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PRESENTATION

Operator

Welcome to Rent-A-Center Q4 and year end 2009 earnings release conference call. At this time, all participants are in a listen-only mode. Following today's presentation, we will conduct a question-and-answer session. (Operator Instructions). As a reminder this conference is being recorded Tuesday February 2nd, 2010. Your speakers today are Mr. Mitchell Fadel, President and COO, Mr. Robert Davis, Chief Financial Officer and Mr. David Carpenter, Vice President of Investor Relations.

I would like to turn the conference over to Mr. Carpenter, please go ahead, sir.

David Carpenter - *Rent-A-Center - VP of IR*

Thank you, Sara. Good morning everyone and thank you for joining us. Before we begin the earnings conference call, we wanted to inform you that Mark Speese, Rent-A-Center's Chairman and CEO, will not be participating in today's call as a result of a passing of his father over the weekend. Our thoughts and prayers are with Mark and his family at this time.

Let's proceed. You should have received a copy of the earnings release distributed after the market close yesterday that outlines our operational and financial results that were made in the fourth quarter. For some reason you did not receive a copy of the release, you can download it from our web site at investor.rentacenter.com. Certain financial and statistical information discussed during the conference call will also be provided on the same web site. Also in accordance with SEC rules concerning non-GAAP financial measures, reconciliation of EBITDA is provided in our earnings press release under the statement of earnings highlights.

Finally, I must remind you that some of the statements made in the call such as forecast, growth and revenues earnings, operating margins, cash flow and profitability, and other business or trend information are forward-looking statements. These matters are subject to factors that could cause actual results to differ materially from our expectations reflected in the forward-looking statements. These factors are described in the earnings release issued yesterday as well as our most recent quarterly report on form 10Q, for the quarter ended September 30th, 2009. Rent-A-Center under takes new obligation to publicly update or revise any statements. I would like to turn the conference call over the Mitch.

Mitch Fadel - *Rent-A-Center - President, COO*

Thanks David. Good morning everyone, thank you for joining us on our Q4 earnings call. We did have a very strong quarter, as our store and total revenues exceeded our guidance, as did our earnings per share. We were able to come in at $0.66 per share, above our guidance of $0.55 to $0.61 with both stronger than expected revenues and continued strong expense management. Same store sales were at the better end of our guidance coming in at minus 3.2%, much improved of the last two quarters of being minus 6 plus percent.

We are seeing continued positive trends in our customer traffic. As the fourth quarter was second consecutive quarter in which our customer count and our deliveries per store outperformed the comparable period in 2008 for each month of the quarter. You will recall the primary driver of negative same store sales in 2009 has been the lower number of units rented per customer. I'm pleased to tell you we are seeing stabilization in that metric and combining that with a strong traffic, we are moving towards a positive same store sales numbers as you can see in the 2010 guidance increase. We believe that continued tightening of consumer credit is helping our traffic as more and more customers see rent to own as a more flexible and viable alternative to credit. We continue to work with our suppliers on strategic purchases that create strong values for those consumers, while continuing to target advertising and marketing through the various use of celebrities to help us get our message out to the growing market. Additionally, we will continue to focus on our customers in store experience and own sales training and selling skills.

On the collections front, our operations team continues to execute well. Our delinquency average was in line for the quarter, while our customer skips and stolens, as a percentage of store revenue, ended the year at 2.3%, our lowest number in six years. Our inventory remains in good shape with help for represent percentage at 21.5%, well within our normal range of 20%-24% and the lowest end of the quarter number of 2009. We continue to roll out new inventory management tool which allows for a more centralized purchasing approach. We expect to make this even better having the right merchandise in the right stores at the right times. We now have about 2200 stores on that new program and we anticipate the rollout to all 3000 to be completed within the next 60 days. In the financial services side of the business, we will continue to focus on improving and growing that business in 2010, with the addition of 50 more kiosks providing the valuable services to customers.

