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# EDITED TRANSCRIPT

GME - Q4 2013 Gamestop Corp. Earnings Conference Call

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**OVERVIEW:**

GME reported FY13 sales of $9.04b and net earnings (excluding impairment charges and changes in management estimates) of $356.1m or $3.01. 4Q13 total sales were $3.68b and net earnings (excluding impairment charges and changes in management estimates) were $222.4m or $1.90. Expects FY14 revenue to grow 8-14% and EPS to be $3.40-3.70. For 1Q14, expects revenue to grow 7-10% and EPS to be $0.55-0.60.





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## CORPORATE PARTICIPANTS

**Paul Raines** *GameStop Corp. - CEO*

**Rob Lloyd** *GameStop Corp. - EVP & CFO*

**Tony Bartel** *GameStop Corp. - President*

**Mike Mauler** *GameStop Corp. - EVP, International*

**Mike Hogan** *GameStop Corp. - EVP, Strategic Business & Brand Development*

## CONFERENCE CALL PARTICIPANTS

**Anthony Chukumba** *BB&T Capital Markets - Analyst*

**Tony Wible** *Janney Montgomery Scott - Analyst*

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**Mike Olson** *Piper Jaffray - Analyst*

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

## PRESENTATION

**Operator**

Good morning. Welcome to GameStop Corporation's fourth-quarter and full-year 2013 earnings conference call. At the conclusion of the announcement a question-and-answer session will be conducted electronically. (Operator Instructions).

I would like to remind you that this call is covered by the Safe Harbor disclosure contained in GameStop's public documents and is the property of GameStop. It is not for rebroadcast or use by any other party without the prior written consent of GameStop. At this time I would like to turn the call over to Mr. Paul Raines, Chief Executive Officer of GameStop Corporation. Please go ahead, sir.

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**Paul Raines** - *GameStop Corp. - CEO*

Thank you, operator, and welcome, everyone, to the year ending earnings call for GameStop. As we begin our call, as always, I want to thank our global team for delivering the largest console launch in history as well as providing the finest customer service in the gaming, consumer electronics and wireless industries.

Joining me today on our call are Rob Lloyd, Chief Financial Officer; Tony Bartel, President; Mike Mauler, Executive Vice President of International; Mike Hogan, our EVP of Strategic Business; and Matt Hodges, our Vice President of Investor Relations.

What a difference a year makes. Only a year ago here in Grapevine, Texas we were busy planning for two massive console launches that would bring a return of innovation to our category, yet the world wondered if there would ever be another console, would software be sold for them and would they allow for pre-owned games.

Well, consumers voted throughout holiday and we are pleased report that GameStop's share it launch was at its highest level in our history. Our early assessment is that the console and publisher community are investing to create extraordinary products and titles for this generation that will drive very high demand.

As we shared with you on our holiday sales release, in the fourth quarter our sales mixed heavily to new hardware putting pressure on our earnings of our comps were close to 8% for the fourth-quarter, a very healthy sign. We saw a decline in current gen software which has been a historical trend during a transition period to new consoles, but that impacted over results.

Our pre-owned business declined slightly but gained momentum during the quarter. Digital receipts performed as expected at double-digit growth including very strong growth at Kongregate and our new mobile business has hit it out of the park as we added to their volume with acquisitions.

GameStop's full-year comparable sales grew 3.8%, helping to deliver close to $3 of earnings per share. Along the way we returned $389 million to shareholders through share buybacks and dividends delivering on our commitment to return value to shareholders. Rob will share results with you, but we are pleased with the work done by our team in 2013 and very bullish about what is ahead in 2014.

In terms of the videogame businesses, we see an industry with tremendous growth ahead. Tony Bartel will share with you some texture around what he sees on title count and allocation. But both Tony in the US and Mike Mauler internationally are preparing for an aggressive cycle of growth in their videogame markets.

On the pre-owned side we expect the growth cycle to follow the historical pattern of innovation driving strong pre-owned growth in 2014 with consistent margins. And we see an opportunity to be an even better partner to our publishers by adding value priced new product to that mix.

In 2013 over $400 million of new videogame console software was sold at price points below $20, a category in which GameStop has half its normal market share. This is an opportunity. Historically we have not bought as aggressively from our publisher partners at these lower price points. But consumers have told us that they shop for value on our pre-owned sections independent of where the games are sourced.

We will now add select hit titles in partnership with our publishers to the pre-owned mix in our stores to create a larger value category. We will also target specific hit titles that are out of stock in some of our stores on the pre-owned wall to round out the value offering and increase sell-through.

While our traditional pre-owned margins will not change on product we buy back from our customers, we expect that our margins on vintage titles we buy from publishers will be at lower margin rates, blending the value category down while growing the volume. As the industry returns to growth GameStop can use PowerUp Rewards to help publishers and developers make use of old console IP while providing great value options to gamers.

Rob and Mike Hogan will share some color around our strategy to expand both the types of software and hardware we sell, as well as how we are continuing to expand the universe of tradable products in our stores to generate more currency for customers.

One last note on the pre-owned business. For years we have faced very strong box and online competitors in that space, and expect that will continue going forward. I would point out that it is a great sign for the category that large competitors return after previous attempts as they see that the pre-owned videogame business has a lot of growth ahead.

Consumers have low top of mind awareness of buy-sell-trade and new competitors will drive greater overall awareness of the category which has always been very good for our business. GameStop of course is a formidable competitor in this space.

Remember also that over 75% of all trades made at GameStop stores are immediately used to buy new products, a business model that last year added over $1 billion of sales to the new software and hardware industry. Our publishers know that trades made at GameStop stay in the gaming ecosystem.

Now a couple of thoughts on strategy. You have heard us state in the past that we believe that GameStop has to maintain a higher rate of internal change than the environment that surrounds us. And we believe that philosophy has served us well during the last few years of declines in our category.

As the category returns to growth you will not see us slow down on innovation or the pursuit of market share in that business through the various innovations we have developed such as PowerUp Rewards, digital content and one of the highest customer service net promoter scores in all of retail.

As an example of that rate of change you saw us launch this week the GameStop Technology Institute, a partnership with IBM and Texas A&M University to develop new retail technologies in our stores.

You will also not see us slowdown on the leveraging of our existing platform to capture market share in adjacent technology categories. We have described the competencies of real estate, talent management, buy-sell-trade, PowerUp Rewards and financial strength as a platform for growth.

