RENT A CENTER INC DE
Form PREM14A
July 16, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

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

Check the appropriate box:

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

Rent-A-Center, Inc.

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

Rent-A-Center, Inc. common stock, par value $0.01 per share.

(2) Aggregate number of securities to which transaction applies:

The number of shares of common stock to which this transaction applies is, as of July 2, 2018, estimated to be 57,179,943, which consists of (a) 53,500,284 shares of common stock issued and outstanding; (b) 1,510,609 shares of common stock issuable pursuant to outstanding options with exercise prices below the per share merger consideration of $15.00; and (c) 2,169,050 shares of common stock representing restricted stock units and performance stock units entitled to receive the per share merger consideration of $15.00.

(3) Per unit price or other underlying value of the proposed transaction, as of July 2, 2018, computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Solely for the purpose of calculating the filing fee, the underlying value of the transaction was calculated based on the sum of (a) the product of 53,500,284 shares of common stock and the per share merger consideration of $15.00; (b) the product of (i) 1,510,609 shares of common stock issuable upon exercise of options to purchase shares of common stock and (ii) the difference between $15.00 and the weighted average exercise price of such options of $9.65, as of July 2, 2018; and (c) the product of 2,169,050 shares of common stock representing restricted stock units and performance stock units and the per share merger consideration of $15.00.

(4) Proposed maximum aggregate value of transaction:

$843,121,768.15

(5) Total fee paid:

$104,968.66

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION, DATED JULY 16, 2018

Rent-A-Center, Inc.

5501 Headquarters Drive

Plano, Texas 75024

(972) 801-1100

[ ], 2018

Dear Rent-A-Center Stockholder:

You are cordially invited to attend a special meeting of the stockholders of Rent-A-Center, Inc., a Delaware corporation (Rent-A-Center , we , us , our or the Company), which we will hold at [ ], local time, on [ ], 2018, at Headquarters Drive, Plano, Texas 75024.

At the special meeting, holders of our common stock, par value $0.01 per share (the common stock), will be asked to consider and vote on a proposal to adopt and approve (a) the Agreement and Plan of Merger (as it may be amended from time to time, the Merger Agreement), dated as of June 17, 2018, by and among the Company, Vintage Rodeo Parent, LLC, a Delaware limited liability company (Parent), and Vintage Rodeo Acquisition, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (Merger Sub), pursuant to which Merger Sub will merge with and into the Company (the Merger), with the Company continuing as the surviving corporation and a wholly owned subsidiary of Parent, and (b) the transactions contemplated by the Merger Agreement, including, without limitation, the Merger (the Merger Proposal). At the special meeting, you will also be asked to consider and vote on (i) a proposal to approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of the Company in connection with the Merger (the Advisory Compensation Proposal) and (ii) a proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting or any adjournment or postponement of the special meeting to approve the Merger Proposal (the Adjournment Proposal).

If the Merger is completed, each share of common stock issued and outstanding immediately prior to the effective time of the Merger (other than shares of common stock held by (1) Parent, Merger Sub, or the Company (or held in the Company s treasury) or by any subsidiary of Parent or Merger Sub or (2) any stockholder who is entitled to demand and properly demands appraisal of such shares in accordance with Section 262 of the General Corporation Law of the State of Delaware and who does not fail to perfect or otherwise effectively withdraw such demand or otherwise lose the right to appraisal) will be converted into the right to receive $15.00 in cash, without interest and reduced by the amount of any withholding that is required under applicable laws. The per share price of $15.00 represents approximately a 25% premium to the closing price of our common stock as of June 15, 2018, the last trading day prior to the announcement of the execution of the Merger Agreement, and approximately a 49% premium to the closing price of our common stock on October 30, 2017, the trading date immediately before the Company publicly announced our board of directors intention to conduct a review of strategic and financial alternatives.

Our board of directors (our Board), after considering the factors more fully described in the accompanying proxy statement, has unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Merger, upon the terms and conditions set forth in the Merger Agreement, and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, advisable to and in the best interests of, the Company and its stockholders. Our Board unanimously recommends that stockholders vote FOR the proposal to adopt

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the Merger Agreement and approve the Merger described in the accompanying proxy statement. Our Board further recommends that you vote FOR the Advisory Compensation Proposal and FOR the Adjournment Proposal also detailed in the accompanying proxy statement.

The proxy statement describes the Merger Agreement, the Merger and related agreements and provides specific information concerning the special meeting. In addition, you may obtain information about the Company from documents filed with the Securities and Exchange Commission. We urge you to read the entire proxy statement carefully, including the annexes and all documents incorporated by reference into this proxy statement, as it sets forth the details of the Merger Agreement and other important information related to the Merger.

Your vote is very important. The Merger cannot be completed unless holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting vote in favor of the proposal to approve the Merger Agreement and the transactions contemplated thereby, including, without limitation, the Merger. A failure to vote your shares of common stock or an abstention on the proposal to approve the Merger Agreement and the transactions contemplated thereby will have the same effect as a vote AGAINST such proposal. Whether or not you plan to attend the special meeting, we ask you to submit a proxy to have your shares voted in advance of the special meeting by using one of the methods described in the proxy statement. If you hold your shares in street name, you should instruct your broker, bank, trust or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your broker, bank, trust or other nominee.

If you have any questions or need assistance in voting your shares, please contact our proxy solicitor, Saratoga Proxy Consulting, LLC, at:

Saratoga Proxy Consulting, LLC

528 8th Avenue, 14th Floor

New York, New York 10018

toll-free at (888) 368-0379 or (212) 257-1311

or by email at info@saratogaproxy.com

Thank you for your cooperation and continued support and interest in Rent-A-Center.

Very truly yours,

[ ]
Mitchell E. Fadel
Chief Executive Officer

The accompanying proxy statement is dated [ ], 2018 and is first being mailed to stockholders on or about [ ], 2018.

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Rent-A-Center, Inc.

5501 Headquarters Drive

Plano, Texas 75024

(972) 801-1100

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [ ], 2018

To the Stockholders of Rent-A-Center, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Rent-A-Center, Inc., a Delaware corporation (Rent-A-Center , we , us , our or the Company), will be held at [ ], local time, on [ ], 2018, at 5501 Headquarters Drive, Plano, Texas 75024 to consider and vote upon:

1. a proposal to adopt and approve (a) the Agreement and Plan of Merger (as it may be amended from time to time, the Merger Agreement), dated as of June 17, 2018, by and among the Company, Vintage Rodeo Parent, LLC, a Delaware limited liability company (Parent), and Vintage Rodeo Acquisition, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (Merger Sub), pursuant to which Merger Sub will merge with and into the Company (the Merger), with the Company continuing as the surviving corporation and a wholly owned subsidiary of Parent, and (b) the transactions contemplated by the Merger Agreement, including, without limitation, the Merger (collectively, the Merger Proposal);

2. a proposal to approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of the Company in connection with the Merger (the Advisory Compensation Proposal); and

3. a proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting or any adjournment or postponement of the special meeting to approve the Merger Proposal (the Adjournment Proposal).

Holders of record of our common stock, par value $0.01 per share (the common stock), outstanding as of 5:00 p.m., New York City time, on [ ], 2018 (the Record Date), are entitled to notice of, and to vote at, the special meeting or at any adjournment or postponement of the special meeting. You will be entitled to one (1) vote for each share of common stock that you owned on the Record Date.

Our board of directors (our Board), after considering the factors more fully described in the accompanying proxy statement, has unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Merger, upon the terms and conditions set forth in the Merger Agreement, and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, advisable to and in the best interests of, the Company and its stockholders. Our Board unanimously recommends that stockholders vote FOR the proposal to adopt the Merger Agreement and approve the Merger described in the accompanying proxy statement. Our Board further recommends that you vote FOR the

Advisory Compensation Proposal and FOR the Adjournment Proposal also detailed in the accompanying proxy statement.

Your vote is important, regardless of the number of shares of common stock you own. The Merger cannot be completed unless holders of a majority of the shares of our common stock outstanding as of the Record Date vote in favor of the adoption of the Merger Proposal. Approval of each of the Advisory Compensation

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Proposal and the Adjournment Proposal requires the affirmative vote of the holders of a majority of the shares of our common stock present, in person or represented by proxy, at the special meeting. Approval of the Advisory Compensation Proposal and the Adjournment Proposal are not conditions to the completion of the Merger.

Only stockholders of record, their duly authorized proxy holders, beneficial stockholders with proof of ownership and our guests may attend the special meeting. If you are a stockholder of record, please bring valid photo identification to the special meeting. If your shares of common stock are held through a bank, brokerage firm or other nominee, please bring to the special meeting valid photo identification and proof of your beneficial ownership of the Company s common stock. Acceptable proof may include an account statement showing that you owned shares of common stock on the Record Date. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the special meeting.

Stockholders who do not vote in favor of the proposal to adopt the Merger Agreement, and who submit a written demand for appraisal prior to the special meeting and comply with all other applicable requirements of Delaware law, which are summarized in the section entitled Appraisal Rights in the accompanying proxy statement (and the Delaware appraisal statute is reproduced in its entirety as *Annex C* to the accompanying proxy statement), may be entitled to rights of appraisal to obtain the fair value of their shares of common stock of Rent-A-Center.

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE OR SUBMIT YOUR PROXY ELECTRONICALLY OVER THE INTERNET OR BY TELEPHONE. IF YOU ATTEND THE SPECIAL MEETING AND VOTE IN PERSON BY BALLOT, YOUR VOTE WILL REVOKE ANY PROXY THAT YOU HAVE PREVIOUSLY SUBMITTED.

By Order of the Board of Directors,

[ ]
Dawn M. Wolverton

Vice President Assistant General Counsel and Secretary

[ ], 2018

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SUMMARY

This summary, together with the following section of this proxy statement entitled Questions and Answers About the Special Meeting and the Merger, highlights selected information from this proxy statement and may not contain all of the information that is important to you as a stockholder of the Company or that you should consider before voting at the special meeting. To better understand the Merger, you should read carefully this entire proxy statement, all of its annexes and all documents incorporated by reference into this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions in the section of this proxy statement captioned Where You Can Find Additional Information. The Merger Agreement is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement, which is the legal document that governs the Merger, carefully and in its entirety. Each item in this summary includes a page reference directing you to a more complete description of that item.

All references in this proxy statement to:

Rent-A-Center, the Company, we, us, or our refer to Rent-A-Center, Inc.;

Parent refer to Vintage Rodeo Parent, LLC;

Merger Sub refer to Vintage Rodeo Acquisition, Inc., a wholly owned subsidiary of Parent;

Merger Agreement refer to the Agreement and Plan of Merger (as it may be amended from time to time), dated as of June 17, 2018, by and among the Company, Parent and Merger Sub; and

Merger refer to the merger of Merger Sub with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Parent, as contemplated by the Merger Agreement, together with the other transactions contemplated by the Merger Agreement.

The Companies (Page 23)

Rent-A-Center, Inc.

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

Rent-A-Center s principal executive offices are located at 5501 Headquarters Drive, Plano, Texas 75024. Our telephone number is (972) 801-1100 and our company website is www.rentacenter.com. We do not intend for information contained on our website to be incorporated into this proxy statement.

Vintage Rodeo Parent, LLC and Vintage Rodeo Acquisition, Inc.

Parent is an affiliate of Vintage Capital Management, LLC (Vintage Capital). Vintage Capital is a value-oriented, operations-focused, private and public equity investor specializing in the consumer, aerospace and defense, and manufacturing sectors. Vintage Capital is the controlling shareholder of Buddy s Newco, LLC d/b/a Buddy s Home Furnishings, a privately-held rent-to-own company with over 300 locations across the U.S. and Guam. Parent was formed on May 7, 2018, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement. Parent has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement. Vintage Capital is the beneficial owner of approximately 6% of our common stock. Parent s principal executive offices are located at 4705 S. Apopka Vineland Road, Suite 206, Orlando, Florida 32819, and its telephone number is (407) 909-8015.

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Merger Sub is a wholly owned subsidiary of Parent and was formed on May 7, 2018, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement. Merger Sub has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement. Merger Sub s principal executive offices are located at 4705 S. Apopka Vineland Road, Suite 206, Orlando, Florida 32819, and its telephone number is (407) 909-8015.

The Special Meeting (Page 24)

The special meeting of stockholders will be held at [ ], local time, on [ ], 2018, at 5501 Headquarters Drive, Plano, Texas 75024. At the special meeting, holders of our common stock entitled to vote at the meeting will be asked to consider and vote upon:

- a proposal to adopt and approve (a) the Merger Agreement, pursuant to which Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Parent, and (b) the transactions contemplated by the Merger Agreement, including, without limitation, the Merger (collectively, the Merger Proposal);

- a proposal to approve, on an advisory (non-binding) basis, specified compensation that may become payable to our named executive officers in connection with the Merger (the Advisory Compensation Proposal); and

- a proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting or any adjournment or postponement of the special meeting to approve the Merger Proposal (the Adjournment Proposal).

Record Date and Quorum (Page 24)

The holders of record of our common stock as of 5:00 p.m., New York City time on [ ], 2018 (the Record Date), are entitled to receive notice of and to vote at the special meeting or at any adjournment or postponement of the special meeting. As of the Record Date, there were [ ] shares of our common stock outstanding and entitled to vote at the special meeting. The presence at the special meeting, in person or by proxy, of the holders of a majority of the shares of our common stock outstanding on the Record Date will constitute a quorum, permitting us to conduct our business at the special meeting.

Voting and Proxies (Page 25)

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, via the internet, by returning the enclosed proxy card by mail, or by voting in person at the special meeting. If you intend to submit your proxy by telephone or via the internet, you must do so no later than the date and time indicated on the applicable proxy card. Even if you plan to attend the special meeting, if you hold shares of common stock in your own name as the stockholder of record, please vote your shares by completing, signing, dating, and returning by mail the enclosed proxy card, using the telephone number printed on your proxy card or using the internet voting instructions printed on your proxy card.

If you sign your proxy, but do not indicate how you wish to vote, your shares of common stock will be voted **FOR** the Merger Proposal, **FOR** the Advisory Compensation Proposal, and **FOR** the Adjournment Proposal.

If your shares of common stock are held in street name, you should instruct your broker, bank, trust or other nominee on how to vote such shares of common stock using the instructions provided by your broker, bank,

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trust or other nominee. If you fail to provide your nominee with instructions on how to vote your shares of common stock, your nominee will not be able to vote such shares at the special meeting. If your shares of common stock are held in street name, you must obtain a legal proxy from such nominee in order to vote in person at the special meeting.

Required Vote (Page 25)

Approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding as of the Record Date. A failure to vote your shares of common stock or an abstention will have the same effect as a vote **AGAINST** the Merger Proposal. Approval of each of the Advisory Compensation Proposal and the Adjournment Proposal requires the affirmative vote of the holders of a majority of the shares of our common stock present, in person or represented by proxy, at the special meeting.

Voting by Our Directors (Page 25)

Our directors have informed us that, as of the date of this proxy statement and to the extent they own shares of common stock, they intend to vote in favor of the Merger Proposal, the Advisory Compensation Proposal, and the Adjournment Proposal, although none of them has an obligation to do so. As of 5:00 p.m., New York City time, on the Record Date, our directors personally owned, in the aggregate, less than 1% of the outstanding shares of our common stock.

Revocation of Proxies (Page 26)

A stockholder of record entitled to vote at the special meeting may revoke his or her proxy at any time before the vote is taken at the special meeting by:

- submitting a new proxy with a later date, by using the telephone or internet proxy submission procedures printed on your proxy card, or by completing, signing, dating, and returning a new proxy card by mail to the Company;
- attending the special meeting and voting in person; or
- delivering to the Company s Secretary a written notice of revocation to Rent-A-Center, Inc., 5501 Headquarters Drive, Plano, Texas 75024, Attn: Corporate Secretary.

Attending the special meeting without taking one of the actions described above will not revoke your proxy.

If you hold your shares of common stock in street name through a broker, bank, trust or other nominee, you will need to follow the instructions provided to you by your broker, bank, trust or other nominee in order to revoke, change or submit new voting instructions. You may also vote in person by ballot at the special meeting if you obtain a legal proxy from your bank, broker, trust or other nominee giving you the right to vote your shares at the special meeting.

The Merger (Page 28)

The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement, and in accordance with the applicable provisions of the General Corporation Law of the State of Delaware (the

DGCL), Merger Sub will merge with and into the Company. The Company will be the surviving corporation (the Surviving Company) in the Merger and will continue as a wholly owned subsidiary of Parent.

If the Merger is completed, at the effective time of the Merger (the Effective Time), each outstanding share of common stock (other than shares of common stock held by (a) Parent, Merger Sub, or the Company (or

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held in the Company s treasury) or by any subsidiary of Parent or Merger Sub, in each case outstanding immediately prior to the Effective Time (such shares, Excluded Shares) or (b) any stockholder who is entitled to demand and properly demands appraisal of such shares in accordance with Section 262 of the DGCL and who does not fail to perfect or otherwise effectively withdraw such demand or otherwise lose the right to appraisal (such shares, Dissenting Shares) will be converted into the right to receive $15.00 in cash (the Merger Consideration), without interest and reduced by the amount of any withholding that is required under applicable laws. At or prior to the Effective Time, Parent will deposit or cause to be deposited with the paying agent sufficient cash to pay to the holders of the common stock the Merger Consideration. Promptly after the Effective Time (and in any event within five business days after the Effective Time), Parent will cause the paying agent to send to each record holder of shares of common stock that were converted into the right to receive the Merger Consideration a letter of transmittal and instructions for use in effecting the delivery of shares to the paying agent and for effecting the surrender of certificates in exchange for the Merger Consideration.

Upon completion of the Merger, shares of our common stock will no longer be listed on any stock exchange or quotation system. You will not own any shares of the Surviving Company. The Merger Agreement is attached as *Annex A* to this proxy statement. ***Please read it carefully*.**

Recommendation of Our Board and Reasons for the Merger (Page 28)

Our board of directors (the Board or the Rent-A-Center Board), after considering the factors more fully described in this proxy statement, has unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Merger, upon the terms and conditions set forth in the Merger Agreement, and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, advisable to and in the best interests of, the Company and its stockholders. **Our Board unanimously recommends that stockholders vote FOR the Merger Proposal. Our Board further recommends that stockholders vote FOR the Advisory Compensation Proposal and FOR the Adjournment Proposal**. For the factors considered by our Board in reaching its decision to approve and declare advisable the Merger Agreement, see the section entitled *The Merger (Proposal 1) Reasons for the Merger.*

Opinion of Our Financial Advisor (Page 45 and *Annex B*)

Pursuant to an engagement letter, dated December 7, 2017, which was amended by written agreement on June 3, 2018 and further amended by written agreement on July 12, 2018, the Company retained J.P. Morgan Securities, LLC (J.P. Morgan) as its financial advisor in connection with evaluating strategic and financial alternatives, including the proposed Merger.

At the meeting of the Board on June 17, 2018, J.P. Morgan rendered its oral opinion to the Board that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in preparing the opinion, the Merger Consideration to be paid to the holders of the common stock in the proposed Merger was fair, from a financial point of view, to such holders. J.P. Morgan confirmed its June 17, 2018 oral opinion by delivering its written opinion, dated June 17, 2018, to the Board that, as of such date, the Merger Consideration to be paid to the holders of the common stock in the proposed Merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of J.P. Morgan, dated June 17, 2018, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in preparing its opinion, is attached as *Annex B* to this proxy statement and is incorporated herein by reference. The summary of the opinion of J.P. Morgan set forth in this proxy statement is qualified in its

entirety by reference to the full text of such opinion. The Company s

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stockholders are urged to read the opinion in its entirety. J.P. Morgan s opinion was addressed to the Board (in its capacity as such) in connection with and for the purposes of its evaluation of the proposed Merger, was directed only to the Merger Consideration to be paid to the holders of the common stock in the proposed Merger and did not address any other aspect of the proposed Merger. The opinion does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote with respect to the proposed Merger or any other matter. For a description of the opinion that the Board received from J.P. Morgan, see *The Merger (Proposal 1) Opinion of Our Financial Advisor* beginning on page 45 of this proxy statement.

Conditions to the Merger (Page 86)

Each party s obligation to effect the Merger is subject to the satisfaction or waiver at or prior to the closing of the Merger of the following conditions:

- the adoption of the Merger Agreement and approval of the Merger by the affirmative vote of the holders of a majority of the outstanding shares of the Company s common stock entitled to vote thereon;

- the expiration or termination of any applicable waiting period (and any extensions thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), and the receipt of all other required consents under any antitrust laws; and

- the absence of any law or order (whether temporary, preliminary or permanent) being in effect that makes the Merger illegal or prohibits or otherwise prevents the consummation of the Merger or the other transactions contemplated by the Merger Agreement.

The obligations of Parent and Merger Sub to effect the Merger are also subject to the satisfaction or waiver by Parent at or prior to the closing of the following additional conditions:

- the representations and warranties of the Company set forth in the Merger Agreement with respect to organization, standing and power; Company subsidiaries; certain capital structure matters; authority, execution and delivery, and enforceability; anti-takeover laws; brokers fees; and the opinion from the Company s financial advisor (i) that are not qualified by materiality or Company Material Adverse Effect (see *The Merger Agreement Representations and Warranties Definition of Material Adverse Effect*) are true and correct in all material respects as of the date of the Merger Agreement and as of the closing date (except to the extent expressly made as of a particular date or period of time, in which case as of such particular date or period of time), subject to certain materiality or Material Adverse Effect qualifiers; and (ii) that are qualified by materiality or Company Material Adverse Effect are true and correct in all respects (without disregarding such materiality or Company Material Adverse Effect qualifications as of the date of the Merger Agreement and as of the closing date (except to the extent expressly made as of a particular date or period of time, in which case as of such particular date or period of time);

the representations and warranties of the Company set forth in the Merger Agreement with respect to the capitalization structure of the Company are true and correct as of the date of the Merger Agreement and as of the closing date, except for such failures to be true and correct that would not reasonably be expected to result in additional cost, expense or liability to Parent or Merger Sub, individually or in the aggregate, that is more than $1,000,000;

the remaining representations and warranties of the Company set forth in the Merger Agreement are true and correct (without giving effect to any limitation as to materiality or Company Material Adverse Effect contained therein) as of the date of the Merger Agreement and as of the closing date of the Merger (except to the extent expressly made as of an earlier date, in which case as of such earlier

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date), except for any failure of such representations or warranties to be so true and correct that has not had, and would not reasonably be expected to have, a Company Material Adverse Effect;

the performance, in all material respects, by the Company of all obligations required to be performed by it under the Merger Agreement at or prior to the closing date of the Merger (it being understood that non-compliance cured in accordance with the Merger Agreement will not be taken into account);

since the date of the Merger Agreement, there has not been a Company Material Adverse Effect;

receipt of a certificate executed by an executive officer of the Company to the effect that the conditions described in the preceding five bullets are satisfied; and

no governmental entity of competent jurisdiction has initiated a suit, action or proceeding seeking to prohibit or otherwise prevent the consummation of the Merger or the other transactions contemplated by the Merger Agreement.

The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver by the Company at or prior to the closing of the following additional conditions:

the representations and warranties of Parent and Merger Sub set forth in the Merger Agreement are true and correct (without giving effect to any limitation as to materiality or Parent Material Adverse Effect set forth therein) as of the date of the Merger Agreement and as of the closing date (except to the extent expressly made as of an earlier date, in which case as of such earlier date) except where the failure of such representations and warranties to be so true and correct have not had, and would not reasonably be expected to have, a Parent Material Adverse Effect (see *The Merger Agreement Representations and Warranties Definition of Material Adverse Effect*);

the performance, in all material respects, by Parent and Merger Sub of all obligations required to be performed by it under the Merger Agreement at or prior to the closing date (it being understood that any non-compliance cured in accordance with the Merger Agreement will not be taken into account); and

receipt of a certificate executed by an executive officer of Parent to the effect that the conditions described in the preceding two bullets are satisfied.

Treatment of Company Equity Awards in the Merger (Page 71)

Stock Options. Except as otherwise agreed upon in writing between the holder of Company Stock Options and Parent, effective as of immediately prior to the Effective Time, each then-outstanding and unexercised stock option (Company Stock Option) will be automatically canceled and converted into the right to receive from the Surviving Company an amount in cash equal to the product of (a) the total number of shares of common stock then underlying such Company Stock Option multiplied by (b) the excess, if any, of $15.00 over the exercise price per share of such Company Stock Option, without any interest thereon and subject to all applicable withholding, if any. The aggregate

amount due to a holder of Company Stock Options pursuant to the preceding sentence will be paid by the Surviving Company upon the later of (i) five business days after the closing date and (ii) the date of the Company s first regularly scheduled payroll after the closing date. In the event that the exercise price of any Company Stock Option is equal to or greater than $15.00, such Company Stock Option will be canceled, without any consideration being payable in respect thereof, and have no further force or effect.

