

Rent-A-Center 2009 Incentive Award Program

Program Objectives

- Increase same store revenues and profits
- Enhance store level operations
- Increase workforce productivity and retention

Program Date

- Program will run from January 1, 2009 to December 31, 2009

Program Participants

- Store Managers – store managers will be divided into five volume groups based on their store's 2008 revenue and will compete with stores in their volume group
- District Managers – district managers will compete with other district managers
- Regional Directors – regional directors will compete with other regional directors

Program Description

The program consists of three portions, an incentive award portion that is awarded quarterly, prize drawings with drawings in quarters 1, 2, and 3 for the top 10% of store managers and a year-end drawing for a select group of top performers, and an incentive trip portion based on performance for the year.

- Quarterly Incentive Awards (Pick-A-Prize)
Incentive awards will be given at the end of each of the four quarters of the year. There will be two tiers of awards within each competition group. Each tier of winners within a competition group will have a choice of awards to select from and will be given an announced period of time to select an award. If they fail to make a selection within the allotted timeframe, they will be sent a default award. There is no cash option on the awards.
- Prize Drawings
 - Quarters 1, 2, and 3
The top 10% of store award winners (platinum) in quarters 1, 2, and 3 will automatically earn entries in that quarter's drawing for a special quarterly prize. Eligible stores will receive one entry for every whole point earned in the quarter. For example, if your total points earned in the quarter equal 150, then you would have 150 entries in the drawing. The more points you earn, the greater you increase your odds of winning? One winner will be chosen from the entries.
 - Year-End Drawing
A select group of top performing store managers will have the opportunity to win a special prize at the end of the year. One winner will be selected from the eligible stores.
- Annual Incentive Trip (President's Trip)
The top 10% of performers in each volume group of store managers and district managers and the top 20% of regional directors will be eligible to take the President's Trip and be accompanied by a guest. There is no cash option for the trip.

Program Changes

Rent-A-Center reserves the right to make program changes as needed without notice.

Program Rules

1. Key Metrics

We will use eight key metrics to measure store-level performance

- a. **BOR Growth** – Defined as the numerical growth in BOR over the previous month with December 31, 2008 as the base month to rate January 2009.
- b. **Customer Growth** – Defined as the numerical growth in active customers over the previous month with December 31, 2008 as the base month to rate January 2009.
- c. **SMRR Growth** – Defined as the growth in SMRR over the previous month with December 31, 2008 as the baseline for January 2009 and calculated based on the increased dollar amount or decreased dollar amount.
- d. **Percent Income Collected** – Defined as the amount of rental revenue collected month-to-date (MTD); plus the MTD Purchase Option Credits divided by the MTD Potential Rental Income and measured as a percentage and rounded to the nearest hundredth. The calculation of Percent Income Collected in the month being measured will be the average of the month being measured and the prior two months.
- e. **Profit Percent** – Defined as the percent of profit for the month as indicated on the store's P&L and rated on the percent of profit. Expressed as a percentage and rounded to the nearest hundredth. Profit percent in the month being measured will be the average profit of the prior three months (i.e., January 2009 will use the store's profit from October, November and December of 2008).
- f. **Thursday Past Due Card Close** – Defined as the average for all Thursdays in the month of accounts one or more days past due divided by the BOR at the close of business each Thursday. Expressed as a percentage and rounded to the nearest hundredth.
- g. **Thursday 7-Plus Card Close** – Defined as the average for all Thursdays in the month of the number of accounts seven or more days past due divided by the BOR at the close of business each Thursday. Expressed as a percentage and rounded to the nearest hundredth.
- h. **Saturday Total Past Due Card Close** – Defined as the average for all Saturdays in the month of accounts one or more days past due divided by the BOR at the close of business each Saturday. Expressed as a percentage and rounded to the nearest hundredth.

2. Volume Groups

Store performance is measured against that of like stores based on revenue. Stores are assigned to one of five volume groups based on 2008 revenues:

- a. Group I: \$1,000,000 or greater in revenues
- b. Group II: \$850,000 to less than \$1,000,000 in revenues
- c. Group III: \$700,000 to less than \$850,000 in revenues
- d. Group IV: less than \$700,000 in revenues
- e. Group V: Stores that meet one of the following descriptions will be assigned to this group:
 - Received accounts through merger or transfer that amounted to 5% or more of the store's beginning BOR for the month of December 2008
 - Receive accounts through merger or transfer of accounts during 2009 and receive more than 5% or more the store's beginning BOR of the month the transfer of accounts or merger began.
 - Receive accounts through an acquisition that amount to more than 5% of the store's beginning BOR of the month of the acquisition.

