

# COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with our management and, based upon such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement on Schedule 14A related to the 2013 Annual Meeting of Stockholders, for filing with the Securities and Exchange Commission.

## COMPENSATION COMMITTEE

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

# COMPENSATION DISCUSSION AND ANALYSIS

## Executive Compensation Program Objectives

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

- attract, retain and motivate senior executives with competitive compensation opportunities;
- balance short-term and long-term strategic goals;

- align our executive compensation program with the core values identified in our mission statement, which focuses on improving the quality of life for our co-workers and our customers; and
- reward achievement of our financial and non-financial goals.

The compensation philosophy is generally to target total direct compensation (base salary, annual incentive and long-term incentive compensation) at the 50<sup>th</sup> percentile of that paid at similarly-situated public companies in the retail and consumer finance sector. The Company places a premium on aligning rewards with desired performance, and as such spends a noticeable portion of its variable compensation on key performers and those deemed to be critical contributors over the longer term.

## Executive Summary

We are committed to a pay-for-performance culture. The compensation program is reviewed annually in order to assure that its objectives and components are aligned with the Company's growth goals and culture, and also that it incentivizes short- and long-term profitable growth.

## 2013 Financial and Strategic Highlights

---

Despite disappointing financial results for the year ended December 31, 2013, we continued to return value to our stockholders and focus on our strategic growth goals. The following key accomplishments were achieved in fiscal 2013:

- Completed a \$200 million accelerated share repurchase transaction;
- Continued executing on our growth strategies with revenue increases of over 46% in our Acceptance Now segment and over 45% in our International segment; and
- Increased quarterly dividend approximately 10% from \$0.21 to \$0.23, beginning with the dividend for the first quarter of 2014;

In addition, we recently launched a multi-year program designed to transform and modernize our operations company-wide in order to improve the profitability of the Core U.S. segment while continuing to support our Acceptance Now and International segments. This program is focused on building new competencies and capabilities through a variety of operational and infrastructure initiatives such as developing a new supply chain, formulating a customer-focused value-based pricing strategy, optimizing our store footprint, and innovating our digital e-commerce capabilities.

Please refer to our Annual Report on Form 10-K for the year ended December 31, 2013 for more information.