to the provisions hereof, any fractional shares resulting from such adjustment shall be disregarded, and each such award shall cover only the number of full shares resulting from the adjustment.

(e) Determination of Board to be Final. All adjustments under this Section shall be made by the Company’s board of directors, and its determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

13. Tax Withholding. As a condition to the exercise or settlement of any award, or in connection with any other event that gives rise to a tax withholding obligation on the part of the Company or a subsidiary relating to an award, the Company and/or the subsidiary may (a) deduct or withhold (or cause to be deducted or withheld) from any payment or distribution to the recipient of an award, whether or not made pursuant to the plan or (b) require the recipient to remit cash (through payroll deduction or otherwise), in each case in an amount sufficient in the opinion of the Company to satisfy such withholding obligation. If the event giving rise to the withholding obligation involves a transfer of shares of stock, then, at the sole discretion of the Committee, the recipient may satisfy the applicable tax withholding obligation by electing to have the Company withhold shares of stock or by tendering previously-owned shares, in each case having a fair market value equal to the amount of tax to be withheld (or by any other mechanism as may be required or appropriate to conform with local tax and other rules).

14. Amendment and Termination. The Company’s board of directors may amend or terminate the plan; *provided, however,* that no such action may adversely affect a holder’s rights under an outstanding award without his or her written consent. Any amendment that would increase the aggregate number of shares of Common Stock issuable under the plan, the maximum number of shares with respect to which options, stock appreciation rights or other equity awards may be granted to any employee in any calendar year, or that would modify the class of persons eligible to receive awards shall be subject to the approval of the Company’s stockholders. The Committee may amend the terms of any agreement or award made hereunder at any time and from time to time, provided, however, that any amendment which would adversely affect a holder’s rights under an outstanding award may not be made without his consent.

15. General Provisions.

(a) Shares Issued Under Plan. Shares of Common Stock available for issuance under the plan may be authorized and unissued, held by the Company in its treasury or otherwise acquired for purposes of the plan. No fractional shares will be issued under the plan.

(b) Compliance with Law. The Company will not be obligated to issue or deliver shares of stock pursuant to the plan unless the issuance and delivery of such shares complies with applicable law, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the requirements of any stock exchange or market upon which the Company’s stock may then be listed. The Company may prevent or delay the exercise of an option or stock appreciation right, or the settlement of an award and/or the termination of restrictions applicable to an award if and to the extent the Company deems necessary or advisable in order to avoid a violation of applicable laws or its own policies regarding the purchase and sale of its stock. If, during the period of any such ban or delay, the term of an

affected stock option, stock appreciation right or other award would expire, then the term of such option, stock appreciation right or other award will be extended for thirty days after the Company's removes the restriction against exercise.

(c) Transfer Orders; Placement of Legends. All certificates for shares of Common Stock delivered under the plan shall be subject to such stock-transfer orders and other restrictions as the Company may deem advisable, including pursuant to the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or market upon which the Company's stock may then be listed, and any applicable federal or state securities law. The Company may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(d) No Employment or other Rights. Nothing contained in the plan or in any award agreement shall confer upon any recipient of an award any right with respect to the continuation of his or her employment or other service with the Company or a subsidiary or interfere in any way with the right of the Company and its subsidiaries at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the other terms and conditions of the recipient's employment or other service.

(e) Decisions and Determinations Final. All decisions and determinations made by the Company's board of directors pursuant to the provisions hereof and, except to the extent rights or powers under the Plan are reserved specifically to the discretion of the board of directors, all decisions and determinations of the Committee, shall be final, binding and conclusive on all persons.

(f) Section 409A. The plan is intended to comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the plan shall be interpreted and administered to be in compliance therewith. Any payments described in the plan that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable laws require otherwise. Notwithstanding anything to the contrary in the plan, to the extent required to avoid accelerated taxation and tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the plan during the six month period immediately following the award recipient's "separation from service" as defined in Section 409A of the Code shall instead be paid on the first payroll date after the six-month anniversary of the recipient's separation from service (or the recipient's death, if earlier). Notwithstanding the foregoing, neither the Company nor the Committee will have any obligation to take any action to prevent the assessment of any excise tax or penalty on any individual under Section 409A of the Code and neither the Company nor the Committee will have any liability to any individual for such tax or penalty.