The above Volume Groups apply to stores open 12 or more months

New Stores

- New stores opened before April 1, 2008 fall into the appropriate Volume Group (I – IV) based on the projected annualized revenue. These stores will not receive points for profit until the second month following the anniversary of their opening date (example: a store that opened February 15, 2008 will receive points for profit on the April 2009 monthly ranking report based on its profit in March 2009. On the May 2009 monthly ranking report, the profit will be the

average of March and April of 2009; and in June 2009 and each month thereafter, it will be the average profit of the prior three months).

- New stores opened after April 1, 2008: one store manager will be selected on a discretionary basis (i.e., New Store Manager of the Year) and awarded the Incentive Award Trip.
- Stores that fall into this category receiving accounts via a merger, transfer, or acquisition will be evaluated for inclusion into Perform To Win based on the significance in the number of received accounts.

3. Calculating Points

Every month points will be calculated for Store Managers, District Managers and Regional Directors.

a. Calculation of points for store managers

The points for store managers will be the total points received from the Monthly Ranking Report on each of the following metrics with points awarded as indicated.

- BOR Growth – +1 point per BOR gained or -1 point per BOR lost)
- Customer Growth – +2 points per customer gained or -2 points per customer lost
- SMRR Growth – +1 point per \$100 SMRR gained or -1 point per \$100 SMRR lost
- Percent Income Collected – points awarded as follows:
 - ◆ 94.0% or greater equals +8 points
 - ◆ 93.0% - 93.9% equals +6 points;
 - ◆ 92.0% - 92.9% equals +4 points
 - ◆ 91.0% - 91.9% equals +2 point
 - ◆ 90.0% - 90.9% equals 0 points
 - ◆ 88.5% - 89.9% equals -10 points
 - ◆ 87.0% - 88.4% equals -20 points
 - ◆ Less than 87.0% equals -30 points
- Profit Percent – points awarded as follows:
 - ◆ Profit greater than 20% equals +1 point per percent of profit above 20%
 - ◆ 20% profit equals 0 points
 - ◆ Profit less than 20% equals -1 point per percent of profit below 20%
- Thursday Past Due Card Close – +3 points if close is equal to or less than 11.99%
- Thursday 7 Plus Card Close (goal is 2.99% or less) – points awarded as follows:
 - 7+ Close of 2.99% or less equals +3 points
 - 7+ Close of 3.0% - 3.49% equals 0 points
 - 7+ Close of 3.5% - 3.99% equals -5 points
 - 7+ Close of 4.0% - 4.49% equals -10 points
 - 7+ Close of 4.5% - 4.99% equals -20 points
 - 7+ Close of 5.0% or greater equals -30 points
- Saturday Total Past Due Card Close (goal is equal to or less than 5.99%) – points awarded as follows:
 - ◆ Close equal to or less than 5.99% equals +2 points
 - ◆ Close of 6.0% - 6.49% equals -2 points
 - ◆ Close of 6.5% - 6.99% equals -5 points
 - ◆ Close of 7.0% - 7.99% equals -10 points
 - ◆ Close of 8.0% - 8.99% equals -20 points
 - ◆ Close 9.0% or greater equals -30 points

Mergers, Account Transfers, and Acquisitions

- Stores receiving accounts from a store merger, transfer, or an acquisition in an amount of 5% or more of the store's beginning BOR will not be eligible to earn points in the month the accounts are received, but will return to the group rankings the following month unless the store's divisional vice president requests that the store be made ineligible for additional months not to exceed 3 months.

- Stores transferring accounts in an amount of 5% or more of the store's beginning BOR will not be eligible in the month the accounts are transferred, but will return to the group ranking the following month.

b. Calculation of points for district managers

The points for district managers will be the average of points for the stores within the district (total points of stores in district divided by the number of stores in district on the last day of the month).

c. Calculation of points for regional directors

The points for regional directors will be the average of points for the stores within the region (total points of stores in region divided by the number of stores in region on the last day of the month).

4. Ranking and Earning Quarterly Incentive Awards

You may earn awards quarterly based on the stack ranking of your points within your competition group. Your point ranking for each quarter will be the cumulative points for each month in the quarter.

a. Store Manager

- The quarterly award ranking is based on the cumulative point total for all months in the quarter.
- If a store moves from a one group to another group during a quarter, the store's quarterly ranking and YTD date ranking will be based on the new group.
- Although a store manager may not be eligible to compete in a given month, the results of the store will still be used in the group's calculations as well as in the calculations for the district and the region.
- The store manager must be in the position of store manager two (2) out of the three (3) months of the quarter to qualify for an incentive award.
- Must be in position for more than 50% of a month to receive credit for that month.
- The store's monthly points do not follow the store manager should he/she transfer to another store during the month/quarter.
- The "2/3 rule" will apply if a store manager is promoted to district manager during the quarter. The quarter ranking will be based on the position the store manager held for 2 of the 3 months in the quarter.

