Question and Answer

Tristan Joll
Goldman Sachs

Good morning. Good morning guys. Tristan Joll, Goldman Sachs. I've just got three, I guess, guidance related questions. Just on AAPT, that run rate and the impact of those hand costs looks slightly more severe than what I would have thought based on the guidance you gave at the time?

Is there -- I would have thought it was unduly stacked in the first half but does your comment note that you'd expect it to be lower again in the second half? Can you sort of give some color on that?

Nicholas J. Olson
Former Chief Financial Officer

Yeah. Sure Tristan. Look, I think the reality is actually there's a lot of competitive pressure on AAPT at the moment. So that's an element of it but there are -- the stranded costs are significant and the management team just needs time to work through those. It's a really significant exercise for them and as you know, we back that team to the limit to actually deliver that but it will take time.

Tristan Joll
Goldman Sachs

Okay. And then in terms of the CapEx stuff, could you give us some sort of idea how much deferral there is in there? So what I'm now thinking is...

Paul Reynolds

(Inaudible)

Tristan Joll
Goldman Sachs

Right. So would I expect to then extract that kind of run rate out of my CapEx spending over the next few years or -- I guess what I'm trying to get to is how does this affect your path back to a normal level of CapEx?

Nicholas J. Olson
Former Chief Financial Officer

Look, Tristan, you know I think there's a bit of a story here. Yeah, we have talked to the analyst community and the investors lots about our objectives to improve pre-cash flow and this to me delivers stage one. It's been very deliberate intervention and I think the message I'd send to the market is the first part's the hardest because we've gone from a regime where we were forced to spend at a certain rate for regulatory reasons. So now we need to move to a stage of very, very tight control.

So minimal deferrals, this is all about the right scoping, the right focus, alignment with strategy, insuring there is no duplication across the organization, appropriate challenge processes at all stages of project, pre-feasibility, feasibility, before work commences on projects and we actually have a very, very strong focus and team around ensuring that we minimize CapEx spend.

We're not going to give forward guidance on CapEx at the moment but you know pre-cash flow is a measure by which I'm going to measure the market success and the organization success. So you can expect that our aim is to actually keep on repeating those sorts of results.

Tristan Joll
Goldman Sachs

Okay. And one last one, I guess, just extending that into OpEx, I see the vision 2013 slide is interesting and the fact that you are on track for the 155 and committal cost-outs this year is also interesting.

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I suppose that target, however, was set back in '08. And I know it's been adjusted for some operating relatives since then. But does vision 2013 I guess consider the UFB in a greater light? I suppose what I'm trying to ask is are you going to seek to revise those cost-out targets upwards because of the UFB?

Because at this point, I think you've only really changed because of the operating relatives in the fact that there isn't enough growth in the business. Is there more cost-outs to come?

Paul Reynolds

We're going to fish them as hard as we possibly can and clearly we're (inaudible) colors to drive pre-cash flow, which is what we're doing. And yet, Tristan, I'm not going to give you more specific targets.

But at this stage what we're saying is you guys had a lot of skepticism I think a year ago about our ability to drive operational improvement cost reduction. I think that's -- we have fully vindicated the plans that we've gone for.

We've been pleased with both the OpEx line and the CapEx line and we can see continued momentum within the business. So I'd expect it to reflect through an increased confidence in your side that we are on track and can meet the sort of ambitious goals that we've set.

Tristan Joll
Goldman Sachs

Okay

Nicholas J. Olson
Former Chief Financial Officer

Yeah. I think its watch this place Tristan. I think your observations are good and that our focus is to do better.

Geoff Zame
Craigs Investment Partners/Deutsche Bank

Nick, Paul, hi. Geoff Zame, Craigs Investment Partners/Deutsche Bank. I just had a few bits and pieces, I was interested in exploring. One probably just on a CapEx front, obviously it is good to see that focus on it, but in the context of the categories that you disclosed, perhaps a little bit more color on where you actually see more of the (inaudible) potentially?

Nicholas J. Olson
Former Chief Financial Officer

Look, I think the reality Geoff is that regulatory CapEx will fall over time. So I think you guys can probably make an assessment as well as we can about how the regulatory CapEx will fall off.

And that will be a big driver of downward pressure on CapEx. However, we still very much have our sights set on improving overall efficiency of the CapEx spend. And there is several elements of that. It isn't just about the internal process. It's about aligning incentives.

So, you know, effectively we have aligned our staff incentives with shareholder incentives. So the shareholders have told us pre-cash flow is the most important metric from their perspective and there is aligned incentive to do that.

So we've got process, we've got incentives, so the other piece of the equation is actually efficiency both internally in terms of delivering CapEx and with our partners. So I guess there's a term I have often used but we've got to be careful not to suffer from death by invoice from our vendors. So that's about giving visibility of where the spend is, making sure that actually our vendors are an early warning system as well in terms of overall CapEx spend and making sure we scope projects correctly.

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You know, this is an engineering based organization and as an engineer myself, you know, you always want to build a bridge so it stands up forever. But there's a limit to that and there's a limit to what's optimal. So it's about efficiency, optimal behaviors and optimal delivery from both us and partners.

Geoff Zame
Craigs Investment Partners/Deutsche Bank

I guess, this sort of brings me onto one of the next questions just around the whole supply settlements part of it. I mean the death by invoice from vendors is starting to write your checks. I mean is that something that's going to go on perpetuity? I'm just trying to understand in the context of it's not split out as sort of a separate adjustable line item.