16. Governing Law. All rights and obligations under the plan and each award agreement or instrument shall be governed by and construed in accordance with the laws of the State of Texas, without regard to its principles of conflict of laws.

17. Term of the Plan. The plan shall become effective on the date of adoption by the board of directors, subject to approval by the Company's stockholders within twelve months thereafter. Unless terminated sooner by the board of directors, the plan shall terminate on the tenth anniversary of the date of adoption by the board of directors. The rights of any person with respect to an award made under the plan that is outstanding at the time of the termination of the plan shall not be affected solely by reason of the termination of the plan and shall continue in accordance with the terms of the award and of the plan, as each is then in effect or is thereafter amended.

NON-QUALIFIED
STOCK OPTION AGREEMENT
UNDER THE RENT-A-CENTER, INC.
2016 LONG-TERM INCENTIVE PLAN

THIS STOCK OPTION AGREEMENT (the “Agreement”) is made and entered into as of the ___ day of _____, 20__ (the “Grant Date”), by and between RENT-A-CENTER, INC., a Delaware corporation (the “Company”), and _____ (the “Optionee”).

W I T N E S S E T H:

WHEREAS, pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (the “Plan”), the Company desires to grant to the Optionee, and the Optionee desires to accept, an option to purchase shares of the Company’s common stock, par value \$0.01 per share (the “Common Stock”), upon the terms and conditions set forth in this Agreement and the Plan.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained and other good and valuable consideration, the parties hereto agree as follows:

1. Grant & Tax Status. The Company hereby grants to the Optionee an option to purchase up to _____ shares of Common Stock, at a purchase price of \$_____ per share pursuant to the Plan. This option is not intended to qualify as an “incentive stock option” within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. Term. Unless sooner terminated in accordance herewith or the Plan, this option will automatically expire on the tenth anniversary of the date hereof.

3. Vesting Schedule. Except as otherwise provided herein, this option shall become vested and exercisable in accordance with the following schedule, provided that the Optionee remains in continuous employment or other service with the Company or its subsidiaries through each applicable vesting date:

Vesting Date	Percentage of Option that is Vested On or After Such Vesting Date
Grant Date	0%
First Anniversary of Date of Grant	25%
Second Anniversary of Date of Grant	50%
Third Anniversary of Date of Grant	75%
Fourth Anniversary of Date of Grant	100%

In no event may this option be exercised for a fraction of a share.

4. Non-Transferability. This option may not be assigned or transferred except upon the Optionee’s death to a beneficiary designated by the Optionee in a manner prescribed or approved for this purpose by the compensation committee of the Company’s board of directors (the “Committee”) or, if no designated beneficiary shall survive the Optionee, pursuant to the Optionee’s will or by the laws of descent and distribution. During the Optionee’s lifetime, this option may be exercised only by the Optionee or the

Optionee's guardian or legal representative. Notwithstanding the foregoing, the Committee, in its sole discretion, may permit the *inter vivos* transfer of this option by gift to any "family member" (within the meaning of Item A.1.(5) of the General Instructions to Form S-8 or any successor provision), on such terms and conditions as the Committee deems appropriate.

5. Termination of Employment or other Service.

(a) If the Optionee's employment or other service with the Company or its subsidiaries is terminated due to the Optionee's death or Disability (as defined below), then: (i) that portion of this option, if any, that is vested and exercisable on the date of termination shall remain exercisable by the Optionee (or, in the event of death, the Optionee's designated beneficiary or, if no designated beneficiary survives the Optionee, by the person or persons to whom the Optionee's rights under this option shall pass pursuant to the Optionee's will or by the laws of descent and distribution, whichever is applicable) during the twelve (12) month period following the date of termination but in no event after expiration of the stated term hereof and, to the extent not exercised during such period, shall thereupon terminate, and (ii) that portion of this option, if any, that is not exercisable on the date of termination shall thereupon terminate. As used herein, the term "Disability" shall mean the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. The determination of whether or not the Optionee's employment or other service is terminated by reason of Disability shall be in the sole and absolute discretion of the Committee.

(b) If the Optionee's employment or other service is terminated by the Company or its subsidiaries for cause, then this option (whether or not then vested and exercisable) shall immediately terminate and cease to be exercisable.