In summary, the strong customer traffic in the Q4 set the stage for a great beginning to 2010. In the face of diminished consumer credit and high unemployment, we believe our transaction is more relevant than ever and more consumers coming to appreciate the flexibility that our transaction provides. We will continue to focus on targeted marketing, advertising and product promotions. We will focus on continued execution in enhancing overall customer experience, our cost control programs, maintaining control of delinquencies and the managing of our own inventory with the overall goal of improving our margins and increasing profitability. In other words in short, we believe we are well positioned for 2010. On behalf of Mark and myself, we would like to thank our 18,000 co-workers for a job well done, not only in the fourth quarter, but for the full year of 2009. With that, I will turn it over to Robert.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Thank you Mitch I will spend a few moments updating everyone on the financial highlights during the quarter as well as for the full year after which we will open the call to q-and-a. I would like to mention that much of the information I will provide, whether historical results or forecasted results, will be presented on a recurring and comparable basis. As outlined in the press release, total revenues $672.9 million, during the Q4 of 2009, down $26.9 million as compared to the Q4 of last year. As Mitch eluded to, however, as he was updating you on same store sales this trend is turning positive and good momentum in to 2010. Now despite decline in quarterly revenues, operating profit margins improved quarter over quarter by 240 basis points, which is now the 6th consecutive quarter of improved operating margins over the respective comparable period. These enhanced margins are due to continued positive results in our expense management initiatives as well as a stronger revenue trend experienced in the Q4. Net earnings and diluted earnings per share were $43.7 million and $0.66 respectively for an increase of approximately 40% in both cases.

Our Q4 EBITDA came in at $90.6 million, 8.8% increase from the prior year, while EBITDA margin increased 160 basis points in the period to 13.5%. For all of 2009 our EBITDA was over $360 million, and a margin of 13.1%, an increase of 50 basis points over the prior year. We continue to post strong results in actual EBITDA and margins, which continues to translate in to our strong recurring cash flow generation. In fact, our operating cash flow equated to over $330 million for all of calendar year 2009. As a result, we have been able to reduce outstanding indebtedness by over $235 million during 2009 alone and by over $548 million in the last 24 months. Additionally, since the end of the Q4, we have further reduced indebtedness by approximately $17 million. As a result of the reduction in our debt level, our leverage ratio at the end of the Q4 was well below two times, coming in at 1.72 times. This is significantly lower than our 2.43 times leverage a year ago, and is an improvement of over 29%. This positions us well below the floor in our covenant requirements of 3.25 turns within our senior credit facility.

Quarter end net debt to book cap equated to 32.8%, down from 44.3%, as of 12/31/08, an improvement of roughly 26%. We believe the debt reduction efforts along with the recent successful execution of the amendment and extension of our senior credit facility have further enhanced our balance sheet. We believe that this amendment and extension of our senior credit facility has also provided was more flexibility in regards to capital allocation, in addition to the piece of mind to continue to manage the business for the long-term during this continued period of economic uncertainty. As you may have noticed, we did repurchase over 472,000 shares of our common stock during the Q4 for approximately $9 million. As always we intend to utilize cash prudently and we are currently comfortable with where we are today in regards to our balance sheet and cash flow.

Turning to guidance for a moment. We anticipate for the Q1 of 2010 total revenues to range between $692 million to $712 million with same store sales expected to decline between 0.5%, and down 2.5%. As for diluted earnings per share, we are guiding the first quarter to a range between $0.64 and $0.70. Albeit with this release, we are providing guidance through the Q1 of 2010 for the first time, we are pleased to be updating our annual 2010 guidance with increases in revenues, same store sales, and diluted earnings per share.

Let me spend a moment to walk you through these updates. Our Q3 2009 press release indicated total revenue guidance between $2.736 billion and $2.796 billion with same store sales expected to be flat, and diluted earnings per share were guided to be in the range of $2.30 and $2.50. Subsequently with the press release in early December, we announced the divestiture of a subsidiary and the successful completion of amendment and extension of our senior credit facility. In that release we lowered total revenue guidance for 2010 by $60 million, due to the subsidiary divestiture and also lowered our EPS guidance by $0.07 due to the increase interest cost associated with our amended senior credit facility. We made no changes to our same store sales guidance at that time. So the updated forecast as of early December for total revenues and EPS in 2010, were at the time $2.676 billion and $2.736 billion in revenue and $2.23 and $2.43 in EPS respectively.