| Volume Group | Stack Ranking | Award Tier Selection Quarterly |
|--------------|---------------------|--------------------------------|
| I | Top 10% Next 40% | Platinum Award Gold Award |
| II | Top 10% Next 40% | Platinum Award Gold Award |
| III | Top 10% Next 40% | Platinum Award Gold Award |
| IV | Top 10% Next 40% | Platinum Award Gold Award |
| V | Top 10% Next 40% | Platinum Award Gold Award |

b. District Manager

- The quarterly award ranking is based on the district manager's cumulative point total of the months in the quarter within the assigned district and stack ranked to the points of all other districts.
- If a store is realigned between districts, the store's points will count in the district where the store is assigned on the last day of the month.
- The top 5% will be able to select from platinum award selections.
- The next 35% will be able to select from tier gold award selections
- The district manager must be in the position of district manager two (2) out of the three (3) months of the quarter.
- Must be in position for more than 50% of a month to receive credit for a month.
- The monthly points do not follow the district manager should he/she transfer to another district during the month/quarter.
- The "2/3 rule" will apply if a district manager is promoted to regional director during the quarter. The quarter ranking will be based on the position the district manager held for 2 of the 3 months in the quarter.

c. Regional Director

- The quarterly award ranking is based on the regional director's cumulative point total of the months in the quarter within the assigned region and stack ranked to the points of all other regions.
- If a store is realigned between regions, the store's points will count in the region where the store is aligned on the last day of the month.
- The top 5% will be able to select from platinum award selections.
- The next 35% will be able to select from gold award selections.
- The regional director must be in the position of regional director two (2) out of the three (3) months of the quarter.
- Must be in position for more than 50% of a month to receive credit for a month.
- The monthly points do not follow the regional director should he/she transfer to another region during the month/quarter.
- The "2/3" rule will also apply if a regional director is promoted to SVP during the quarter.

5. Reports

Reports for the program will be managed by Rent-A-Center's business intelligence group and can be accessed through the RACiNET home page in the same way all other operational reports are accessed.

6. Top Performer Travel Award

The top performing store managers, district managers, and regional directors including one guest each, will earn the incentive travel award that is scheduled to be taken in 2009.

a. Store Managers (10%)

- Winning stores will be determined using the cumulative scores of all months stack ranked and compared to the volume group to which the store belonged in December 2009.
- Trip winners will be the top 10% of the stores in the volume group and the trip award will be based on the eligibility of the store manager as detailed in the next two bullet points.
- The store manager must be in the position as a RAC store manager for a minimum of nine (9) months to be eligible for the trip.
- Must be a RAC store manager at the time of the trip to remain qualified, or promoted to district manager in the last quarter of 2009, but qualified for the trip while in the position of store manager.

- b. District Managers (10%)
 - Winners will be determined based on the cumulative scores of all months stack ranked and compared to all district managers.
 - Trip winners will be the top 10% of the districts and the trip award will be based on the eligibility of the district manager as detailed in the next two bullet points.
 - The district manager must be in the position as a district manager for a minimum of nine (9) months to be eligible for the trip.
 - Must be a RAC district manager at the time of the trip to remain qualified, or promoted to regional director in the last quarter, but qualified for the trip as a district manager.

- c. Regional Directors (20%)
 - Winners will be determined based on the cumulative scores of all months stack ranked and compared to all regional directors.
 - Trip winners will be the top 20% of the regions and the trip award will be based on the eligibility of the regional director as detailed in the next two bullet points.
 - The regional director must be in the position as a regional director for a minimum of nine (9) months to be eligible for the trip.
 - Must be a RAC regional director at the time of the trip to remain qualified.

7. Selecting Your Quarterly Awards

Participants will be able to login into the “Perform To Win!” website by clicking on the link on the RACiNET home page to view an assortment of fun and engaging prizes offered for that specific quarter. The prizes will be tiered so that the Top qualifiers in each category are allowed to choose an item that is exclusively found in the platinum awards level, while all other qualified participants will be allowed to select from the gold awards level. At the end of each quarter, winners who have qualified to win a Quarterly Incentive Award will log on to the awards portion of the website to select their prize. The qualifying points earned in the quarter will determine the level of prize availability. Prize selections must be placed within the given timeframe. Quarterly award winners will be able to view and make their selection until the Selection Period has closed. Award winners who fail to select an award will be shipped a default award. Order status including shipment tracking will be available online.

8. Taxes on Awards and Trip

Awards redeemed and the trip are taxable income and subject to federal, applicable state and local income tax as well as FICA and Medicare on the dollar equivalent of the award or trip.

Rent-A-Center must report the income on the value of the award or trip and withhold any applicable taxes.