Performance Stock Unit Awards. Except as otherwise agreed upon in writing between the holder of Company PSUs and Parent, effective as of immediately prior to the Effective Time, each then-outstanding performance stock unit (Company PSU) will be automatically canceled and converted into the right to receive from the Surviving Company an amount in cash equal to the product of (a) the total number of shares of common stock then underlying such Company PSU multiplied by (b) $15.00 without interest and subject to all applicable

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withholding, if any. The aggregate amount due to a holder of Company PSU pursuant to the preceding sentence will be paid by the Surviving Company upon the later of (i) five business days after the closing date and (ii) the date of the Company s first regularly scheduled payroll after the closing date.

Restricted Stock Unit Awards. Except as otherwise agreed upon in writing between the holder of Company RSUs and Parent, effective as of immediately prior to the Effective Time, each then-outstanding restricted stock unit (Company RSU) will be automatically canceled and converted into the right to receive from the Surviving Company an amount in cash equal to the product of (a) the total number of shares of common stock then underlying such Company RSU multiplied by (b) $15.00 without interest and subject to all applicable withholding, if any. The aggregate amount due to a holder of Company RSUs pursuant to the preceding sentence will be paid by the Surviving Company upon the later of (i) five business days after the closing date and (ii) the date of the Company s first regularly scheduled payroll after the closing date.

Interests of Rent-A-Center s Directors and Executive Officers in the Merger (Page 62)

In considering the recommendation of our Board with respect to the Merger Agreement and the Merger, you should be aware that some of our directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of stockholders generally. Interests of our directors and executive officers may be different from or in addition to the interests of stockholders for the following reasons, among others: potential employment of our executive officers following the Merger with Parent or the Surviving Company; the accelerated vesting and/or cash-out of Company equity awards held by them; potential change in control severance compensation and benefits payable to them under existing agreements with certain officers of the Company; employment relationships and other affiliations between certain members of our Board and Engaged Capital, LLC, the Company s largest stockholder; and our directors and officers rights under the Merger Agreement to ongoing indemnification and insurance coverage. The members of the Board were aware of such different and additional interests and considered those interests, among other matters, in negotiating, evaluating and approving the Merger and the Merger Agreement, and in recommending to stockholders that the Merger Agreement and the transactions contemplated thereby be approved. These interests are discussed in more detail in *The Merger (Proposal 1) Interests of Certain Persons in the Merger* beginning on page 62 of this proxy statement.

Financing (Page 58)

Rent-A-Center and Parent estimate that the total amount of funds required to complete the Merger and related transactions and pay related fees and expenses will be approximately $1.603 billion. Parent expects this amount to be funded through a combination of the following:

- an investment fund associated with Parent (the Vintage Investor) and B. Riley Financial, Inc. (collectively, the Investors) have committed, pursuant to an equity commitment letter, dated as of June 17, 2018, to capitalize Parent, at or prior to the Effective Time, with an aggregate equity contribution up to $610 million, on the terms and subject to the conditions set forth in the equity commitment letter; and

- B. Riley Financial, Inc., Guggenheim Corporate Funding, LLC and GACP Finance Co., LLC have committed to provide an aggregate principal amount of $1,075 million in debt financing, consisting of two senior secured term loans, one of which is in the aggregate principal amount of $800 million and the other of which is in the aggregate principal amount of $275 million, on the terms and subject to the conditions set

forth in each lender s respective debt commitment letters, dated as of June 17, 2018.

The completion of the Merger is not subject to any financing condition, although funding of the debt and equity financing is subject to the satisfaction of the conditions set forth in the equity and debt commitment letters under which the financing relating to the Merger will be provided.

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Limited Guarantee (Page 61)

B. Riley Financial, Inc. and Vintage RTO, L.P., an entity associated with Parent (collectively, the Guarantors), have executed and delivered a limited guarantee in favor of the Company to guarantee, on a joint and several basis, Parent s obligations to pay any termination fee payable to the Company under the Merger Agreement, and all of the liabilities and obligations of Parent or Merger Sub (including certain reimbursement and indemnification obligations) under the Merger Agreement, subject to a maximum aggregate liability of $128.5 million.

Alternative Proposal; Unsolicited Proposals (Page 77)

The Company will, and will cause each of its subsidiaries, and its and their officers, directors, or managers, and will instruct its and their employees, accountants, consultants, legal counsel, financial advisors and agents and other representatives, to (a) immediately cease any existing solicitations, discussions or negotiations with any persons (other than Parent, Merger Sub and their respective representatives) that may be ongoing with respect to any Inquiry (as defined below) or any Alternative Proposal (as defined below), (b) request the prompt return or destruction (to the extent provided for in the applicable confidentiality agreement) of all confidential information previously furnished to any person (other than Parent, Merger Sub and their respective representatives) that has, within the one year period of the date of the Merger Agreement, received confidential information concerning the Company and its subsidiaries in connection with a potential strategic transaction with the Company, and (c) terminate access by any person and its representatives (other than Parent, Merger Sub and their respective representatives) to any online or other data rooms containing any confidential information in respect of the Company and its subsidiaries.

The Company will, and will cause each of its subsidiaries, and its and their officers, directors, or managers, and will instruct its employees, accountants, consultants, legal counsel, financial advisors and agents and other representatives, from the date of the Merger Agreement until the earlier of the Effective Time or the termination of the Merger Agreement not to directly or indirectly:

solicit, initiate, induce, propose, knowingly encourage or facilitate any Inquiry or the making, submission or announcement of any proposal that constitutes, or could reasonably be expected to lead to, an Alternative Proposal (it being understood and agreed that ministerial acts that are not otherwise prohibited by the Merger Agreement (such as answering unsolicited phone calls or receiving unsolicited correspondence) will not be deemed to facilitate for purposes of the Merger Agreement);

furnish or otherwise provide access to non-public information regarding the Company and its subsidiaries, or afford access to the business, employees, officers, contracts, properties, assets, books or records of the Company or any of its subsidiaries, to any person in connection with or in response to an Inquiry or an Alternative Proposal;

participate in or knowingly facilitate any discussions or negotiations with any person with respect to an Alternative Proposal;

adopt, enter into, or propose publicly to adopt or enter into a letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture

agreement, partnership agreement or other similar agreement or contract constituting or relating directly or indirectly to, or that contemplates or is intended or could reasonably be expected to result directly or indirectly in, an Alternative Proposal (other than an Acceptable Confidentiality Agreement (as defined below));

approve, endorse, accept or adopt or recommend the approval, acceptance or adoption of, or make or authorize any public statement, recommendation or solicitation in support of, any Inquiry or Alternative Proposal;

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withhold, withdraw, qualify or modify in a manner adverse to Parent or Merger Sub the Company board recommendation; or

authorize, resolve, publicly propose or commit to take any of the actions referred to in the foregoing bullet points.

If at any time prior to the special meeting, the Company receives an unsolicited bona fide written Alternative Proposal (x) that the Board determines in good faith to be (after consultation with the Company s financial advisors and outside legal counsel), or to be reasonably likely to lead to, a Superior Proposal (as defined in *The Merger Agreement Other Covenants and Agreements*), and (y) in respect of which the failure to take such action would reasonably be expected to be inconsistent with the directors exercise of their fiduciary duties under applicable law, the Company may then take the following actions:

furnish any nonpublic information to and afford access to the business, employees, officers, contracts, properties, assets, books and records of the Company and its subsidiaries to any person in response to such an Alternative Proposal, pursuant to the prior execution of (and the Company may enter into) an Acceptable Confidentiality Agreement; provided that if the person making such an Alternative Proposal is a known competitor of the Company, the Company may not provide any commercially sensitive non-public information to such person in connection with the actions permitted herein other than in accordance with customary clean room or other similar procedures designed to limit any adverse effect on the Company of the sharing of such information;

enter into and maintain discussions with any person with respect to an Alternative Proposal; and

engage in the activities otherwise described in the Merger Agreement with respect to any person, subject in the case of this bullet, to the terms and conditions set forth above.

The Company has agreed to promptly (and in no event more than two business days) following the Company s receipt of any Alternative Proposal or Inquiry, provide Parent with written notice of such Alternative Proposal or Inquiry, which notice must include a written summary of the price and other material terms and conditions thereof (including the identity of the person making such Alternative Proposal or Inquiry) and a copy thereof (including materials relating to the proposed financing commitments with customary redactions). In addition, the Company must substantially concurrently provide Parent with any nonpublic information concerning the Company or its subsidiaries that may be provided to any other person or group in connection with any such Alternative Proposal or Inquiry which was not previously provided to Parent. In addition, the Company must keep Parent reasonably informed on a prompt and timely basis of any material change to the terms or status of the Alternative Proposal or Inquiry, and must provide Parent with copies of all amendments or supplements thereto (including materials relating to any proposed financing commitments with customary redactions), and the general status of any discussions and negotiations with respect to such Alternative Proposal or Inquiry. The Company must (i) no later than twelve hours prior to the meeting (or, if earlier, concurrently with notice to the Board), notify Parent, orally and in writing (including by email), of any scheduled meeting of the Board at which it is reasonably likely that the Board will consider any Alternative Proposal or Inquiry and (ii) as promptly as reasonably practicable (and in any event within one business day) notify Parent of any determination by the Board that an Alternative Proposal constitutes a Superior Proposal.

Company Adverse Recommendation Change (Page 80)

At any time prior to the special meeting, the Board may, (a) upon the occurrence of a material event, development or occurrence following the date of the Merger Agreement with respect to the Company or its subsidiaries (taken as a whole) that was not known or reasonably expected to have been known or foreseen to or by the Board (an Intervening Event), make an Adverse Recommendation Change (as defined in *The Merger Agreement Other Covenants and Agreements*) and (b) solely in the case of a Superior Proposal, terminate the

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Merger Agreement and enter into a definitive written agreement providing for such Superior Proposal simultaneously with the termination of the Merger Agreement, if in the case of clauses (a) and (b), the Board has determined in good faith, after consultation with the Company s financial advisors and outside legal counsel, that the failure to take such action would reasonably be expected to be inconsistent with the directors exercise of their fiduciary duties under applicable law, provided that the Board may not make an Adverse Recommendation Change, or in the case of a Superior Proposal, terminate the Merger Agreement unless:

- the Company has provided Parent at least three business days prior written notice (the Notice Period) of taking such action, which notice must advise Parent of the circumstances giving rise to the proposed Adverse Recommendation Change, and in the case of a Superior Proposal, that the Board has received a Superior Proposal and must include a copy of such Superior Proposal (including copies of any materials related to any proposed financing commitments with respect thereto with customary redactions);

- to the extent requested by Parent, the Company has engaged in good faith negotiations with Parent to make such adjustments in the terms and conditions of the Merger Agreement so that, in the case of a Superior Proposal, such Superior Proposal ceases to constitute a Superior Proposal (in the reasonable judgment of the Board), or in cases not involving a Superior Proposal, the failure to make such Adverse Recommendation Change (in the reasonable judgment of the Board after consultation with the Company s financial advisors and outside legal counsel) would no longer reasonably be expected to be inconsistent with the directors exercise of their fiduciary duties under applicable law; and

- following the expiration of the Notice Period and any negotiations with or consideration of any proposals, amendments or modifications made or agreed to by Parent during the Notice Period, if any, the Board had determined in good faith, after consultation with the Company s financial advisor and outside legal counsel, that, in the case of a Superior Proposal, such Superior Proposal remains a Superior Proposal or, in cases not involving a Superior Proposal, that the failure to make an Adverse Recommendation Change or terminate the Merger Agreement and enter into a Superior Proposal, would reasonably be likely to be inconsistent with the exercise of their fiduciary duties under applicable law.

Termination (Page 87)

The Company and Parent may terminate the Merger Agreement by mutual written consent at any time before the Effective Time. In addition, either the Company or Parent may terminate the Merger Agreement if:

- the Merger is not consummated on or before 11:59 p.m., Eastern Time, on December 17, 2018 (the End Date), provided that, in the event that required antitrust approvals have not been obtained, either party may elect (by delivering notice to the other party at or prior to the End Date) to extend the End Date to March 17, 2019, provided further that, following such extension, either party may elect (by delivering notice to the other party at or prior to 11:59 p.m., Eastern time, on March 17, 2019) to extend the End Date to June 17, 2019;

upon written notice to the other party if there exists any legal restraint from any governmental authority that permanently restrains, enjoins or otherwise prohibits the Merger and such order or other action is, or shall have become, final and non-appealable;

the Company s stockholders fail to approve the Merger Proposal at the special meeting or any adjournments or postponements thereof; or

if the other party has breached any of its representations or warranties or failed to perform any covenants or agreements contained in the Merger Agreement which would result in the failure to satisfy a closing condition and such breach has not been timely cured, provided that such party is not in material breach of its obligations.

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The Company may also terminate the Merger Agreement:

- at any time prior to the adoption of the Merger Agreement by the Company s stockholders, in order for the Company to enter into a definitive written agreement with respect to a Superior Proposal substantially concurrently with such termination provided that the Company has paid the related termination fee to Parent and otherwise complied with its obligations under the Merger Agreement; or

- upon written notice to Parent, if (i) all conditions to Parent s obligation to complete the closing (other than those conditions that are to be satisfied by action taken at the closing) have been satisfied or waived, (ii) the Company has irrevocably notified Parent in writing at least three business days prior to such termination that it is ready, willing and able to consummate the Merger, (iii) Parent and Merger Sub fail to consummate the Merger within three business days following the date upon which the closing should have occurred pursuant to the terms of the Merger Agreement and (iv) at all times during such three business day period, the Company stood ready, willing and able to consummate the transactions contemplated by the Merger Agreement; provided that the Company is not in breach of the Merger Agreement in any material respect.

Parent may also terminate the Merger Agreement upon written notice to the Company if (A) the Board shall have effected an Adverse Recommendation Change, (B) the Board, within ten business days of a tender or exchange offer relating to the common stock having been commenced, has failed to publicly recommend against such tender or exchange offer, (C) the Board failed to publicly reaffirm the Board recommendation within three business days after a written request by Parent to do so, or (D) the Company has willfully and materially breached or failed to perform any of its non-solicitation obligations set forth in the Merger Agreement.

Termination Fees (Page 88)

Company Termination Fee. The Company will be required to pay a termination fee to Parent in an amount in cash equal to $25.3 million upon the termination of the Merger Agreement:

- by the Company, to enter into a definitive acquisition agreement with respect to a Superior Proposal;

- by Parent, if (a) the Board shall have effected an Adverse Recommendation Change, whether or not permitted in the Merger Agreement, (b) the Board, within ten business days of a tender or exchange offer relating to the common stock having been commenced, has failed to publicly recommend against such tender or exchange offer, (c) the Board has failed to publicly reaffirm the Company board recommendation within three business days after a written request by Parent to do so, or (d) the Company shall have materially and willfully breached or failed to perform any of its non-solicitation obligations under the Merger Agreement with respect to any alternative transaction proposal; or

- by Company or Parent, as applicable, if:

an Alternative Proposal has been publicly made or proposed (and not withdrawn or abandoned) after the date of the Merger Agreement and prior to the termination of the Merger Agreement;

following the occurrence of an event described in the preceding bullet, the Merger Agreement is terminated because (i) the Merger has not been consummated on or before the End Date (after giving effect to any applicable extension, but subject to certain conditions having been satisfied), or (ii) the Company breached its representations or covenants under the Merger Agreement which would result in the failure to satisfy a closing condition and such breach has not been timely cured; and

within twelve months after the date of such termination, the Company enters into a written agreement to consummate an Alternative Proposal and such Alternative Proposal is subsequently consummated (with each reference to 15% in the definition of Alternative Proposal being replaced with more than 50%).

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Parent Termination Fee. Parent will be required to pay to the Company a reverse termination fee of $126.5 million in the event that the Merger Agreement is terminated:

by Company or Parent, as applicable, if:

the Merger has not been consummated on or before the End Date (after giving effect to any applicable extension) and any applicable waiting period under the HSR Act has not expired or any other required consents pursuant to the HSR Act and antitrust laws have not been obtained;

the Merger Agreement has not been consummated due to a final and non-appealable legal restraint relating to an antitrust law that makes the Merger illegal or prohibits or otherwise prevents the consummation of the Merger or the other transactions contemplated by the Merger Agreement, as a result of a proceeding brought by a governmental entity;

Parent or Merger Sub breaches its representations or warranties or fails to perform any covenants or agreements contained in the Merger Agreement which would result in the failure to satisfy a closing condition and such breach has not been timely cured; or

the Merger has not been completed within three business days following the date the closing should have occurred pursuant to the Merger Agreement, and at the time of such termination, all conditions to Parent s obligation to consummate the closing (other than those conditions that are to be satisfied by action taken at the closing) have been satisfied and the Company has irrevocably confirmed by written notice to Parent at least three business days prior to such termination that it is ready, willing, and able to consummate the closing and at all times during such three business day period, the Company was ready, willing and able to consummate the transactions contemplated by the Merger Agreement.

These fees are discussed in more detail in the section entitled *The Merger Agreement Termination Fees*.

Fees and Expenses (Page 89)

Other than as specifically set forth in the Merger Agreement, each party shall bear its own expenses in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement.

Regulatory Approvals (Page 68)

Under the HSR Act and related rules, certain transactions, including the Merger, may not be completed until notifications have been given and information has been furnished to the Antitrust Division of the United States Department of Justice (the Antitrust Division) and the Federal Trade Commission (the FTC) and all statutory waiting period requirements have been satisfied. The Merger Agreement requires the parties to use their commercially reasonable efforts to (a) file a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated by the Merger Agreement within 20 business days of the date of the Merger Agreement, (b) make all other filings that are required to be made in order to consummate the transactions contemplated by the Merger Agreement pursuant to other antitrust laws with respect to the transactions contemplated by the Merger Agreement as

promptly as practicable, and (c) subject to the terms of the Merger Agreement, provide any supplemental information requested by any governmental entity relating to such filings.

The Merger Agreement further requires Parent and Merger Sub to use their respective commercially reasonable efforts to cooperate with any governmental entity in connection with obtaining the Governmental Approvals (as defined below) and to promptly undertake any and all actions required to complete lawfully the Merger and the other transactions contemplated by the Merger Agreement, as soon as practicable (but in any event prior to the End Date) and any and all actions necessary or advisable to avoid, prevent, eliminate or remove the actual or threatened commencement of any action by or on behalf of any governmental entity or the issuance of a legal restraint that would make illegal or prohibit or otherwise prevent the consummation of the Merger or the other transactions contemplated thereby.

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Material U.S. Federal Income Tax Consequences of the Merger (Page 66)

If you are a U.S. Holder (as defined below in *The Merger (Proposal 1) Material U.S. Federal Income Tax Consequences of the Merger*), the receipt of cash in exchange for shares of common stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder of common stock who receives cash in the Merger generally will recognize gain or loss in an amount equal to the difference, if any, between (a) the amount of cash received and (b) such U.S. Holder s adjusted tax basis in the shares of common stock exchanged therefor. Such gain or loss generally will constitute capital gain or loss and will constitute long-term capital gain or loss if the U.S. Holder s holding period for the common stock exchanged is more than one year as of the closing date of the Merger.

You should consult your own tax advisors regarding the particular tax consequences to you of the exchange of shares of common stock for cash pursuant to the Merger in light of your particular circumstances (including the application and effect of any federal, state, local, or foreign tax laws).

Appraisal Rights (Page 96 and *Annex* C*)*

Holders of our common stock are entitled to appraisal rights in connection with the Merger in accordance with Section 262 of the DGCL. Under Delaware law, holders of our common stock who do not vote in favor of the adoption of the Merger Proposal (either in person or represented by proxy), who properly demand appraisal of their shares of common stock and who otherwise comply with the requirements of Section 262 of the DGCL may be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value of, their shares of common stock, exclusive of any elements of value arising from the accomplishment or expectation of the Merger and together with interest (as described further below), if any, to be paid upon the amount determined to be fair value, in lieu of receiving the Merger Consideration if the Merger is completed, but only if they comply with all applicable requirements of the DGCL and if certain conditions are met. This value could be more than, the same as, or less than the Merger Consideration. Any holder of shares of common stock intending to exercise appraisal rights must deliver a written demand for appraisal to us prior to the vote on the Merger Proposal, not vote in favor of the Merger Proposal, by proxy or otherwise, continue to hold the shares of record through the effective date of the Merger, and otherwise strictly comply with all of the procedures required by Delaware law. If you hold your common stock through a broker, bank, trust or other nominee and you wish to exercise appraisal rights, you should consult with your broker, bank, trust or other nominee to determine the appropriate procedures for the making of a demand for appraisal by your broker, bank, trust or other nominee. In view of the complexity of Section 262 of the DGCL, stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors promptly. The relevant provisions of the DGCL are included as *Annex C* to this proxy statement. ***Please read these provisions carefully*.** Failure to strictly comply with these provisions may result in loss of the right of appraisal.

Market Price of Common Stock and Dividend Data (Page 93)

The closing price of our common stock on Nasdaq on June 15, 2018, the last trading day prior to the public announcement of the execution of the Merger Agreement, was $12.03 per share of common stock. On [ ], 2018, the most recent practicable date before this proxy statement was mailed to our stockholders, the closing price for the common stock on Nasdaq was $[ ] per share of common stock. You are encouraged to obtain current market quotations for common stock in connection with voting your shares of common stock.

The Company declared and paid quarterly dividends for each fiscal quarter during 2016 and for the first and second quarters of 2017. The Company has no intention to pay any dividends prior to the consummation of the Merger. The terms of the Merger Agreement do not allow us to declare or pay a dividend, without the prior written consent of Parent, between June 17, 2018 and the earlier of the Effective Time or the termination of the Merger Agreement.

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Delisting and Deregistration of Common Stock (Page 93)

If the Merger is completed, the common stock will be delisted from Nasdaq and deregistered under the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act).

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting, the Merger Agreement and the Merger. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement, and the documents incorporated by reference into this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the section of this proxy statement captioned *Where You Can Find Additional Information*.

Q: Why am I receiving this proxy statement?

A: On June 17, 2018, we entered into the Merger Agreement providing for the Merger of Merger Sub, a direct and wholly owned subsidiary of Parent, with and into the Company, with the Company surviving the Merger as a wholly owned subsidiary of Parent. You are receiving this proxy statement in connection with our Board s solicitation of proxies from holders of common stock in favor of the Merger Proposal and in favor of the other matters to be voted on at the special meeting or any adjournment or postponement of the special meeting.

Q: What is the proposed transaction?

A: The proposed transaction is the Merger of Merger Sub with and into the Company pursuant to the Merger Agreement and the transactions contemplated thereby. Following the Effective Time, the Company would be privately held as a wholly owned subsidiary of Parent.

Q: What will I receive in the Merger?

A: If the Merger is completed, you will be entitled to receive $15.00 in cash, without interest and reduced by the amount of any withholding that is required under applicable law, for each share of our common stock that you own. For example, if you own 100 shares of common stock, you will be entitled to receive $1,500.00 in cash in exchange for your shares of common stock, without interest and reduced by the amount of any withholding that is required under applicable law. You will not be entitled to receive shares in the Surviving Company or any equity interests in Parent.

Q: How does the per share Merger Consideration compare to the unaffected market price of our common stock?

A: The $15.00 per share Merger Consideration represents approximately a 25% premium to the closing price of our common stock as of June 15, 2018, the last trading day prior to the announcement of the execution of the Merger Agreement, and approximately a 49% premium to the closing price of our common stock on October 30, 2017,

the trading date immediately before the Company publicly announced our Board s intention to conduct a review of strategic and financial alternatives.

Q: Where and when is the special meeting?

A: The special meeting of stockholders will be held at [ ], local time, on [ ], 2018, at 5501 Headquarters Drive, Plano, Texas 75024.

Q: What matters will be voted on at the special meeting?

A: You will be asked to consider and vote on the following proposals:

a proposal to adopt and approve the Merger Agreement and the transactions contemplated thereby, including, without limitation, the Merger;

a proposal to approve, on an advisory (non-binding) basis, specified compensation that may become payable to our named executive officers in connection with the Merger; and

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a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting or any adjournment or postponement of the special meeting to approve the proposal to adopt the Merger Agreement.

Q: What is a quorum?

A: A quorum will be present if holders of a majority of the shares of our common stock outstanding on the Record Date and entitled to vote at the special meeting are present in person or represented by proxy at the special meeting. If a quorum is not present at the special meeting, the special meeting may be adjourned or postponed from time to time until a quorum is obtained.