Now however, given the strong results achieved along with trends we have seen in closing out Q4, we currently expect total revenues to be in a range of $2.7 billion to $2.76 billion, or net increase of approximately $24 million. This translates in to our new guidance for same store sales for 2010 to increase approximately 1%. And given the flowthrough in our model, for overall

diluted earnings per share for 2010 to now range between $2.35, and $2.55 or increase of $0.12 from our latest guidance in early December. In terms of EBITDA and free cash flow, the Company expects EBITDA to range between $350 million to $370 million, free cash flow in the range between $140 million to $160 million. As always this current guidance excludes any potential benefit associated with potential future stock repurchases, changes in our outstanding indebtedness or acquisitions or dispositions completed after the date of this press release. With that update, I would like to open the call to q-and-a.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Your first question comes from the line of Dave Burtzlaff with Stephens, Inc.

Dave Burtzlaff - *Stephens, Inc. - Analyst*

Good morning, great quarter here. Few questions. First on the operating expenses, they were well below your guidance range during the quarter and declined sequentially from the Q3. Is there anything specific that's driving that cost decline?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

David, that continues to trend we have been seeing the last few quarters as indicated in prior quarters that cost reduction is really coming throughout all lines of the P&L. Obviously on a percentage basis, with our revenues being on the high side of the range exceeding guidance, that changes percent more towards the lower end of original guidance the percent obviously down with the stronger revenues the overall dollars is coming throughout the P&L, Mitch talked about losses the being the lowest they've been in six years. That's obviously a big component, better management of labor dollars overtime and so forth and various other categories up and down the P&L, it's all across the board for the most part.

Dave Burtzlaff - *Stephens, Inc. - Analyst*

Okay. You mentioned that customer counts were up each month, can you give us an idea of the percentage gains that you were seeing in customer traffic?

Mitch Fadel - *Rent-A-Center - President, COO*

No. Well, thinking about that question, David as far as percentage gains, I don't think I can do that off the top of my head. Sequentially the traffic was better and year-over-year it was better as well. You would expect sequentially the Q4 to be better than the third quarter and it certainly was significantly better, and year-over-year it was better, Robert?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

If you look at the delivery we have been making throughout the last couple of quarters compared to last year, they are 2% to 3% ahead of last year in terms of deliveries. Customer count, similar number ended the year with more customers at 12/31 than last year, which is indicative of the strong customer traffic and trends. I put it at roughly couple of percent ahead of last year.

Mitch Fadel - *Rent-A-Center - President, COO*

At least. You think about the for the year I believe our same store sales was negative 3.5%, now guiding to plus one in 2010. And that's 4.5% swing and it's not because of the ticket price, that's down because the customer's renting less units per customer. 4.5% swing in same store sales, average sticker price is down. When you start combining the quarters, compounding the quarters you will end up over that 4.5% swing that is in the comp, David.

Dave Burtzlaff - *Stephens, Inc. - Analyst*

Okay. Speaking of same store sales, when do you think they turn positive, obviously the Q1 still hasn't cycled through of the merge of the store consolidation plan. Does that change in the Q2?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Obviously if you look at our guidance down a half to 2.5 up in the Q1, up 1% for all of 2010, that certainly implied it accelerates in the back half of the year we would expect the Q2 be closer to flat and then the third and Q4 to build from there. You see a waterfall affect with starting out behind flat in the Q1 and then building to positive one for the full year.

Dave Burtzlaff - *Stephens, Inc. - Analyst*

Okay. Robert, finally, can you just give an update on the financial service business. Was it profitable this quarter and what do you expect to contribute of in 2010?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

We indicated at the end of the last quarter we eliminated earlier this year the run rate that we were experiencing during the course of 2008 of losing a million dollars a month. We were able to break even earlier this year and that gave us the fortitude to go ahead and start expanding here in the Q4 and looked to open 50 kiosks next year. In the Q4, we were close to break-even I think close 1-dollar or two either way. Part of that was driven by us opening eight locations in the Q4 so there was a drag from the stores we opened in the Q4 but overall around flattish. We expect next year to be similar flat in 2010 from earnings perspective, primarily due to the drag you see with the 50 new kiosks open in 2010 we like what we are seeing, we are not out of the woods yet in terms of having to contribute to the bottom line with the flowthrough that we ultimately expect and want but see positive trends and that's what is giving us the gumption to open 50 kiosks next year and focus on that business.