We are executing that growth in the rollout of our Simply Mac Apple specialty stores, Spring Mobile AT&T dealer stores and our Aio Cricket AT&T prepaid stores and we finished the year with 218 technology brand stores.

You should note that those businesses contributed $62.8 million of revenue in the fourth quarter. And also note that we are developing broad, deep partnerships with large technology players. We are announcing today that were segmenting those businesses as technology brands and expect them to be a significant source of our future growth.

We will provide more color at our Investor Day on April 22, but we expect to open an incremental 300 to 400 stores in our technology brand units this year. Thanks for your support at GameStop and I will pass the call on to Rob.

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**Rob Lloyd** - *GameStop Corp. - EVP & CFO*

Thank you, Paul, good morning. I would like to start by recapping our fourth-quarter and fiscal 2013 year end results. As part of that I will discuss changes in our reporting of product categories to emphasize some of our growth areas which I'm sure you all noticed in the press release. Then I will provide our outlook for the first quarter and fiscal 2014.

In the fourth-quarter total sales increased 3.4% from the fourth quarter of 2012 to $3.68 billion driven by the successful launch of the PlayStation 4 and the Xbox One. Comparable store sales for the quarter increased 7.8%.

Excluding impairment charges and changes in management estimates, earnings per share for the quarter were in line with our most recent guidance at $1.90 compared to $2.16 per share and the fourth quarter of last year. The decrease in earnings per share was primarily due to the impact of stronger-than-expected hardware sales and weaker than expected software sales and the impact of the 53rd week last year.

Excluding impairment charges and changes in management estimates, net earnings for the quarter decreased from $262.3 million to $222.4 million, the profit impact of the 53rd week last year was $10 million or $0.08 per share.

During the fourth quarter we recorded impairment charges of $28.7 million pretax, $22.8 million after tax for the write off of assets related to the shutdown of Spawn Labs and other store impairments.

In addition, as the PowerUp Rewards program and our other customer liability programs age we have more comprehensive data on point and balance redemption patterns that allow us to provide management estimates related to the ultimate costs of these programs.

At the end of each year we of value with the estimates we used to record future redemption and the points liability and other customer liabilities. As a result of this process we recorded revisions to our estimates resulting in a $33.6 million pretax or $20.9 million after-tax increase in earnings which is reflected in gross profit.

The net impact of these impairments and changes in management estimates was $4.9 million pretax and $1.9 million after-tax. For comparison purposes in the fourth quarter of fiscal 2012 we had impairment charges of $1.9 million. The full year impairment amounts shown in the income statement for fiscal 2012 also include the goodwill related charges taken during the third quarter of 2012.

For the full year sales increased 1.7% from $8.89 billion in fiscal 2012 to $9.04 billion in fiscal 2013 due to the launch of the new console cycle. Comparable store sales for the year were up 3.8% with US comps up 3% and international comps up 5.6%. Australia led the way with 12.6% comps.

Excluding impairment charges and changes in management estimates earnings per share for the full year were $3.01 compared to $3.17 per share in fiscal 2012. EPS were down $0.16 or 5% from last year due to the impact of hardware sales on our overall margin rate and the $0.08 impact of the 53rd week last year.

Excluding impairment charges and changes in management estimates, net earnings for the year decreased 11.6% from $403 million to $356.1 million. As I'm sure you noticed, we are expanding the categories included in our disclosures on sales and gross profit by category in order to reflect recent changes in our business and the expansion of categories previously included in other.

Our previous categories of new videogame hardware and new videogame software remain unchanged. As Paul outlined, we are expanding our pre-owned videogame category to include value priced or closeout product and will be calling the category pre-owned and value videogame products from now on.

Our tests of classic hit, close out, and overstock titles have yielded higher margins and new videogame software, yet slightly lower margins than pre-owned. Up until now we've intentionally limited our volume of this product in order to maintain our typical pre-owned margin range of 46% to 49%.

Going forward we intend to expand our value product offerings and expect the margins for the pre-owned and value videogame product category to range from 42% to 48% with the intent of increasing revenues and gross profit dollars.

In the past all other products we sold were categorized into other, which included videogame accessories, digital products and our mobile business. We are separating our historical other category into the following new categories.

Videogame accessories such as controllers, gaming, headsets and memory cards; digital, which include revenues from the sale of DLC, Xbox Live and PlayStation Plus Points and subscription cards; other digital currencies, Kongregate, PC digital downloads and digital game informer.

Mobile and consumer electronics, which include the sales of new and pre-owned mobile devices and new in this category consumer electronics sold in videogame stores as well as all revenues from our technology brand stores.

Lastly, a new other category which now includes revenues from the sales of PC entertainment software, toys, strategy guides and revenues from PowerUp Pro loyalty members and related non-digital Game Informer. As we stated throughout the year, our focus in 2013 was on being the market leader for the new consoles.

Our success can be measured by our 88% growth in hardware sales for the fourth quarter compared to the US hardware market growth of 39% as measured by NPD. As we noted in our holiday sales release the previous generation software declined at a larger rate than anticipated.

We believe the hardware launch has impacted the consumer's ability and desire to purchase new software both due to the cost of the consoles and the uncertainty about upgrading to the new consoles.

New software was down 24% for the quarter and 2.8% for the year. Some of this decline in the fourth quarter can also be attributed to the timing of titles that released during the third quarter.

The pre-owned and value business declined 1.4% for the fourth quarter and declined 4.1% for the year. The fourth quarter benefited from trades generated leading up to the console launches and grew when factoring out the extra week in 2012.

Sales of videogame accessories decreased 4.4% in the fourth quarter and 8.4% for the full year as sales of accessories for the new consoles could not overcome the declines throughout the year in the late stages of the previous console cycle.

Digital receipts increased 4.1% to $261 million for the fourth quarter and 15.1% to $720 million for fiscal 2013 due to growth in international markets. The GAAP digital sales disclosed in the earnings release decreased $3.8 million for the fourth quarter as the timing and underperformance of key titles impacted the related sales of DLC.

GAAP digital revenues totaled $217.7 million for the year and increased 4.5% due to growth in international markets, which was offset in part by more currency cards moving from live full revenue cards to point-of-sale activated cards under a commission structure. In other words on a per card bases are digital receipts and gross profit for those cards stayed the same but our GAAP revenues declined in our margin rates go up.

