

Retail Ventures, Inc.
Fourth Quarter and Year End Operating Results
April 24, 2008 - 4:30 p.m. ET

Operator: Hello and welcome to the Fourth Quarter and Year End Operating Results Conference Call for Retail Ventures, Incorporated.

As a reminder, all lines will be on listen only mode, and there will be a Q&A session at the end of the call. If you need any assistance during the call, please press star, zero to speak to an operator.

At this time, I would like to turn the call over to Heywood Wilansky so that we may begin. Go ahead, please.

Mr. Heywood Wilansky: Thank you, Eric, and good afternoon, everybody.

Today's call will review the fourth quarter year and end operating results for Retail Ventures. The earnings release went out earlier today. And the way the format will work today is that we're going to have Jim McGrady review the results, and then I believe we'll just take questions at that point in time from the audience.

So, without further ado, I'd like to introduce Jim McGrady, our Chief Financial Officer, to review the results for fourth quarter and year-end. Jim?

Mr. Jim McGrady: All right. Thank you, Heywood. And again, good afternoon, everybody.

As always, a little housekeeping before proceeding. I'd like to restate for you the company's policy with respect to forward-looking information pursuant to the Private Securities Litigation Reform Act of 1995. Statements made in the course of this call that are not purely historical, such as statements regarding the company's or management's intentions, expectations, or projections of the future, are forward-looking statements. Actual results could materially differ from those forward-looking statements.

Again, factors that could cause or contribute to such differences include but are not limited to the factors and the risks that are discussed in the company's Form 10-K for the period ended February 3rd, 2007 and

the soon to be filed fiscal 2008 Form 10-K, plus the other reports filed from time to time by the Company with the Securities and Exchange Commission.

Any forward-looking statements made during this call are based upon information presently available to the company, and the company assumes no obligation to update any such forward-looking statements, okay?

I think as everybody is probably aware, on January 23rd we announced that we had disposed of 81 percent of our ownership interest in the Value City department store operations to VCHI Acquisitions. Just as a reminder, everybody, the results of the operations for Value City Department Stores during the period it was controlled by RVI are reported as discontinued operations in our financial statements along with the loss on the transaction, which is about \$90 million.

Today, we announced our fourth quarter net loss of \$125.7 million, or about 2.59 per share on a diluted basis. This compares to a net loss of \$35.9 million or 76 per--\$0.76 per share on a diluted basis for the prior year's quarter. The loss from continuing operations for the quarter was \$9 million or \$0.19, again on a diluted basis, compared to a loss from continuing operations of \$40.6 million, or \$0.86 per share on a diluted basis, last year.

For the fiscal year, we are reporting a net income of \$51.4 million, or \$0.91 per share on a diluted basis, compared to the prior year's net loss of \$150.9 million, or \$3.35 on a diluted basis. The income from continuing operations for the year ended February 2, 2008 was \$202.1 million, or \$3.56 a share on a diluted basis. The loss from continuing operations of 128.6 million, or \$2.85 per share of diluted, was reported in the prior year.

For the fourth quarter and the year-to-date periods, we recognized again, as we have in the past year and the past couple of years, a non-cash reduction of expense of--related to the changes in the fair value of the conversion warrants, term loan warrants, and the conversion feature of the PIES, which is the debt that we issued about a year--a little over a year ago. This expense was about \$19.5 million and \$248.2 million for the year or for--excuse me, for the quarter and through the year this year.

In the press release, we have provided a reconciliation of the non-GAAP income from continuing operations so you can see what the effect of that--those adjustments for the warrants and everything was. I won't go through that at this point in time, but it is available in the press release.

Total sales for the fourth quarter decreased \$6.9 million, or about 1.5 percent, to \$452 million from \$458.9 million last year. The comparable store sales for the quarter decreased about a tenth of a percent. And by segment, that quarterly decrease was DSW was a negative 1.7 and Filene's Basement was a positive 4.8. On the year-to-date, we were 0.8 negative at DSW and 3.6 positive at Filene's Basement for an overall 0.3 positive. Again, these numbers are also included in today's press release.

DSW sales were at about \$332.5 million overall, which is a one point increase in the quarter. And that includes a net increase of 36 new stores plus 12 non-affiliated leased shoe departments and six Filene's Basement shoe departments.