If you submit a proxy but abstain or fail to provide voting instructions on any of the proposals listed on the proxy card, your shares of common stock will be counted for purposes of determining whether a quorum is present at the special meeting.

If your shares of common stock are held in street name by your broker, bank, trust or other nominee and you do not instruct the nominee how to vote your shares of common stock, these shares will not be counted for purposes of determining whether a quorum is present for the transaction of business at the special meeting.

Q: What vote of our stockholders is required to adopt the Merger Agreement?

A: Approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding as of the Record Date. In addition, under the Merger Agreement, the receipt of such required vote is a condition to the completion of the Merger. A failure to vote your shares of common stock or an abstention will have the same effect as a vote **AGAINST** the Merger Proposal.

Q: What vote of our stockholders is required to approve other matters to be considered at the special meeting?

A: Approval of each of the Advisory Compensation Proposal and the Adjournment Proposal requires the affirmative vote of the holders of a majority of the shares of our common stock present, in person or represented by proxy, at the special meeting. Abstentions will have the same effect as a vote **AGAINST** these proposals. Because all proposals for the special meeting are non-routine and non-discretionary, there will not be any broker non-votes for such proposals.

Q: How will our directors vote on the Merger Proposal?

A: Our directors have informed us that, as of the date of this proxy statement and to the extent they own shares of common stock, they intend to vote in favor of the Merger Proposal, the Advisory Compensation Proposal, and the

Adjournment Proposal, although none of them has an obligation to do so. As of 5:00 p.m., New York City time, on the Record Date, our directors personally owned, in the aggregate, less than 1% of the outstanding shares of our common stock.

Q: What voting power do I have?

A: At the special meeting, holders of common stock will have one vote per share that our records show were owned as of the Record Date.

Q: How does our Board recommend that I vote?

A: Our Board unanimously recommends that stockholders vote **FOR** the Merger Proposal. Our Board further recommends that stockholders vote **FOR** the Advisory Compensation Proposal and **FOR** the Adjournment Proposal.

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Q: When do you expect the Merger to be completed?

A: We currently anticipate completing the Merger by the fourth quarter of 2018, but we cannot predict the exact timing of the completion of the Merger or whether the Merger will be completed. In order to complete the Merger, stockholders must approve the adoption of the Merger Proposal at the special meeting and the other closing conditions under the Merger Agreement, including receipt of required regulatory approvals, must be satisfied or, to the extent legally permitted, waived.

Q: What effects will the Merger have on the Company?

A: Our common stock is currently registered under the Exchange Act, and is listed on Nasdaq under the symbol RCII. As a result of the Merger, we will cease to be a publicly traded company and will become a privately held subsidiary of Parent. Following the Merger, the registration of our common stock and our reporting obligations under the Exchange Act will be terminated and our common stock will no longer be listed or quoted on any stock exchange or quotation system, including Nasdaq.

Q: What happens if the Merger is not completed?

A: If the Merger Agreement is not adopted by our stockholders, or if the Merger is not completed for any other reason, our stockholders will not receive any payment for their shares of common stock in connection with the Merger. Instead, we will remain a public company and shares of our common stock will continue to be listed or quoted on Nasdaq. In addition, under specified circumstances, we may be required to pay Parent a termination fee of $25.3 million or Parent may be required to pay us a termination fee of $126.5 million. See *The Merger Agreement Termination Fees*.

Q: What will happen if stockholders do not approve the advisory proposal on specified compensation payable to our named executive officers in connection with the Merger?

A: The approval of this proposal is not a condition to the completion of the Merger. The vote on this proposal is an advisory vote and will not be binding on us or Parent. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Therefore, regardless of whether our stockholders approve this proposal, if the Merger is completed, the specified compensation will still be paid to our named executive officers to the extent payable in accordance with the terms of the Merger Agreement and applicable compensation and severance arrangements.

Q: What do I need to do now? How do I vote my shares of common stock?

A: We urge you to read this proxy statement carefully, including its annexes and the documents incorporated by reference into this proxy statement. Your vote is important. If you are a stockholder of record of common stock,

you can ensure that your shares of common stock are voted at the special meeting by submitting your proxy by:

mail, using the enclosed postage-paid envelope;

telephone, using the toll-free number listed on each proxy card; or

the internet, at the address provided on each proxy card.

If you hold your shares of common stock in street name through a broker, bank, trust or other nominee, you should follow the directions provided by your broker, bank, trust or other nominee regarding how to instruct your nominee to vote your shares. Without those instructions, your shares of common stock will not be voted, which will have the same effect as voting **AGAINST** the Merger Proposal.

Q: Can I revoke my proxy?

A: Yes. You can revoke your proxy at any time before the vote is taken at the special meeting. If you are a stockholder of record of common stock, you may revoke your proxy by notifying the Company s Secretary

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in writing at c/o Rent-A-Center, Inc., 5501 Headquarters Drive, Plano, Texas 75024, Attn: Secretary, or by submitting a new proxy by telephone, the internet or mail, in each case, dated after the date of the proxy being revoked. In addition, you may revoke your proxy by attending the special meeting and voting in person (simply attending the special meeting will not cause your proxy to be revoked). Please note that if you hold your shares of common stock in street name and you have instructed a broker, bank, trust or other nominee to vote your shares of common stock, the above-described options for revoking your voting instructions do not apply, and instead you must follow the instructions received from your broker, bank, trust or other nominee to revoke your voting instructions or submit new voting instructions.

Q: Will my shares of common stock held in street name or another form of record ownership be combined for voting purposes with shares I hold of record?

A: No. Because any shares you may hold in street name will be deemed to be held by a different stockholder than any shares you hold of record, any shares so held will not be combined for voting purposes with shares you hold of record. Similarly, if you own shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and will need to separately submit, a proxy card for those shares because they are held in a different form of record ownership. Shares held by a corporation or business entity must be voted by an authorized officer of the entity. Shares held in an individual retirement account must be voted under the rules governing the account.

Q: What happens if I sell my shares of common stock before completion of the Merger?

A: If you transfer your shares of common stock (whether or not such shares are entitled to vote), you will have transferred your right to receive the Merger Consideration in the Merger and lost your right to pursue appraisal of your shares under Delaware law. In order to receive the Merger Consideration (or, if you properly demand appraisal, to remain entitled to appraisal rights with respect to your shares), you must hold your shares of common stock through completion of the Merger.

The Record Date for stockholders entitled to vote at the special meeting is earlier than the special meeting date and the closing of the Merger. If you transfer your shares of common stock after the Record Date but before the special meeting, you will have transferred your right to receive the Merger Consideration in the Merger but, unless special arrangements are made, retained the right to vote at the special meeting.

Q: Should I send in my stock certificates or other evidence of ownership now?

A: No. After the Merger is completed, you will receive a letter of transmittal from the exchange agent for the Merger with detailed written instructions for exchanging your shares of common stock for the Merger Consideration. If your shares of common stock are held in street name by your broker, bank, trust or other nominee, you may receive instructions from your broker, bank, trust or other nominee as to what action, if any, you need to take to effect the surrender of your street name shares in exchange for the Merger Consideration. *Please do not send in your stock certificates or other evidence of ownership now*.

Q: I do not know where my stock certificate is how will I get the Merger Consideration for my shares?

A: If the Merger is completed, the transmittal materials you will receive after the completion of the Merger will include the procedures that you must follow if you cannot locate your stock certificate. These procedures will include an affidavit that you will need to sign attesting to the loss of your stock certificate. Parent may also require that you provide indemnity to the Surviving Company in order to cover any potential loss from the missing stock certificate.

Q: Am I entitled to exercise appraisal rights instead of receiving the Merger Consideration for my shares of common stock?

A: Holders of common stock are entitled to appraisal rights in connection with the Merger in accordance with Section 262 of the DGCL. Stockholders who do not vote in favor of the Merger Proposal and otherwise

comply with the requirements of Section 262 of the DGCL may be entitled to statutory appraisal rights under Delaware law if the Merger is completed and certain conditions are met. This means that if you comply with the requirements of Section 262 of the DGCL, you may be entitled to have the fair value of your shares of common stock, exclusive of any elements of value arising from the accomplishment or expectation of the Merger, determined by the Delaware Court of Chancery and to receive payment based on that valuation, together with interest, if any, to be paid upon the amount determined to be fair value by the court, instead of receiving the Merger Consideration, as described in more detail below. The ultimate amount you would receive in an appraisal proceeding may be more than, the same as, or less than the amount you would have received under the Merger Agreement. If you hold your common stock through a broker, bank, trust or other nominee and you wish to exercise appraisal rights, you should consult with your broker, bank, trust or other nominee to determine the appropriate procedures for the making of a demand for appraisal by your broker, bank, trust or other nominee. To exercise your appraisal rights, you must strictly comply with the requirements of the DGCL. In view of the complexity of Section 262 of the DGCL, stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors promptly. See *Appraisal Rights* and the text of the Delaware appraisal rights statute, Section 262 of the DGCL, which is reproduced in its entirety as *Annex C* to this proxy statement. ***Please read it carefully.***

Q: Do any of our directors or executive officers have interests in the Merger that may differ from those of stockholders generally?

A: Yes. In considering the recommendation of our Board with respect to the Merger Proposal, you should be aware that our directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of stockholders generally. These interests include, among others: potential employment of our executive officers following the Merger with Parent or the Surviving Company; the accelerated vesting and cash-out of all Company equity awards held by them; potential change in control severance compensation and benefits payable to them under our executive employment agreements; and their rights under the Merger Agreement to ongoing indemnification and insurance coverage. In (a) evaluating and negotiating the Merger Agreement, (b) approving the Merger Agreement and the Merger, and (c) recommending that the Merger Agreement be adopted by stockholders, our Board was aware of and considered these interests to the extent that they existed at the time, among other matters. For more information, see the section of this proxy statement captioned *The Merger (Proposal 1) Interests of Certain Persons in the Merger*.

Q: Will I have to pay taxes on the Merger Consideration I receive?

A: If you are a U.S. Holder (as defined below in *The Merger (Proposal 1) Material U.S. Federal Income Tax Consequences of the Merger*), the receipt of cash in exchange for shares of common stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder of common stock who receives cash in the Merger generally will recognize gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received and (2) such U.S. Holder s adjusted tax basis in the shares of common stock exchanged therefor. Such gain or loss generally will constitute capital gain or loss and will constitute long-term capital gain or loss if the U.S. Holder s holding period for the common stock exchanged is more than one year as of the closing date of the Merger. You should consult your own tax advisors regarding the particular tax consequences to you of the exchange of shares of common stock for cash pursuant to the Merger in light of your particular circumstances (including the application and effect of any federal, state, local, or foreign tax laws).

Q: What does it mean if I get more than one proxy card or voting instruction card?

A: If your shares are registered differently or are held in more than one account, you will receive more than one proxy card or voting instruction card. Please complete and return all of the proxy cards or voting instruction cards you receive (or submit each of your proxies by telephone or the internet) to ensure that all of your shares are voted.

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Q: Who is paying for this proxy solicitation?

A: Our directors, officers and employees may solicit proxies on our behalf in person, by telephone, email or facsimile. These persons will not be paid additional remuneration for their efforts. We have also engaged Saratoga Proxy Consulting, LLC to assist in the solicitation of proxies and provide related advice and informational support, for a services fee of $12,500, plus customary disbursements. We will pay all expenses of filing, printing and mailing this proxy statement, including solicitation expenses.

Q: What is householding and how does it affect me?

A: The Securities and Exchange Commission (the SEC) permits companies to send a single set of proxy materials to any household at which two or more stockholders reside, unless contrary instructions have been received, but only if the applicable company provides advance notice and follows certain procedures. In cases where contrary instructions have been received, each stockholder continues to receive a separate notice of the meeting and proxy card. Certain brokerage firms may have instituted householding for beneficial owners of common stock held through brokerage firms. If your family has multiple accounts holding our common stock, you may have already received a householding notification from your broker. Please contact your broker directly if you have any questions or require additional copies of this proxy statement. The broker will arrange for delivery of a separate copy of this proxy statement promptly upon your written or oral request. You may decide at any time to revoke your decision to household, and thereby receive multiple copies.

Q: Who can help answer my other questions?

A: If you have additional questions about the Merger, or require assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor, Saratoga Proxy Consulting, LLC, at:

Saratoga Proxy Consulting, LLC

528 8th Avenue, 14th Floor

New York, New York 10018

toll-free at (888) 368-0379 or (212) 257-1311

or by email at info@saratogaproxy.com

If a broker, bank, trust or other nominee holds your shares, you should also call your broker, bank, trust or other nominee for additional information.

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CAUTIONARY STATEMENT REGARDING

FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference into this proxy statement may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to the proposed transaction, the benefits of the proposed transaction, and the anticipated timing and consummation of the proposed Merger. Forward-looking statements can be generally identified by the use of words such as may, should, expects, plans, anticipates, believes, estimates, predicts, intends, continue, the negative thereof or variations thereon or similar terminology. These statements reflect only the Company s current expectations and are not guarantees of future performance or results. Forward-looking information involves risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements. Specific factors that could cause actual results to differ from results contemplated by forward-looking statements include, among others:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;
- unknown, underestimated or undisclosed commitments or liabilities;
- the inability to complete the Merger due to the failure to obtain stockholder approval for the Merger or the failure to satisfy other conditions to completion of the Merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction;
- risks regarding the failure of Parent to obtain the necessary debt and/or equity financing to complete the Merger;
- risks relating to operations of the business and financial results of the Company if the Merger Agreement is terminated;
- risks related to disruption of management s attention from the Company s ongoing business operations due to the transaction;
- the effect of the announcement, pendency or consummation of the Merger on the Company s relationships with third parties, including our employees, franchisees, customers, suppliers, business partners and vendors, which make it more difficult to maintain business and operations relationships, and negatively impact the operating results of the four core business segments and business generally;

the risk that certain approvals or consents will not be received in a timely manner or that the Merger will not be consummated in a timely manner;

the risk of exceeding the expected costs of the Merger;

adverse changes in U.S. and non-U.S. governmental laws and regulations;

adverse developments in the Company s relationships with its employees, franchisees, customers, suppliers, business partners and vendors;

capital market conditions, including availability of funding sources for the Company and Parent;

changes in our credit ratings;

risks related to not being able to refinance our indebtedness;

the risk of litigation, including stockholder litigation in connection with the proposed transaction, and the impact of any adverse legal judgments, fines, penalties, injunctions or settlements; and

volatility in the market price of our stock.

Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-

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looking statements contained or incorporated by reference in this proxy statement, whether as a result of new information, future events or otherwise, except as required by law. For additional discussion of potential risks and uncertainties that could impact our results of operations or financial position, refer to Part I, Item 1A. Risk Factors in our Form 10-K for the fiscal year ended December 31, 2017 (our 2017 Form 10-K) and Part II, Item 1A. Risk Factors in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (our March 2018 10-Q), each of which are incorporated by reference herein. There have been no material changes to the risk factors disclosed in our 2017 Form 10-K and March 2018 10-Q.

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THE COMPANIES

Rent-A-Center, Inc.

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

Our principal executive offices are located at 5501 Headquarters Drive, Plano, Texas 75024. Our telephone number is (972) 801-1100 and our company website is www.rentacenter.com. We do not intend for the information contained on our website to be incorporated into this proxy statement.

Vintage Rodeo Parent, LLC and Vintage Rodeo Acquisition, Inc.

Parent is an affiliate of Vintage Capital. Vintage Capital is a value-oriented, operations-focused, private and public equity investor specializing in the consumer, aerospace and defense, and manufacturing sectors. Vintage Capital is the controlling shareholder of Buddy s Newco, LLC d/b/a Buddy s Home Furnishings, a privately-held rent-to-own company with over 300 locations across the U.S. and Guam. Vintage Capital is the beneficial owner of approximately 6% of our common stock. Parent was formed on May 7, 2018, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement. Parent has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement. Parent s principal executive offices are located at 4705 S. Apopka Vineland Road, Suite 206, Orlando, Florida 32819, and its telephone number is (407) 909-8015.

Merger Sub is a wholly owned subsidiary of Parent and was formed on May 7, 2018, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement. Merger Sub has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement. Merger Sub s principal executive offices are located at 4705 S. Apopka Vineland Road, Suite 206, Orlando, Florida 32819, and its telephone number is (407) 909-8015.

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THE SPECIAL MEETING

Date, Time, and Place of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our Board for use at the special meeting to be held at [ ], local time, on [ ], 2018 at 5501 Headquarters Drive, Plano, Texas 75024 or at any adjournment or postponement of such meeting. This proxy statement is first being mailed to our stockholders on or about [ ], 2018.

Purpose of the Special Meeting

The purpose of the special meeting is for the holders of our common stock to consider and vote upon a proposal to adopt and approve (a) the Agreement and Plan of Merger, dated as of June 17, 2018 (as may be amended from time to time), by and among the Company, Parent and Merger Sub, pursuant to which Merger Sub will merge with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Parent, and (b) the transactions contemplated by the Merger Agreement, including, without limitation, the Merger (collectively, the Merger Proposal). Holders of our common stock must approve the adoption of the Merger Proposal for the Merger to be completed. A copy of the Merger Agreement is attached to this proxy statement as *Annex A* and the material provisions of the Merger Agreement are described under *The Merger Agreement*. Holders of our common stock are also being asked to approve one or more adjournments of the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting or any adjournment or postponement of the special meeting to adopt the Merger Agreement (the Adjournment Proposal).

In addition, in accordance with Section 14A of the Exchange Act, we are providing holders of our common stock with the opportunity to cast an advisory (non-binding) vote on specified compensation that may be payable to our named executive officers in connection with the Merger, the value of which is disclosed in the table in the section of the proxy statement entitled *The Merger (Proposal 1) Interests of Certain Persons in the Merger* (the Advisory Compensation Proposal). The vote on the Advisory Compensation Proposal is separate and apart from the vote to adopt the Merger Proposal. Accordingly, a holder of our common stock may vote to approve the adoption of the Merger Proposal and vote not to approve the Advisory Compensation Proposal and vice versa. Approval of this Advisory Compensation Proposal is not a condition to the completion of the Merger. Because the Advisory Compensation Proposal vote is advisory in nature only, it will not be binding on either the Company or Parent. Accordingly, because we are contractually obligated to pay the specified compensation, such compensation will be payable, subject only to the conditions applicable to such payment, if the Merger is completed and regardless of the outcome of the advisory vote.

Record Date and Quorum

The holders of record of our common stock as of 5:00 p.m., New York City time, on [ ], 2018 (the Record Date), are entitled to receive notice of and to vote at the special meeting or at any adjournment or postponement of the special meeting. On the Record Date, there were [ ] shares of our common stock outstanding and entitled to vote at the special meeting.

The presence at the special meeting, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock on the Record Date and entitled to vote at the special meeting will constitute a quorum, permitting us to conduct our business at the special meeting. Treasury shares, which are shares owned by the Company itself, are not voted and do not count for this purpose. Proxies received but not marked or marked as abstentions will be included in the calculation of the number of shares considered to be present at the special meeting. Because all proposals for the

special meeting are non-routine and non-discretionary, there will not be any broker non-votes for such proposals. See *Voting; Proxies; Revocation Submitting a Proxy or Providing Voting Instructions Shares Held in Street Name* below.

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Required Vote

Approval of the Merger Proposal requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding as of the Record Date. In addition, under the Merger Agreement, the receipt of such required vote is a condition to the completion of the Merger. A failure to vote your shares of common stock or an abstention will have the same effect as a vote **AGAINST** the Merger Proposal.

Approval of each of the Advisory Compensation Proposal and the Adjournment Proposal requires the affirmative vote of the holders of a majority of the shares of our common stock present, in person or represented by proxy, at the special meeting.

Abstentions will have the same effect as a vote **AGAINST** on the outcome of the Advisory Compensation Proposal and the Adjournment Proposal (assuming a quorum is present).

Votes You Have

At the special meeting, holders of shares of common stock will have one vote per share that our records show were owned as of the Record Date.

Voting by Our Directors

Our directors have informed us that, as of the date of this proxy statement and to the extent they own shares of common stock, they intend to vote in favor of the Merger Proposal, the Advisory Compensation Proposal and the Adjournment Proposal, although none of them has an obligation to do so. At 5:00 p.m., New York City time, on the Record Date, our directors personally owned, in the aggregate, less than 1% of the outstanding shares of our common stock.

Voting; Proxies; Revocation

Attendance. All holders of shares of common stock as of 5:00 p.m., New York City time, on the Record Date, including stockholders of record and beneficial owners of common stock registered in the street name of a broker, bank, trust or other nominee, are invited to attend the special meeting. If you are a stockholder of record, please be prepared to provide proper identification, such as a driver s license. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or voting instruction form provided by your broker, bank, trust, or other nominee or other similar evidence of ownership, along with proper identification.

Voting in Person. Stockholders of record of common stock will be able to vote in person at the special meeting. If you are not a stockholder of record of common stock, but instead hold your shares of common stock in street name through a broker, bank, trust or other nominee, you must provide a proxy executed in your favor from your broker, bank, trust or other nominee in order to be able to vote in person at the special meeting.

Submitting a Proxy or Providing Voting Instructions. To ensure that your shares of common stock are voted at the special meeting, we recommend that you provide voting instructions promptly by proxy, even if you plan to attend the special meeting in person.

Shares Held by Record Holder. If you are a stockholder of record of common stock, you may submit a proxy using one of the methods described below.

Submit a Proxy by Telephone or via the Internet. This proxy statement is accompanied by a proxy card with instructions for submitting voting instructions. You may vote by telephone by calling the toll-free number or via the internet by accessing the internet address as specified on the enclosed proxy card. Your shares will be voted as you direct in the same manner as if you had completed, signed, dated, and returned your proxy card, as described below.

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Submit a Proxy Card by Mail. If you complete, sign, date, and return the enclosed proxy card by mail so that it is received in time for the special meeting, your shares will be voted in the manner directed by you on your proxy card.

If you sign, date, and return your proxy card without indicating how you wish to vote on a proposal, your proxy will be voted in accordance with our Board s recommendation i.e., in favor of (i) the Merger Proposal, (ii) the Advisory Compensation Proposal, and (iii) the Adjournment Proposal. If you are a stockholder of record of common stock and fail to return your proxy card, unless you attend the special meeting and vote in person, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote against the Merger Proposal, but will not affect the other proposals.

Shares Held in Street Name. If your shares of common stock are held in street name, you will receive instructions from your broker, bank, trust or other nominee that you must follow in order to have your shares voted. Your broker, bank, trust or other nominee will vote your shares only if you provide instructions on how to vote. Please follow the directions on the voting instruction form sent to you by your broker, bank, trust or other nominee with this proxy statement. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker, bank, trust or other nominee, as the case may be. Brokers who hold shares of common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from the beneficial owner. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that are non-routine, such as the Merger Proposal, without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker or other nominee that are present in person or represented at the meeting, but with respect to which the broker or other nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. Because all proposals for the special meeting are non-routine and non-discretionary, there will not be any broker non-votes for such proposals.

Revocation of Proxies. Any person giving a proxy pursuant to this solicitation has the power to revoke and change it any time before it is voted. If you are a stockholder of record of common stock, you may revoke your proxy at any time before the vote is taken at the special meeting by:

submitting a new proxy with a later date, by using the telephone or internet proxy submission procedures described above, or by completing, signing, dating, and returning a new proxy card by mail to the Company;

attending the special meeting and voting in person; or

delivering to the Company s Secretary a written notice of revocation to c/o Rent-A-Center, Inc., 5501 Headquarters Drive, Plano, Texas 75024, Attn: Secretary.

Attending the special meeting without taking one of the actions described above will not in itself revoke your proxy. Please note that if you want to revoke your proxy by mailing a new proxy card to the Company or by sending a written notice of revocation to the Company, you should ensure that you send your new proxy card or written notice of revocation in sufficient time for it to be received by the Company before the special meeting.

If you hold your shares of common stock in street name through a bank, broker, trust or other nominee, you will need to follow the instructions provided to you by your bank, broker, trust or other nominee in order to revoke your voting instructions or submit new voting instructions.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. We are submitting a proposal for consideration at the special meeting to authorize

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the named proxies to approve one or more adjournments of the special meeting, if necessary or appropriate, including to solicit additional proxies if there are not sufficient votes to adopt the Merger Proposal at the time of the special meeting or any adjournment or postponement of the special meeting. We retain full authority to the extent set forth in our bylaws and Delaware law to adjourn the special meeting (or any adjournment or postponement of the special meeting) for any purpose, or to postpone the special meeting (or any adjournment or postponement of the special meeting) before it is convened, without the consent of any stockholder.