Our mobile and consumer electronics business increased 24.6% for the quarter and 51.6% for the year from $200.3 million in fiscal 2012 to $303.7 million in fiscal 2013. The mobile revenues of $184 million we reported last year did not include sales of consumer electronics which are now in this category.

Adding consumer electronic products increased the reported revenues to $200.3 million for fiscal 2012. Included in the $303.7 million reported for 2013, are $62.8 million in revenues from Spring Mobile, Simply Mac and Aio.

Sales in the newly defined other category decreased 18.4% in the fourth quarter and 19.8% for the year due to declines in PC entertainment software offset by growth in toy sales. Overall gross margins were down slightly from the fourth quarter 2012 to the fourth quarter of 2013 and from fiscal 2012 to fiscal 2013.

The slight declines in gross margins were the result of changes in sales mix which lowered gross margins but were partially offset by the change in management estimates. Our sales mix shifted to new hardware from new software and pre-owned due to the console launches leading to a decline in overall margin.

The changes in management estimates recorded in the fourth quarter, which I described previously, positively impacted gross margin by 90 basis points for the quarter and 40 basis points for the full year, and can be seen in the increased margin rates for new hardware, new software and videogame accessories.

In addition certain cooperative advertising funds totaling approximately $45 million are now reflected as a reduction of cost of sales to align those funds with the specific products we sell. These funds were previously offset against advertising expenditures and SG&A. The impact of this change increased gross margin by approximately 120 basis points in the fourth quarter and approximately 50 basis points for fiscal 2013. The offset of the positive impact to gross profit is a negative impact to SG&A.

This change also positively impacted margins on new hardware, new software and videogame accessories during both the quarter and the full year. The margin in the digital category improved for both the fourth quarter and the full year due to the conversion of currency cards to the commission model as I described earlier.

Margins in mobile and consumer electronics declined slightly during the fourth quarter due to liquidations of some new tablet inventory and re-commerce inventory and increased slightly for the full year. Margins for the other category declined slightly from the fourth quarter of fiscal 2012 and full-year fiscal 2012.

SG&A expenses for the fourth quarter and full-year increase $56.5 million due to the changing classification of cooperative advertising funds. Increased sales and the addition of the technology brand stores offset in part by the impact of the 53rd week on fiscal 2012. During 2013 we decreased total videogame store count by approximately 2.2% in-line with guidance of a 2% reduction.

Specifically, we opened 36 stores and closed 212 in the US, a 4% reduction for the year. Internationally we opened 73 stores, including the acquisition of 44 game stores in France, and closed 42. Our capital expenditures and other investments for 2013 totaled $130 million, in line with guidance.

You will note that our cash and accounts payable balances have been revised for previous years to reflect a different treatment of outstanding checks. In the past we classified outstanding checks as liabilities which is a practice that is more common among retailers than other industries.

We have now adopted the practice that is more common among US public companies of classifying outstanding checks as a reduction in cash. Accordingly, we reclassified prior period balances for this change. During fiscal 2013 we generated free cash flow of $632.6 million which exceeded our guidance range due to the timing of payments of accounts payable at the end of the year.

During the fourth quarter we repurchased 1.04 million shares at an average price of $47.71 for a total of $49.5 million. For the full year we repurchased 6.3 million shares at an average price of $41.12 for a total of $258.3 million.

Through March 20 we repurchased 555,000 shares at an average of $37.17 for a total of $20.6 million. We have $436 million remaining available under the latest authorization. Since we began our buyback program in January 2010 we have repurchased 61 million shares at an average price of $22.74 totaling close to $1.4 billion. Earlier this month we increased our dividend 20% to $0.33 per quarter which we paid on March 25. Now I'd like to cover guidance for 2014.

We expect our revenues to grow between 7% and 10% in the first quarter and comp sales to increase 5% to 8% as sales of the new consoles are expected to remain strong. We expect earnings-per share to be in a range between $0.55 and $0.60 per share using weighted average shares outstanding of 116.7 million based on share buybacks done to date.

For the full year we expect revenue to increase between 8% and 14% and comps to increase 6% to 12%. Sales and [comp growth] will again be driven by hardware sales. However, we also expect sales growth in each of our categories. Given the growth we expect during the year we expect full-year net income to grow between 12% and 22%. We forecast fiscal 2014 EPS to range from $3.40 to $3.70.

An increase ranging from 13% to 23%. We are using weighted average shares outstanding of 117 million based among share buybacks done to date. Currently the consensus 2014 fiscal year EPS estimate assumes a share count of approximately 111 million. If we take the consensus estimate of net income and divided by our share count the result is $3.56, in the middle of our guidance range.

We are projecting capital expenditures of approximately $160 million for 2014 we are planning approximately $120 million to $125 million for the videogames business and another $35 million to $40 million for the technology brand stores and infrastructure. We have minimal store openings planned for videogame stores but as our stores age we will invest in remodels and in new fixtures. For 2014 we project a net decline in global videogame store count of about 2%.

We will give more details about our store plans for the technology brands business during our Investor Day on April 22. But for now I will say we expect to add between a total of 300 to 400 stores among our three technology brands this year through either new store openings or acquisitions.

We expect free cash flow of between $450 million and $500 million in 2014. We will continue to diversify our business while we have the growth of the console cycle, our investments in new business initiatives, like technology brands, will meet our minimum return targets.

At the same time we will continue to focus on increasing shareholder returns and returning available free cash flow to shareholders in the form of buybacks and dividends. I will turn it over now to Tony for his comments.

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**Tony Bartel** - *GameStop Corp. - President*

Thanks, Rob. As we stated in previous announcements, we realize the importance of a strong new console launch and we took steps to drive market share in the fourth quarter. Working closely with our partners of Microsoft and Sony we were able to procure strong launch quantities of these in demand products.

The strategy worked as we generated our highest hardware share of any launch period, selling more than three times more PS4s and Xbox Ones than during the launch period of the previous cycle. We have already sold more PS4's and Xbox Ones launched to date than we had in the first 15 months of the previous launches.

Our strategy also involved leveraging the strong hardware growth to sell new and pre-owned software. Utilizing our buy-sell-trade value message, PowerUp Rewards promotions and knowledgeable associates, GameStop was successful in this effort as our [life to date] attach rate on Xbox One and PS4 software of 3.3 is more than 60% higher than the rest of the industry.