The merchandise categories of men's, women's, and athletics had comparable sales decreases of 0.7 percent, 2.6 percent, and 9.7 percent respectively, while our accessories division at DSW had an increase of 5.7 percent. The Filene's Basement sales decreased 8 percent in the quarter to \$119.5 million, and that includes a net increase of five new stores.

The merchandise categories of home, jewelry, and children's had comparable sales decreases of 3.6 percent, 24.5, and 1.6 percent respectively. The men's and accessories categories had comparable sales increases of 8.9 percent and 19.1 percent respectively. Noting that big decrease in the jewelry department, you may know that earlier in the year we did transfer most of the operations of the jewelry to a leased department with a unaffiliated third party, and most of that is now recognized through leased department income. So, we would expect to see a sales decline of about that on a comparable basis.

As we take look at our margin, total gross margin for the fourth quarter decreased \$14.7 million to 170 million. In the fourth quarter, gross profit as a percentage of sales decreased 260 basis points to 37.6 percent from the previous year's 40.2 percent. The decrease in gross profits comprised a decline at DSW of \$8.5 million, and at Filene's Basement of \$6.2 million.

For the quarter, gross profit as a percent of sales was 38.7 percent at DSW and 34.7 percent at Filene's Basement. DSW's gross profit for the quarter as a percent of sales decreased from 41.7 percent to 38.7, as I noted earlier. The decrease is attributable to increased markdowns, partially offset by an initial higher markup on some of the goods.

Filene's Basement gross profit for the quarter as a percentage of net sales decreased from 36.7 percent to 34.7 percent, and is attributable to increased markdowns due in part to clearance merchandise that we were selling at the downtown Boston store. But, again, we did have improvement in the initial markup for that operating unit.

For the year-to-date period, total gross profit increased \$42.1 million to \$751 million, and as a percentage of sales decreased 140 basis points to 40.1 percent. Our total selling and general administrative expenses for the quarter increased by \$11.6 million to \$172.6 million, and as a percentage of sales was 38.2 percent. For the year-to-date period, SG&A increased \$80.1 million to 694.1 million, or 37.1 percent of sales.

As we take a look at our operating profit by the operating segments, for the quarter DSW was \$972,000 positive. Filene's Basement was a negative of about \$1.9 million. There's a \$19.5 million profit at what we call the corporate division, which is primarily the warrants--the change in fair value of the warrants and converts and features like that. The net is \$18.6 million. If we adjust for those derivatives that come out of there, the overall operating profit--or we would have an overall operating loss of about 0.9--\$900,000, excuse me. And again, if we take a look at the prior year quarter, that would have been somewhere around \$26.2 million. Okay.

As we take a look at our interest expense, we see that it was \$1.9 million for the fourth quarter compared to \$300,000 worth of income for the quarter last year. For the year, net interest expense was \$3.1 million. This was about a \$900,000 increase from the prior year. The increase is primarily due to the increase in average borrowings during fiscal 2007. As an offset, interest income rose \$3.2 million to \$10.5 million, and this is primarily due to the investments that are held at the DSW segment.

Our tax rate is somewhat unusual for the quarter, and I think it's probably better just to look at it for the year. Again, the derivatives of that valuation adjustment that's in there has had a very, very significant impact on the rate as well as some valuation allowances that we've taken on some state and local deferred taxes.

As we turn to our balance sheet, our total inventory was \$339. million at year end, and that's compared to \$328.6 million last year, which is about a 3.3 percent increase, which really kind of keeps pace with the store growth that we have out there. Our net working capital was \$295.9 million, and this compares to 274.4 for the prior year. The current ratios were 1.98 and 1.45 respectively. And if we were to adjust for

the change in the value of the derivatives and everything like that, the working capital would have been 338.1 million with a current ratio of 2.3, just as a kind of a valuation method that you might want to take look at.

Net cash used for capital expenditures was approximately \$118.9 million during the year, while depreciation amortization totaled about \$40.8 million compared with--to about \$33.1 million last year. During the--fiscal '07, we spent our money on about \$52.4 million in new store capital expenditures, \$9.4 million for improvements to existing stores, \$15.9 million for office and warehousing, and about \$26.3 million related to the startup of the DSW e-commerce channel. We also had about \$14.9 million that we expended for IT equipment upgrades and new systems.

Our EBITDA from continuing operations during the fourth quarter was \$31.9 million versus a negative 31.5 for last year. Again, as always, adjusting for the warrant expense and income that's running through the statements for each of those years, it would have been \$12.4 million and a positive 33.7 for the prior year. So, as you can see, those adjustments are pretty significant as we go through the year.