(c) If the Optionee's employment or other service with the Company or its affiliates is terminated for any reason other than those set forth in Section 5(a) or (b) above, then: (i) that portion of this option, if any, that is vested and exercisable on the date of termination shall remain exercisable by the Optionee during the three (3) month period following the date of termination but in no event after expiration of the stated term hereof and, to the extent not exercised during such period, shall thereupon terminate, and (ii) that portion of this option, if any, that is not vested and exercisable on the date of termination shall thereupon terminate.

6. Restoration. The Optionee has been provided and is privy to intellectual property, trade secrets and other confidential information of the Company. For two years following the Optionee's termination of employment, the Optionee has agreed not to engage in any activity or provide any services which are similar to or competitive with the Company's business. For the same two year period, the Optionee also agreed not to solicit or induce, or cause or permit others to solicit or induce, any employee to terminate their employment with the Company. These covenants are set forth and agreed to in the Loyalty and Confidentiality Agreement between the Optionee and Company ("Loyalty Agreement"). The parties hereto understand and agree that the promises in this Agreement and those in the Loyalty Agreement, and not any employment of or services performed by the Optionee in the course and scope of that employment, are the sole consideration for the shares of Common Stock covered by this Agreement. Further, it is agreed that should the Optionee violate or be in breach of any restrictions set forth herein or in the Loyalty Agreement (which determination shall be made in the discretion of the Compensation Committee of the Company's Board of Directors (the "Compensation Committee")), (a) the Optionee shall immediately return to the Company any shares of Common Stock which were received hereunder, (b) the Optionee shall immediately send to the Company at the address below in the form of a check, (i) the proceeds from any shares of Common Stock received hereunder that were sold to a third party or (ii) the fair market value of any shares of Common Stock received hereunder which were transferred for no consideration to a third party (e.g., a gift or transfer to a trust),

provided that the determination of the fair market value of such shares shall be made by the Compensation Committee as of the date of such violation or breach, and (c) all of the Optionee's rights to the shares of Common Stock covered by this Agreement shall be revoked and the Optionee will have no further rights with respect to the shares of Common Stock covered by this Agreement.

7. Method of Exercise. This option may be exercised by transmitting to the Secretary of the Company (or such other person designated by the Committee) a written notice identifying the option being exercised and specifying the number of shares being purchased, together with payment of the exercise price and the amount of the applicable tax withholding obligations (unless other arrangements are made for the payment of such exercise price and/or the satisfaction of such withholding obligations). The exercise price and withholding obligation may be paid in whole or in part (a) in cash or by check, (b) by means of a cashless exercise procedure to the extent permitted by law, (c) if permitted by the Committee, by the surrender of previously-owned shares of Common Stock (to the extent of the fair market value thereof), and/ or (d) subject to applicable law, by any other form of consideration deemed appropriate by the Committee.

8. Stockholder Rights. No shares of Common Stock will be issued in respect of the exercise of this option until payment of the exercise price and the applicable tax withholding obligations have been made or arranged to the satisfaction of the Company. The holder of this option shall have no rights as a stockholder with respect to any shares of Common Stock covered by this option until the shares of Common Stock are issued pursuant to the exercise of this option.

9. Compliance with Law. The Company will not be obligated to issue or deliver shares of Common Stock pursuant to this option unless the issuance and delivery of such shares complies with applicable law, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the requirements of any stock exchange or market upon which the Common Stock may then be listed. The Company may prevent or delay the exercise of this option if and to the extent the Company deems necessary or advisable in order to avoid a violation of applicable law or its own policies regarding the purchase and sale of Common Stock. If, during the period of any such ban or delay, the term of this option would expire, then the term of this option will be extended for thirty (30) days after the Company removes the restriction against exercise.

10. Transfer Orders; Legends. All certificates for shares of Common Stock delivered under this option shall be subject to such stock-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or market upon which the Common Stock may then be listed, and any applicable federal or state securities law. The Company may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

11. No Rights Conferred. Nothing contained in the Plan or this Agreement shall confer upon the Optionee any right with respect to the continuation of his or her employment or other service with the Company or its subsidiaries or interfere in any way with the right of the Company and its subsidiaries at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the other terms and conditions of the Optionee's employment or other service.