The strong attach rate is a key reason that we are able to procure strong post-launch hardware allocations from Microsoft and Sony. Our full-year total software market share grew 2.8 points to 39%, our highest year-end share ever.

We also ended the year with record hardware market share evidenced by our strong execution of both console launches. 2014 is off to a strong start as we continue to maintain leading market share on next gen hardware and software. Our year to date combined PS4 and Xbox One software share is 47%.

The greater than expected supply of PS4 and Xbox One hardware impacted legacy software sales, resulting in a reduction of PS3 and Xbox 360 software sales that was greater than we had anticipated. We expect this trend will continue and project a significant decline in PS3 and Xbox 360 hardware and software in fiscal 2014.

We believe this decline will be more than offset by robust growth in PS4 and Xbox One hardware and software, contributing to full-year total Company projected sales growth of between 8% and 14%. The early signs of the platform transition are exceeding our expectations.

For instance, EA's new game, Titanfall, recently launched on the Xbox One and was well received by our customers with four times the amount of reservations than the Xbox 360 version has. In fact, every new generation game that is launched has exceeded our initial expectations. Gamers are showing strong demand for games for their new consoles.

We just returned from Destination PlayStation, Sony's annual retailer summit, and we're excited about the state of the industry and the growth potential for the console category in 2014.

New game investment for the new consoles is increasing with original IP such as EA's Titanfall, Ubisoft's Watch Dogs and Activision's Destiny, and developers and publishers are leveraging the power and the ease of programming for the Xbox One and PS4.

Games are continually becoming more social multiplayer and sharing functionality and DLC sold at the time of launch is becoming a best practice that is adopted industry wide. GameStop is very well-positioned to help drive consumer adoption which will continue to drive market share gains.

Switching to our digital business, we saw 4% growth during the fourth quarter. Consul digital declined 6% and PC digital grew 27%. Console digital was weaker than expected as key software titles with related DLC underperformed our expectations while PC digital continued to grow driven by [Steam cards] that grew 110% during Q4 as we completed our global rollout.

We also saw a significant increase in the sale of PlayStation Plus driven by the PS4 launch. We have sold 3.4 times more PlayStation Plus dollars since the PS4 launch than the entire amount of PlayStation Plus that we'd ever sold prior to the PS4 launch.

Our Kongregate business more than doubled over the fourth quarter of 2012. In addition to continued growth in our free to play Web business we are also seeing significant growth in our mobile offerings. To date we have more than 10 million downloads for our nine games live across the iOS and Android platforms.

Tyrant Unleashed continues to gain steam on both platforms reaching the top 50 grossing apps for both iPhone and Android and several other titles have reached the top 200 and continue to grow. For the full year digital receipts grew 15% to $724 million together with mobile sales these represent over a $1 billion business.

We continue to work closely with Sony, Microsoft, Nintendo and our publishing partners to support and sell their digital offerings. Our ability to drive discovery through PowerUp Rewards and our knowledgeable associates coupled with our unique form of trade currency will help us continue to grow this business.

I also would like to update you on our Spawn division. GameStop has made the business decision to shut down Spawn Labs based on the lack of demand from customers to adopt this type of streaming game service at a strong enough level to build a sustainable business.

As GameStop believes cloud-based delivery of video games is innovative and could be a supplemental way to play video games, we will focus our efforts on selling next gen game streaming services such as the newly announced PlayStation Now through our retail channels. GameStop remains committed to providing gamers access to the latest video gaming innovation anyway, anywhere and anyhow they want it.

Turning to mobile, our business grew 51% for the full year driven by both our new acquisitions as well as our continued expansion of our re-commerce business. We are applying the learnings from our GameStop buy-sell-trade model to our new businesses as we are now accepting trades in all of our brands and selling pre-owned devices in GameStop, Simply Mac and Cricket.

In summary, our successful console launch strategy means that we begin with record market share, renewed consumer and publisher excitement and an exciting slate of new IP and strong proven franchises.

We have a proven role in the console and PC digital value chain and we are extending our strong buy-sell-trade DNA into the new businesses that we have acquired. We're looking forward to a strong year. With that I will turn it over to Mike Mauler for his comments.

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**Mike Mauler** - *GameStop Corp. - EVP, International*

Thanks, Tony, good morning, everyone. As in the last GameStop's international businesses finished 2014 with the excitement of two new console launches, with unprecedented demand for the next generation of consoles, a strong attach rate on new software and accessories and our dominant market share significantly higher than the last cycle, our international businesses saw same store sales increased 14.2% in the fourth quarter and 5.6% for the full year.

This consumer excitement continues into 2014 where we are still taking reservations on the PS4 in many markets as demand continues to outstrip supply. Also the Xbox One will be launching in 26 additional countries later in the year where finally Xbox One fans in our Nordic markets will be able to experience Microsoft's latest console technology.

Our major increase in market share during the launch of this new generation of consoles versus the last cycle has been driven by several factors including our significant investments in fully developing our multi-channel strategy, optimization of the buy-sell-trade model and the global expansion of our loyalty program. PowerUp Rewards continues its expansion across our international businesses. In 2014 we launched our loyalty program in several additional markets and GameStop's international members now total greater than 7 million strong in 11 countries.

The intimate relationship that we have built with our customers combined with sophisticated CRM tools has played a key role in driving double-digit growth in e-commerce, digital and mobile sales. With a strong focus on building our multi-channel businesses and by integrating all channels with GameStop's loyalty program, international e-commerce sales continued its third year of double-digit growth with 2013 increasing 32.2%.

By effectively leveraging our loyalty program, and our knowledgeable sales -- and our knowledgeable store associates to increase the discoverability of new digital content, GameStop continues to grow its digital receipts.

In 2013 international digital receipts increased 47% with strong growth seen in console point cards, pose and Steam. Digital sales will see continued growth in 2014 with an ever increasing amount of compelling digital content being developed for the next generation of gaming consoles.

Finally, our focus on growing our international mobile business continued to pay off as mobile sales increased 44.3% during the year. As we discussed at our last earnings call, the launch of new consoles is driving an increase in trades as consumers seek the best value available to upgrade to the new technology. This catalyst drove an increase in pre-owned sales of 3.6% in the fourth quarter and will continue to drive pre-owned sales growth in 2014.

For GameStop this is an exciting time to not just be in the videogame industry but to be the worldwide market leader entering the first full year of a new cycle of consoles and amazing software. The excitement around the next generation of software is unparalleled not just with some of the favorite IP of the past generation of consoles, but also with exciting new titles such as the recently released Titanfall and the upcoming Watch Dogs and Destiny titles.