If the special meeting is adjourned, we are not required to give notice of the time and place of the adjourned meeting if announced at the meeting at which the adjournment is taken, unless the adjournment is for more than 30 days or our Board fixes a new record date for the special meeting. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting. All proxies will be voted in the same manner as they would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn prior to the time the proxy is voted at the reconvened meeting.

Solicitation of Proxies

Our directors, officers, and employees may solicit proxies on our behalf in person, by telephone, email or facsimile. These persons will not be paid additional remuneration for their efforts. We have also engaged Saratoga Proxy Consulting, LLC to assist in the solicitation of proxies and provide related advice and informational support, for a services fee of $12,500, plus customary disbursements. We also will request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of common stock that the brokers and fiduciaries hold of record. Upon request, we will reimburse them for their reasonable out-of-pocket expenses. We will pay all expenses of filing, printing, and mailing this proxy statement, including solicitation expenses.

Stockholder List

A list of our stockholders entitled to vote at the special meeting will be available for inspection at the special meeting and for ten days prior to the special meeting for any purpose germane to the special meeting, between the hours of 8:45 a.m. and 4:30 p.m., local time, at our principal executive offices at 5501 Headquarters Drive, Plano, Texas 75024, by contacting the Company s Secretary.

Other Information

You should not return your stock certificate or send documents representing common stock with the proxy card. If the Merger is completed, the paying agent for the Merger will send you a letter of transmittal and instructions for exchanging your shares of common stock for the Merger Consideration.

Questions and Assistance

If you have questions about the Merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please contact our proxy solicitor, Saratoga Proxy Consulting, LLC, at:

Saratoga Proxy Consulting, LLC

528 8th Avenue, 14th Floor

New York, New York 10018

toll-free at (888) 368-0379 or (212) 257-1311

or by email at info@saratogaproxy.com

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THE MERGER (PROPOSAL 1)

General

If the Merger Agreement is adopted by our stockholders and all other conditions to the closing of the Merger are either satisfied or waived, Merger Sub will merge with and into the Company. The Company will be the Surviving Company in the Merger and will continue as a wholly owned subsidiary of Parent. Upon completion of the Merger, each outstanding share of common stock (other than Excluded Shares and any Dissenting Shares) will be automatically converted into the right to receive $15.00 in cash, without interest and reduced by the amount of any withholding that is required under applicable laws.

Our common stock is traded on Nasdaq under the symbol RCII. If the Merger is completed, we will cease to be an independent public company and will become a subsidiary of Parent. Following the completion of the Merger, the registration of our common stock and our reporting obligations under the Exchange Act will be terminated. In addition, upon the completion of the Merger, our common stock will no longer be listed on any stock exchange or quotation system, including Nasdaq.

Recommendation of Our Board of Directors

Our Board has unanimously approved the Merger Agreement and the transactions contemplated thereby, including the Merger, upon the terms and conditions set forth in the Merger Agreement, and determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are fair to, advisable to and in the best interests of, the Company and its stockholders. **Our Board unanimously recommends that stockholders vote FOR the Merger Proposal. Our Board further recommends that you vote FOR the Advisory Compensation Proposal and FOR the Adjournment Proposal also detailed in this proxy statement.**

Background of the Merger

The following chronology summarizes the key meetings and events that led to the signing of the Merger Agreement. This chronology does not purport to catalogue all conversations, events or meetings among the Strategic Review Steering Committee (as defined below), our Board, representatives of Rent-A-Center and/or other parties.

The Rent-A-Center Board of Directors (the Rent-A-Center Board or the Board) regularly evaluates the Company s strategic direction and ongoing business plans with a view toward improving its principal business segments and enhancing stockholder value. As part of this evaluation, the Rent-A-Center Board has, from time to time, considered a variety of strategic initiatives. These have included, among others: the continued execution of the Company s current business plan as a standalone entity; modifications to the Company s current business plan and strategic direction; the repurchase of common stock and other financial alternatives; and exploration of potential expansion opportunities for the Company s principal business segments.

On December 7, 2016, following previous discussions with the Company s then Chief Executive Officer and its then Chairman of the Board, Engaged Capital and certain of its affiliated funds (collectively, Engaged Capital), a stockholder of the Company, sent a private letter to the Rent-A-Center Board encouraging it to explore strategic alternatives, including a possible sale of the Company.

On January 9, 2017, the Company issued a press release announcing the resignation of Robert D. Davis as Chief Executive Officer (CEO) and a director of the Company, and the appointment of Mark E. Speese (the Company s Chairman of the Board, founder and former CEO) as the Company s interim CEO.

On January 30, 2017, Engaged Capital publicly disclosed via a Schedule 13D filing its acquisition of beneficial ownership of 9.9% of the common stock and, as a result of certain swap agreements, its economic

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exposure to approximately 12.9% of the common stock. Engaged Capital stated that it acquired shares based on its belief that the shares of Company common stock, when purchased, were undervalued and represented an attractive investment opportunity. Further, Engaged Capital disclosed that it had engaged, and intended to continue to engage, in communications with the Rent-A-Center Board and management regarding means to create stockholder value.

On February 14, 2017, Engaged Capital disclosed via a Schedule 13D filing its issuance of a public letter on February 14, 2017 to the Rent-A-Center Board calling on it to immediately commence a strategic alternatives review process, including a possible sale of the Company. In the February letter, Engaged Capital raised concerns with loss of stockholder value, noting the 26% decline in the Company s stock price since Engaged Capital sent its private letter to the Rent-A-Center Board on December 7, 2016. Engaged Capital also disclosed that it was prepared to nominate a slate of independent director candidates at the Company s upcoming annual meeting.

On February 23, 2017, Engaged Capital disclosed via a Schedule 13D filing that it had delivered a letter (the Nomination Letter) to the Company nominating five individuals for election to the Rent-A-Center Board at the 2017 annual meeting of stockholders. On that date, Engaged Capital also issued a public letter to the Rent-A-Center Board announcing the nomination and reiterating its call for the Rent-A-Center Board to hire a financial advisor and immediately initiate a strategic alternatives review process to evaluate a sale of the Company.

Also on February 23, 2017, the Company, in consultation with the Board s Finance Committee, engaged J.P. Morgan to assist it in identifying and evaluating options for responding to a potential proxy contest or related activities undertaken by parties attempting to influence the management, operations or strategy of the Company. Under that engagement, J.P. Morgan also agreed to assist the Company in evaluating the financial aspects of any proposal or offer the Company may receive to sell or merge the Company.

On March 23, 2017, Engaged Capital disclosed via a Schedule 13D filing its beneficial ownership of 16.9% of the common stock, and, as a result of certain swap agreements, its economic exposure to approximately 20.5% of the common stock.

On March 28, 2017, the Company adopted a Stockholders Rights Plan that was designed to protect the Company s stockholders by reducing the likelihood that any person or group, including Engaged Capital, would gain control of the Company through open market accumulation without paying a premium for such control or without allowing the Rent-A-Center Board sufficient time to make informed decisions.

On April 10, 2017, the Company issued a press release announcing the appointment of Mark E. Speese as the Company s CEO, noting that Mr. Speese had been serving as the Company s interim CEO since January 9, 2017.

On April 17, 2017, Engaged Capital disclosed via a Schedule 13D filing that it was withdrawing the nomination of one of its five nominees for election at the Company s annual stockholders meeting.

On April 20, 2017, Engaged Capital disclosed via a Schedule 13D filing that it was withdrawing the nomination of one of its remaining four nominees for election at the Company s annual stockholders meeting.

On June 8, 2017, the Company held its annual meeting of stockholders, at which meeting the three remaining nominees put forth by Engaged Capital for election to the Rent-A-Center Board, Jeffrey J. Brown, Mitchell E. Fadel and Christopher B. Hetrick (a member of Engaged Capital s senior management), were elected to replace the three directors on the Company s classified board that were up for re-election at the annual meeting.

On June 20, 2017, Vintage Capital sent a non-binding and unsolicited proposal to representatives of J.P. Morgan, under which proposal Vintage Capital proposed to acquire 100% of the common stock for $15.00 per share (the Vintage June 2017 Proposal).

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On July 1, 2017, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan and Winston & Strawn (outside legal counsel to the Company) in attendance. After receiving a presentation from J.P. Morgan regarding its preliminary valuation of the Company based on management s long-term financial plan at that time, an extensive discussion regarding the Vintage June 2017 Proposal took place among the members of the Board. Following that discussion, the Board determined not to pursue the Vintage June 2017 Proposal at that time.

On July 5, 2017, the Rent-A-Center Board sent a letter to Vintage Capital noting that the Board had considered the Vintage June 2017 Proposal and determined not to pursue it at that time.

On October 12, 2017, the Rent-A-Center Board met, with members of management and representatives of each of Winston & Strawn and J.P. Morgan in attendance. After the Board discussed with representatives of J.P. Morgan the possible strategic alternatives that may be available to the Company at that time, the Board discussed whether to engage in a broad-based review of the Company s strategic and financial alternatives, including the evaluation of a possible sale of the Company (the Strategic Alternatives Review). Following that discussion, the Board approved undertaking the Strategic Alternatives Review and to announce that process publicly. The Board also approved the suspension of the Company s quarterly dividends to conserve cash due to the initiation of the Strategic Alternatives Review and the Company s recent financial performance. Following the approval of the Strategic Alternatives Review by the Board, the Company s management and advisors engaged in preliminary activities in preparation for the Board s evaluation of strategic and financial alternatives available to the Company at that time.

On October 30, 2017, the Company issued a press release reporting its third quarter 2017 results and provided an update regarding the Company s continued progress in executing its operational strategic plan. Later that day, the Company issued a press release announcing (1) the commencement of the Strategic Alternatives Review to facilitate the Board s determination of the best path forward for maximizing value for all Company stockholders, and (2) the suspension of the Company s quarterly dividend until such process has concluded. The Company also announced the resignation of Steven L. Pepper from his position as director and Chairman of the Rent-A-Center Board, with his resignation taking effect on October 31, 2017. The press release further noted that Mr. Pepper informed the Company that he was resigning as a result of his disagreement with the Board s decision to initiate the Strategic Alternatives Review.

On October 31, 2017, the Rent-A-Center Board met to address certain matters relating to the Strategic Alternatives Review. At that meeting, the Board designated J.V. Lentell, Mitchell E. Fadel and Christopher B. Hetrick to serve as advisors to the Board in connection with the Strategic Alternatives Review process (the Strategic Review Steering Committee). The Committee was directed by the Board to liaise with the Company s management and outside advisors regarding activities relating to the Strategic Alternatives Review, and to update the Board with respect to such matters. The Board also approved a one-time payment of $10,000 to each of the members of the Strategic Review Steering Committee for their service on that Committee.

On November 3, 2017, Vintage Capital sent a non-binding and unsolicited letter to the Company proposing an all-cash acquisition of the Company for $13.00 per share and requesting that the Company enter into an exclusivity agreement for a 30-day period. Vintage Capital also publicly disclosed that letter, and its beneficial ownership of 5.9% of the Company s common stock, on a Schedule 13D. Following the receipt of that proposal, and subsequent discussions with representatives of J.P. Morgan and Winston & Strawn regarding the terms and conditions of the new Vintage Capital proposal, the Rent-A-Center Board sent a letter to Vintage Capital on November 8, 2017 responding to the November 3rd proposal. In that letter, the Board stated that given the early stages of the Strategic Alternatives Review and the level of inbound interest from other parties, the Company would not be entering into an exclusivity arrangement with Vintage Capital at that time.

On November 30, 2017, the Rent-A-Center Board met, with representatives of Winston & Strawn in attendance. At that meeting, members of the Strategic Review Steering Committee provided the Board with an update regarding the activities being undertaken by the Committee and the Company s outside advisors in preparation for the Board s review of strategic and financial alternatives.

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On December 7, 2017, the Rent-A-Center Board met, with representatives of each of J.P. Morgan and Winston & Strawn in attendance. At that meeting, representatives of J.P. Morgan updated the Board regarding activities being undertaken by representatives of J.P. Morgan and the Company s management in support of the Strategic Alternatives Review. At that meeting, following the departure of the J.P. Morgan representatives, the Board discussed the relevant experience and expertise of J.P. Morgan in assisting companies evaluating strategic alternatives, together with the familiarity that J.P. Morgan had with the Company following the financial advisory services it provided to the Company during the proxy contest initiated by Engaged Capital earlier that year. Following that discussion, the Board approved engaging J.P. Morgan to be the Company s financial advisor in connection with the Strategic Alternatives Review. The Board then authorized representatives of J.P. Morgan to begin reaching out to parties that may be interested in participating in a possible sale process involving the Company.

On December 8, 2017, the Rent-A-Center Board approved and authorized the Company to engage AlixPartners, a consulting firm, to provide financial and operational consulting services to the Company in support of its efforts to identify, evaluate and execute cost savings, profitability enhancements and working capital improvement opportunities.

In December 2017, at the direction of the Rent-A-Center Board, representatives of J.P. Morgan began an outreach process to identify strategic parties and financial sponsors that may be interested in exploring a possible acquisition transaction involving the Company (the Potential Sale Process). During this outreach process, approximately 30 potential participants (the majority of which being financial sponsors) were contacted (including Vintage Capital) by representatives of J.P. Morgan, and 11 confidentiality and non-disclosure agreements were executed by interested parties. This outreach included, among others, parties that had contacted the Company or its representatives following the announcement of the Strategic Alternatives Review about potentially participating in the Potential Sale Process.

On January 2, 2018, the Company issued a press release announcing the resignation of Mark E. Speese as the Company s Chief Executive Officer, and the appointment of Mitchell E. Fadel, the Company s former President and Chief Operating Officer and a current member of Rent-A-Center Board, as the new CEO of the Company. At that time, the Company also reaffirmed that the Rent-A-Center Board had initiated a process to explore strategic and financial alternatives and, with its independent financial and legal advisors, was carefully considering a full range of options focused on maximizing stockholder value.

On January 9, 2018, the Rent-A-Center Board met, with members of management and Winston & Strawn in attendance. During that meeting, the Board discussed the long-term financial plan for the Company prepared by management prior to the recent CEO transition, which plan was being prepared specifically to be provided to participants in the Potential Sale Process and reflected an upside case for the Company s performance (the Initial Projections). The Initial Projections are more fully described in the section of this proxy statement captioned *Certain Unaudited Projected Financial Information*. Following that discussion, the Board approved the Initial Projections for use specifically in connection with the Potential Sale Process and directed management to make the plan available to those parties participating in the Potential Sale Process. The Initial Projections were subsequently provided to parties participating in that process.

On January 17, 2018, Vintage Capital executed a Confidentiality and Non-Disclosure Agreement (the Vintage NDA) with the Company in connection with its participation in the Potential Sale Process. At that time, Vintage Capital was partnering with a large-scale private equity firm in its evaluation of a possible acquisition proposal for the Company, which private equity firm also executed a Confidentiality and Non-Disclosure Agreement with the Company.

On January 18, 2018, the Rent-A-Center Board met, with members of management and representatives of each of Winston & Strawn and AlixPartners in attendance. At that meeting, the Board received a report from AlixPartners

regarding its assessment and analysis of potential cost savings, profitability enhancements and

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working capital improvement opportunities for the Company, and members of the Strategic Review Steering Committee updated the Board with respect to the Strategic Alternatives Review.

On January 19, 2018, Vintage Capital filed an amendment to its Schedule 13D disclosing that, on January 17, 2018, Vintage Capital and the Company entered into the Vintage NDA.

On January 24, 2018, at the direction of the Rent-A-Center Board, representatives of J.P. Morgan distributed a process letter regarding preliminary, non-binding indications of interests to parties that had previously executed a confidentiality and non-disclosure agreement with the Company in connection with the Potential Sale Process. That letter instructed interested parties to provide preliminary indications of interest for a potential transaction involving the Company by February 14, 2018.

On February 4, 2018, the Rent-A-Center Board met, with members of management and representatives of Winston & Strawn in attendance. During that meeting, the Board discussed a recent version of the Company s long-term financial plan that had been prepared by management (following Mitchell Fadel s appointment as CEO) that could be used by the Board and Company management to inform strategic and operational decisions in the future. Mr. Fadel conveyed to the Board that the current version of the long-term financial plan was developed to reflect his observations since being appointed CEO and, in particular, his concerns around the business s recent poor fourth quarter 2017 results. He also discussed with the Board his belief that the Company was facing more significant headwinds than was reflected in management s prior long-term financial plan, and that this version of the long-term financial plan, therefore, reflected lower expectations for revenue growth and profitability than the Company s current forecasts or the Initial Projections prepared for and provided for use by participants in the Potential Sale Process. Following this discussion, the Board directed the Company s management to make certain adjustments to the updated long-term financial plan to reflect discussions between the Board and management and management s confidence with respect to the overall achievability of the plan.

Between February 6, 2018 and February 14, 2018, members of the Company s management participated in management presentations and due diligence meetings with Vintage Capital and Party 2 (as defined below). Vintage Capital and Party 2 were also given an opportunity to meet with representatives of AlixPartners to discuss their work and analysis with respect to possible cost savings, profitability enhancements and working capital improvement opportunities for the Company. Also during this period, Party 3 participated in a conference call with members of the Company s management.

On February 9, 2018, the Rent-A-Center Board met, with members of management and representatives of Winston & Strawn in attendance. Following a discussion by the Board regarding the advantages associated with having a separate legal advisor specifically provide the Board guidance in connection with the Strategic Alternatives Review and the related Potential Sale Process, the Board unanimously agreed to engage Sullivan & Cromwell as independent legal counsel to the Board. At that time, the Board also discussed an updated draft of the proposed long-term financial plan previously reviewed and discussed by the Board and management during its recent February 4th meeting given the unfavorable trends in the business. The Board and management noted the more conservative nature of the updated plan as compared to the Initial Projections. The Board directed management to make further refinements to the updated plan to reflect the discussion between the Board and management.

On February 12, 2018, the Rent-A-Center Board approved, by unanimous consent, a revised draft of the updated long-term financial plan for the Company that was presented to the Board by management at its February 9, 2018 meeting (the February Management Projections), and the February Management Projections were subsequently provided to the advisors assisting the Company with the Strategic Alternatives Review process. The February Management Projections are more fully described in the section of this proxy statement captioned *Certain Unaudited*

Projected Financial Information.

On February 14, 2018, representatives of J.P. Morgan received first round non-binding indications of interest from three parties participating in the Potential Sale Process. Vintage Capital, together with its private equity firm partner, proposed an acquisition of the Company for $11.00 per share; a private equity firm referred

to as Party 2 proposed an acquisition of the Company for $12.25 to $12.85 per share; and a private equity firm referred to as Party 3 did not provide a proposal to acquire the Company but indicated a willingness to evaluate a possible store franchising transaction with the Company. During the Potential Sale Process, the Company did not receive a proposal to acquire the entire Company from any party other than Vintage Capital and Party 2.

On February 16, 2018, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. At that meeting, representatives of J.P. Morgan updated the Board with respect to certain strategic alternatives being evaluated in keeping with the Board s decision to pursue a broad-based strategic alternatives review. Such alternatives, other than a possible sale of the Company, included: (1) a potential minority investment by a third-party investor; (2) a major store-base refranchising program; (3) separation of the Company s Acceptance Now business, whether by sale, spin-off or otherwise; (4) a sale of the Company s Mexico operations; and (5) the potential for partnering with or buying a third party to facilitate development of the Company s technology platform for Acceptance Now s unmanned kiosk business. Representatives of J.P. Morgan also updated the Board with respect to the status of the Potential Sale Process, including outreach to potential bidders by representatives of J.P. Morgan, the parties involved in the process, the quality of the responses obtained to date and the first round indications of interest that had been received. Following this update, the Board instructed representatives of J.P. Morgan to continue their efforts regarding the Potential Sale Process and instructed the Company s management and advisors to also continue the evaluation of other strategic alternatives.

On February 20, 2018, the Company issued a press release reporting its fourth quarter 2017 results, noting that the fourth quarter performance was more challenging than the Company expected. The press release also reported the Company s continued implementation of its strategic plan, including management s focus on a significant-cost savings plan, a more targeted value proposition for its customers, and a refranchising program.

On February 23, 2018, the Strategic Review Steering Committee met, with representatives of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Representatives of J.P. Morgan provided the Committee with an update regarding the Potential Sale Process, noting that Vintage Capital and Party 2 had each been invited to move forward in the process based on their respective indications of interest, and that each would participate in upcoming meetings with the Company s management and AlixPartners.

On March 7, 2018, the Company issued a press release announcing, among other things, the reduction of its corporate headcount by approximately 250 positions and related cost savings, and that the Rent-A-Center Board was continuing its Strategic Alternatives Review, including evaluating a possible sale of the Company. The press release also reported that the Company had received proposals from bidders interested in acquiring the Company, and that the Rent-A-Center Board and its advisors remained actively engaged with these parties.

In early March 2018, the Rent-A-Center Board approved an updated version of the Initial Projections (which were specifically prepared for, and distributed to, participants in the Potential Sale Process) (the Updated March Projections). The Updated March Projections reflected the Company s improved recent performance, the results of certain cost-savings initiatives and higher revenue growth assumptions. The Updated March Projections were then made available to participants in the Potential Sale Process and representatives of J.P. Morgan. The Updated March Projections are more fully described in the section of this proxy statement captioned *Certain Unaudited Projected Financial Information*.

On March 14, 2018, at the Rent-A-Center Board s direction, representatives of J.P. Morgan distributed a second round process letter to participants in the Potential Sale Process. That letter instructed interested parties to submit final offers with respect to a possible transaction with the Company by April 4, 2018.

On March 24, 2018, at the direction of the Rent-A-Center Board and the Company s outside legal counsel, representatives of J.P. Morgan distributed a draft merger agreement to Vintage Capital, Party 2 and Party 3.

On March 30, 2018, the Strategic Review Steering Committee met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. At that meeting, the Committee received an

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update regarding the Potential Sale Process from representatives of J.P. Morgan, and the Committee members discussed with representatives of J.P. Morgan and outside legal counsel the possibility of extending the final offer submission date to permit bidders involved in the Potential Sale Process additional time to complete due diligence activities, continue negotiations with potential lenders and finalize their proposals. The Committee approved extending the final offer submission date to April 25, 2018. The Committee also discussed with representatives of J.P. Morgan and outside legal counsel a request by Vintage Capital, in an effort to improve the value of its proposal to acquire the Company, to permit Vintage Capital s representatives to approach certain third parties to discuss the possibility of those parties acquiring Company-owned stores as potential franchisees should an acquisition transaction between the Company and Vintage Capital occur. The Committee determined not to consent to the request from Vintage Capital until such time as Vintage Capital could provide more clarity regarding the specific information being requested and the parties that would receive such information.

On April 4, 2018, representatives of J.P. Morgan received a markup from Vintage Capital of the draft merger agreement previously provided to participants in the Potential Sale Process, which markup was subsequently provided to the Strategic Review Steering Committee and the Company s outside counsel. While Party 2 provided a summary of material comments it intended to provide to the draft merger agreement when it submitted its final offer, no participant in the Potential Sale Process, other than Vintage Capital, submitted a markup of the draft merger agreement to the Company or its advisors.

On April 5, 2018, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. At that meeting, representatives of J.P. Morgan provided the Board with an update regarding their efforts in support of the Strategic Alternatives Review, including an update regarding the status of the Company s exploration of a possible sale of the Company, the parties participating in the process, and the feedback obtained from such parties to date. Representatives of J.P. Morgan also discussed with the Board their views with respect to such feedback and the timing of receipt of bids and related documents from the parties involved in the process. Following the process update from representatives of J.P. Morgan, the Board reviewed and discussed the February Management Projections previously approved by the Board on February 12, 2018, and discussed with management what, if any, impact recent positive results posted by the Company had on those projections. The Board determined it would not be appropriate to adjust the February Management Projections at that time on the basis of one quarter s improved financial results.

On April 10, 2018, the Strategic Review Steering Committee met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. The Committee and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell discussed the previous request by Vintage Capital (in an effort to potentially increase its proposed purchase price for the Company) to provide certain information regarding the Company to potential franchisees if Vintage Capital completed an acquisition transaction with the Company. The Committee discussed the possible risks of sharing operational and financial information with potential competitors while mitigating operational risk to the Company. The Committee directed representatives of J.P. Morgan and members of the Company s in-house legal team to communicate with Vintage Capital to discuss its information-sharing request in more detail and appropriately narrow the scope of the information requested and the parties that would receive such information. Following such discussions, an appropriate procedure was established to share information with potential franchisees, confidentiality agreements were entered into with parties receiving such information, and such information was shared.

On April 11, 2018, at the direction of the Rent-A-Center Board, representatives of J.P. Morgan provided an updated process letter to all parties actively participating in the Potential Sale Process (then, Vintage Capital, Party 2 and Party 3), which instructed participants to submit final offers (as well as supporting financing commitments and a markup of the draft merger agreement) by April 25, 2018.