Mitch Fadel - *Rent-A-Center - President, COO*

The 350 current kiosks, even though we don't have real earnings in our numbers for 2010 based on that, but with 50 opening that are drag, the 350 are covering the cost of that so we are getting profitable enough to open 50 without having that being overall drag on our bottom line.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Open up 15% new stores next year.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

15% growth rate on 350, starting with.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Those will certainly offset the drag from the 50 new stores.

Dave Burtzlaff - *Stephens, Inc. - Analyst*

Okay. Thank you very much.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Thanks, David.

Operator

Your next question comes from the line of Arvind Bhatia from Sterne, Agee, your line is open.

Arvind Bhatia - *Sterne, Agee & Leach, Inc. - Analyst*

Thank you, good morning. Congratulations as well.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Good morning, Arvind.

Arvind Bhatia - *Sterne, Agee & Leach, Inc. - Analyst*

Couple of questions, on the product side I'm wondering, Mitch, if you can talk about the key items that you are seeing now in terms of TVs and things like that, any changes in pricing that you instituted that might be driving certain models et cetera? Also on same store sales the guidance of 1% is a point estimate where as your overall guidance is a range 2.7 to 2.76, the 1% equates more to the lower end of that guidance is that a good way to think about it?

Mitch Fadel - *Rent-A-Center - President, COO*

Starting with that one, the proximate 1% is the middle of our EPS guidance. So I say flat same store sales the low end of the EPS guidance and 2% the high end of the guidance.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Then the revenue guidance too.

Mitch Fadel - *Rent-A-Center - President, COO*

Right. On the products Arvind, in the Q4, obviously we had a good growth quarter a lot of additional units on rent, spread out on every category through in the Q4. One of the first times we grew in furniture, that's been a category under pressure. I guess we hit bottom because we grew in the Q4. Again, you say you should grow everything in the Q4 with that being October,

November, December against July, August and September. But last year we didn't grow on the Q4 on furniture. Furniture has been in such a slump. We hit bottom in furniture, everything grew from a TV standpoint, continues to be a strong category.

Pricewise deflation is certainly there. We are trying as you know Arvind, when we get lower prices as LCD TVs and plasma TVs deflate we try to reduce the term on the contract rather than the price so we keep our APU but the overall number of months of prior ownership are going down on TVs pause of deflation, but it's a better value for the customer that way, they are renting very well. There is deflation there. I think as we what we will see later this fall is another higher end product coming in, not sure exactly when the inflection point is. LED TVs, will certainly a product for us probably somewhere within 2010 maybe the latter half of the year. That will drive higher ticket price as LCD deflates, LCD is a great core item for us right now, we are looking forward to LED later in the year being at a higher ticket price. Every category has been strong in the Q4 from a growth standpoint.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

On the same store sales, our product guidance we had given estimate of essentially flat. Then when we raised overall revenue about $24 million, that was how you got from flat to 1%, roughly 1% of overall revenue growth. Back to Mitch's point that's essentially in the middle of the range of our revenue guidance. We pinpoint that estimate.

Arvind Bhatia - *Sterne, Agee & Leach, Inc. - Analyst*

One final one in terms of future opportunities to drive revenue, I know you've touched on some of the tests that you are doing, one I think in the past you mentioned Ashley, and of course financial services that's a growth opportunity, but can you talk about some other things you might be doing whether it is international or domestic opportunities that you see in front of you?

Mitch Fadel - *Rent-A-Center - President, COO*

We have quite a few things going financial services being the biggest growth vehicle for us outside of the core rent to own business we will open more stores this year from a rent to own stand point , there is more domestic growth for us there. We are guiding to 25 or so in the press release from a growth standpoint. 25-35 domestic. We mentioned financial services. On the you mentioned Ashley but that's a program go in to any furniture store where we have a kiosk, just an additional touch point for the consumer if they get turned down in the tradition furniture store we are there to get them the same product and on a rent to own program. That's expanding program for us.

Certainly international something we are getting serious about. Up to 18 stores in Canada, as we mentioned before we are looking at other countries primarily besides expanding in Canada looking south, Mexico, latin America, that's initiative to explore that actually have already started but come to some decision how many are we going to open and test. Definitely international expansion is on the radar, more seriously today than it was a year ago. There is a little bit of domestic growth we will have to look at international to keep the square footage, we are to that point as well as adding touch points as well as financial services and the furniture kiosks.