With the transformational investments we have made in multi-channel technology, our global loyalty program and in products and services that did not even exist three years ago, GameStop is a different and more competitive global retailer than ever before.

And our international business is strategically positioned to fully leverage the profitability of the new console cycle as well as continuing to grow our business in exciting new areas of adjacent consumer technology. And now I will turn it over to Mike Hogan for his comments.

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**Mike Hogan** - *GameStop Corp. - EVP, Strategic Business & Brand Development*

Thanks, Mike. I will begin with a quick update on GameStop's market model. As you may recall, we introduced the GameStop market model to provide a holistic forward-looking perspective on the gaming category including both physical and digital segments.

Back in March of 2013 the model projected significant console category growth for 2014 anticipating the successful introduction for the PlayStation 4 and the Xbox One. Specifically the model projected over 20% dollar growth for the console category in the first year following the console launches.

The console category is defined as console hardware, console software, accessories and console digital. Console digital has become a significant component of the category and it is a strong growth business for GameStop. Please note that these are North America numbers.

So what have we seen to date and what do we expect for the full year? Overall we are seeing console category performance very much in line with what the market model projected a year ago. The appeal and sales of the new consoles continues to be extremely strong consistent with what our PowerUp consumer research showed a year ago.

The model had previously projected PS4 and Xbox One dollar sales at slightly below prior generation. We are now projecting dollar sales for these two consoles at 125% of prior generation through the first three years. The [follow-up] in sales from prior generation consoles is also consistent with the market model projections as well.

In fact, the actual sales dollars for the new consoles during the first few months has significantly exceeded what the model projected at this time last year. This is due primarily to much better than anticipated product availability from Sony and Microsoft.

The net of this for the category was an additional nearly $1 billion in next-generation product sold during November, December and January. Thus the console category dollar forecast for 2014 has increased, but the year-over-year growth rate will be somewhat lower than the fact that the 2013 base has increased by nearly $1 billion. We are now looking at growth rates in the mid-teens versus the mid-20s, but again the overall sales projection has increased.

On the pre-owned side we expect new consoles to stimulate a new cycle of trade ins just as it did for the prior generation. This should have a positive impact on the total pre-owned business. In fact, 29% of all next gen hardware and 30% of next gen software we've sold to date was purchased using trade credits. These percentages are significantly higher versus our total business.

And as Rob mentioned, we are excited about extending our buy-sell-trade expertise beyond the traditional definitions of pre-owned games business. We're also testing with several new categories including both home technology and wearable technology.

I will now update on GameStop's multi-channel business. Multi-channel has a very significant impact on GameStop's total business with more than 60% of our customers going to GameStop on the Web or mobile prior to making a purchase in our stores. For every dollar of online sales Web and mobile are influencing more than $10 of store sales.

In fact, 26% of GameStop.com customers who do not buy online make a purchase in-store within 48 hours of their online visit. And multi-channel sales continue to be positive driver of total Company growth posting 47.5% growth for the full year 2013.

One key factor in this performance is the continued growth of GameStop websites which, according to comScore, rank in the top 25 retail websites in terms of total traffic. And we saw double-digit traffic growth year over year.

Second key factor is the growth of our Web in-store business. When a product is not in stock or not available in a given store consumers can still purchase the product from that store via GameStop.com with free home delivery. Web in-store grew over 400% for the year. Our mobile properties experienced annual growth of 76% in traffic and 61% in revenue and our multi-channel holiday sales grew 77% year over year.

And finally a quick update on PowerUp Rewards. PowerUp Rewards membership continues to grow and recently passed the 27 million member mark in the US and 34 million globally. This base of consumers represents roughly one-third of all the software sold in the total category in the US.

One area we are particularly excited about using PowerUp Rewards to help drive some of our new businesses. By segmenting our existing customers we can identify those individuals who are most likely to find a given new business the most relevant and attractive.

For example, when we open a new Simply Mac or cricket store we can typically identify and target between 50,000 and 100,000 high-value customers in a defined radius and offer them an incentive to visit the new store. We believe that this will significantly accelerate the ramp-up for new stores in these categories. I will now turn it back over to Paul.

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**Paul Raines** - *GameStop Corp. - CEO*

Great, great, thank you, Mike. Operator, we are ready for questions and answers.

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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions). Brian Nagel, Oppenheimer.

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**Unidentified Participant**

Hi, this is Erica on for Brian. Thanks a lot for taking our questions. I guess first I am hoping to dive a little bit deeper into the category trends. I mean clearly positive commentary in your prepared remarks around the continued performance of new gen hardware and software.

Can you maybe just update us on the performance of the prior generation software? Have you guys seen sales declines in that category stabilize? Have they gotten worse since your holiday update in January?

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**Paul Raines** - *GameStop Corp. - CEO*

I think Rob probably could give us a little bit of what he sees and then maybe Tony. The only one thing I would say to the investor base is that Tony and I just got back with Mike from destination PlayStation.

The one thing that I come away with is as consoles return to the category we are seeing a lot of new investment. That is very important because for years we watched investment flow out of consoles into other forms of gaming and electronics and now you are seeing, right, Tony, a tremendous amount of projects that we can't talk about --.

**Tony Bartel** - *GameStop Corp. - President*

Yes.

**Paul Raines** - *GameStop Corp. - CEO*

-- etc., but we see investment. That is good for the category. Rob, maybe you want to talk about current gen and what you see?

**Rob Lloyd** - *GameStop Corp. - EVP & CFO*

Yes, that is a big question that everyone has is what is the fall-off rate on the Xbox 360 and the PS3 software, what is that going to do throughout the year and then where does it sort of cross the curve with the next gen?

We are continuing to see that there is decline in that category. I think what we can expect during the remainder of the year is that we are going to see that decline rate -- I don't think it is going to continually increase in terms of rate of decline.

But I think that you're going to see a pretty consistent rate, but you're going to seem lips to the positive when we get some of this nude technology or new IP that Paul was just talking about. For example, when Titanfall launches for the 360 coming up shortly.

**Tony Bartel** - *GameStop Corp. - President*

And I would add that as you see the innovation come back into the category you are seeing the renewal in all forms of video gaming. So we did take down our expectations for launch of several of the 360 and PS3 titles and, just like the new gen titles, are exceeding our launch expectations. We're also seeing the same thing with Xbox 360 and PS3 games. I would say there has been a leveling off since the -- since holiday.