On April 13 and 14, 2018, the Rent-A-Center Board met, with members of management and representatives of each of Winston & Strawn and Sullivan & Cromwell in attendance. The Board, given the continuation of the

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Potential Sale Process, considered whether, in light of J.P. Morgan s commercial banking affiliate s role as administrative agent and lender to the Company under its existing credit facility, a role that was known to and previously considered by the Board at the time it retained J.P. Morgan as financial advisor, to retain a second financial advisor. The Board determined not to do so and authorized Mr. Lentell (the Chairman of the Board) to execute a letter with J.P. Morgan, which he did on April 16, 2018, reaffirming both parties continuing awareness of J.P. Morgan s commercial banking affiliate s distinct role as a creditor and J.P. Morgan s and the Company s mutual understanding that such commercial banking affiliate s role does not impair J.P. Morgan s continued service as independent financial advisor to the Company.

On April 16, 2018, the Rent-A-Center Board met, with members of management and representatives of each of Winston & Strawn and Sullivan & Cromwell in attendance. Outside legal counsel discussed with the Board the merger agreement comments provided by Vintage Capital and its legal counsel. Board members reiterated their desire to enter into an agreement only if it enhanced deal certainty to close, including an appropriate liquidated damages provision for failure to close, and provided appropriate avenues for the Board to respond to unsolicited acquisition proposals received after an agreement was signed. Outside legal counsel provided a detailed update on the Potential Sale Process and the material legal issues presented in the merger agreement draft provided by Vintage Capital and its legal counsel. The Board directed outside legal counsel to begin negotiating the merger agreement with Vintage Capital in an effort to address the areas of concern expressed by the Board. Negotiations between the Company s legal advisors and legal counsel to Vintage Capital began on or about April 19, 2018.

On April 20, 2018, the Strategic Review Steering Committee met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. The Committee discussed with representatives of J.P. Morgan certain updates and preliminary analyses regarding strategic alternatives available to the Company. The Company s management then provided a business update to the Committee noting that management s operating changes and cost-saving initiatives were resulting in material improvements in the Company s business during the first quarter of 2018, including achieving positive same store sales across the Company s two principal operating segments. A discussion between the Committee and outside legal counsel ensued regarding whether the previously approved February Management Projections should be updated to reflect improvements in the Company s business during the first quarter of 2018. At that meeting, representatives of J.P. Morgan also provided an update to the Committee regarding the current participants in the Potential Sale Process (then, Vintage Capital, Party 2 and Party 3). Representatives of J.P. Morgan specifically noted that it had recently communicated with Party 2 regarding its overall interest in submitting a final proposal, and Party 3 reiterated that it was not in a position to acquire the entire Company but that it remained open to exploring a store franchising opportunity with the Company.

On April 23, 2018, the Rent-A-Center Board met, with members of management and representatives of each of Winston & Strawn and Sullivan & Cromwell in attendance. The Board convened to discuss the possibility of updating the previously approved February Management Projections to reflect improved operational and financial results of the Company from the first quarter of 2018. Mitchell Fadel noted that he was not confident that increased results for one quarter were sufficient to update the February Management Projections at that time. The Board discussed whether updating the February Management Projections would be appropriate at that time, and determined that such update would be premature, noting that there would be opportunities later to provide such update in the event that the Company s operating performance continued to improve. Board members and outside legal counsel also discussed activities relating to the Potential Sale Process. The Rent-A-Center Board reconvened later in the day to continue its discussion regarding the Potential Sale Process. Members of the Company s management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell were in attendance at the reconvened meeting. Representatives of J.P. Morgan noted that Vintage Capital was actively working on preparing a final offer by the April 25th submission date. Representatives of J.P. Morgan also informed the Board that they had recently communicated with both Party 2 and Party 3 and encouraged each to provide a final offer by the April 25th submission

deadline.

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From April 25, 2018 through April 27, 2018, participants in the Potential Sale Process submitted proposals to representatives of J.P. Morgan. Vintage Capital submitted a preliminary, non-binding proposal (which no longer contemplated participation by the private equity firm that it had been partnering with previously) to acquire the Company for $13.00 per share. Party 2 submitted a preliminary, non-binding proposal to acquire the Company for $12.25 per share. Party 3 submitted a letter indicating interest regarding the establishment of a franchising platform and the possible acquisition of Company-owned stores.

On April 27, 2018, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Members of the Board and its advisors discussed the Company s broader Strategic Alternatives Review process and the current activities relating to that process. In addition, representatives of J.P. Morgan updated the Board with respect to the status of the Potential Sale Process, including the nature and quality of the proposals submitted by the parties participating in the process and the feedback obtained from such parties to date. Representatives of J.P. Morgan also discussed with the Board their views with respect to such feedback, potential next steps and the timing of the Potential Sale Process. The Company s outside legal counsel also expressed their views on such topics. Following these discussions, the Board authorized management and the Company s advisors to continue discussions with the parties participating in the Potential Sale Process and obtain additional information around each party s proposal for the Board to use in its deliberations.

On April 29, 2018 and April 30, 2018, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Representatives of J.P. Morgan and the Company s outside legal counsel updated the Board with respect to the status of the Potential Sale Process, including the status of various activities being conducted by parties participating in that process, and the nature and quality of the additional bid information submitted by such participants. Outside legal counsel updated the Board with respect to the status of negotiations with Vintage Capital and its counsel regarding the proposed form of merger agreement, specifically noting, among other things, the importance of certainty of closing of any proposed sale transaction (including remedies available to the Company permitting it to require certain parties to the agreement to specifically perform their obligations thereunder), the regulatory clearance implications associated with Vintage Capital s controlling interest in a smaller competitor of the Company and the credibility of the proposed equity and debt financing package being proposed by Vintage Capital in light of the fact that the party to the merger agreement would be a newly formed entity without assets.

On April 30, 2018, the Company announced its results for the first quarter of 2018.

In May 2018, the Strategic Review Steering Committee, the Company s management and the Company s advisors conducted continued negotiations with Vintage Capital and its legal counsel, including multiple telephonic negotiations and exchanges of drafts of the proposed merger agreement and related documents.

On May 3, 2018, the Strategic Review Steering Committee met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Mitchell Fadel provided a business update to the Committee, including with respect to continued increases in the Company s Core U.S. portfolio and further improvement in same store sales during the first four months of the fiscal year. Representatives of J.P. Morgan and the Company s outside legal counsel updated the Committee on the Potential Sale Process, noting a lack of material progress with Vintage Capital and its proposed financing sources. Mr. Fadel also noted the risks relative to the Company s operating segments if a deal is signed with Vintage Capital but ultimately not completed. Representatives of J.P. Morgan noted that Party 3 was continuing its due diligence efforts with respect to a possible franchising arrangement with the Company.

On May 6, 2018, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Outside legal counsel updated the

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Board regarding the structure proposed by Vintage Capital with respect to a possible acquisition transaction and issues relating to the debt financing package Vintage Capital was proposing in connection with such transaction. Outside legal counsel also discussed with the Board a number of risks to deal certainty associated with Vintage Capital s acquisition proposal. The Board engaged in a detailed discussion regarding its desire for deal certainty and robust remedies if Vintage Capital could not close a transaction. The Board instructed outside legal counsel to continue negotiation activities with Vintage Capital and report back regarding any material open issues.

On May 10, 2018, the Strategic Review Steering Committee met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Outside legal counsel described for the Committee various recent changes to Vintage Capital s proposed debt sources (which included, among other things, the addition of B. Riley Financial, Inc. as a possible debt and equity funding source). The Committee also discussed the need for greater compensation to the Company (in the form of liquidated damages) for likely damage to its principal business segments if the transaction did not close, as well as its desire to enhance deal certainty generally. Representatives of J.P. Morgan updated the Committee regarding the continuing interest of Party 2 and Party 3 in conducting a transaction with the Company, noting that Party 3 indicated its continued interest in a franchising arrangement with the Company, and noting that Party 2 had indicated preliminary interest in a potential minority investment in the Company but was no longer actively pursuing an acquisition of the entire Company.

On May 16, 2018, the Strategic Review Steering Committee met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Representatives of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell provided the Committee with an overview of the status of discussions with Vintage Capital and its counsel regarding a possible transaction. Outside legal counsel also provided the Committee with an update regarding the equity and debt commitments associated with the Vintage Capital proposal and the deal certainty issues associated with the proposed arrangements. The Committee members then discussed the extent to which the Potential Sale Process with Vintage Capital should continue in light of the current inability of the parties to agree on certain matters related to deal certainty. The Committee members and outside legal counsel discussed the need for the Company and Vintage Capital to review and analyze the antitrust aspects of a possible merger transaction given Vintage Capital s controlling interest in a smaller competitor of the Company. The Committee requested that outside legal counsel prepare a detailed list of open issues with respect to the merger agreement (and related documents) being negotiated with Vintage Capital and provide that information to the Committee.

On May 23, 2018, the Rent-A-Center Board met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Representatives of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell provided the Board with an update regarding negotiations with Vintage Capital and its legal counsel. Outside legal counsel provided the Board with an update regarding the progress made with respect to the merger agreement and related documents comprising Vintage Capital s acquisition proposal. The Board and outside legal counsel discussed concerns regarding the ability of financing parties for Vintage Capital to fulfill their debt and equity commitments for the proposed transaction and the inadequacy of the sources and uses information provided by Vintage Capital to date. The Board also discussed whether Vintage Capital had the ability to meet its obligations under the proposed deal structure. The Board discussed and approved establishing a firm deadline of June 1, 2018 for Vintage Capital that would require it to provide a best and final acquisition proposal. The Board instructed representatives of J.P. Morgan and outside legal counsel to contact Vintage Capital and B. Riley Financial, Inc. (which had become the principal equity and debt financing source for the proposed transaction with Vintage Capital) and convey the June 1st deadline as well as the Company s position that any transaction be focused on maximizing value for the Company s stockholders, that risks associated with antitrust regulatory approval should be allocated to Vintage Capital, and that Vintage Capital needed to provide better assurance with respect to deal certainty through a liquidated damages provision. Representatives of J.P. Morgan and outside counsel subsequently conveyed these messages to representatives of Vintage Capital, its outside legal counsel and B. Riley Financial, Inc.

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On May 30, 2018, the Strategic Review Steering Committee met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Representatives of J.P. Morgan and outside legal counsel provided the Committee with a detailed update regarding the ongoing negotiations with Vintage Capital.

On June 1, 2018, Vintage Capital presented a revised acquisition proposal to representatives of J.P. Morgan indicating a reduced purchase price of $12.00 per share. Later that day, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Representatives of J.P. Morgan discussed with the Board the revised acquisition proposal from Vintage Capital, noting that Vintage Capital had communicated that the reduction in the purchase price per share from the previous $13.00 per share offer was to account for what Vintage Capital viewed as its acceptance of the risk related to the non-consummation of the transaction due to failure to receive antitrust regulatory approval. The Board also received an update from management regarding the significantly improved operational and financial trends in the performance of the business, and the Board discussed how the improved prospects of the Company impacted the reasonableness of the latest proposal from Vintage Capital and the Company s value as a standalone enterprise. In light of the continuing improved financial performance of the Company during the current fiscal year, the Board directed management to prepare an updated version of the February Management Projections.

On June 4, 2018, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Representatives of J.P. Morgan discussed with the Board its preliminary evaluation of the $12.00 per share acquisition proposal submitted from Vintage Capital on June 1, 2018. The Board and representatives of J.P. Morgan and outside legal counsel discussed the status of the proposal provided by Vintage Capital, including matters relating to deal certainty and whether Vintage Capital and B. Riley Financial, Inc. had the ability to pay the reverse breakup fee contemplated under the merger agreement if required to do so. The Board also discussed risks relative to the Company s operating segments if a deal is signed with Vintage Capital but ultimately not completed.

On June 5, 2018, the Rent-A-Center Board met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. The Board and members of management continued their previous discussion regarding the updates prepared by management to the February Management Projections in light of the continued improved performance of the Company and updated financial forecasts taking the Company s improved performance into account (the June Management Projections). The June Management Projections were subsequently provided to representatives of J.P. Morgan. The June Management Projections are more fully described in the section of this proxy statement captioned *Certain Unaudited Projected Financial Information*.

On June 8, 2018, the Rent-A-Center Board met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. In executive session, the Board ratified the June Management Projections that had been previously presented to the Board by the Company s management and delivered to J.P. Morgan on June 5, 2018 for use in connection with its valuation analysis. During the general session of this meeting, representatives of J.P. Morgan presented preliminary discussion materials based on the June Management Projections. The Board, representatives of J.P. Morgan and outside legal counsel then discussed potential paths forward with respect to Vintage Capital s proposal. Board members discussed the $12.00 per share acquisition proposal by Vintage Capital and its overall insufficiency with respect to maximizing value for the Company s stockholders as well as the continuing deal uncertainties associated with the proposal. Following this discussion, the Board determined that further negotiations with Vintage Capital were unlikely to produce a proposal that would be acceptable on either terms or value. As such, the Board determined to reject Vintage Capital s proposal, and terminate both the Potential Sale Process and broader Strategic Alternatives Review to allow the Company to move forward with its strategic plan currently being executed by management. Following the meeting, the Board s conclusion was communicated to Vintage Capital. The Board also instructed management and outside legal counsel to prepare and issue a press release

announcing the conclusion of the Strategic Alternatives Review.

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On June 10, 2018 at approximately 9:00 a.m. Dallas, Texas time, the Rent-A-Center Board met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Representatives of J.P. Morgan updated the Board that Bryant Riley from B. Riley Financial, Inc. had contacted representatives of J.P. Morgan on June 9, 2018. Mr. Riley indicated that Vintage Capital, with support from B. Riley Financial, Inc., would be willing to increase its acquisition offer to $13.50 per share and provide sufficient protections regarding antitrust regulatory risks that may be associated with the transaction. The Board discussed with representatives of J.P. Morgan and outside legal counsel that the communication from Bryant Riley did not constitute a formal proposal to acquire the Company at $13.50 per share and was, therefore, not actionable as a result. The Board discussed the informal nature of these communications, the value indicated in these communications relative to the Board s views on the value of the Company, the lack of supporting documents and the continuing distraction of the Company s management in dealing with the ongoing negotiations with Vintage Capital. Following this discussion, the Board agreed to move forward with its decision on June 8, 2018 to conclude the Potential Sale Process and the broader Strategic Alternatives Review. The Board instructed management to move forward with the issuance of a press release announcing the conclusion of the Strategic Alternatives Review.

On June 10, 2018 at approximately 7:30 p.m. Dallas, Texas time, the Company issued a press release announcing, among other things, its conclusion of its ongoing Strategic Alternatives Review and providing a business update and select 2018 financial and operational guidance.

On June 10, 2018 at approximately 7:40 p.m. Dallas, Texas time, representatives of J.P. Morgan notified the Rent-A-Center Board, reporting that representatives of J.P. Morgan had held a telephonic conversation with Brian Kahn from Vintage Capital and Bryant Riley from B. Riley Financial, Inc. During that call, Messrs. Kahn and Riley stated that Vintage Capital intended to shortly submit a revised acquisition proposal at $14.00 per share along with revised supporting documentation, including what it viewed as Vintage Capital s assumption of all risks relating to antitrust regulatory clearance associated with the proposed transaction, and that counsel for Vintage Capital would be sending revised documentation later that evening.

On June 10, 2018 at approximately 8:15 p.m. Dallas, Texas time, representatives of each of J.P. Morgan, outside legal counsel and members of the Strategic Review Steering Committee received an updated proposal from legal counsel to Vintage Capital reflecting an offer to purchase the Company for $14.00 per share and agreeing that Vintage Capital would take all actions necessary to obtain antitrust regulatory approval for the transaction and assume the transactional risks associated with obtaining such approval.

On June 10, 2018 at approximately 9:30 p.m. Dallas, Texas time, the Rent-A-Center Board met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Outside legal counsel briefed the Board on the improved offer received from Vintage Capital that reflected a per share purchase price of $14.00. Board members discussed the fact that Vintage Capital s proposal was not received until after the Company had issued its press release regarding the conclusion of the Strategic Alternatives Review. Outside legal counsel discussed with the Board the likelihood that Vintage Capital would disclose its updated proposal in the form of an amendment to its Schedule 13D and the possible confusion that such disclosure may cause to the market in light of the press release issued by the Company earlier in the evening announcing the conclusion of the Strategic Alternatives Review and the Company s decision to move forward with management s current strategic plan for the business. The Board and outside legal counsel also discussed that the updated proposal did not constitute a formal actionable offer because it did not contain all documents necessary to constitute a complete proposal package and was missing certain key components necessary to evaluate the complete financing arrangements associated with the improved proposal.

On June 10, 2018 at approximately 11:30 p.m. Dallas, Texas time, the Rent-A-Center Board met, with representatives of each of Winston & Strawn and Sullivan & Cromwell in attendance. Board members discussed the need to issue a

press release regarding the receipt of the improved acquisition proposal from Vintage Capital. The Board authorized the Company, with the assistance of outside counsel and the Company s public relations

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advisor, to issue a press release noting the receipt of the improved proposal from a party that previously participated in the Potential Sale Process.

On June 11, 2018 at approximately 3:30 a.m. Dallas, Texas time, the Company issued a press release noting that after the Company s announcement of the conclusion of the Strategic Alternatives Review, the Company received a proposal containing an increased offer to acquire the Company from one of the parties that had previously been involved in the Potential Sale Process. The press release also noted that the proposal letter was not accompanied by documentation necessary for the Company to evaluate the improved proposal, and that, consistent with its fiduciary duties, the Board would carefully consider any credible proposal, once received, to determine whether a proposal would ultimately maximize stockholder value.

On the afternoon of June 11, 2018, the Rent-A-Center Board met, with representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Outside legal counsel discussed with the Board the proposal provided by Vintage Capital the previous day.

On June 12, 2018, Vintage Capital filed an amendment to its Schedule 13D disclosing that Vintage Capital made a best and final offer to acquire the Company for $14.00 per share.

Later on June 12, 2018, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Outside legal counsel discussed with the Board the $14.00 per share offer received by the Company from Vintage Capital and detailed the documents submitted with the proposal. The Board and outside legal counsel also discussed matters relating to deal certainty, including the proposed amount of the reverse breakup fee payable to the Company if Vintage Capital does not, or cannot, close the proposed acquisition transaction, as well as the ability of the parties to the debt and equity commitments to fund their respective commitments. The Board, with outside legal counsel, discussed risks relative to the Company s operating segments if a deal is signed with Vintage Capital but ultimately not completed. The Board directed outside legal counsel to review the agreements submitted by Vintage Capital with its improved proposal and prepare a list of terms the Board should consider asking for if it decided to counter the Vintage Capital proposal.

On June 12, 2018, the Company issued a press release confirming it had received and was evaluating a proposal from Vintage Capital to acquire all outstanding shares of the Company for $14.00 per share.

On June 13, 2018, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. Outside legal counsel reviewed with the Board the open legal items relating to the agreements provided by Vintage Capital in support of its $14.00 per share acquisition proposal. Representatives of J.P. Morgan discussed with the Board their preliminary views of the $14.00 per share proposal. Following discussion of Vintage Capital s proposal, the Board instructed its advisors to communicate with Vintage Capital, B. Riley Financial, Inc. and their respective representatives and to convey to them that the Company would consider transacting with Vintage Capital if: (1) the acquisition proposal was increased to $15.00 per share; (2) Vintage Capital would accept a liquidated damages structure that included a substantial reverse breakup fee payable to the Company if Vintage Capital failed to close the proposed acquisition transaction; and (3) Vintage Capital agreed to provide the Company with other contractual protections to enhance certainty of closing. Later that day, representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell held a call with Vintage Capital, B. Riley Financial, Inc. and their respective representatives and conveyed the Board s proposal.

On June 14, 2018, a meeting among Mitchell Fadel, the Company s CEO, Brian Kahn from Vintage Capital, Bryant Riley from B. Riley Financial, Inc. and representatives of B. Riley Financial, Inc. and representatives of J.P. Morgan took place to discuss certain financial and operational information and projections relating to the Company.

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On June 15, 2018, a call was convened with members of the Company s management, Brian Kahn from Vintage Capital, Bryant Riley from B. Riley Financial, Inc., counsel to Vintage Capital, counsel to B. Riley Financial, Inc. and outside counsel to the Company. During that call, the parties discussed open issues relating to the merger agreement and related transactional documents and engaged in negotiations to resolve the open issues.

Later on June 15, 2018, the Strategic Review Steering Committee met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. The Committee and the other attendees discussed the results of the conference call earlier in the day with Vintage Capital and other relevant parties.

On June 17, 2018, the Company and its outside legal counsel concluded extensive negotiations with Vintage Capital and its legal counsel regarding the merger agreement and associated documentation. During these negotiations, Vintage Capital agreed to increase its acquisition price to $15.00 per share. Following the conclusion of those negotiations, the Rent-A-Center Board met, with members of management and representatives of each of J.P. Morgan, Winston & Strawn and Sullivan & Cromwell in attendance. During that meeting, the Board received a fiduciary duties briefing from outside legal counsel and a summary of the merger agreement and related documentation negotiated with Vintage Capital. Also at that meeting, representatives of J.P. Morgan reviewed with the Board the financial analysis of the Merger Consideration provided for in the merger agreement and delivered to the Board its oral opinion, which was confirmed by delivery of a written opinion, dated June 17, 2018, to the effect that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in preparing the opinion, the Merger Consideration to be paid to the holders of the common stock in the proposed merger was fair, from a financial point of view, to such holders, as more fully described below in the section of this proxy statement captioned *Opinion of Our Financial Advisor.* Following these presentations, the Board engaged in a detailed discussion regarding the Vintage Capital proposal, the terms of the merger agreement that was negotiated, the value to be conveyed to the Company s stockholders under the Vintage Capital proposal versus the market risks to the Company s stockholders if the Company continued as an independent enterprise, and other matters relating to the proposed transaction. Following that discussion, the Board unanimously approved the Merger Agreement and transactions contemplated thereby and recommended that the Merger Proposal be submitted to the stockholders of the Company for approval.

On June 18, 2018, the Company and Vintage Capital issued a joint press release regarding the execution of a merger agreement and the proposed acquisition of the Company by Vintage Capital for $15.00 per share.

On June 19, 2018, Vintage Capital filed an amendment to its Schedule 13D disclosing that, on June 17, 2018, it entered into the Merger Agreement with the Company.