Arvind Bhatia - *Sterne, Agee & Leach, Inc. - Analyst*

Thank you guys and good luck.

Operator

Your next question comes from the line of Budd Bugatch from Raymond James your line is open.

TJ McConville - *Raymond James & Associates - Analyst*

Good morning Mitch. Good morning Robert, good morning David this is T.J. McConville. I'm filling in for Budd today. Congratulations on the excellent quarter and we pass along our condolences to Mark. My first question is one sort of piggy backing on David's earlier, Robert, I think you mentioned you ended the year with more customers than you started and you have about 30 fewer stores, so can we talk about what the BOR per store is on average about now. And the trend there and maybe what you are looking at in guidance?

Mitch Fadel - *Rent-A-Center - President, COO*

Robert is looking for some numbers, TJ, but again with the average if you think about the average ticket price being down because of less units per contract customers not renting is apt to rent the secondary units, coffee and end tables and lamps and so forth, whether agreement on represent or the customer number are all higher than the comp guidance those numbers are up -- are forecasted through 2010 to be up more than 1% because the actual average per agreement is down. So they are up again when you talk about a swing of negative 3.5% comps in 2009, 1% estimated positive comp in 2010, 4.5% plus swing on traffic metric one you use whether customer or BOR. We are continuing to see slight increase in the demographics from an income standpoint that's where the traffic is coming from. It went up just slightly higher but trending positively from income stand point, income per household on the customer traffic and the delivery that we did in the Q4. So we believe we are seeing that customer coming in that because of the diminished credit out there, that we are a more flexible and better alternative at this point in time. I think that's the customer that's driving the traffic and right now at least 2% to 3% higher from a any kinds of traffic metric if you want to use, again if you look year-over-year it's trending towards as we get in to the middle part of the year it will be 4.5% plus when you look at that metric.

TJ McConville - *Raymond James & Associates - Analyst*

Okay, that's very helpful Mitch, thank you. And the conversation surrounding the international expansion, particularly into Latin America, any commentary, I know it's early but the preliminary exploration to the market how is the culture different there towards rent to own, early steps of what an opportunity there is there?

Mitch Fadel - *Rent-A-Center - President, COO*

There is an opportunity. We got a little bit of experience. It won't translate in whole but it will in part. One of our better markets or if you want to call it a state, better areas is Puerto Rico. We have been down there for years. First stores when Mark started the company back in 1986 were in Puerto Rico, we done business in Puerto Rico a long time. Our Hispanic customer in the United States has grown every year. Continues to be an important part and obviously it's growing in the overall population every year and within our stores. And when you look at Mexico and keep going into Latin America the opportunity is tremendous. We have to figure out how we are going to do it, when we are going to do it, what our approach is going to be. Nobody does rent to own down there TJ, exactly, there is a few players down there that they are buy here pay here. Credit sale but easier credit than maybe traditional. We might call them buy here, pay here type places here in the United States nobody doing rent to own the way we will do it. We see it as tremendous opportunity.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

If you need more detail other than explanation is a little bit premature, hesitate to give too much color on stuff we aren't comfortable talking about yet because we are still in the process of doing that diligence and home work.

TJ McConville - *Raymond James & Associates - Analyst*

Understand that guys, a housekeeping question, what was the chargeoff in financial services in the Q4?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

The low 20% range. It was probably 23% in October, 23% to 24% in November, and low 20% to 21% in December I believe. The low 20% range. We are seeing trends so far in this Q1 that obviously seasonally good quarter from a charge off perspective in the Q1, we would expect that to continue to improve as we go throughout 2010 seeing that this Q1.

TJ McConville - *Raymond James & Associates - Analyst*

Thank you for answering the questions and best of luck in 2010.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Thanks TJ.

Operator

Your next question comes from the line of John Rowan from Sidotti and Company.

John Rowan - *Sidoti & Company - Analyst*

Can you comment how price deflation on TVs continued through the December quarter relative to September and June and the second part of the question if price deflation continues, do you see that changing the historical sale through patterns in the March quarter.