**Unidentified Participant**

Okay, that is really helpful. And then just lastly, how should we think about that 2% store closures that you guys highlighted in today's release? I mean is there any shift in strategy there or is that just simply normal maintenance?

**Paul Raines** - *GameStop Corp. - CEO*

No, no, it's interesting, Erica, there is no shift in people love to run with these store things because the typical retail situation you close stores.

Remember that our strategy that Rob and I announced I think at the Credit Suisse conference three years ago was that using PowerUp Rewards we would begin to consolidate our store footprint in the United States by 2% a year. And so this is consistent, if you go back and look at our scripts from last year and the year before.

The reason we can do that is because the PowerUp Rewards membership, we're able to market them individually and give them incentives to go to other stores. So what we are doing is consolidating that volume into adjacent stores, etc.

Now that does not include the technology brands businesses because Rob told you we are going to add about 300 to 400 stores and we'll give more guidance on that on April 22. But in the videogame space we are able to create a lot of value by consolidating the footprint. And it is not more than that because we have a lot of profitable stores. But that is about what is right given our PowerUp Rewards productivity and our footprint.

**Unidentified Participant**

Got it. Thanks. And best of luck this year.

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**Operator**

Anthony Chukumba, BB&T Capital Markets.

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**Anthony Chukumba** - *BB&T Capital Markets - Analyst*

Just had a question in terms of free cash flow. I just want to make sure I got my numbers right. You said you had $632 million or free cash flow last year. And you are -- you are expecting about $450 million to $500 million. So I guess I was just wondering what accounts for the difference in free cash flow, particularly given that net income will be up year over year? Thanks.

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**Paul Raines** - *GameStop Corp. - CEO*

A lot of it has to do with the timing of payment of Accounts Payable's at the end of the year. The way that the payments fell this year led to higher than guided free cash flow for 2013. The downside of that is it flips around on you in 2014.

So I think if you blend the two years you will see a strong generation of free cash flow in line with the kind of trends that our net income would expect to generate.

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**Anthony Chukumba** - *BB&T Capital Markets - Analyst*

Okay, that is helpful. Thank you.

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**Operator**

Tony Wible, Janney.

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**Tony Wible** - *Janney Montgomery Scott - Analyst*

-- you guys put the same used titles next to those value titles and will in any way the price of this new value gain influence what would be the used price? In other words, will a consumer still have a say in ultimately driving up or down kind of the free market price of a used game? And then I had a follow-up after that.

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**Paul Raines** - *GameStop Corp. - CEO*

Sure. Let me start that off and then Tony and Mike Hogan here can add some color. If you think about -- what is happening is we see the category growing again and we expect pretty strong growth in pre-owned. At the same time as the industry grows again our partners want to try to move some old IP.

We are out of stock in many stores on some of the best selling pre-owned titles. So while we can get enough inventory from our customers for some of those stores, we love the idea of filling in some other parts of our footprint on those hot selling pre-owned titles.

And then Tony will share with you, there is a lot of appetite out there to give us better margins for some of those repriced items, so, Tony, want to talk about that?

**Tony Bartel** - *GameStop Corp. - President*

Sure. Absolutely. And to answer your direct question, I see that you will have prices floating like we do today on our pre-owned inventory because, like Paul said, this is mainly used to fill in holes.

The great news about what we know with great information and with PowerUp Rewards, we know where consumer demand is for these products. We're able to take that back to our publishing partners and say, hey, here are some products we cannot get enough of that there is consumer demand for.

And they love that because they either have these potentially in a warehouse or they are able to repress them in some cases for us. But we are working very closely with our publishing partners to be able to fill in the holes that we see through our pre-owned business.

**Tony Wible** - *Janney Montgomery Scott - Analyst*

So it is basically an incremental category, it doesn't necessarily cannibalize or take away from the fact that there are other used alternatives?

**Paul Raines** - *GameStop Corp. - CEO*

That is right not at all, Tony. And the thing you have got to think about is we know historically the pre-owned business will have very strong growth in the first two to three years of a console cycle. There's going to be a lot of demand from the value people.

So the new game buyer will be buying all the new consoles and software, there is a value buyer that comes back into GameStop and that value buyer we want to serve them more broadly than we ever have. But at the same time as a lot of people learn and raise awareness with pre-owned it is a great time to be extending our opportunities. Mike Hogan, do you have anything you want to add to that?

**Mike Hogan** - *GameStop Corp. - EVP, Strategic Business & Brand Development*

No, I was just going to emphasize the fact that this is incremental business.

**Paul Raines** - *GameStop Corp. - CEO*

Incremental business.

**Mike Hogan** - *GameStop Corp. - EVP, Strategic Business & Brand Development*

So you are not going to see the same title added to the shelf, you are going to see titles that wouldn't otherwise be available. I think it is also worth mentioning that we're also looking at -- we talked about we're looking at going to use some other categories that wouldn't have seen product before. Whether that is wearable technology or whatever. So you might see some of that starting to show up in stores as well.

**Paul Raines** - *GameStop Corp. - CEO*

That is right. You may see fitness products and wearable products -- those are all products that consumers -- our PowerUp Rewards consumers give us a lot of feedback on what they want to trade at GameStop and it is becoming very broad in terms of what we can offer. So that is also going to be part of that value.

**Tony Wible** - *Janney Montgomery Scott - Analyst*

And last question here is when you were talking about aligning with possibly technology partners, is there any way you can elaborate? Are you talking about more hardware companies, software companies or service companies like cable operators?

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**Paul Raines** - *GameStop Corp. - CEO*

Well, I think if you look at what we are doing, Tony, we have said we think we are pretty good at distributing technology products, working with large technology players. We have a great historical partnership with Sony, Microsoft and Nintendo, Electronic Arts, Activision, Ubisoft, etc.

As we've gotten into the Apple relationship and the AT&T relationship what we see is that this companies really need better and more sophisticated distribution that can present their products in appropriate ways. There is a fragmented dealer base around the United States, we are a great way to go to market.

And it is interesting for years we have been only and this videogame business and we have done an incredible job. But we look around and say as PowerUp Rewards becomes this dominant CRM program people are coming to our door going, hey, can you distribute some of our other technology products? And it is working pretty well.