12. Obligation to Execute and Return Agreement. This Agreement shall be null and void and no option shall be granted hereby in the event the Optionee shall fail to execute and return a counterpart hereof to the Company, at the address set forth in Section 13 hereof, within sixty (60) days from the Grant Date.

13. Full Satisfaction/Release of Rights. Any payment or issuance or transfer of shares of Common Stock to the Optionee or his legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such persons hereunder. The

Committee may require the Optionee, legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance or transfer, to execute a release and receipt therefor in such form as it shall determine.

14. Notices. Any notice to the Company relating to this Agreement shall be in writing and delivered in person or by registered mail to the Company at the Company's main office, 5700 Tennyson Parkway, Suite 100, Plano, TX 75024, or to such other address as may be hereafter specified by the Company, to the attention of its Secretary. All notices to the Optionee or other person or persons then entitled to exercise this option shall be delivered to the Optionee or such other person or persons at the Optionee's store location (if employed by the Company or any of its subsidiaries) or the Optionee's address set forth in the records of the Company.

15. Provisions of the Plan. The provisions of the Plan, the terms of which are hereby incorporated by reference, shall govern if and to the extent that there are inconsistencies between those provisions and the provisions hereof. The Optionee acknowledges receipt of a copy of the Plan prior to the execution of this Agreement. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

16. Miscellaneous. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and, except as otherwise provided in the Plan, may not be modified other than by written instrument executed by the parties.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

RENT-A-CENTER, INC.

By:

Optionee Name

Optionee Signature

Street Address (No P.O. Box please)

City, State and Zip Code

RENT-A-CENTER, INC.**FORM OF STOCK COMPENSATION AGREEMENT (RSU)**

THIS AGREEMENT, made as of the ___ day of _____, ___, between Rent-A-Center, Inc. (the “Company”) and _____ (the “Executive”), pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (the “Plan”).

1. Company Stock Award. Subject to the vesting and other terms and conditions set forth in this Agreement, the Company hereby grants to the Executive the right to receive (i) ___ shares of Common Stock (as defined below) (“RSU Shares”).

2. Provisions of the Plan Control. The provisions of the Plan, the terms of which are incorporated in this Agreement, shall govern if and to the extent that there are inconsistencies between those provisions and the provisions of this Agreement. The Executive acknowledges receipt of a copy of the Plan prior to the execution of this Agreement.

3. Vesting of Right to Receive Shares.

(a) General. Subject to the further provisions of this Agreement, the Executive’s right to receive the RSU Shares covered by this Agreement shall become vested (if at all) upon the third anniversary of the date of this Agreement, provided the Executive remains continuously employed by the Company or a subsidiary of the Company through such third anniversary.

(b) Accelerated Vesting. If, before the applicable vesting date described in (a) above, the Executive’s employment with the Company and its subsidiaries is terminated due to the Executive’s death or “disability” (as defined below), or there occurs a “change in Company ownership” (as defined below), then the Executive’s right to receive the Shares (to the extent not previously vested) will become vested on the date of such termination of employment or immediately prior to the consummation of the change in Company ownership, as the case may be. Notwithstanding the preceding sentence, vesting will not accelerate by reason of a change in Company ownership unless the Executive remains in the continuous employ of the Company or a subsidiary until the consummation of the change in Company ownership or the Executive’s employment is terminated sooner by the Company or a subsidiary in contemplation of or in connection with such change in Company ownership.

(c) Definitions. The term “Common Stock” means the common stock of the Company, par value \$0.01 per share. The term “disability” means the inability of Executive to substantially perform the customary duties and responsibilities of the Executive’s employment with the Company or an affiliate for a period of at least 120 consecutive days or 120 days in any 12-month period by reason of a physical or mental incapacity that is expected to result in death or last indefinitely, as determined by a duly licensed physician appointed by the Company. The term “change in Company ownership” means a transaction or series of transactions as a result of which there is a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, in each case within the meaning and for the purposes of Section 409A of the Internal Revenue Code of 1986 (it being intended that a “change in Company ownership” under this Agreement will be a permissible distribution event under said section 409A).

4. Termination of Employment or Service. Upon the termination of the Executive’s employment or other service with the Company and its subsidiaries for any reason other than death or disability, the Executive’s right to receive Shares covered by this Agreement, to the extent not previously vested or terminated, will thereupon terminate and be canceled.

