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## Advance America, Cash Advance Centers Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) Your first question comes from David Burtzlaff - Stephens, Incorporated.

**David Burtzlaff - Stephens, Incorporated**

I have a few questions here. One, Patrick, how much did the reserve in Virginia impact the loss rate?

**Patrick O'Shaughnessy**

It was very large. This is a new product for us. Clearly we are warming as we go along but the loss rate there was much higher than we typically have had in the past on payday event products. As a percent of revenue we certainly would have decreased during the quarter over last year as happened to the Virginia reserve.

**David Burtzlaff - Stephens, Incorporated**

Do you have loan volume for the quarter, for the loan originations?

**Patrick O'Shaughnessy**

We probably do, you just give me one second.

**David Burtzlaff - Stephens, Incorporated**

Okay. Maybe while you are looking for that, do you also have an estimate of what the impact from the closing of all these stores is? How much did those stores lose a percent of gross profit level?

**Patrick O'Shaughnessy**

That is a good question and I do not have the answer in front of me because I will explain sort of our thought process. Of the stores we are planning on closing were closed during the first quarter, 50 of them, they were planning on closing in Ohio where those were profitable stores last year. We just do not anticipate them being profitable going forward. The 22 we closed in New Hampshire were clearly profitable stores last year.

**David Burtzlaff - Stephens, Incorporated**

I guess maybe more on the 130 that you are? Some of those are Ohio but the other ones..?

**Patrick O'Shaughnessy**

Fifty of those are in Ohio but every other store, part of our analysis is that the cost to close in all cases when you combine them except for some where we were going to lose the lease or something like that but when we made a conscious decision to close the cost to close is less than the Company was losing in the 12 month period.

So when I looked at those, as we said, we reserved about \$2.2 million for stores that we plan on closing during the remaining balance of the year. There is probably another additional \$3 million to \$4 million of expenses associated with closing those stores and lease termination costs and severance that we will recognize when we actually notify the landlords and the employees that we are exiting.

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