So I don't want to go any deeper than that in terms of partners. If you look at GameStop Technology Institute, we have got two great partners; there are several others who we are talking about who want to come to GameStop and say, help us help you develop this unique hybrid digital store and online model.

So I don't want to name any other partners, Tony, but distribution is the way to think about GameStop's unique skill set.

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**Tony Wible** - *Janney Montgomery Scott - Analyst*

Great. Stay tuned, thank you.

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**Operator**

Seth Sigman, Credit Suisse.

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**Seth Sigman** - *Credit Suisse - Analyst*

A couple questions about the technology brand segment. I think you said $63 million revenue contribution in the quarter. What was the gross profit in SG&A associated with that? And then just generally how do you think about the margin structure of that business going forward? Is it accretive, dilutive to the enterprise, how should we be thinking about that?

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**Paul Raines** - *GameStop Corp. - CEO*

Rob, do want to take that one?

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**Rob Lloyd** - *GameStop Corp. - EVP & CFO*

Well, you will see the disclosures of the full financials around the tech brand segment or at least what is required in segment disclosures in the 10-K which we will file next week. I think generally you can think about the gross margin structure as slightly higher than the typical GameStop gross margin rate. And in the operating margin is relatively consistent.

Keeping in mind that these are largely small businesses in a high-growth mode. And if you think back years ago to the high-growth mode that GameStop was in that can be a little bit challenging in the SG&A side. But overall we are very positive about what these businesses are going to add to earnings as we continue to grow them and the opportunity that it brings to the Company as a whole.

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**Paul Raines** - *GameStop Corp. - CEO*

One other thing to think about too, Seth, is that these businesses are both a whitespace or organic growth opportunity as well as a rollup and acquisition opportunity. Both pieces of this are presenting themselves to us in some interesting ways in these categories. So that will be a part of our strategy on how we go forward in the build out.

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**Seth Sigman** - *Credit Suisse - Analyst*

And I may have missed this but did you guys talk about that CapEx required to grow that store base, the 300 to 400 stores that you mentioned before?

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**Rob Lloyd** - *GameStop Corp. - EVP & CFO*

Yes, we mentioned $35 million to $40 million for that for the year.

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**Seth Sigman** - *Credit Suisse - Analyst*

Got it, okay, thanks. And that maybe just a bigger picture question about new console adoption which has looked pretty good so far. I don't know if you have the information at this point, but what are you learning about the console customer? It is it a prior PS3 or Xbox 360 user? Are you seeing new customers come back to the category, anything on the demographics. Just curious what you guys are saying at this point?

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**Paul Raines** - *GameStop Corp. - CEO*

Sure. Tony.

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**Tony Bartel** - *GameStop Corp. - President*

Yes, we have seen a lot of trades of prior generation coming into fund these. Mike shared with you, nearly a third of these are funded by some sort of a trade credit. It is a lot of customers that work in the PS3 and in the Xbox 360 gaming arena and they are moving up really, they are trading up to these systems.

And so, so far I mean demand has been very limited on these consoles in general, so you have got early adopters. Mike, what are you seeing in PowerUp Rewards?

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**Mike Hogan** - *GameStop Corp. - EVP, Strategic Business & Brand Development*

Yes, I think from -- obviously.

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**Tony Bartel** - *GameStop Corp. - President*

Supply has been -- sorry, supply has been limited, not demand. Demand has been good and supply has been limited.

**Mike Hogan** - *GameStop Corp. - EVP, Strategic Business & Brand Development*

Yes, I think a couple of things. One is from a PowerUp Rewards perspective, starting with consumer research, we showed some data sort of mid last year, late last year saying that over two-thirds of our base was indicating that they were very interested in buying these consoles. And so from that perspective, to Tony's point, the demand has been -- excuse me, the demand has been far outstripping the supply so far.

We still see really strong demand and it is a very, very broad group. So it is not just a core gamer here, it's definitely broadened across all of our segments. I think the first people to the stores tends to be a little more core, but we see that base quickly broadening out.

And that is what caused us to up our forecast and at this point project that these consoles over the first three years are going to do significantly better than even the PS3 and the 360 did in their launch. So we are seeing very, very broad demand here.

**Mike Mauler** - *GameStop Corp. - EVP, International*

And as I mentioned earlier, we are still taking reservations in most international markets on the PS4.

**Paul Raines** - *GameStop Corp. - CEO*

It's unbelievable.

**Mike Mauler** - *GameStop Corp. - EVP, International*

So demand has been unbelievable.

**Paul Raines** - *GameStop Corp. - CEO*

And clearly as new IP comes out like Titanfall you see systems really explode.

**Seth Sigman** - *Credit Suisse - Analyst*

Got it. All right, thanks, and good luck.

**Operator**

Mike Olson, Piper Jaffray.

**Mike Olson** - *Piper Jaffray - Analyst*

I had a couple of quick ones. Can you give us a sense for the mix of next gen software sales in the total new software number at this point? Are we at like 25% or 30% of total software being sold on next gen today? And at what point do you expect next gen will reach more like the 50% level?

**Paul Raines** - *GameStop Corp. - CEO*

Rob, do you want to reiterate your answer on that?

**Rob Lloyd** - *GameStop Corp. - EVP & CFO*

Yes, I think what we are going to see through the early months of the year is a little bit of lumpiness and it is going to be caused by the fact that you get something like Titanfall launches for the Xbox One in March and it's going to launch for the 360 in April.

That is going to drive some numbers that make it a little bit difficult to detect a pattern. I think by late in the year we see the two next gen, previous gen on par with each other from a software perspective.

**Mike Olson** - *Piper Jaffray - Analyst*

Okay. And then you said your console industry market model now suggests like mid-teens growth for the industry in 2014. And can you just remind us the differences between that model when we compare it to your overall kind of Company revenue guidance, which I guess is 11% at the midpoint for the year?

**Mike Hogan** - *GameStop Corp. - EVP, Strategic Business & Brand Development*

Sure. So the projection that we gave a year ago, so this is the console category. So that is console hardware, it is console software, it's accessories and it's console digital and I think one of the reasons why we started looking at the category that way a year or so ago is because console digital is becoming a very important part of the category and it is, like I mentioned before, it is a very important growth business for GameStop.

Obviously hardware is going to be the -- although we are not giving the specifics obviously, hardware is going to be the fastest-growing segment within that. But digital is also a very important piece of the category as well. What is not included in that definition is the traditional handheld, the handheld piece of the category.