Reasons for the Merger

In evaluating the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement, the Board consulted with the Company s management, its financial advisor and outside legal counsel. In recommending that the Company s stockholders vote in favor of adoption of the Merger Agreement and approval of the Merger, the Board considered a number of factors, including the following (which factors are not necessarily presented in order of relative importance and do not represent a complete list of factors considered by the Board):

- the value of the Merger Consideration relative to the prospects of the Company s business plan as an independent company in the context of the Board s assessment of the Company s business, operations,

financial position, personnel, competitive positioning and prospects, and recent industry trends and developments and broader economic and commercial trends affecting the Company s business and financial results;

the Company s historical and projected financial performance, results of operation and financial prospects, including risks and uncertainties associated with continuing to execute the Company s

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previously announced strategic plan as an independent public company such as those described in the Company s 2017 Form 10-K, and March 2018 Form 10-Q; the potential risks considered by the Board included, but were not limited to:

- financial alternatives and difficulties that could be encountered in improving the financial and operational performance of the Company s business segments;
- risks associated with pricing changes and strategies being deployed in the Company s businesses and the Company s ability to realize additional benefits from its initiatives regarding cost-savings and other EBITDA enhancements, efficiencies and working capital improvements;
- risks associated with the Company s ability to execute its franchise strategy;
- the Company s failure to manage store labor and other store expenses;
- risks associated with the Company s ability to refinance its senior credit facility expiring in early 2019 on favorable terms, if at all;
- risks associated with past disruptions in the Company s store information management and point-of-sale systems;
- risks associated with the Company s transition to more-readily scalable, cloud-based solutions and its ability to develop and successfully implement digital or E-commerce capabilities, including mobile applications and enhancements to its unmanned platform for its Acceptance NOW segment;
- disruptions in the Company s supply chain and limitations of, or disruptions in, the Company s distribution network, and the impact, effects and results of the changes the Company has made to its distribution methods; and
- risks associated with the Company s ability to execute on, and the effectiveness of, a store consolidation, including the Company s ability to retain the revenue from customer accounts merged into another store location as a result of a store consolidation and its ability to retain the revenue associated with acquired customer accounts;

the potential rewards of continued execution of the Company s strategic plan, analyzing the value enhancement that could be achieved if the risks described above were to be overcome, but also recognizing the substantial investments and expenditures that would be required in connection with the strategic plan;

that the all-cash Merger Consideration will provide certainty of value and, upon the closing of the Merger, liquidity to the Company s stockholders significantly above the price of our common stock prior to the public announcement of the Merger, while eliminating the effect of long-term business and execution related risks;

the oral opinion of J.P. Morgan rendered to the Board, which was confirmed by delivery of a written opinion, dated June 17, 2018, to the effect that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in preparing the opinion, the Merger Consideration to be paid to the holders of the common stock in the proposed Merger was fair, from a financial point of view, to such holders, as more fully described below in the section *Opinion of Our Financial Advisor* beginning on page 45 of this proxy statement. The full text of the written opinion of J.P. Morgan, dated June 17, 2018, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in preparing the opinion, is attached as *Annex B* to this proxy statement and is incorporated herein by reference;

the fact that the improvement in the Merger Consideration from Parent s initial proposal of $13 per share on April 4, and of $12 per share on June 1, reflects the substantial results already delivered by the Company s strategic plan and the improved same store sales and customer retention metrics that were announced when the Company provided its revised 2018 guidance on June 10, 2018;

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the relationship of the Merger Consideration to the trading price of the Company s common stock, including that the Merger Consideration constituted approximately:

- a 25% premium to the closing price of our common stock as of June 15, 2018, the last trading day prior to the announcement of the execution of the Merger Agreement; and

- a 49% premium to the closing price of our common stock on October 30, 2017, the trading date immediately before the Company publicly announced the Board s intention to conduct a review of strategic and financial alternatives;

based on the broad-based strategic and financial alternatives review process conducted by the Board, with the assistance of the Company s management, its financial advisor and outside legal counsel, and negotiations with Vintage Capital and other parties participating in such process, the Board s belief that stockholder value will be maximized through a sale of the entire business, in lieu of the separate sale of one or more business segments, and that $15.00 per share in cash and the terms of the Merger Agreement offer the best value reasonably attainable for the Company s stockholders on the date the Merger Agreement was signed;

the terms of the Merger Agreement, including:

- the Company s ability, under certain circumstances, to furnish information to and conduct negotiations with third parties regarding unsolicited acquisition proposals following the execution of the Merger Agreement;

- the Board s view that the terms of the Merger Agreement would be unlikely to deter third parties from making a Superior Proposal, including the Merger Agreement s terms and conditions as they relate to the ability to make changes in the recommendation of the Board (see the section of this proxy statement captioned *The Merger Agreement Other Covenants and Agreements*);

- the Company s ability to terminate the Merger Agreement in order to accept a Superior Proposal, subject to paying Parent a termination fee equal to $25,300,000 and complying with the other conditions of the Merger Agreement;

- the Company s ability to, under certain circumstances, specifically enforce the agreement to prevent breaches of the Merger Agreement and to enforce the terms of the Merger Agreement, including the consummation of the Merger;

- Parent s obligation to consummate the transactions contemplated by the Merger Agreement not being subject to any financing condition and Parent s commitment to use its commercially reasonable efforts

to take all actions and to do all things necessary to consummate the debt and equity financings contemplated by the Debt Commitment Letters and the Equity Commitment Letter in connection with the consummation of the Merger;

Parent s commitment to promptly take any and all actions required to lawfully complete the Merger as soon as practicable and any and all actions necessary or advisable to prevent the actual or threatened commencement of any action by any governmental entity or the issuance of any legal restraint that would prevent the consummation of the Merger; and

the fact that the End Date of December 17, 2018, as may be extended to March 17, 2019, and June 17, 2019, is expected to allow for sufficient time to complete the Merger;

the requirement that the Merger will only be consummated if the Merger Agreement is adopted by the holders of at least a majority of the outstanding shares of common stock of the Company;

the Company s entitlement to a termination fee from Parent of $126,500,000, which is approximately 15% of the implied equity value in the Merger, if the Merger is not consummated under certain circumstances, which is above such fees in comparable transactions;

the limited guarantee in favor of the Company that guarantees the payment of certain liabilities and obligations of Parent under the Merger Agreement, including the $126,500,000 termination fee if the Merger is not consummated under certain circumstances; and

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the extensive process employed by the Board (with the assistance of the Company s financial advisor) to identify potential acquirers of the Company, including contacting a broad group of possible transactional parties to assess their interest in a potential acquisition of the Company.

The Board also considered a number of uncertainties and risks concerning the Merger, including the following (which uncertainties and risks are not necessarily presented in order of relative importance and do not represent a complete list of uncertainties and risks considered by the Board):

that the Company s stockholders will not participate in any future earnings or growth of the Company and will not benefit from any appreciations in the value of the Company, including any future appreciation in value that could be realized as a result of the combination of the Company with Merger Sub;

the risk that the Merger might not be completed unless and until certain specified conditions are satisfied or waived (as more fully described in the section of this proxy statement captioned *The Merger Agreement Conditions to the Merger*);

the overall financial commitment of B. Riley Financial, Inc. (a provider of a material portion of the debt and equity financing in connection with the Merger) as compared to its asset base, capitalization and liquidity, as well as the ability of the newly formed fund providing equity financing to Parent and Merger Sub in connection with the Merger to cause its investors to fulfill funding commitments necessary to consummate the Merger;

the right of Parent to terminate the Merger Agreement under certain circumstances (as more fully described in the section of this proxy statement captioned *The Merger Agreement Termination*);

the effect of the resulting public announcement of a termination of the Merger Agreement on the trading price of our common stock if such termination were to occur;

that, under the terms of the Merger Agreement, the Company is unable to solicit other Alternative Proposals during the pendency of the Merger;

the obligations on the conduct of the Company s business prior to the consummation of the Merger, including the requirement that, subject to specific limitations, the Company conduct its business in the ordinary course consistent with past practice, and use its commercially reasonable efforts to (i) preserve intact its business organization and material assets, (ii) keep available the services of its directors, officers and key employees, (iii) maintain in effect all of its material Permits and (iv) preserve the present relationships with those persons having material relationships with the Company. These obligations may delay or prevent the Company from undertaking business opportunities that could arise before the completion of the Merger and that, absent the Merger Agreement, the Company might have pursued for the overall betterment of one or more business segments of the Company;

the requirement that the Company pay Parent a termination fee of $25,300,000 under certain circumstances following termination of the Merger Agreement, including if the Board changes its recommendation in favor of adoption of the Merger Agreement or terminates the Merger Agreement to accept a Superior Proposal from another party;

the $126,500,000 termination fee payable by Parent will not be available in all instances in which the Merger Agreement is terminated;

the requirement that the Merger will only be consummated if the Merger Agreement is adopted by the holders of at least a majority of the outstanding shares of common stock of the Company;

the significant costs involved in connection with entering into the Merger Agreement and completing the Merger, and the substantial time and effort of the Company s management required to complete the Merger, which may disrupt the Company s business operations;

that the announcement and pendency of the Merger, or the failure to complete the Merger, may cause substantial harm to the Company s business, sales operations, financial results and the Company s

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relationships with its employees (including making it more difficult to attract and retain key personnel and the possible loss of key management, sales and other personnel), vendors, customers and other partners, and may divert management and employees attention away from the Company s day-to-day business operations and its current strategic plan;

that the completion of the Merger will require clearance under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and affiliates of Parent are competitors to the Company;

the fact that the transaction has a potential End Date as late as June 17, 2019, and consequently, the stockholders could be asked to vote on the adoption of the Agreement well in advance of completion of the transaction, depending on when the transaction closes;

that the Company s directors and officers may have interests in the Merger that may be different from, or in addition to, those of the Company s other stockholders (see the section of this proxy statement captioned *Interests of Certain Persons in the Merger*);

the other potential strategic alternatives available to the Company, some of which could result in a more successful and valuable company; in that regard, the following were considered:

that the Company could continue to successfully implement cost saving and capital expenditure measures that have already created positive results for the Company; and

that the Company could develop new services and technology that could allow it to better compete with competitors in the rent-to-own industry; and

that receipt of the Merger Consideration will generally be a taxable transaction for U.S. federal income tax purposes (as more fully described in the section of this proxy statement captioned *Material U.S. Federal Income Tax Consequences of the Merger*).

The foregoing discussion is not meant to be exhaustive, but summarizes the material factors considered by the Board in its consideration of the Merger. After considering these and other factors, the Board concluded that the potential benefits of the Merger outweighed the uncertainties and risks related to the Merger and related transactions. In view of the variety of factors considered by the Board and the complexity of these factors, the Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the foregoing factors in reaching its determination and recommendations. Moreover, each member of the Board applied his own business judgment to the process and may have assigned different weights to different factors. The Board unanimously approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement and recommends that Company s stockholders adopt the Merger Agreement and approve the Merger based upon the totality of the information presented to and considered by the Board.

Opinion of Our Financial Advisor

Pursuant to an engagement letter, dated December 7, 2017, which was amended via written agreement on June 3, 2018 and further amended via written agreement on July 12, 2018, the Company retained J.P. Morgan as its financial advisor in connection with evaluating strategic and financial alternatives, including the proposed Merger.

At the meeting of the Board on June 17, 2018, J.P. Morgan rendered its oral opinion to the Board that, as of such date and based upon and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in preparing the opinion, the Merger Consideration to be paid to the holders of the common stock in the proposed Merger was fair, from a financial point of view, to such holders. J.P. Morgan has confirmed its June 17, 2018 oral opinion by delivering its written opinion to the Board, dated June 17, 2018, that, as of such date, the Merger Consideration to be paid to the holders of the common stock in the proposed Merger was fair, from a financial point of view, to such holders.

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The full text of the written opinion of J.P. Morgan, dated June 17, 2018, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by J.P. Morgan in preparing its opinion, is attached as *Annex B* to this proxy statement and is incorporated herein by reference. The summary of the opinion of J.P. Morgan set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion. The Company s stockholders are urged to read the opinion in its entirety. J.P. Morgan s opinion was addressed to the Board (in its capacity as such) in connection with and for the purposes of its evaluation of the proposed Merger, was directed only to the Merger Consideration to be paid to the holders of the common stock in the proposed Merger and did not address any other aspect of the proposed Merger. J.P. Morgan expressed no opinion as to the fairness of the consideration to be paid in connection with the proposed Merger to the holders of any other class of securities, creditors or other constituencies of the Company or as to the underlying decision by the Company to engage in the proposed Merger. The issuance of J.P. Morgan s opinion was approved by a fairness committee of J.P. Morgan. The opinion does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote with respect to the proposed Merger or any other matter.

In arriving at its opinion, J.P. Morgan, among other things:

- reviewed a draft dated June 17, 2018 of the Merger Agreement;
- reviewed certain publicly available business and financial information concerning the Company and the industries in which it operates;
- compared the proposed financial terms of the proposed Merger with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration paid for such companies;
- compared the financial and operating performance of the Company with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of the common stock and certain publicly traded securities of such other companies;
- reviewed certain internal financial analyses and forecasts prepared by the Company s management relating to its business; and
- performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

In addition, J.P. Morgan held discussions with certain members of the Company s management and Parent with respect to certain aspects of the proposed Merger, and with respect to the past and current business operations of the Company, the financial condition and future prospects and operations of the Company and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by the Company or otherwise reviewed by or for

J.P. Morgan. J.P. Morgan did not independently verify any such information or its accuracy or completeness and, pursuant to its engagement letter with the Company, J.P. Morgan did not assume any obligation to undertake any such independent verification. J.P. Morgan did not conduct or was not provided with any valuation or appraisal of any assets or liabilities, nor did J.P. Morgan evaluate the solvency of the Company or Parent under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best then available estimates and judgments by management as to the expected future results of operations and financial condition of the Company to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts or the assumptions on which they were based. J.P. Morgan also assumed that the proposed Merger and other transactions contemplated by the Merger Agreement will be consummated as described in the Merger

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Agreement, and that the definitive Merger Agreement will not differ in any material respects from the draft thereof furnished to J.P. Morgan. J.P. Morgan also assumed that the representations and warranties made by the Company and Parent in the Merger Agreement and the related agreements were and will be true and correct in all respects material to its analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to the Company with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the proposed Merger will be obtained without any adverse effect on the Company or on the contemplated benefits of the proposed Merger in any way meaningful to J.P. Morgan s analysis.

The projections furnished to J.P. Morgan were prepared by the Company s management. The Company does not publicly disclose internal management projections of the type provided to J.P. Morgan in connection with J.P. Morgan s analysis of the proposed Merger, and such projections were not prepared with a view toward public disclosure. These projections were based on certain variables and assumptions that are inherently uncertain and may be beyond the control of the Company s management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such projections. For more information regarding the use of projections and other forward looking statements, please refer to the section entitled *Certain Unaudited Projected Financial Information* beginning on page 52.

J.P. Morgan s opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of such opinion. J.P. Morgan s opinion noted that subsequent developments may affect J.P. Morgan s opinion and that J.P. Morgan does not have any obligation to update, revise, or reaffirm such opinion. J.P. Morgan s opinion is limited to the fairness, from a financial point of view, of the Merger Consideration to be paid to the holders of the common stock in the proposed Merger, and J.P. Morgan has expressed no opinion as to the fairness of any consideration to be paid in connection with the proposed Merger to the holders of any other class of securities, creditors or other constituencies of the Company or the underlying decision by the Company to engage in the proposed Merger. Furthermore, J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the proposed Merger, or any class of such persons relative to the Merger Consideration to be paid to the holders of the common stock or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the price at which the common stock will trade at any future time.

The terms of the Merger Agreement, including the Merger Consideration, were determined through arm s length negotiations between the Company and Parent, and the decision to enter into the Merger Agreement was solely that of the Board. J.P. Morgan s opinion and financial analyses were only one of the many factors considered by the Board in its evaluation of the proposed Merger and should not be viewed as determinative of the views of the Board or management with respect to the proposed Merger or the Merger Consideration to be paid to the holders of the common stock.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methodologies in rendering its opinion to the Board on June 17, 2018 and in the presentation delivered to the Board on such date in connection with the rendering of such opinion. The following is a summary of the material financial analyses utilized by J.P. Morgan in connection with rendering its opinion to the Board and does not purport to be a complete description of the analyses or data presented by J.P. Morgan. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by J.P. Morgan, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or

incomplete view of J.P. Morgan s analyses.

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Public Trading Multiples

Using publicly available information, J.P. Morgan compared selected financial data of the Company with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan judged to be sufficiently analogous to the Company. The companies selected by J.P. Morgan were as follows:

Aaron s, Inc.

Hardlines / Furniture Retailers

Big Lots, Inc.

La-Z-Boy Incorporated

Ethan Allen Interiors, Inc.

Haverty Furniture Companies, Inc.

Pier 1 Imports, Inc.

Specialty Finance

First Cash, Inc.

EZCorp, Inc.

These companies were selected, among other reasons, because they are publicly traded companies with operations and businesses that, for the purposes of J.P. Morgan s analysis, may be considered similar to those of the Company. None of the selected companies reviewed was identical to the Company and certain of these companies may have characteristics that are materially different from those of the Company. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the selected companies differently than they would affect the Company.

Using publicly available information, J.P. Morgan calculated, for each selected company, the ratio of the company s firm value (calculated as the market value of that company s common stock on a fully diluted basis, plus any debt, non-controlling interests and preferred equity, less cash and cash equivalents and investments in associates) to the consensus equity research analyst estimate for the company s adjusted EBITDA (calculated as earnings before interest, taxes, depreciation, amortization and certain non-recurring and non-cash items (the Adjusted EBITDA)) for the years ending December 31, 2018 (the FV/Dec-18E Adj. EBITDA) and December 31, 2019 (the FV/Dec-19E Adj. EBITDA).

Based on the results of this analysis, J.P. Morgan selected multiple reference ranges of 5.0x 8.5x for the Company s FV/Dec-18E Adj. EBITDA and 4.5x 7.5x for the Company s FV/Dec-19E Adj. EBITDA. After applying such ranges to the projected Adjusted EBITDA for the Company for the years ending December 31, 2018 and December 31, 2019, in each case, based on the June Management Projections (as defined in *Certain Unaudited Projected Financial Information The Company Forecasts* below), the analysis indicated the following implied share price ranges for the common stock, rounded to the nearest $0.25:

	Implied Share Price	
	Low	**High**
FV/Dec-18E Adj. EBITDA	$ 5.75	$ 16.00
FV/Dec-19E Adj. EBITDA	$ 7.25	$ 18.00

Using publicly available information, J.P. Morgan also calculated, for each selected company, the ratio of the company s stock price to the consensus equity research analyst estimate for the company s earnings per share for the years ending December 31, 2018 (the P/E Dec-18E) and December 31, 2019 (the P/E Dec-19E).

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Based on the results of this analysis, J.P. Morgan selected multiple reference ranges of 8.5x 16.5x for the Company s P/E Dec-18E and 8.0x 14.5x for the Company s P/E Dec-19E. After applying such ranges to the projected earnings per share for the Company for the years ending December 31, 2018 and December 31, 2019, in each case, based on the June Management Projections, the analysis indicated the following implied share price ranges for the common stock, rounded to the nearest $0.25:

	Implied Share Price	
	Low	High
P/E Dec-18E	$ 6.75	$ 13.00
P/E Dec-19E	$ 11.25	$ 20.50

The ranges of implied share prices for the common stock were compared to the Company s closing share price of $10.07 on October 30, 2017, the Nasdaq trading day on which the Company publicly announced that it would undergo a strategic review, the Company s closing share price of $12.03 on June 15, 2018, the Nasdaq trading day immediately preceding the execution of the Merger Agreement, and the proposed Merger Consideration of $15.00 per share of the common stock.

Selected Transactions Analysis

Using publicly available information, J.P. Morgan reviewed selected transactions involving acquired businesses and assets that, for purposes of J.P. Morgan s analysis, may be considered similar to the Company s business or assets. Specifically, J.P. Morgan reviewed the following transactions:

Month/Year Announced	Target	Acquiror
March 2018	The Finish Line, Inc.	JD Sports Fashion plc
June 2017	Staples, Inc.	Sycamore Partners
October 2016	Cabela s Incorporated	BPS Direct, L.L.C. (dba Bass Pro Shops)
August 2016	Mattress Firm Holding Corp.	Steinhoff International Holdings NV
April 2016	Cash America International, Inc.	First Cash Financial Services, Inc.
November 2015	Petco Holdings, Inc.	CVC Capital Partners Limited / Canada Pension Plan Investment Board
August 2015	Belk, Inc.	Sycamore Partners
May 2015	Ann, Inc.	Ascena Retail Group, Inc.
February 2015	Office Depot, Inc.	Staples, Inc.
December 2014	PetSmart, Inc.	BC Partners Limited
July 2014	Family Dollar Stores, Inc.	Dollar Tree, Inc.
February 2014	Zale Corporation	Signet Jewelers Limited
November 2013	Jos. A. Bank Clothiers, Inc.	Men s Wearhouse, Inc.
September 2013	Neiman Marcus, Inc.	Ares Management LLC / Canada Pension Plan Investment Board
September 2013	Yankee Candle Investments LLC	Jarden Corporation
July 2013	Saks Incorporated	Hudson Bay Company

March 2013	Hot Topic, Inc.	Sycamore Partners
October 2012	The Warnaco Group, Inc.	PVH Corp.
May 2012	Cost Plus, Inc.	Bed, Bath & Beyond, Inc.
May 2012	Charming Shoppes, Inc.	Ascena Retail Group, Inc.
May 2012	Collective Brand s, Inc.	Wolverine World Wide, Inc. / Blum Capital Partners / Golden Gate Capital
June 2006	Michael Stores, Inc.	Blackstone Group LP / Bain Capital LP

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None of the selected transactions reviewed was identical to the proposed Merger. However, the selected transactions were chosen because certain aspects of the transactions, for purposes of J.P. Morgan s analysis, may be considered similar to the proposed Merger. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the transactions differently than they would affect the proposed Merger.

Using publicly available information, J.P. Morgan calculated, for each selected transaction, the ratio of the target company s firm value to the target company s EBITDA for the twelve-month period prior to announcement of the applicable transaction (FV/LTM EBITDA).

Based on the results of this analysis, J.P. Morgan selected a multiple reference range for FV/LTM EBITDA of 7.0x 11.0x and applied it to the Company s LTM Adjusted EBITDA as of March 31, 2018. This analysis indicated the following implied share price range for the common stock, rounded to the nearest $0.25:

	Implied Share Price	
	Low	**High**
FV/LTM Adj. EBITDA as of March 31, 2018	$ 0.00	$ 4.75

The range of implied share prices for the common stock was compared to the Company s closing share price of $10.07 on October 30, 2017, the Nasdaq trading day on which the Company publicly announced that it would undergo a strategic review, the Company s closing share price of $12.03 on June 15, 2018, the Nasdaq trading day immediately preceding the execution of the Merger Agreement, and the proposed Merger Consideration of $15.00 per share of the common stock.

Discounted Cash Flow Analysis

J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining an implied fully diluted equity value per share for the common stock. A discounted cash flow analysis is a method of evaluating an asset using estimates of the future unlevered cash flows generated by the asset and taking into consideration the time value of money with respect to those cash flows by calculating their present value. The unlevered free cash flows refers to a calculation of the future cash flows generated by an asset without including in such calculation any debt servicing costs. Specifically, unlevered free cash flow for this purpose represents Adjusted EBITDA less taxes, capital expenditures and changes in net working capital, as applicable. Present value refers to the current value of the cash flows generated by the asset, and is obtained by discounting those cash flows back to the present using an appropriate discount rate and applying a discounting convention that assumes that all cash flows were generated at the midpoint of each period. Terminal value refers to the present value of all future cash flows generated by the asset for periods beyond the projection period.

Utilizing the June Management Projections, J.P. Morgan calculated the unlevered free cash flows that the Company is expected to generate during fiscal years 2018 through 2027, which calculation was reviewed and approved for J.P. Morgan s use by the Company s management. J.P. Morgan also calculated, based on certain assumptions provided by the Company s management, a range of terminal asset values of the Company at the end of the ten-year period ending in 2027, which applied a perpetual growth rate ranging from 0.0% to 1.0% to the final year of the ten-year period of the June Management Projections. The unlevered free cash flows and the range of terminal asset values were then discounted to present values using a range of discount rates from 9.75% to 11.00%, which were chosen by J.P. Morgan based upon an analysis of the weighted average cost of capital of the Company.

Based on the foregoing, this analysis indicated the following implied share price range for the common stock, rounded to the nearest $0.25:

	Implied Share Price	
	Low	**High**
Discounted Cash Flow Analysis	$ 12.25	$ 15.75

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The range of implied share prices for the common stock was compared to the Company s closing share price of $10.07 on October 30, 2017, the Nasdaq trading day on which the Company publicly announced that it would undergo a strategic review, the Company s closing share price of $12.03 on June 15, 2018, the Nasdaq trading day immediately preceding the execution of the Merger Agreement, and the proposed Merger Consideration of $15.00 per share of the common stock.

Miscellaneous

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above were merely utilized to create points of reference for analytical purposes and should not be taken to be the view of J.P. Morgan with respect to the actual value of the Company. The order of analyses described does not represent the relative importance or weight given to those analyses by J.P. Morgan. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion.

Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be acquired or sold. None of the selected companies reviewed as described in the above summary is identical to the Company, and none of the selected transactions reviewed was identical to the proposed Merger. However, the companies selected were selected, among other reasons, because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan s analysis, may be considered similar to those of the Company. The transactions selected were similarly chosen because certain aspects of the transactions, for purposes of J.P. Morgan s analysis, may be considered similar to the proposed Merger. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to the Company and the transactions compared to the proposed Merger.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for corporate and other purposes. J.P. Morgan was selected to advise the Company with respect to the proposed Merger on the basis of, among other things, such experience and its qualifications and reputation in connection with such matters and its familiarity with the Company and the industries in which it operates.

The Company has agreed to pay J.P. Morgan an estimated fee of approximately $19 million, of which $2 million became payable to J.P. Morgan at the time J.P. Morgan delivered its opinion and a substantial portion of which is contingent and payable upon the consummation of the proposed Merger. In addition, the Company has agreed to reimburse J.P. Morgan for certain expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan against certain liabilities arising out of J.P. Morgan s

engagement.

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During the two years preceding the date of its opinion, J.P. Morgan and its affiliates have had commercial or investment banking relationships with the Company, for which J.P. Morgan and such affiliates have received customary compensation. Such services during such period have included acting as joint lead arranger and joint lead bookrunner on the Company s revolving credit facility which closed in June 2017 and financial advisor to the Company in connection with its strategic planning. In addition, J.P. Morgan s commercial banking affiliate is an agent bank and a lender under outstanding credit facilities of the Company, for which it receives customary compensation or other financial benefits. In addition, J.P. Morgan and its affiliates hold, on a proprietary basis, less than 1% of the outstanding common stock of the Company. During the two-year period preceding the delivery of its opinion, the aggregate fees received by J.P. Morgan from the Company were approximately $4 million. In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities or financial instruments (including derivatives, bank loans or other obligations) of the Company for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities or other financial instruments.