The availability under our secured revolving credit facilities was \$161.3 million. That's for both DSW and the Filene's Basement facility combined. On a consolidated basis, the outstanding letters of credit totaled approximately \$3.4 million and about \$15.7 million for DSW. Our current consolidated availability is \$162 million, which is comprised of \$22 million of availability under the Filene's Basement revolver and \$140 million for the DSW revolver.

That concludes the historical review of operations for the quarter and some of the highlights for the year. Again, a lot of these are in the--a lot of these comparisons are in the press release. And at this time, we are not going to provide a fiscal 2008 outlook. And we're going to have wait until we are able to get some guidance that--you know, from DSW and work through some of the Value City shared service expenses that we're going to allocate to them.

At this time, I think, Eric, we will open up the lines for questions.

Operator: If anyone has a question or comment, they can press zero, one on their telephone keypad to enter into the queue. Again, that's zero, one on your telephone keypad. Thank you.

First is Adam Camora from Entrust Capital. Go ahead, please.

Mr. Adam Camora: Yeah. Hi, guys. Good to hear you guys on a call again.

A couple of quick questions. The first is on the balance sheet, what it looks like post the Value City transaction. I'm trying to understand, just looking at these discontinued liabilities and that sort of thing. But, I guess starting on the cash side, it seems like--it looks like there's 100 million on the balance sheet at RVI corporate. If I take out the 130 or so at DSW, it seems like RVI corporate has something--ex-DSW has something like 40 to 50 million of cash.

Mr. Jim McGrady: That's right. It's actually--at this point in time, I think it's about \$44 million.

Mr. Adam Camora: Can you guys still hear me?

Mr. Jim McGrady: Yes. Did you hear my response?

Mr. Adam Camora: I did, thank you. There was just some static or so.

Mr. Jim McGrady: Oh, okay. Sorry.

Mr. Adam Camora: Okay. So, there's 45 million in cash. Now, if I look at the liabilities at RVI now that Value City has gone away, it looks like on the balance sheet here there is approximately 150 million or so of debt, and I assume the PIES are--okay, it looks like there's 158 million of debt. Is that all the debt that's left at RVI corporate, and included in that is something like 135 million of PIES?

Mr. Jim McGrady: Yeah. Actually, the PIES amount is 143,750,000, and the balance of the debt that is out there is related to the revolving credit facility of Filene's Basement plus a very, very, very small piece of debt that's related to the old term loan facility that was--it's about \$250,000.

Mr. Adam Camora: Okay.

So, all of the other debt is basically gone. So, the next time we see a balance sheet, which will be--you know, have the Value City affected transaction in it, we should see something like 40 million in cash and, you know, 15 to 20 million of debt x the PIES, which I guess, given the current stock price of DSW, can be satisfied with the five and a half million shares at your discretion.

Mr. Jim McGrady: Yeah. Well, that's--on the PIES, do you mean? Yes. Yeah. Yeah, we--as a--it is at our discretion, and it is about 5.5 million shares. That actually is not--doesn't come due until I think it's 2011. I think it's July of--July or August of 2011.

Mr. Adam Camora: Yup.

Mr. Jim McGrady: Okay.

Adam, I'm--I don't--I'm having a hard time hearing you if you're speaking.

Mr. Adam Camora: Yeah.

No, I was going to say, I'll let somebody ask a question. I'll get back into the queue.

Mr. Jim McGrady: Okay.

Operator: Our next question is from Sam Kidston with North & Webster. Go ahead, please.

Mr. Sam Kidston: Yeah. Hi, guys. Just a couple of--first a housekeeping question. What were the cash taxes for the year?

Mr. Jim McGrady: Cash taxes paid?

Mr. Sam Kidston: Yeah.

Mr. Jim McGrady: Well, I have to look that one up here real quick.

Mr. Sam Kidston: While you're looking that one up, can you just give us an update on the--?

Mr. Jim McGrady: --Sam, I lost you.

Mr. Heywood Wilansky: Say it again, Sam.

Mr. Jim McGrady: Okay.

Eric, are you still with us?

Operator: Our next question is from David Mann. Go ahead, please.

Mr. David Mann: Hi. Yes, thank you. First of all--.

Mr. Jim McGrady: --Hey, David?