Mitch Fadel - *Rent-A-Center - President, COO*

No. I don't see it changing. We live through electronic price deflation forever. Because it always comes out at the high end and deflates. I guess you could go back to when I was a kid the calculator you had to use your life savings to buy the calculator in the 70s. Price deflation in electronics has been something we dealt with forever. And as I mentioned earlier, John, what we do is as prices are deflating we can keep our revenue per month on the product we just lower the overall number of months that it takes for the customer to own it. We keep our revenue. Customer owns it sooner we pay less the margins are similar. We get our money faster. So it's really not a negative. When a product deflates down to where it's under $299 retail, that's where it starts to hurt us, John, when the customer out of this week's paycheck with that cash constrained or credit constrained customer on a week to week living on week to week or paycheck to paycheck basis can buy something out of their paycheck this week that's when it's not a rental item. That's why ipods we get asked about why ipods are rental item, you can buy mp3 for $79 so they are not a big rental item. Until 42-inch and 52-inch LCD TVs are under $299 it's not an issue. Products coming behind the LCD with the LED and as Robert points out the 3D, with new products coming out going to cost a whole lot more and again based on the consumer wanting the latest and greatest, number one we don't see like I said 42-inch LCD TVs under $299 any time soon and the other part of the good news is that the LED and 3D TVs will come out at higher prices. I think it's positive when we think about electronics deflation.

John Rowan - *Sidoti & Company - Analyst*

Thank you.

Mitch Fadel - *Rent-A-Center - President, COO*

Thanks, John.

Operator

Your next question comes from the line of Mike Smith from Kansas City Capital your line is open.

Mike Smith - *Kansas City Capital Associates - Analyst*

Thank you. Good morning and congratulations.

Mitch Fadel - *Rent-A-Center - President, COO*

Thanks, Mike.

Mike Smith - *Kansas City Capital Associates - Analyst*

I got three questions here but I think they have short answers to them. What do you plan on doing to the debt in 2010? Apply your free cash flow to that or?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Mike, a couple of comments there. One the forecast for free cash flow for 2010 is a range of $140 million to $160 million, I mentioned in my prepared comments that we paid down $17 million since the end of the year primarily due to us being in our revolver at year end and that's due to seasonality the strong demand, more inventory purchases and so forth. Certainly a good thing to go in to the revolver when traffic is good and demand is bigger. We still have some debt outstanding under our revolver as of today and we'll expect to pay that down. Combined with our mandatory debt payments in 2010 which equate to roughly $50 million to $60 million, we will pay down that amount this year under mandatory basis. So if you take the free cash flow of $140 million to $160 million, and about a third or more than a third going to mandatory debt reduction you are left with $80 million to $100 million of free cash. Certainly we talked about the new amend in extended credit facility, giving us more flexibility from capital allocation standpoint. We repurchased some of our common stock in the Q4 that is more of an option today as we move forward than it had been the last 24 months, given the overall economic environment and some pending maturities on our debt. So bottom line is we feel very comfortable with where we are with our balance sheet and cash flow, however stock repurchases is probably more of an option today than it had been in the last year or two.

Mike Smith - *Kansas City Capital Associates - Analyst*

Then I guess the second question has to do with you and your industry being the Washington whooping boy and is there anything going on with the new consumer finance protection package or whatever that's called?

Mitch Fadel - *Rent-A-Center - President, COO*

Well, yes, I mean it's certainly out there, something we are watching closely, Mike. As I think you know rent to own is not included in it today but something we are still watching. It doesn't appear that a CFPA bill on a partisan basis, something partisan that could affect us is likely it doesn't seem like that's very likely. The banking committee chairman, Chairman Dodd publicly stated that he is willing to compromise on regulatory reform. There is a different attitude in Washington over the last couple of weeks based on what happened in Massachusetts, again rent to own is not in this CFPA now but we are watching it closely but I think the over all tone when you think over the last couple of weeks is positive for us or anyone else worried about that kind of partisan regulatory reform.

Mike Smith - *Kansas City Capital Associates - Analyst*

Last question is you got the new inventory management tool and I guess primary thing you mentioned is advantages having the right product at the right place at the right time. Does it do anything to lower purchasing cost?