5. Restoration. The Executive has been provided and is privy to intellectual property, trade secrets and other confidential information of the Company. For two years following the Executive's termination of employment, the Executive has agreed not to engage in any activity or provide any services which are similar to or competitive with the Company's business. For the same two year period, the Executive also agreed not to solicit or induce, or cause or permit others to solicit or induce, any employee to terminate their employment with the Company. These covenants are set forth and agreed to in the Loyalty and Confidentiality Agreement between the Executive and Company ("Loyalty Agreement"). The parties hereto understand and agree that the promises in this Agreement and those in the Loyalty Agreement, and not any employment of or services performed by the Executive in the course and scope of that employment, are the sole consideration for the Shares covered by this Agreement. Further, it is agreed that should the Executive violate or be in breach of any restrictions set forth herein or in the Loyalty Agreement (which determination shall be made in the discretion of the Compensation Committee of the Company's Board of Directors (the "Compensation Committee")), (a) the Executive shall immediately return to the Company any Shares, whether or not vested, which were received hereunder, (b) the Executive shall immediately send to the Company at the address below in the form of a check, (i) the proceeds from any Shares received hereunder that were sold to a third party or (ii) the fair market value of any Shares received hereunder which were transferred for no consideration to a third party (e.g., a gift or transfer to a trust), provided that the determination of the fair market value of such Shares shall be made by the Compensation Committee as of the date of such violation or breach, and (c) all of the Executive's rights to the Shares shall be revoked and the Executive will have no further rights with respect to the Shares.

6. Restrictions on Transfer. The Executive's right to receive Shares under this Agreement may not be sold, assigned, transferred, alienated, commuted, anticipated, or otherwise disposed of (except by will or the laws of descent and distribution), or pledged or hypothecated as collateral for a loan or as security for the performance of any obligation, or be otherwise encumbered, and may not become subject to attachment, garnishment, execution or other legal or equitable process, and any attempt to do so shall be null and void. If the Executive attempts to dispose of or encumber the Executive's right to receive Shares under this Agreement before such right becomes vested, then such right shall terminate and be canceled as of the date of such attempted transfer.

7. Delivery of Shares.

(a) General. If and as soon as practicable after the Executive's right to receive Shares becomes vested in accordance with numbered paragraph 3 above, the Company will cause such Shares to be issued and delivered to the Executive (or the Executive's representative or beneficiary, as the case may be). For the avoidance of doubt, if the Executive's right to receive the Shares becomes vested as a result of a change in control, the Executive will be entitled to participate in the change in control transaction with respect to such Shares (less any Shares withheld to satisfy applicable tax withholding) on the same basis and in the same manner as other stockholders of the Company. Notwithstanding the foregoing, the issuance and delivery of Shares that become vested pursuant to this Agreement shall be deferred if and to the extent necessary to (1) avoid a loss of deduction by the Company under Section 162(m) of the Internal Revenue Code of 1986, and/or (2) avoid the imposition of additional tax under Section 409A(a) of the Code.

(b) Tax Withholding. The Company may require as a condition of the delivery of stock certificates pursuant to subsection (a) above that the Executive remit to the Company or a subsidiary an amount sufficient in the opinion of the Company to satisfy any federal, state and other governmental tax withholding requirements attributable to the vesting or delivery of the shares represented by such certificate. In addition, or in the alternative, the Company may satisfy such tax withholding obligation in whole or in part by withholding Shares that would otherwise be delivered to the Executive (or the Executive's representative or beneficiary) based upon the fair market value of the Shares on the applicable settlement date.

8. Capital Changes. In the event of a stock dividend, stock split, spin off or other recapitalization with respect to the outstanding shares of the Company's common stock, the Company will make such adjustments to the Shares covered by this Agreement in order to avoid dilution or enhancement of the Executive's rights under this Agreement.

9. No Service Rights. Nothing contained in the Plan or this Agreement shall confer upon the Executive any right with respect to the continuation of the Executive's employment or other service with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company at any time to terminate such relationship.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to its principles of conflict of laws.

11. Miscellaneous. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be modified other than by written instrument executed by the parties.

RENT-A-CENTER, INC.