**Mike Olson** - *Piper Jaffray - Analyst*

Okay and then if I could sneak one last one in. Do you guys have any evidence to suggest that next gen consoles are beginning to kind of sell beyond the kind of early adopter crowd? In other words, we think it is no longer a debate whether the consoles are selling well because clearly they are. But I think there is still a debate that may still be valid that says casual or even mid-core gamer kind of continues to wait on the sidelines. What are your thoughts on that?

**Paul Raines** - *GameStop Corp. - CEO*

Mike.

**Mike Hogan** - *GameStop Corp. - EVP, Strategic Business & Brand Development*

Yes, sure. I guess I can give you sort of two pieces for that. One is from the consumer research through PowerUp Rewards. Again we have seen extremely broad demand there. So even thinking about demand in advance of purchase, the numbers that we are seeing with over two-thirds of the base, that is a far greater number than you can get to just looking at our early adopters.

So we are seeing very, very broad purchase interest amongst a broad group of consumers including both core and broad consumers. And then as we look at the actual purchase data coming, which is of course lagging a little bit because demand has been outstripping supply. There are a lot of people that would like to get the console that haven't gotten to them yet. And we are seeing -- once again we're seeing a very, very broad group of consumers there as well. So clearly much more than just the early adopters at this point.

**Paul Raines** - *GameStop Corp. - CEO*

Here is the other piece of anecdotal information on that, Mike, is that the number one accessory that we struggle to keep in stock on the PS4 is the PS4 camera, which would definitely be a broad consumer. And that is something that we -- definitely if you see one buy it because it is definitely in very, very low supply at this point.

**Mike Olson** - *Piper Jaffray - Analyst*

All right, thank you.

**Operator**

Arvind Bhatia, Sterne Agee.

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

So one thing we didn't touch on that we keep getting questions on is the rate of change going on in terms of digital downloads. And I know, Paul, you have a view on that in terms of the chronology of that, etc. Just wondering if you are seeing anything different now because we hear more chatter on that front, that is one.

And then with things like Google fiber in places like Kansas City and Austin and other places, are you seeing anything from your research that tells you the rate of change is different than it was say a couple of years ago? And how do you see that going forward?

**Paul Raines** - *GameStop Corp. - CEO*

Sure, sure. I will let -- Tony, why don't you talk about what we are seeing.

**Tony Bartel** - *GameStop Corp. - President*

Sure, but what we are seeing, obviously PS4, there is no doubt that there's a lot more going on from a digital sharing perspective as a reference by our PS4 sales. We are seeing an uptick in the sale of digital games at GameStop.

Most -- the highest growth item that we are seeing is the downloadable content that is now pretty well sold with every significant launch that takes place. So we are seeing an ever increasing amount of DLC sold, our penetration of DLC sold on every launch is increasing. So we see a lot of that.

Obviously we are doing a lot to drive the identification of that forward, but in terms of full game downloads that still remains a very, very small percent of our business. And so we see it more on the downloadable content side.

**Paul Raines** - *GameStop Corp. - CEO*

Yes, I think it is one of those things, Arvind, it is exciting to talk about and we like the idea, right, of selling full game digital content. We are pretty good at it at this point. I would still it is technology versus chronology and don't forget that the games are getting bigger. These next gen games are stunning, but that requires a lot of size. So not much change there yet.

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

One last one for me. Still a little bit unclear on how this is going to pan out in the value price versus your pre-owned software. So as a customer I walk into a store, obviously I can't tell the difference between the two, how do you promote one versus the other? And how would that not impact the mix and potential cannibalization etc.? I'm just trying to figure out how that would all work out from your perspective.

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**Paul Raines** - *GameStop Corp. - CEO*

Sure. Yes, the way to think about it, Arvind, is it really doesn't need to be promoted differently. It is all about filling unmet demand. There really is no change to what we are doing on the pre-owned side, we are buying back from customers games at the prices that are algorithm tells us to buy them at.

But there will be games that are just not available in every store because we can't get enough of them. There will be new games, we have tested reprinting games, vintage games and customer demand is sky high. PowerUp Rewards tells us there is a lot of enthusiasts for old games out there. Mike Hogan, do you want to share something?

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**Mike Hogan** - *GameStop Corp. - EVP, Strategic Business & Brand Development*

Yes I was just going to say, amplifying Paul's point, one of the ways to think about the pre-owned business is it's a supply constrained business. And so, we often have areas in which we can feed their significant consumer demand, but the product is not available in all stores. And we think there is an opportunity within the core gaming category to go and identify older games that we think there is some strong consumer demand.

We have done some of this over the last year or so, we did some online very successfully, particularly in the vintage category and we think there is opportunity for more of that. And then I would also once again add that we think there is a broader category out there we could get into. There is a lot of related technology category and just technology products that aren't currently available in our stores that we think we could bring in at a value price as well.

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**Paul Raines** - *GameStop Corp. - CEO*

I think one of the things, Arvind, that you have got to look at is as the category returns to growth there is a lot of things that are going to happen. One of them is that competitors will return to it because they see that there is growth there. There is value shoppers coming back.

So we have a unique opportunity with PowerUp Rewards to provide all kinds of new growth opportunities to those customers. At the same time technology around wearables is going -- is just skyrocketing and we have been told by many of our PowerUp members that that is something they are looking for.

So that is the way to think about it as an incremental additive piece of that business. And the reason to add it to the category is because it is a value category. It would be silly to have a value product next to the pre-owned product and try to think of it as different -- because our consumers tell us they always go to the pre-owned wall for value. So that is the idea.

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

And so the margins on this would be just similar to new software margins or slightly better on the value price category?

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**Paul Raines** - *GameStop Corp. - CEO*

We think better. Obviously it is not really worth doing if we can't get better margins on some of this stuff. But Tony has gotten a great response so far because it is incremental revenue to our publishers who may have old IP sitting on a shelf unused, you see. So that is going to provide us opportunity.

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

Thank you, guys. And good luck.

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**Paul Raines** - *GameStop Corp. - CEO*

Great. And with that we will wrap it up. I just want to thank investors for their time and for supporting GameStop and invite you to our Investor Day on April 21 and April 22 at here in Dallas. Our IR team can provide you information. We think it will be a worthwhile use of your time. Thank you very much.

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**Operator**

That concludes today's presentation. Thank you for your participation.

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