Mitch Fadel - *Rent-A-Center - President, COO*

I think it will. Because it's more predictable. As we can forecast better than the way we have been doing it. I think it will help us forecast better then we believe we can bring costs down with better forecasting. Just like any business. If you are more if you are more accurate on your forecasting I think you are going to buy better. It helps us there. Helps us it's helping it will continue to help that number, help for rent number by not having too much merchandise in the stores and less outages it helps the business. It's very complex program of using years of history store by store, not just years of history of all 3000 lumped together but store by store to know what they need and when they need it so. Far we are excited about it, Mike.

Mike Smith - *Kansas City Capital Associates - Analyst*

Thank you.

Operator

Your next question comes from the line of Laura Champine from Cowen and Company.

Laura Champine - *Cowen & Company - Analyst*

Congratulation on the quarter. It sounded like you implied in the response to someone else's top line question for 2010 that you do expect to continue to see units per contract to decline a little bit, do you expect to it decline less than it did in 2009 and what can you really do to try to encourage your customer to add the incremental unit to their agreement?

Mitch Fadel - *Rent-A-Center - President, COO*

No Laura, I don't expect them to continue to decline. We seen stabilization and we expect them to stay level but when you are comparing same store sales and looking at metrics year-over-year, once you level out you're three to four quarters before the comp is level on that particular metric, right. Once you level off you are going to run behind year-over-year comparisons for a few more quarters. Maybe three quarters before you get back to the number. That's all I meant by that, we seen them level off in the Q4 we are excited about that, what we can do is we looked at our pricing at at add on units, adding on a game system, coffee and end tables to a living room, look at your mix of product are you carrying the right products for right look for tables and lamps, right home theater systems to go along with the TVs and so forth and you look at the product and pricing, can we be more aggressive because its an add on unit it's all incremental to maybe we can be aggressive there. We are tweaking a few

things there. So far so good. Consumer confidence is also part of that as people feel a little better and are feeling confident even though coffee and end tables are only couple of more dollars a week to add on the the living room some is consumer confidence to saying yes or no to the add on. That's part of what helped us in the last couple of months is higher level of consumer confidence.

Laura Champine - *Cowen & Company - Analyst*

Great, thank you.

Operator

Your next question comes from the line of Stanley Elliott from Stifel Nicolaus. Your line is open.

Stanley Elliott - *Stifel Nicolaus - Analyst*

Good morning guys nicely done. Sitting in for John. Quick question. Have you heard anything on the accelerated depreciation, anything that would push that out again for 2010?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

No. What you are referring to is the benefit we seen the last couple of years from the cash tax obligation due to accelerated depreciation on capital expense, inventory, PPE and so forth. Under currently forecast, free cash flow of $140 million to $160 million, that's still implies that the turn we will experience this year from the last couple of years will have us paying cash taxes around $170 million, so no assumption at this point that that would get extended. There has been some talk about it. We will see. The government is obviously under a lot of different pulled a lot of different directions where that ultimately falls out, who knows at this pope with removing forward under the premise we are paying $170 million cash taxes that will normalize in 2011-2012.

Stanley Elliott - *Stifel Nicolaus - Analyst*

Lastly, are you guys done receiving in the proceeds from that litigation credits or is there more to come on that?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Yes. Basically finalized in the Q2 of this year when we received the last reversion dollar if you will from the settlement up in New Jersey a few years ago. At this point no further expectations of further reversion money is coming to us.

Stanley Elliott - *Stifel Nicolaus - Analyst*

Thank you very much.

Operator

Your next question comes from the line of Ryan Stevens from Philadelphia Financial.

Jordan Hymowitz - *Philadelphia Financial - Analyst*

Jordan Hymowitz from Philadelphia Financial. What was your seven day and over number?

Mitch Fadel - *Rent-A-Center - President, COO*

For the quarter I don't have that in from of me, Jordan. Although as I mentioned our collections number was in line for the quarter our goal for collections to be around 6%. And we are just slightly over that. The Holidays will bump that up the last couple of weeks of December, the Thanksgiving week will bump that up. When you look at the non holiday week, we are right there at normal 6% number on weekly basis. The seven day I don't have in from of me. We run between 4.5% and 5% on the seven days we stayed in line. Our loss is the lowest in the last six years. Our collections numbers are running well, operator is doing a good job there.

Jordan Hymowitz - *Philadelphia Financial - Analyst*

The average in the period number I appreciate it. Second question is so if I understand correctly, you're saying customer traffic was up about 4.5%, because implying that in the first quarter with the 1% same store sales and 4.5% decline in price, is about right.