Mr. David Mann: Yes.

Mr. Jim McGrady: Before you ask your question, if I could, I just want to--I couldn't hear Sam, and I'm not sure he heard me respond. The cash taxes paid were \$35.5 million in fiscal 2007.

So, I apologize for interrupting there, David. How are you doing?

Mr. David Mann: Very well. Congratulations on the exit from Value City.

Mr. Jim McGrady: Oh, thank you.

Mr. David Mann: I know you all worked hard on that.

Along those lines, are you able to give us any color on--or at least put together some--you know, what Value City looks like now, since you still have at least some ownership there and it does impact, you know, you and the DSW in terms of the shared services? I mean, how many stores are they operating? How's business going there? What are the prospects?

Mr. Jim McGrady: I can give you some of the operating details. I think it's a fair assessment to say that they are in the process of going through a very hard and deep evaluation of each and every one of the stores to find out its potential and exactly, you know, how it's going to fit into their marketing mold and their merchandise presentation.

To date, I think that they have actually closed eight stores. They do have an expectation to close some more. But, really, most of the stores that they're going to close were part of that Burlington transaction that was previously announced.

So, with that, at this point in time, they continue to operate, you know, somewhere in the area of about 90 stores, 90 to 92 stores. And, you know, as far as what their sales are and everything like that, I'm not going to comment on that.

But, you know, they got off to what I'll consider to be a slow start as far as being able to re-merchandise the stores and establish relationships with some of the vendors that we had previously used in the Value City operations. But, it certainly appears like as though they have picked up the pace. The merchandise is starting to flow through and to the stores. It's--they have reduced significantly the inventory levels in the stores, and I think that they have done that with a mind in for a new merchandising concept that perhaps they're going to establish in those stores.

Mr. David Mann: Great.

And in terms of the shared services, can you give us a--you know, some sort of timetable and--or--and at least a quick overview of what's going on there so we can, you know, assess how that'll impact you and DSW?

Mr. Jim McGrady: Yeah.

I--certain of the shared services processes have been transferred to DSW at this point in time. And I think that they have announced that, you know, certain finance functions have been transferred. BTS was transferred about a--or the IT function was transferred probably a little over a year ago. It might have been a little bit longer than that, actually. You know, the human resources have been transferred to DSW at this point in time. So, you know, the process is working.

What we need to do is really be able to sit back and have the new Value City entity tell us exactly what services they're going to need on a go forward basis so we can--you know, we can sit back and make the adequate provisions to either provide the service or to make cuts where necessary, if they're not going to utilize a service that we believe that they're going to take from us on a go forward basis.

As far as the timing of this is concerned, I think the contract that we have with them is pretty specific on how the costs of this work, and the longer period of time they wait, the more--I'll call it the more

significant the cost becomes to them on what they can expect to pay for the services that we are providing.

You know, we are presently talking with them, "we" meaning myself and some of the people at DSW that are now involved in the shared services, and we're going through the process of establishing a budget and shared services and, you know, actually helping them with some of the--you know, the backroom processes where they might not need to have perhaps the level of service that they had historically received. And I think that they're willing to accept that--you know, that decline.

So, you know, all that being said, David, I actually think it's probably going to be at least a couple more months before we have something that we can, you know, publicly announce and say we've come to an agreement with everybody on how this is going to be. I think internally between the two companies that we'll be able to do that on a much quicker timetable. I actually probably hope to have at least an agreement in--of understanding sometime within the next 30 days.

Mr. David Mann: And within that agreement then, any of the costs that are affiliated with Value City, at least you know what those costs will be. It's just a matter that they may be subject for, you know, cuts in the future?

Mr. Jim McGrady: That is correct, yeah.

Mr. David Mann: I got you.

Mr. Jim McGrady: Okay.

Mr. David Mann: One last line of questions. On Filene's Basement, it looks like the 2007 numbers, that you might have had negative EBITDA. Can you quantify what the number was? And, you know, if it was negative, then how do we--you know, how are you going to adjust that, or how do you, you know, get that to where it's not going to be a drain on your cash resources?