Certain Unaudited Projected Financial Information

The Company does not, as a matter of course, publicly disclose long-term financial projections or forecasts as to future performance, earnings or other results due to the unpredictability of the underlying assumptions and estimates associated with such forecasts. However, the Company has included below summaries and descriptions of certain long-term financial projections and forecasts of the Company that were prepared by the Company s management, approved by the Board, and provided to the Company s financial advisor and, in some cases, certain parties potentially interested in an acquisition transaction with the Company, including Parent and its representatives. These Financial Forecasts (as defined below) were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial data, published guidelines of the SEC regarding forward-looking statements, or generally accepted accounting principles in the United States (GAAP). Furthermore, the Financial Forecasts assume that the Company would continue to operate as a standalone company and do not reflect any impact of the Merger, if completed.

While the Financial Forecasts were prepared in good faith, no assurance can be made regarding future events. The estimates and assumptions underlying the Financial Forecasts involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among other things, the inherent uncertainty of the business and economic conditions affecting the industry in which the Company operates, and the risk and uncertainties described under the section of this proxy statement entitled Cautionary Statement Regarding Forward-Looking Statements, all of which are difficult to predict and many of which are outside the control of the Company. The Company s stockholders are urged to review the Company s SEC filings for a description of risk factors with respect to the Company s business. There can be no assurance that the underlying assumptions will prove to be accurate or that the projected results set out in the Financial Forecasts will be realized, and actual results likely will differ, and may differ materially, from those reflected in the Financial Forecasts, whether or not the Merger is completed. The inclusion in this proxy statement of the Financial Forecasts below should not be regarded as an indication that the Company, the Board or the Company s financial advisor considered, or now considers, these forecasts to be a reliable predictor of future results. **The Financial Forecasts are not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement are cautioned not to place undue reliance on this information.**

The Financial Forecasts summarized in this section were prepared by the Company s management and approved by the Board. Our independent registered public accounting firm has not examined, compiled or otherwise performed any

procedures with respect to the Financial Forecasts and, accordingly, our independent registered public accounting firm has not expressed any opinion on, given any other form of assurance with respect to or assumes any responsibility for the Financial Forecasts.

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By including in this proxy statement the Financial Forecasts below, neither the Company nor any of its representatives has made or makes any representation to any person regarding the ultimate performance of the Company compared to the information contained in the Financial Forecasts. Further, the inclusion of the Financial Forecasts in this proxy statement does not constitute an admission or representation by the Company that the information presented is material. The Financial Forecasts summarized in this section reflect the subjective estimates and judgments available to the Company s management at the time they were prepared and have not (unless otherwise stated in this summary) been updated to reflect any changes since the dates the Financial Forecasts were prepared. Because the Financial Forecasts reflect estimates and judgments, they are susceptible to multiple interpretations based on actual experience and business developments. The Financial Forecasts also cover multiple years and such information by its nature becomes less predictive with each succeeding year. **The Company does not intend, and undertakes no obligation, to update or otherwise revise the Financial Forecasts to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error, or to reflect changes in general economic or industry conditions. The Company s stockholders are cautioned not to place undue reliance on the Financial Forecasts included in this proxy statement, as the Company may not achieve the Financial Forecasts whether or not the Merger is completed.**

The summary of the Financial Forecasts is not included in this proxy statement to induce any stockholder to vote in favor of the adoption of the Merger Agreement or any other proposals to be voted on at the special meeting, but rather to inform our stockholders as to the Financial Forecasts that were made available to certain parties, including J.P. Morgan, in its capacity as the Company s financial advisor, and with respect to its rendering of its fairness opinion in connection with the Board s consideration and approval of the Merger Agreement, and Parent and other parties potentially interested in engaging in an acquisition transaction with the Company in connection with the Company s strategic and financial alternatives review process, and in connection with negotiating and evaluating the Merger Agreement.

The Company Forecasts

In January 2018, as part of the Company s strategic and financial alternatives review process and not with a view to public disclosure, the Company s management prepared the Initial Projections, prior to the recent CEO transition, for use by prospective bidders in connection with a potential acquisition of the Company. The Board determined at its January 9, 2018 meeting that these were the appropriate projections to provide to prospective bidders, and on January 14, the Initial Projections were made available to prospective bidders, including Parent. The Initial Projections were prepared in good faith based on the Company s management s reasonable estimates and assumptions regarding the Company s future financial performance at the time such forecasts were prepared, including higher revenue growth for each fiscal year ending 2019, 2020, 2021 and 2022 and cost savings as a result of store rationalization.

In February 2018, the Company s management provided the February Management Projections to the Board in connection with development of the Company s long-range plan as an independent public company and not with a view to public disclosure. The February Management Projections reflected, among other things, the Board s concerns about the Company s disappointing performance in the final quarter of 2017 and its recognition of the Company s historical underperformance in previous quarters. The Board determined to provide the February Management Projections to J.P. Morgan in connection with its role as financial advisor to the Company but determined not to provide the February Management Projections to prospective bidders. The February Management Projections, compared to the Initial Projections, reflected more conservative estimates and assumptions with respect to the Company s performance and the future financial impact of the cost-saving initiatives being pursued by the Company at that time.

In early March, the Board provided prospective bidders, including Parent, the Updated March Projections reflecting the Company s improved recent performance and, optimistic, but still realistic, assumptions regarding

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the Company s future financial performance at the time such forecasts were prepared, including certain cost-savings initiatives and higher revenue growth compared to the Initial Projections.

On June 5, 2018, the Company s management provided the June Management Projections to the Board reflecting the fact that the Company s operating performance had significantly exceeded expectations in the first quarter and first half of the second quarter of 2018 as a result of its strategic initiatives. Compared to the February Management Projections, the June Management Projections reflected, among other things, the Company s cost reduction initiatives being significantly ahead of schedule, a reduction in the costs associated with refinancing the Company s existing credit facility through, among other things, an extension of the current facility through the first quarter of 2020, increases in the Company s U.S. Core portfolio, improved same store sales performance and revised capital expenditure assumptions. In the light of the Company s improved performance, the Board determined to provide certain elements of the June Management Projections, regarding 2018 and 2019 projected performance, to Parent. The Board determined that the June Management Projections represented the most likely standalone financial forecast of the Company s business and approved J.P. Morgan s use of, and reliance on, the June Management Projections in its analysis of a potential transaction and for rendering its fairness opinion in connection with the Board s consideration and approval of the Merger Agreement. The Initial Projections, the February Management Projections, the Updated March Projections and the June Management Projections are collectively referred to as the Financial Forecasts.

Non-GAAP Financial Measures

This summary contains non-GAAP financial measures such as Adjusted EBITDA and free cash flow. The presentation of such non-GAAP financial measures in this summary is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company s management believes that these non-GAAP financial measures, among other things: (1) provide useful information about the Company s operating results; (2) enhance the overall understanding of past financial performance and future prospects of the Company; and (3) allow for greater transparency with respect to key metrics used by the Company s management in its financial and operational decision making. The non-GAAP financial measures included in the Financial Forecasts are defined and reconciled to GAAP financial measures below. As used in this summary, Adjusted EBITDA is defined as net income (*i.e.,* earnings) before interest, taxes, depreciation, amortization and other charges, and (2) free cash flow is defined as cash flows from operations less investing activities.

The Company s use of non-GAAP financial measures, including Adjusted EBITDA and free cash flow, has limitations as an analytical tool, and you should not consider any non-GAAP financial measure in isolation or as a substitute for analysis of our results as reported under GAAP. Other companies, including companies in the Company s industry, may calculate similarly titled non-GAAP financial measures differently, which reduces their usefulness as a comparative measure. Because of these limitations, you should consider our non-GAAP financial measures alongside other financial performance measures, including various cash flow metrics, net income and our other GAAP results.

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Company Forecast Summary

The following tables sets forth summaries of the Initial Projections, Updated March Projections, February Management Projections and June Management Projections:

Initial Projections

Fiscal Years Ending December 31,

($ in millions) (1)

	2018F	2019F	2020F	2021F	2022F
Revenue	$ 2,653	$ 2,720	$ 2,760	$ 2,820	$ 2,913
Adjusted EBITDA (2)	$ 159	$ 228	$ 246	$ 263	$ 293
Free Cash Flow (3)	$ 114	$ 161	$ 139	$ 139	$ 166
Capital Expenditures	$ 75	$ 61	$ 61	$ 61	$ 61

(1) Key assumptions include: (a) U.S. Core segment revenue growth of 0-1% annually and Acceptance NOW segment revenue growth in the mid- to high- single digits annually, (b) modest improvement in the U.S. Core segment gross margins and declining gross margins in the Acceptance NOW segment due to value proposition changes, (c) cost savings as a result of store rationalization, (d) no changes in the capital structure and no refinance costs associated with the Company s existing credit facility and senior notes, and (e) significant investment in capital expenditures during fiscal year 2018, with historical run rate for capital expenditures thereafter.
(2) Earnings before interest, income taxes, depreciation, amortization and other charges.
(3) Free cash flow is defined as operating cash flow less investing activities.

February Management Projections

Fiscal Years Ending December 31,

($ in millions) (1)

	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F
Revenue	$ 2,589	$ 2,550	$ 2,524	$ 2,500	$ 2,476	$ 2,478	$ 2,479	$ 2,481	$ 2,483	$ 2,484
Adjusted EBITDA (2)	$ 132	$ 162	$ 174	$ 176	$ 182	$ 186	$ 189	$ 192	$ 195	$ 197
Free Cash Flow (3)	$ 142	$ 126	$ 102	$ 93	$ 60	$ 67	$ 96	$ 99	$ 101	$ 103
Capital Expenditures	$ 43	$ 59	$ 63	$ 65	$ 65	$ 65	$ 65	$ 65	$ 65	$ 65

(1) Key assumptions include: (a) flat revenues annually for the U.S. Core segment and revenue declines of 4% annually through fiscal year 2022 and flat revenue thereafter for the Acceptance NOW segment, (b) flat gross margins in the U.S. Core segment and declining gross margins in the Acceptance NOW segment due to value proposition changes, (c) cost savings as a result of store rationalization, and implementing the costing savings

plan presented to the Board, (d) costs associated with the refinance of the Company s existing credit facility and senior notes, and (e) minimal investment in capital expenditures during fiscal year 2018, with historical run rate for capital expenditures thereafter.

(2) Earnings before interest, income taxes, depreciation, amortization and other charges.

(3) Free cash flow is defined as operating cash flow less investing activities.

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Updated March Projections

Fiscal Years Ending December 31,

($ in millions) (1)

	2018F	2019F	2020F	2021F	2022F
Revenue	$ 2,620	$ 2,693	$ 2,733	$ 2,793	$ 2,886
Adjusted EBITDA (2)	$ 175	$ 272	$ 293	$ 311	$ 335
Free Cash Flow (3)	$ 177	$ 205	$ 158	$ 173	$ 189
Capital Expenditures	$ 43	$ 59	$ 63	$ 65	$ 65

(1) Key assumptions include: (a) U.S. Core segment revenue growth of 0-1% annually and Acceptance NOW segment revenue growth in the mid- to high- single digits annually, (b) modest improvement in the U.S. Core segment gross margins and declining gross margins in the Acceptance NOW segment due to value proposition changes, (c) cost savings as a result of store rationalization, and implementing the costing savings plan presented to the Board, (d) no changes in the capital structure and no refinance costs associated with the Company s existing credit facility and senior notes, and (e) minimal investment in capital expenditures during fiscal year 2018, with historical run rate for capital expenditures thereafter.
(2) Earnings before interest, income taxes, depreciation, amortization and other charges.
(3) Free cash flow is defined as operating cash flow less investing activities.

June Management Projections

Fiscal Years Ending December 31,

($ in millions) (1)

	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F
Revenue	$ 2,663	$ 2,635	$ 2,609	$ 2,585	$ 2,562	$ 2,563	$ 2,565	$ 2,566	$ 2,568	$ 2,569
Adjusted EBITDA (2)	$ 168	$ 205	$ 216	$ 219	$ 224	$ 228	$ 229	$ 233	$ 236	$ 238
Free Cash Flow (3)	$ 227	$ 147	$ 132	$ 154	$ 134	$ 106	$ 108	$ 109	$ 112	$ 114
Capital Expenditures	$ 42	$ 64	$ 68	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70	$ 70

(1) Key assumptions include: (a) flat revenues annually for the U.S. Core segment and revenue declines of 4% annually through fiscal year 2022 and flat revenue thereafter for the Acceptance NOW segment, (b) flat gross margins in the U.S. Core segment and declining gross margins in the Acceptance NOW segment due to value proposition changes, (c) cost savings as a result of store rationalization, and implementing the costing savings plan presented to the Board, (d) the amendment and extension of the Company s existing credit facility through the first quarter of 2020, (e) improvements to the Company s overall performance during the first half of fiscal year 2018 and increased portfolio, and (f) minimal investment in capital expenditures during fiscal year 2018, with historical run rate for capital expenditures thereafter.
(2) Earnings before interest, income taxes, depreciation, amortization and other charges.

(3) Free cash flow is defined as operating cash flow less investing activities.

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Reconciliation of Adjusted EBITDA to Net Income

Initial Projections

	2018F	2019F	2020F	2021F	2022F
Net Income	$ 35	$ 93	$ 107	$ 123	$ 148
Income Taxes	$ 10	$ 27	$ 31	$ 36	$ 43
Interest Expense, Net	$ 42	$ 36	$ 37	$ 35	$ 35
Depreciation, amortization and impairment of intangibles	$ 71	$ 72	$ 71	$ 68	$ 67
Other Charges	$ 0	$ 0	$ 0	$ 0	$ 0
Adjusted EBITDA	$ 159	$ 228	$ 246	$ 263	$ 293

February Management Projections

	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F
Net Income	$ (28)	$ 25	$ 31	$ 34	$ 40	$ 65	$ 94	$ 95	$ 97	$ 99
Income Taxes	$ (8)	$ 7	$ 9	$ 10	$ 12	$ 19	$ 29	$ 29	$ 30	$ 30
Interest Expense, Net	$ 57	$ 67	$ 70	$ 70	$ 70	$ 40	$ 5	$ 5	$ 5	$ 5
Depreciation, amortization and impairment of intangibles	$ 68	$ 63	$ 64	$ 62	$ 61	$ 61	$ 62	$ 63	$ 64	$ 64
Other Charges	$ 44	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Adjusted EBITDA	$ 132	$ 162	$ 174	$ 176	$ 182	$ 186	$ 189	$ 192	$ 195	$ 197

Updated March Projections

	2018F	2019F	2020F	2021F	2022F
Net Income	$ 17	$ 132	$ 148	$ 165	$ 183
Income Taxes	$ 5	$ 39	$ 44	$ 48	$ 54
Interest Expense, Net	$ 42	$ 36	$ 36	$ 35	$ 35
Depreciation, amortization and impairment of intangibles	$ 67	$ 65	$ 65	$ 63	$ 63
Other Charges	$ 44	$ 0	$ 0	$ 0	$ 0
Adjusted EBITDA	$ 175	$ 272	$ 293	$ 311	$ 335

June Management Projections

	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F
Net Income	$ 10	$ 73	$ 84	$ 107	$ 114	$ 115	$ 116	$ 118	$ 119	$ 121
Income Taxes	$ 3	$ 23	$ 26	$ 34	$ 36	$ 36	$ 36	$ 37	$ 38	$ 38
Interest Expense, Net	$ 43	$ 41	$ 35	$ 9	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
Depreciation, amortization and impairment of intangibles	$ 69	$ 63	$ 66	$ 64	$ 64	$ 66	$ 67	$ 68	$ 69	$ 69
Other Charges	$ 42	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5	$ 5
Adjusted EBITDA	$ 168	$ 205	$ 216	$ 219	$ 224	$ 228	$ 229	$ 233	$ 236	$ 238

Reconciliation of Free Cash Flow to Cash Flows from Operations

Initial Projections

	2018F	2019F	2020F	2021F	2022F
Net Cash from Operating Activities	$ 189	$ 222	$ 200	$ 200	$ 227
Cash from Investing Activities	$ (75)	$ (61)	$ (61)	$ (61)	$ (61)
Free Cash Flow	$ 114	$ 161	$ 139	$ 139	$ 166

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February Management Projections

	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F
Net Cash from Operating Activities	$ 185	$ 185	$ 165	$ 158	$ 125	$ 132	$ 161	$ 164	$ 166	$ 168
Cash from Investing Activities	$ (43)	$ (59)	$ (63)	$ (65)	$ (65)	$ (65)	$ (65)	$ (65)	$ (65)	$ (65)
Free Cash Flow	$ 142	$ 126	$ 102	$ 93	$ 60	$ 67	$ 96	$ 99	$ 101	$ 103

Updated March Projections

	2018F	2019F	2020F	2021F	2022F
Net Cash from Operating Activities	$ 220	$ 264	$ 221	$ 238	$ 254
Cash from Investing Activities	$ (43)	$ (59)	$ (63)	$ (65)	$ (65)
Free Cash Flow	$ 177	$ 205	$ 158	$ 173	$ 189

June Management Projections

	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F
Net Cash from Operating Activities	$ 255	$ 211	$ 200	$ 224	$ 204	$ 176	$ 178	$ 179	$ 182	$ 184
Cash from Investing Activities	$ (28)	$ (64)	$ (68)	$ (70)	$ (70)	$ (70)	$ (70)	$ (70)	$ (70)	$ (70)
Free Cash Flow	$ 227	$ 147	$ 132	$ 154	$ 134	$ 106	$ 108	$ 109	$ 112	$ 114

Financing

General. The Company and Parent estimate that the total amount of funds required to complete the Merger and related transactions and pay related fees and expenses will be approximately $1.603 billion. Parent has provided equity and debt commitment letters which provide that this amount will be funded through a combination of the following:

- equity financing in an aggregate amount up to $610 million in cash in immediately available funds and all of the issued and outstanding equity interests of Buddy s Newco, LLC (the Buddy Newco Interests); and
- debt financing in an aggregate principal amount of $1,075 million as described below.

The completion of the Merger is not conditioned upon Parent s receipt of financing.

Equity Financing. On June 17, 2018, Vintage Rodeo, L.P. and B. Riley Financial, Inc. entered into an equity commitment letter (the Equity Commitment Letter) with Parent pursuant to which Vintage Rodeo, L.P., severally and not jointly, committed to contribute (or cause to be contributed) to Parent up to $610 million in cash and the Buddy Newco Interests, and B. Riley Financial, Inc., severally and not jointly, committed to contribute (or cause to be contributed) up to $429 million in cash to Vintage Rodeo, L.P., which will be contributed by Vintage Rodeo, L.P. to

Parent as a portion of its aggregate contribution. The equity commitment is subject to the following conditions:

- satisfaction or waiver by Parent, Merger Sub or the Company, as applicable, of the conditions precedent to Parent s, Merger Sub s or the Company s obligations to consummate the transactions contemplated by the Merger Agreement; and

- the substantially concurrent closing of the Merger in accordance with the terms and subject to the conditions set forth in the Merger Agreement.

Provided that, the B. Riley Financial, Inc. equity commitment is further conditioned upon the contribution of the Buddy Newco Interests to Parent at or prior to the closing, in accordance with the terms and subject to the conditions set forth in the Equity Commitment Letter.

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The obligations of Vintage Rodeo, L.P. and B. Riley Financial, Inc. to fund their respective equity commitment will terminate and expire upon the earliest to occur of: (1) the valid termination of the Merger Agreement in accordance with its terms; (2) the date on which any claim is brought by the Company under, or any legal action, suit or proceeding is brought by the Company with respect to the Limited Guarantee (as defined below), against any of B. Riley Financial, Inc., Vintage RTO, L.P. (collectively, the Guarantors) or any of their respective affiliates; and (3) the date on which any other claim is brought under, or legal action, suit or proceeding is initiated against any of the Investors, the Guarantors and each of their respective affiliates in connection with the Equity Commitment Letter, the Limited Guarantee, the Merger Agreement, the contribution agreement dated as of June 17, 2018, by and among Parent, the Vintage Investor and the holders of the Buddy Newco Interests (the Contribution Agreement), or any transaction contemplated thereby or otherwise relating thereto, other than a claim for specific performance under and in accordance with the Contribution Agreement or a claim for specific performance under and in accordance with the terms of the Merger Agreement or the Equity Commitment Letter.

In no event will the Investors have any obligation to fund its equity commitment at any time after the date such Investor has made full payment of its equity commitment and otherwise satisfied its obligations under the Equity Commitment Letter.

The Company is an express third-party beneficiary of the Equity Commitment Letter and has the right to seek specific performance of the several, and not joint, obligations of the Investors under the Equity Commitment Letter in certain circumstances.

Debt Financing. In connection with the entry into the Merger Agreement, Parent has entered into two debt commitment letters (the Debt Commitment Letters): (i) a commitment letter dated June 17, 2018 with B. Riley Financial, Inc., Guggenheim Corporate Funding, LLC and certain of Guggenheim Corporate Funding, LLC s affiliates (the Initial Lenders) pursuant to which the Initial Lenders have committed to provide an $800 million senior secured term loan facility (the Main Term Loan Facility); and (ii) a commitment letter dated June 17, 2018 with GACP Finance Co., LLC (GACP) pursuant to which GACP has committed to provide a $275 million senior secured term loan facility (the Term Loan Facility), subject to the terms and conditions set forth in the Debt Commitment Letters.

Main Term Loan Facility. The Initial Lenders obligation to provide the debt financing under the Debt Commitment Letter is subject to customary conditions, including the following (subject to certain exceptions and qualifications as set forth in the Debt Commitment Letter):

- the execution and delivery of definitive documentation, customary closing certificates and opinions with respect to the financing;
- the substantially simultaneous funding of the equity financing;
- the substantially simultaneous repayment of all third-party indebtedness (other than (i) intercompany indebtedness, (ii) existing capital lease obligations and purchase money indebtedness, and (iii) certain indebtedness permitted to survive under the Merger Agreement (including up to $100 of letters of credit which have been cash collateralized)) for borrowed money (or, in the case of the Company s 6.625% Senior Notes due 2020 and the Company s 4.75% Senior Notes due 2021, the satisfaction and discharge of the indentures governing such notes) of the Company and its subsidiaries;

the absence of a Company Material Adverse Effect (see *The Merger Agreement Representations and Warranties Definition of Material Adverse Effect*) since June 17, 2018;

the substantially simultaneous closing of the Merger in accordance with the terms and conditions of the Merger Agreement;

the delivery of documentation and information required by regulatory authorities under applicable know your customer and anti-money laundering rules and regulations, including without limitation the PATRIOT Act;

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the payment of costs, fees, expenses and other compensation due to the Initial Lenders (and any other lender) on the closing date;

the execution and delivery of all documents and the taking of all actions necessary to create and perfect a security interest in specified items of collateral with respect to which a security interest may be perfected by the filing of a financing statement under the Uniform Commercial Code;

the accuracy of certain representations and warranties made by the Company pursuant to the Merger Agreement, and the accuracy in all material respects of certain specified representations and warranties in the credit documentation; and

the substantially simultaneous effectiveness of the Term Loan Facility and the initial funding thereof.

The commitment of the Initial Lenders under the Debt Commitment Letter expires upon the earliest of (1) three business days following the End Date (after giving effect to any applicable extension), (2) the closing date, (3) the closing of the Merger without the use of the Main Term Loan Facility, (4) the valid termination of the Merger Agreement prior to the closing of the Merger and (5) with respect to B. Riley Financial, Inc., on the date on which any claim is brought by the Company or its affiliates under, or any legal action, suit or proceeding is brought by the Company or its affiliates with respect to the Limited Guarantee or the Guarantors.