FORM OF STOCK COMPENSATION AGREEMENT (PSU)

THIS AGREEMENT, made as of the ___ day of _____, ___, between Rent-A-Center, Inc. (the “Company”) and _____ (the “Executive”), pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan (the “Plan”).

1. Company Stock Award. Subject to the vesting and other terms and conditions set forth in this Agreement, the Company hereby grants to the Executive the right to receive (i) ___ shares of Common Stock (“PSU Shares”), which shall be subject to adjustment pursuant to Exhibit A annexed hereto and made a part hereof.

2. Provisions of the Plan Control. The provisions of the Plan, the terms of which are incorporated in this Agreement, shall govern if and to the extent that there are inconsistencies between those provisions and the provisions of this Agreement. The Executive acknowledges receipt of a copy of the Plan prior to the execution of this Agreement. Capitalized terms used herein without definition shall be as defined in the Plan.

3. Vesting of Right to Receive Shares.

(a) General. Subject to the further provisions of this Agreement, the Executive’s right to receive the PSU Shares covered by this Agreement (subject to adjustment pursuant to Exhibit A) shall become vested (if at all) at the end of the performance period described in Exhibit A, subject to (1) attainment of the performance objectives specified by the Committee as of the date hereof, and (2) the Executive’s continuous employment with the Company or a subsidiary of the Company through the end of said performance period.

(b) Accelerated Vesting. If, before the applicable vesting date described in (a) above, the Executive’s employment with the Company and its subsidiaries is terminated due to the Executive’s death or “disability” (as defined below), or there occurs a “change in Company ownership” (as defined below), then the Executive’s right to receive the Shares (to the extent not previously vested) will become vested on the date of such termination of employment or immediately prior to the consummation of the change in Company ownership, as the case may be. Notwithstanding the preceding sentence, vesting will not accelerate by reason of a change in Company ownership unless the Executive remains in the continuous employ of the Company or a subsidiary until the consummation of the change in Company ownership or the Executive’s employment is terminated sooner by the Company or a subsidiary in contemplation of or in connection with such change in Company ownership.

(c) Definitions. The term “Common Stock” means the common stock of the Company, par value \$0.01 per share. The term “disability” means the inability of Executive to substantially perform the customary duties and responsibilities of the Executive’s employment with the Company or an affiliate for a period of at least 120 consecutive days or 120 days in any 12-month period by reason of a physical or mental incapacity that is expected to result in death or last indefinitely, as determined by a duly licensed physician appointed by the Company. The term “change in Company ownership” means a transaction or series of transactions as a result of which there is a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, in each case within the meaning and for the purposes of Section 409A of the Internal Revenue Code of 1986 (it being intended that a “change in Company ownership” under this Agreement will be a permissible distribution event under said section 409A).

4. Termination of Employment or Service. Upon the termination of the Executive’s employment or other service with the Company and its subsidiaries for any reason other than death or disability, the

Executive's right to receive Shares covered by this Agreement, to the extent not previously vested or terminated, will thereupon terminate and be canceled.

5. Restoration. The Executive has been provided and is privy to intellectual property, trade secrets and other confidential information of the Company. For two years following the Executive's termination of employment, the Executive has agreed not to engage in any activity or provide any services which are similar to or competitive with the Company's business. For the same two year period, the Executive also agreed not to solicit or induce, or cause or permit others to solicit or induce, any employee to terminate their employment with the Company. These covenants are set forth and agreed to in the Loyalty and Confidentiality Agreement between the Executive and Company ("Loyalty Agreement"). The parties hereto understand and agree that the promises in this Agreement and those in the Loyalty Agreement, and not any employment of or services performed by the Executive in the course and scope of that employment, are the sole consideration for the Shares covered by this Agreement. Further, it is agreed that should the Executive violate or be in breach of any restrictions set forth herein or in the Loyalty Agreement (which determination shall be made in the discretion of the Compensation Committee of the Company's Board of Directors (the "Compensation Committee")), (a) the Executive shall immediately return to the Company any Shares, whether or not vested, which were received hereunder, (b) the Executive shall immediately send to the Company at the address below in the form of a check, (i) the proceeds from any Shares received hereunder that were sold to a third party or (ii) the fair market value of any Shares received hereunder which were transferred for no consideration to a third party (e.g., a gift or transfer to a trust), provided that the determination of the fair market value of such Shares shall be made by the Compensation Committee as of the date of such violation or breach, and (c) all of the Executive's rights to the Shares shall be revoked and the Executive will have no further rights with respect to the Shares.