Mr. Jim McGrady: Yeah, it was a negative EBITDA there at the Basement and I don't have that right here in front of me. But, what I can say is that the Basement, if you remember right, we closed the downtown Boston store this year, and we took some pretty significant markdowns on our inventory as we liquidated through there. We also took--excuse me while I think about this. We took that--we are

receiving monthly income from that as we go forward here, and I think that we're going to break even overall. Matter of fact, I'm certain that we're going to break even overall on what we're going to receive as far as a cash basis, but, unfortunately, the way the accounting rules have worked out, we're going to have to amortize that receipt over the remaining life of that lease, which is going to take us out through the 2020s. And it's--you know, it's just one of those things.

We also had some other adjustments there. We had a couple of stores that we actually took a charge on for--you know, for 144 valuations that haven't performed to expectation. You know, we took a store closing charge there for the downtown Boston store as well, and we also had to accelerate some depreciation that went through there.

And these are pretty significant events that impact--income impacts that have affected Filene's Basement. You know, there was approximately--you know, those as a group are probably close to about \$8 million--.

Mr. David Mann: --Okay--.

Mr. Jim McGrady: --That affected the Basement that I'll call--that were unusual things that would've--you know, that happened to an entity during a period of time. Not pleasant things, but they were unusual. So, I think as we--but, I think each one of them is going to have a positive impact as we go forward. So, that's the bright side.

Mr. David Mann: In 2008, do you--what is the cap ex you plan for the company, and do you plan to open, you know, many stores, or have you put that on hold?

Mr. Heywood Wilansky: In 2008, David, we are opening one store. It'll be our first store in Florida, in the Aventura area, currently projected to open in October. And we are expanding one store, which is our downtown Washington D.C. store on Connecticut Avenue. And that expansion is expected to be in operation sometime in June.

We are certainly looking at other things, but we have no other commitments out there in 2008. And 2009, of course, we have a large commitment to reopen the downtown store, which we have stated would reopen in April of 2009. And we are comfortable that we will hit that date, perhaps better than that but not worse than that.

And a lot of our efforts with that are really dedicated to opening Aventura and focusing on the reopening of downtown Boston, which, as you know, is about 15 percent store for us. It is a significant hurt to our company when it's closed, and the reopening is a big task for a company of our size and will require our attention. So, we're trying not to get too many other distractions going until we reopen that store in April of '09.

Mr. David Mann: Very good. Thank you very much.

Mr. Jim McGrady: All right. Thanks, David.

Operator: Next is Michael Rosenthal from QVT Financial. Go ahead, please.

Mr. Michael Rosenthal: Hi, guys. Thank you.

Heywood, could you maybe talk a little bit about the performance of Filene's these days and I guess has it worked--?

Mr. Heywood Wilansky: --Well, here's what we can say, Michael because we haven't reported--since we're reporting quarterly yet, we can't be specific on numbers. But, I would chart this outline for you in terms of my expectations. We have--in 2007, we finished our fifth consecutive year of comps in the 3 percent or better range. 2008, my anticipations is to be consistent with that track record.

In 2007, we took some margin hits on excess inventory. And in 2008, we feel--I feel, certainly, quite comfortable that we will have comp store improvement over last year and margin percentage improvement over last year. And I would say that when we report our first quarter, which is going to happen, I guess, in about the next six weeks or so, seven weeks, that the first quarter should indicate that we're on track for what we've outlined for the year.

Mr. Michael Rosenthal: I see. That's very--that sounds quite positive.

Mr. Heywood Wilansky: Well, I mean, I keep hearing tough business around with comp increases and margin decreases that are--that I think are worse than that around, on average, and I think that we're performing at the better piece of the peer group at this point.

Mr. Michael Rosenthal: Um-hmm.

Could you just describe I guess the positioning of the store and why it would be in a position to sort of outperform in this environment?

Mr. Heywood Wilansky: Well, you know, first of all, if--you know, if you look at the comp sales increases from the companies that have reported, you see that some of the off price players have outperformed what I call the traditional department store type players pretty significantly.

I think in the month of March, TJ's has a--had a positive comp, and Ross Stores had a break even comp, and then you look at the Penney's and Kohl's of the world and you see some pretty dramatic decreases. While Federated didn't report, they're reporting their sales quarterly, you know, we all hear the same things. And my sense is that their performance was not very good as well on a comp store basis, particularly in the northeast division, which is, you know, kind of where we're headquartered.

So, I think that there's something to be said for the fact that when things are tough, people are more careful on how they spend their money. They may be shopping less, but then they're more selective in where they shop. And that there may be some transference from the department store, or what we'll call the more typical full price stores, into the off price channel.