Mitch Fadel - *Rent-A-Center - President, COO*

When you combine the last couple of quarters that's going to be the swing in the comp number, that's pretty much all been on the customer side because of the decline on the number of units per customer, yes.

Jordan Hymowitz - *Philadelphia Financial - Analyst*

Are you seeing different type of person coming -- you don't do FICO stores but are there more and more customers coming to your type of store are you finding that might not ordinarily be there because of the economic recession and credit cards being cut and things of that nature.

Mitch Fadel - *Rent-A-Center - President, COO*

We believe so, Jordan. The reason we believe that is one, traffic is good. The metric I was talking about earlier we can look at is the average income per customer, although slight, it continued to trend upward in the Q4. When you think about the average household probably making less based on unemployment and under employment in the country over the last year and our metrics of the average income per customer continues to go up that's the credit diminished customer coming in to the store because our number one competitor over the last ten years called easy credit is gone now, that's probably been the number one competitor for all of us in rent to own.

Jordan Hymowitz - *Philadelphia Financial - Analyst*

Is easy credit a rent to own store.

Mitch Fadel - *Rent-A-Center - President, COO*

Easy credit in the marketplace --

Jordan Hymowitz - *Philadelphia Financial - Analyst*

Not the store named easy credit.

Mitch Fadel - *Rent-A-Center - President, COO*

Easy credit has been a big competitor and that's really gone.

Jordan Hymowitz - *Philadelphia Financial - Analyst*

You guys are directly benefiting from the pull back in lower end financial services who can't get credit cards and stuff to buy these things.

Mitch Fadel - *Rent-A-Center - President, COO*

We think so. We believe so.

Jordan Hymowitz - *Philadelphia Financial - Analyst*

Thank you.

Operator

Your last question comes from the line of Joel Havard from Hilliard Lyons, Inc.

Joel Harvard - *J.J.B. Hilliard, W.L. Lyons, Inc. - Analyst*

Thank you. All the great questions beforehand answered most of it guys, but if you wouldn't mind reviewing the comments you made on the amendment and extension of the credit facility.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Sure. Going back to I guess the Q3 and Q4 of 2009, we looked out at our senior credit facility at that given time and felt good about our liquidity and ability to meet our mandatory payments up and through basically the back half of 2011 and 2012. Given the overall improvement in the credit markets we felt conducive to go back into the market, extends out some of our nearer term maturities push out between three to five years, but at the same time have to recap some of our rate that we are paying. There was an overall increase in our interest expense that we guided to in early December which was about a $0.07 impact in overall earnings per share with that amendment in extension of our credit facility. However, that has enabled us to push out maturities longer term provide additional flexibility from capital allocation standpoint, a win-win for us still overall our rates are extremely low relative to historical rates in the overall credit market. We were pleased to have successfully executed that in the Q4.

Joel Harvard - *J.J.B. Hilliard, W.L. Lyons, Inc. - Analyst*

I'm sorry I don't have that footnoted properly here yet are we in the prime plus fraction range.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

We were paying LIBOR basically plus one, now essentially paying LIBOR plus 3 round about, so couple of percentage points higher than previously.

Joel Harvard - *J.J.B. Hilliard, W.L. Lyons, Inc. - Analyst*

And just top of your head if you recall the revolving facility?

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Similar to those type of ranges. The revolver in the A piece went up to LIBOR plus 3.00, B went to LIBOR plus 3.25 if I recall.

Joel Harvard - *J.J.B. Hilliard, W.L. Lyons, Inc. - Analyst*

I will go back and dig out the specifics on that, thanks guys, good quarter, good luck going forward.

Robert Davis - *Rent-A-Center - SVP of Finance, CFO, Treasurer*

Thank you, Joel.

Operator

There are no further questions at this time. Mr. Fadel, do you have closing comments?

Mitch Fadel - *Rent-A-Center - President, COO*

Thank you, Sara. Thank you for everybody for joining us. Thanks for your interest in our company. As we pointed out we feel good about where we are positioned in 2010, traffic is good. Revenue is going up. We feel good about where we are positioned, expense control has been great. That continues we feel good about where we are going as we head in to 2010. Thank you for your interest and support and have a great day.

Operator

This concludes today's conference call, you may now disconnect.