Term Loan Facility. GACP s obligation to provide the debt financing under the Debt Commitment Letter is subject to customary conditions, including the following (subject to certain exceptions and qualifications as set forth in the Debt Commitment Letter):

the execution and delivery of definitive documentation, customary closing certificates and opinions with respect to the financing;

the substantially simultaneous funding of the equity financing;

the substantially simultaneous repayment of all third-party indebtedness (other than (i) intercompany indebtedness, (ii) existing capital lease obligations and purchase money indebtedness, and (iii) certain indebtedness permitted to survive under the Merger Agreement (including up to $100 of letters of credit which have been cash collateralized)) for borrowed money (or, in the case of the Company s 6.625% Senior Notes due 2020 and the Company s 4.75% Senior Notes due 2021, the satisfaction and discharge of the indentures governing such notes) of the Company and its subsidiaries;

the absence of a Company Material Adverse Effect (see *The Merger Agreement Representations and Warranties Definition of Material Adverse Effect*) since June 17, 2018;

the substantially simultaneous closing of the Merger in accordance with the terms and conditions of the Merger Agreement;

the delivery of documentation and information required by regulatory authorities under applicable know your customer and anti-money laundering rules and regulations, including without limitation the PATRIOT Act;

the payment of costs, fees, expenses and other compensation due to GACP on the closing date;

the execution and delivery of all documents and the taking of all actions necessary to create and perfect a security interest in specified items of collateral with respect to which a security interest may be perfected by the filing of a financing statement under the Uniform Commercial Code;

the accuracy of certain representations and warranties made by the Company pursuant to the Merger Agreement, and the accuracy in all material respects of certain specified representations and warranties in the credit documentation; and

the substantially simultaneous effectiveness of the Main Term Loan Facility and the initial funding thereof.

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The commitment of GACP under the Debt Commitment Letter expires upon the earliest of (1) three business days following the End Date (after giving effect to any applicable extension), (2) the closing date, (3) the closing of the Merger without the use of the Term Loan Facility, (4) the valid termination of the Merger Agreement prior to the closing of the Merger, and (5) the date on which any claim is brought by the Company or its affiliates under, or any legal action, suit or proceeding is brought by the Company or its affiliates with respect to the Limited Guarantee or the Guarantors.

Limited Guarantee

Concurrently with the execution of the Merger Agreement, each of the Guarantors has executed and delivered a limited guaranty in favor of the Company (the Limited Guarantee), pursuant to which each Guarantor has agreed, subject to the terms and conditions of the Limited Guarantee, to guarantee, on a joint and several basis, the payment of Parent s obligations to pay the Parent termination fee (as described in more detail under *The Merger Agreement Termination Fees*), and all of the liabilities and obligations of Parent or Merger Sub under the Merger Agreement (including certain reimbursement and indemnification obligations) (the Guaranteed Obligations). The Guaranteed Obligations of the Guarantors are subject to a maximum aggregate liability of $128.5 million.

The Limited Guarantee will terminate upon the earliest to occur of:

- the consummation of the closing;
- the valid termination of the Merger Agreement in accordance with its terms;
- the payment by either Guarantor, Parent and/or Merger Sub of its maximum aggregate liability, in an amount not to exceed $128.5 million;
- the 120th day after the valid termination of the Merger Agreement in accordance with its terms unless, prior to the 120th day after such termination, the Company shall have (i) delivered a written notice with respect to the Guaranteed Obligations asserting that either the Guarantor, Parent or Merger Sub is liable, in whole or in part, for any portion of the Guaranteed Obligation and (ii) commenced a legal action, suit or proceeding against either Guarantor, Parent or Merger Sub alleging that Parent or Merger Sub are liable for any payment obligations under the Merger Agreement or against either Guarantor that amounts due and owing from the Guarantors with respect to certain Guaranteed Obligations, in which case the Limited Guarantee will survive solely with respect to amounts so alleged to be owing; and
- the execution and delivery of a written agreement among the Guarantors and the Company to terminate the Limited Guarantee.

In the event that the Company or any of its affiliates, who is acting on behalf of, or at the direction of, any of the Company, asserts, directly or indirectly, in any litigation or other legal proceeding (1) that certain provisions of the Limited Guarantee are illegal, invalid, or unenforceable, in whole or in part, including such provisions limiting the maximum aggregate liability of the Guarantors, or (2) any theory of liability against the Guarantors, or any of the affiliates of the Guarantors, Parent, Merger Sub, or the Investors with respect to the transactions contemplated by the

Limited Guarantee, the Merger Agreement, the Equity Commitment Letter, the Contribution Agreement, or any of the transactions contemplated thereby other than, solely with respect to clause (2), any guarantee claim, Merger Agreement claim, or equity funding claim, then (x) the obligations of the Guarantors under the Limited Guarantee will terminate immediately and have no further force and effect, (y) if either Guarantor has previously made any payments under the Limited Guarantee, such Guarantor will be entitled to recover such payments from the Company and (z) none of Parent, Merger Sub, the Guarantors nor any of the affiliates of the Guarantors shall have any liability or obligation to the Company or any of its affiliates with respect to the Limited Guarantee, the Merger Agreement, the Contribution Agreement, or the transactions contemplated thereby, or the termination or abandonment thereof.

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Interests of Certain Persons in the Merger

General. In considering the recommendation of our Board with respect to the Merger Agreement and the Merger, you should be aware that some of our directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of stockholders generally. Interests of our directors and executive officers may be different from or in addition to the interests of stockholders for the following reasons, among others: potential employment of our executive officers following the Merger with Parent or the Surviving Company; the accelerated vesting and/or cash-out of Company equity awards held by them; potential change in control severance compensation and benefits payable to them under existing agreements with certain officers of the Company; employment relationships and other affiliations between certain members of our Board and Engaged Capital, LLC, the Company s largest stockholder; and our directors and officers rights under the Merger Agreement to ongoing indemnification and insurance coverage. The members of the Board were aware of such different and additional interests and considered those interests, among other matters, in negotiating, evaluating and approving the Merger and the Merger Agreement, and in recommending to stockholders that the Merger Agreement and the transactions contemplated thereby be approved. See the section entitled *The Merger (Proposal 1) Reasons for the Merger.* Stockholders should take these interests into account in deciding whether to vote **FOR** the Merger Proposal. These interests are described in more detail below, and certain of them are quantified in the narrative and the tables below.

Future Arrangements. As of the date of this proxy statement, to the Company s knowledge, none of our executive officers has had any discussion or entered into any agreement with Parent or any of its affiliates regarding employment with, or the right to purchase or participate in the equity of, the Surviving Company or one or more of its affiliates. Prior to or following the closing of the Merger, some or all of our executive officers or other employees may discuss or enter into agreements with Parent or any of its affiliates regarding employment with, or the right to purchase or participate in the equity of, the Surviving Company or one or more of its affiliates. However, the Company and Parent have stated that they do not intend to enter into any such agreements before the special meeting.

Treatment of Company Equity Awards

Stock Options. Except as otherwise agreed upon in writing between the holder of Company Stock Options and Parent, effective as of immediately prior to the Effective Time, each then-outstanding and unexercised Company Stock Option will be automatically canceled and converted into the right to receive from the Surviving Company an amount in cash equal to the product of (a) the total number of shares of common stock then underlying such Company Stock Option multiplied by (b) the excess, if any, of $15.00 over the exercise price per share of such Company Stock Option, without any interest thereon and subject to all applicable withholding, if any. The aggregate amount due to a holder of Company Stock Options pursuant to the preceding sentence will be paid by the Surviving Company upon the later of (i) five business days after the closing date and (ii) the date of the Company s first regularly scheduled payroll after the closing date. In the event that the exercise price of any Company Stock Option is equal to or greater than $15.00, such Company Stock Option will be canceled, without any consideration being payable in respect thereof, and have no further force or effect.

Performance Stock Unit Awards. Except as otherwise agreed upon in writing between the holder of Company PSUs and Parent, effective as of immediately prior to the Effective Time, each then-outstanding Company PSU will be automatically canceled and converted into the right to receive from the Surviving Company an amount in cash equal to the product of (a) the total number of shares of common stock then underlying such Company PSU multiplied by (b) $15.00 without interest and subject to all applicable withholding, if any. The aggregate amount due to a holder of Company PSU pursuant to the preceding sentence will be paid by the Surviving Company upon the later of (i) five business days after the closing date and (ii) the date of the Company s first regularly scheduled payroll after the closing date.

Restricted Stock Unit Awards. Except as otherwise agreed upon in writing between the holder of Company RSUs and Parent, effective as of immediately prior to the Effective Time, each then-outstanding Company RSU

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will be automatically canceled and converted into the right to receive from the Surviving Company an amount in cash equal to the product of (a) the total number of shares of common stock then underlying such Company RSU multiplied by (b) $15.00 without interest and subject to all applicable withholding, if any. The aggregate amount due to a holder of Company RSUs pursuant to the preceding sentence will be paid by the Surviving Company upon the later of (i) five business days after the closing date and (ii) the date of the Company s first regularly scheduled payroll after the closing date.

The following table sets forth the cash consideration that each of the Company s directors and executive officers would be entitled to receive in respect of the Company Stock Options, Company RSUs and Company PSUs held by the executive officer or director as of July 2, 2018, taking into account any regularly scheduled vesting and settlement of awards on or prior to the Effective Time. The values shown were calculated assuming (i) that the price per share of the Company s common stock was $15.00, which equals the per share Merger Consideration, (ii) that no additional equity-based awards will be granted to any directors or executive officers between the date of the Merger Agreement and the Effective Time, and (iii) that all stock options held by each director or executive officer remain unexercised immediately prior to the Effective Time.

Name	Number of Shares Subject to Company Options	Total Consideration for Company Options	Number of Company RSUs (1)	Total Consideration for RSUs	Number of Shares Underlying Company PSUs	Total Consideration for Company PSUs	Aggregate Consideration for Company Awards
Jeffrey J. Brown	0	$ 0	14,265	$ 213,975	0	$ 0	$ 213,975
Mitchell E. Fadel	107,817	$ 730,999	53,918	$ 808,770	194,489	$ 2,917,335	$ 4,457,104
Ann L. Davids	15,121	$ 102,520	6,825	$ 102,375	27,277	$ 409,155	$ 614,050
Michael J. Gade	0	$ 0	42,310	$ 634,650	0	$ 0	$ 634,650
Fred E. Herman	56,161	$ 337,895	18,491	$ 277,365	73,380	$ 1,100,700	$ 1,715,960
Christopher B. Hetrick	0	$ 0	14,265	$ 213,975	0	$ 0	$ 213,975
Christopher A. Korst	82,570	$ 493,957	26,734	$ 401,010	106,041	$ 1,590,615	$ 2,485,582
J.V. Lentell	0	$ 0	42,310	$ 634,650	0	$ 0	$ 634,650
Catherine M. Skula	58,550	$ 357,538	16,146	$ 242,190	64,105	$ 961,575	$ 1,561,303
Maureen B. Short	51,026	$ 312,860	16,898	$ 253,470	67,146	$ 1,007,190	$ 1,573,520

(1) Includes deferred stock awards awarded to our non-employee directors pursuant to the Rent-A-Center, Inc. 2016 Long-Term Incentive Plan. Each deferred stock award consists of the right to receive shares of our common stock and is fully vested upon issuance. The shares covered by the award will be issued upon the termination of the director s service as a member of the Board.

Severance Arrangements. The Company is currently a party to executive transition agreements, providing for severance, with each of the Company s executive officers (each, an Executive Agreement), except for Mr. Fadel, whose December 30, 2017 employment agreement (the Fadel Employment Agreement) contains his severance arrangement.

Pursuant to the Executive Agreement, if any such executive is terminated by the Company without cause or the executive terminates his or her employment for good reason (as defined in the Executive Agreement) during the

period beginning on the date of the definitive agreement pursuant to which a change in control is consummated and ending on the second anniversary of the date of the change in control, the executive is entitled to severance benefits, conditioned on execution of a release of claims if so required by the Company, consisting of: (i) accrued compensation; (ii) pro rata bonus (payable in a lump sum in cash in the normal course upon the Company s completion of annual bonus calculations, but in no event later than March 15 of the year following the year in which the executive s termination of employment occurred); (iii) an amount equal to two times salary and bonus, which amount shall be payable in a lump sum in cash within 10 business days following the date of the executive s termination of employment or, if later, the date of the change in control (Ms. Short s agreement deviates by providing one-and-one-half times salary and bonus and Ms. Davids agreement deviates by providing

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one-and-one-half times salary); and (iv) benefit continuation coverage for two years following termination (Ms. Short s agreement deviates by providing one-and-one-half years of benefit continuation coverage). The Merger will constitute a change in control under the Executive Agreement.

Pursuant to the Fadel Employment Agreement, if Mr. Fadel is terminated by the Company without cause, if he terminates his employment for good reason (each as defined in the Fadel Employment Agreement), or upon expiration of the initial term or a renewal term due to the Company providing notice of nonrenewal, Mr. Fadel is entitled to severance benefits consisting of: (i) accrued compensation; (ii) pro rata bonus (annual bonus, if any, earned by Mr. Fadel for the calendar year preceding the year in which Mr. Fadel s employment terminates, prorated); (iii) an amount equal to one times salary; and (iv) benefit continuation coverage for 18-months following termination. In addition, if, following a change in control, Mr. Fadel s employment is terminated in such a manner that entitles him to the aforementioned severance benefits, then, such benefits will be reduced on a dollar by dollar basis by the change in control payment provided for in the Fadel Employment Agreement to avoid duplication of benefits.

Our severance plans and the Fadel Employment Agreement contain a 280G cutback provision. Under that provision, if, in connection with a change in control of the Company, an eligible officer becomes entitled to receive severance compensation and benefits and the amount of such severance compensation and benefits would require that the officer pay an excise tax under Section 4999 of the Code or the Company would be denied a deduction under Section 280G of the Code, the officer will receive the full amount of such severance compensation and benefits as reduced by the minimum amount necessary to ensure that the excise tax will not apply and the Company will not be denied any such deduction.

Golden Parachute Compensation

As required by Item 402(t) of Regulation S-K, the following table sets forth, for our named executive officers, compensation that is based on or otherwise relates to the Merger and that may (in the case of double trigger arrangements) or will (in the case of single trigger arrangements) become payable to or realized by such individuals. For purposes of this proxy statement, our named executive officers are those individuals who are identified as named executive officers in our proxy statement for the 2018 annual meeting of stockholders, which proxy statement was filed with the SEC on April 24, 2018.

Specifically, in the event the Merger occurs, the compensation that may or will be paid to or realized by our named executive officers will consist of:

- cash severance and continuation of healthcare coverage that, under the terms of our officer Executive Agreements, the officers may be entitled to receive in connection with the Merger upon a qualifying termination of employment;

- cash change in control payment that, under the Fadel Employment Agreement, Mr. Fadel may be entitled to receive in connection with the Merger (and in some instances, requiring a prior qualifying termination of employment);

- deferred compensation that, under the terms of the Rent-A-Center, Inc. Deferred Compensation Plan, officers electing a change in control benefit at the time of commencing participation in the plan will be

entitled to receive in connection with the Merger; and

cash compensation that the officers will be entitled to receive following the Effective Time as a result of the accelerated vesting, in accordance with the terms of the Merger Agreement, of Company Stock Options, Company RSUs and Company PSUs that are outstanding at the Effective Time.

The table assumes that: (a) the Merger Consideration is $15.00 per share, (b) December 31, 2018 is the date of the closing of the Merger, (c) at the Effective Time, the officer experiences a qualifying termination of employment that entitles him or her to change in control severance compensation and benefits under the terms of

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our applicable officer Executive Agreements, and (d) the officer does not receive a reduction (or _ 280G cutback) in severance compensation and benefits as a result of the potential imposition of an excise tax under Sections 280G and 4999 of the Code as described above under *Severance Arrangements*.

Please note that the amounts set forth in the table are subject to a non-binding, advisory vote of our stockholders, as described in the section entitled *Advisory Vote on Named Executive Officer Specified Compensation (Proposal 2)* beginning on page 91 of this proxy statement.

Golden Parachute Compensation

Name	Cash ($) (1)(2)	Equity ($) (3)	Deferred Compensation ($) (4)	Perquisites/ Benefits ($) (5)	Total ($)
Robert D. Davis (6)	$ 0	$ 0	$ 0	$ 0	$ 0
Mitchell E. Fadel (7)	$ 2,400,000	$ 4,457,104	$ 120,188	$ 15,600	$ 6,992,892
Maureen B. Short	$ 1,228,990	$ 1,573,520	$ 179,252	$ 13,872	$ 2,995,634
Mark E. Speese (8)	$ 0	$ 660,000	$ 0	$ 0	$ 660,000
Fred E. Herman	$ 1,260,250	$ 1,715,960	$ 196,031	$ 21,672	$ 3,193,913
Christopher A. Korst	$ 1,625,302	$ 2,485,582	$ 580,337	$ 21,672	$ 4,712,893
Joel M. Mussat (9)	$ 1,050,000	$ 395,979	$ 68,150	$ 21,672	$ 1,535,801

(1) *Double Trigger Cash Severance Compensation*. Includes cash severance compensation that will become payable to an officer under, and subject to the terms and conditions of, each of our officer s applicable severance arrangement only if (a) the Merger occurs and (b) the officer s employment terminates under certain qualifying circumstances as set forth in such arrangement and as described under *Severance Arrangements* above. The following table sets forth, for each of our named executive officers for whom cash severance compensation is disclosed in this column, the calculation of such cash severance compensation:

Name	Salary Continuation ($)	Pro-Rata Bonus ($)	Total ($)
Robert D. Davis	$ 0	$ 0	$ 0
Mitchell E. Fadel	$ 1,600,000	$ 800,000	$ 2,400,000
Maureen B. Short	$ 1,066,090	$ 162,900	$ 1,228,990
Mark E. Speese	$ 0	$ 0	$ 0
Fred E. Herman	$ 1,082,750	$ 177,500	$ 1,260,250
Christopher A. Korst	$ 1,384,029	$ 241,273	$ 1,625,302
Joel M. Mussat	$ 1,050,000	$ 0	$ 1,050,000

(2) *Change in Control Payment*. Includes cash compensation equal to $1,600,000 (or 2.0 times his base salary) that will become payable to Mr. Fadel under his employment agreement (a) if the Merger occurs while he is still employed (with such amount offsetting any severance payment later owed to Mr. Fadel if a qualifying termination of employment occurs after the Merger) or (b) if he is terminated or the Fadel

Employment Agreement expires or is not renewed by the Company (i) within 180 days prior to the Company entering into a definitive agreement and the Merger occurs starting on Mr. Fadel s termination date ending on the date that is 12-months from such date or (ii) the Merger occurs within 180 days following Mr. Fadel s termination date.

(3) *Single Trigger Equity Award Acceleration*. Represents the aggregate amount of the payments that the named executive officer will receive for (a) Company Stock Options that, in accordance with the terms of the Merger Agreement, become fully vested immediately prior to the Effective Time and are canceled at the Effective Time in consideration for cash option payments, (b) Company PSUs that, in accordance with the terms of the Merger Agreement, are canceled at the Effective Time in consideration for cash PSU payments

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and (c) Company RSUs that, in accordance with the terms of the Merger Agreement, are canceled at the Effective Time in consideration for cash RSU payments. See *Treatment of Company Equity Awards* above. Such payments will be made pursuant to the terms of the Merger Agreement and will be made regardless of whether an officer s employment terminates in connection with the Merger.

(4) *Single Trigger Deferred Compensation Distribution*. Represents an officer s vested account under, and as determined by, the Rent-A-Center, Inc. Deferred Compensation Plan that will become payable to an officer if the Merger occurs to the extent the officer made an irrevocable election for a change in control benefit at the commencement of his or her participation in the plan. For the avoidance of doubt, to the extent that the above table does not list a deferred compensation balance for certain officers, then the officer either does not have a deferred compensation balance or the officer has a deferred compensation balance that will not be paid out in connection with the Merger.

(5) *Double Trigger COBRA Benefit*. Represents the estimated value of the continuation of health care insurance coverage for a period of 24 months that the officer will be entitled to receive under, and subject to the terms and conditions of, each officer s applicable severance arrangement only if (1) the Merger occurs and (2) the officer s employment terminates under certain qualifying circumstances as set forth in such arrangement. See *Severance Arrangements* above.

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

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

(8) Mr. Speese was named Interim Chief Executive Officer effective as of January 9, 2017, and Chief Executive Officer effective as of April 10, 2017. Mr. Speese resigned as Chief Executive Officer effective as of December 30, 2017.

(9) Mr. Mussat was named Executive Vice President Chief Operating Officer effective as of May 5, 2017. Mr. Mussat resigned as Chief Operating Officer effective as of February 22, 2018. In connection with his resignation, Mr. Mussat s deferred compensation balance under the Rent-A-Center, Inc. Deferred Compensation Plan will become payable in September 2018.

Indemnification and Insurance. Pursuant to the terms of the Merger Agreement, directors and executive officers of the Company will be entitled to certain ongoing indemnification and coverage under directors and officers liability insurance policies following the Merger. Such indemnification and insurance coverage is further described in the section entitled *The Merger Agreement Other Covenants and Agreements Indemnification of Directors and Officers; Insurance*.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a discussion of the material U.S. federal income tax consequences of the Merger to holders of common stock whose shares are exchanged for cash pursuant to the Merger. This discussion is based on the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable U.S. Treasury regulations (Treasury Regulations), judicial authorities, and administrative interpretations, each as in effect as of the date of this proxy statement. These authorities are subject to change, possibly on a retroactive basis, and any such change could affect the accuracy of the statements and conclusions set forth in this discussion. We cannot assure you that the Internal Revenue Service (the IRS) will not challenge one or more of the tax consequences described in this discussion or that a court would not sustain such challenge.

This discussion applies only to holders of shares of common stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Further, this discussion does not purport to consider all aspects of U.S. federal income taxation that may be relevant to a holder in light of such holder s particular circumstances, or that may apply to a holder that is subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, dealers or brokers in securities or foreign currencies, traders in securities who elect the mark-to-market method of accounting, holders that have a functional currency other

than the U.S. dollar, tax-exempt organizations, cooperatives, banks and certain other financial institutions, mutual funds, certain expatriates, partnerships, S corporations, or other pass-through entities or investors in partnerships or such other entities, holders who hold

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shares of common stock as part of a straddle, constructive sale, or conversion transaction, holders who will hold, directly or indirectly, an equity interest in the surviving corporation, and holders who acquired their shares of common stock through the exercise of employee stock options or other compensation arrangements). Moreover, this discussion does not address the tax consequences of the Merger arising under any applicable state, local, or foreign tax laws or the application of other U.S. federal taxes, such as the federal estate tax, the federal gift tax, the Medicare tax on certain net investment income, or the alternative minimum tax.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of common stock, the tax treatment of a partner in such partnership will generally depend on the status of the partners and the activities of the partnership. If you are a partner of a partnership holding shares of common stock, you should consult your tax advisor.

For purposes of this discussion, the term U.S. Holder means a beneficial owner of common stock that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- a trust if (1) a court within the United States is able to exercise primary supervision over the trust s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person; or
- an estate, the income of which is subject to U.S. federal income tax regardless of its source.

For purposes of this discussion, a non-U.S. Holder is a beneficial owner of common stock, other than a partnership or other entity taxable as a partnership for U.S. federal income tax purposes that is not a U.S. Holder.

Holders of common stock are urged to consult their own tax advisors regarding the application of the U.S. federal tax laws to their particular situation and the applicability and effect of state, local or foreign tax laws and tax treaties.

Consequences to U.S. Holders. The receipt of cash by U.S. Holders in exchange for shares of common stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. Holder who receives cash in exchange for shares of common stock pursuant to the Merger will recognize gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received and (2) the U.S. Holder s adjusted tax basis in such shares of common stock.

Any such gain or loss recognized by a U.S. Holder upon the exchange of shares of common stock pursuant to the Merger generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder s holding period in its shares of common stock is more than one year on the closing date of the Merger. Long-term capital gains of non-corporate U.S. Holders generally are eligible for preferential U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. If a U.S. Holder acquired different blocks of common stock at different times and different prices, such U.S. Holder must determine its adjusted tax basis and holding period separately with respect

to each block of common stock.

Consequences to Non-U.S. Holders. Subject to the discussion below in *Information Reporting and Backup Withholding*, a non-U.S. Holder who receives cash in exchange for its shares of common stock in the Merger generally will not be subject to U.S. federal income tax on gain recognized on such exchange unless:

such gain is effectively connected with the non-U.S. Holder s conduct of a U.S. trade or business (and, if required by an applicable treaty, is attributable to a permanent establishment or fixed base maintained by the non-U.S. Holder in the United States);

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the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year in which the Merger occurs and certain other conditions are satisfied; or

the non-U.S. Holder s common stock constitutes a United States real property interest as defined in the Code (a USRPI).

A non-U.S. Holder described in the first bullet above generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder with respect to the receipt of cash in exchange for common stock in the Merger. A non-U.S. Holder that is a corporation may also be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

Gain recognized with respect to shares of common stock surrendered in the Merger by a non-U.S. Holder who is described in the second bullet above generally will be subject to U.S. federal income tax at a 30% rate (or such lower rate as may be specified by an applicable treaty) but may be offset by certain U.S. source capital losses, if any, of the non-U.S. Holder.

With respect to the third bulle