And then, within the off price channel, I think we have positioned ourselves somewhat uniquely as being the--you know, the higher quality off price player which lets us stand a little bit apart from the other significant players in this--in that area, that segment. And so, I think we're able to continue to be differentiated from the other off price players. And the department store customer, I think, is pretty comfortable shopping in our store environment with a merchandise presentation that's more akin to a department store, but, again, with prices that are significantly different than department stores.

Mr. Michael Rosenthal: I guess just lastly--I'm sorry, I lost my train of thought.

Operator: Okay.

Our next question is from Adam Camora with Entrust Capital. Go ahead, please.

Mr. Adam Camora: Yeah, hi. Quick follow-up.

Do you guys have a sense for whether or not we generated an NOL, or there's an NOL that resides now at RVI corporate from all the Value City transactions?

Mr. Jim McGrady: Yes, there is.

Mr. Adam Camora: Any sense of the size of it?

Mr. Jim McGrady: It's a little bit hard to tell with all the valuation allowances that we've put on it as we go through here, but it's around \$100 million. It's a little bit over that.

Mr. Adam Camora: Around 100 million.

Mr. Jim McGrady: Right.

Mr. Adam Camora: All right.

So, now that Value City is gone, basically we have a company that has net cash on the balance sheet to the tune of about 20 million, and NOL, you know, 22 and a half million shares of DSW, if I adjust for the PIES and Filene's Basement.

Mr. Jim McGrady: Correct.

Mr. Adam Camora: Okay, I'm trying to figure out why that's still worth negative money. Thanks a lot.

Mr. Jim McGrady: Okay.

Operator: Our next question is from Sam Kidston from North & Webster. Go ahead, please.

Mr. Sam Kidston: Yeah, hi guys. Sorry I--my phone went dead in the middle of my question there.

But, just two quick other ones. One is, in terms of the warrants outstanding, is that still approximately 9.7 million warrant--total warrants?

Mr. Jim McGrady: No. The total warrants that are outstanding that are convertible into RVI are 12.7 million. And that's--.

Mr. Sam Kidston: --And--.

Mr. Jim McGrady: --That's about 8.3 million of the convertibles and about 4.4 in the term warrants.

Mr. Sam Kidston: In the term. And those are all at 450?

Mr. Jim McGrady: Yes, they are.

Mr. Sam Kidston: Okay.

And then, you know, just--you know, sort of follow-up on the last questioner's train of thought, any thoughts of simplifying the structure further now that Value City's out? Clearly, you know, the market doesn't even give us the value of our DSW per RVI.

Mr. Jim McGrady: Yeah, pretty--I agree with that statement. Unfortunately, I have to agree with it. But, at this point in time we are, you know, taking a look. And as Heywood stated, really, you know, the objective right now is to focus upon the existing store base at Filene's Basement.

As far as simplifying the corporate structure further, if I want to read into your question what I think you might be asking, you know, obviously, we couldn't answer a question like that if we knew. But, at this point in time, our basis--our focus right now is going to be on making the existing Filene's Basement stores profitable and to take what actions are necessary there to get that to happen. And, additionally, at DSW we're taking a hard look--you know, they're opening up their e-commerce business.

Mr. Sam Kidston: Um-hmm.

Mr. Jim McGrady: We're pretty excited about that. They're--again, they're planning to open up a pretty significant number of stores in the upcoming year and have got a lot of commitments in place already to do so.

So, at this point in time, there's really no focus on what I want to call, you know, narrowing the corporate structure at this point in time. We are taking a real hard look again at expenses and working close with Value City in an effort to make sure that we can, you know, provide the services at a--and I'll say this, at a--with a minimum number of people and expenditures that we have, while at the same time making sure that we give a quality, you know, service to everybody--all of the operating businesses that we have.

Mr. Heywood Wilansky: Yeah, we're clearly looking at whatever eliminations of duplication or redundancies that can be achieved over the--you know, the next--the few months as we go through this whole process.

Mr. Sam Kidston: Thank you very much, guys.

Mr. Jim McGrady: Um-hmm.

Operator: There are no further questions at this time.

Mr. Jim McGrady: Okay.

Mr. Heywood Wilansky: In that case, thank everybody for listening, and talk to you later.

Mr. Jim McGrady: Thank you, everybody.

Mr. Heywood Wilansky: Thank you.

Mr. Jim McGrady: Good night.

Operator: Thank you. This call has been concluded.