6. Restrictions on Transfer. The Executive's right to receive Shares under this Agreement may not be sold, assigned, transferred, alienated, commuted, anticipated, or otherwise disposed of (except by will or the laws of descent and distribution), or pledged or hypothecated as collateral for a loan or as security for the performance of any obligation, or be otherwise encumbered, and may not become subject to attachment, garnishment, execution or other legal or equitable process, and any attempt to do so shall be null and void. If the Executive attempts to dispose of or encumber the Executive's right to receive Shares under this Agreement before such right becomes vested, then such right shall terminate and be canceled as of the date of such attempted transfer.

7. Delivery of Shares.

(a) General. If and as soon as practicable after the Executive's right to receive Shares becomes vested in accordance with numbered paragraph 3 above, the Company will cause such Shares to be issued and delivered to the Executive (or the Executive's representative or beneficiary, as the case may be). For the avoidance of doubt, if the Executive's right to receive the Shares becomes vested as a result of a change in control, the Executive will be entitled to participate in the change in control transaction with respect to such Shares (less any Shares withheld to satisfy applicable tax withholding) on the same basis and in the same manner as other stockholders of the Company. Notwithstanding the foregoing, the issuance and delivery of Shares that become vested pursuant to this Agreement shall be deferred if and to the extent necessary to (1) avoid a loss of deduction by the Company under Section 162(m) of the Internal Revenue Code of 1986, and/or (2) avoid the imposition of additional tax under Section 409A(a) of the Code.

(b) Tax Withholding. The Company may require as a condition of the delivery of stock certificates pursuant to subsection (a) above that the Executive remit to the Company or a subsidiary an amount sufficient in the opinion of the Company to satisfy any federal, state and other governmental tax withholding requirements attributable to the vesting or delivery of the shares represented by such certificate. In addition,

or in the alternative, the Company may satisfy such tax withholding obligation in whole or in part by withholding Shares that would otherwise be delivered to the Executive (or the Executive's representative or beneficiary) based upon the fair market value of the Shares on the applicable settlement date.

8. Capital Changes. In the event of a stock dividend, stock split, spin off or other recapitalization with respect to the outstanding shares of the Company's common stock, the Company will make such adjustments to the Shares covered by this Agreement in order to avoid dilution or enhancement of the Executive's rights under this Agreement.

9. No Service Rights. Nothing contained in the Plan or this Agreement shall confer upon the Executive any right with respect to the continuation of the Executive's employment or other service with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company at any time to terminate such relationship.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to its principles of conflict of laws.

11. Miscellaneous. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and may not be modified other than by written instrument executed by the parties.

EXHIBIT A
PERFORMANCE VESTING CONDITIONS

Payout Chart				Payout %
RCII's TSR Percentile Rank in the S&P 1500 Specialty Retail Index		RCII's TSR Actual Rank in the S&P 1500 Specialty Retail Index ¹		
>	<=	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%
24%	29%	45	47	25%
0%	24%	48	63	0%

(1) Over the three-year measurement period January 1, 20xx - December 31, 20xx.

I, Robert D. Davis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rent-A-Center, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2016

/s/ Robert D. Davis
Robert D. Davis
Chief Executive Officer

I, Guy J. Constant, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rent-A-Center, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2016

/s/ Guy J. Constant
Guy J. Constant
Executive Vice President - Finance,
Chief Financial Officer and Treasurer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Rent-A-Center, Inc. (the "**Company**") for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, Robert D. Davis, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert D. Davis
Robert D. Davis
Chief Executive Officer

Dated: April 29, 2016

A signed original of this written statement required by Section 906 has been provided to Rent-A-Center, Inc. and will be retained by Rent-A-Center, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Rent-A-Center, Inc. (the "**Company**") for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), I, Guy J. Constant, Executive Vice President - Finance, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Guy J. Constant

Guy J. Constant

Executive Vice President - Finance,

Chief Financial Officer and Treasurer

Dated: April 29, 2016

A signed original of this written statement required by Section 906 has been provided to Rent-A-Center, Inc. and will be retained by Rent-A-Center, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.