Paul Reynolds

I think you would be wrong to think it's the end of the road. There are always adjustments from various suppliers and any -- usually in a quarter-on-quarter period. But there's no guidance in here about putting on in perpetuity either.

Geoff Zame
Craigs Investment Partners/Deutsche Bank

Right. Just a couple of last ones, just on the mobile market, I mean Vodafone obviously came out with some pretty good numbers on the connection front. And you've had a pretty good Christmas quarter, can somebody in this business just give me a little bit of context on how you sort of see the market and how Two Degrees might be doing against that backdrop?

Paul Reynolds

I don't think we could comment on Two Degrees in this period. I'm sure they'll let their numbers out in due course but maybe Alan you want to talk about how the market feels right now?

Alan Gourdie

Hi Geoff. Yeah. We had a good quarter, particularly the Christmas quarter. We saw that net add, somewhere about 40,000. I think what I was most encouraged by with that though was some of the high value smart phone device trends that we saw. Paul mentioned the penetration that we have seen and the growth in our base of smart phone devices, around about I think 16%. That's our base, that's Telecom base, that's not the total market.

Within Gen-i that was around 37% of their business is now smart phones and it's now about 12% for retail, both businesses showing really significant improvements in those smart phone device penetration rates.

So that's a result of our Android strategy by and large and you know what that's doing is it's starting to drive data, as you might expect. But interestingly, also things like voice minutes and voice revenues are going up because people who have got these phones. They actually use them for all of the products on the device.

So we're very encouraged by that. It is turning into higher ARPUs and with further penetration evident from those overseas trends, because by comparison we are relatively low, half of, for example some markets in Europe, and in fact quite some way behind Australia, which I believe, has a penetration rate of somewhere around 50%.

So if you start to factor in some of the trends that are driving our revenues from that and that gap, you can see the sort of opportunity that we're seeing, all based on the quality of the network now starting to come through very strongly.

There is a significant gap in performance. Our customers are starting to report that and we are certainly looking to use that to drive things like that smart phone penetration.

Geoff Zame

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Craigs Investment Partners/Deutsche Bank

Thanks Alan. And so just to wrap, just on the UFB, there's quite a bit of depth, sort of, rollover in FY12, how are you thinking about that in the context of UFB, and also just the other kind of vector pool and your timeline of things.

I appreciate it all depends on if and when you strike it with the Heads of Agreement with the government (inaudible), but assuming you do strike a Heads of Agreement at a certain point in time, you must have a project timeline to suggest the process to get to a structural separation towards the [interfaceable] type, six, eight, 10 months. Can you give us some sort of color on that?

Paul Reynolds

I'll do that first and then maybe Nick can talk of the debts. And I'm not going to give you any more Geoff, but suffice to say that, as you know, regional timetable was the government -- set was to have some decisions made before Christmas, and we made some predictions on the separation in the second half of the year based on that.

So you are talking rough timetable. It's several months, of course, but we will name, if called upon and if we do reach an agreement, we'll name a separation timetable at the time. But you know how complex it is and how many factors have to be taken into play, so it's a substantial program of work.

Nicholas J. Olson
Former Chief Financial Officer

Geoffrey, what a great question, and I think you've seen this before with your time at Telecom. The reality is actually -- said to be almost impossible for us to actually turn debt at the moment, because of the uncertainty of UFB.

But, we have a number of banks that have already expressed a willingness to actually roll over the debt that we need to deal with. I think in December next year is luckier when we the debt rolls.

So that's the reality of being in an uncertain process, you can have information asymmetry and that will prevent you securing long-term debts, but we've a very, very strong capital structure and a very, very supportive bankers. Now the risk with that, of course, is that we are just in time for the flurry of lunches from the banking industry, but we'll try and hold back.

Geoff Zame
Craigs Investment Partners/Deutsche Bank

Thanks Nick.

Paul Reynolds

So, up the front here please?

Guy Hallwright
Forsyth Barr

Thanks. Guy Hallwright, Forsyth Barr. Just following on, again, on the questions on XT, in that quarter XT or the mobile business in general had reasonable growth but it's all in pre-paid not in contracts. Vodafone's growth in the December quarter was primarily in contracts, and that tells me that there's still not really the traction there for the new network and maybe in the business market.

What - and you are talking about refreshing (inaudible) and a re-launch, but certain (inaudible) assuming there will be more aggression in the marketplace. Alan, Can you give just more color --.

Paul Reynolds

I mean, let me take it first. You know the, I think previous quarters we've seen churned in the post-paid base, you know, that's been eliminated. So, the trend is up -- our ambition is for more clearly and but

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we are pleased that the momentum's has begun to build in this quarter. So, it's not satisfied (inaudible) maybe willing to go for more.

On the business market, I mean, I guess you mean SME because in the corporate market, I think, we are particularly pleased with the position will reach. So, a lot of focus going forward in this area as we think we are the best offer out there and that's and the customer preference and satisfaction start to build over -- anecdotal start - some nice little build on going forward. And clearly, we seek to attempt to growth in post-paid across the base. Alan, do you want to answer that at all?

Alan Gourdie

Not a lot, Paul. I think to your points about Gen-i, Chris just has reminded me that 5% of his growth -- the 5% growth that's all on account, of course, in his business.

In our business, in SME was particularly strong during the quarter. So to your point Paul, what we've seen through the half and particularly through the quarter was an elimination of the churn and then a steady growth in those post-paid numbers. Absolutely not what we're looking for.

We're looking for much more growth in that area and with that network situation, with a very strong handset range now and with our plans being refreshed, it gives us a very strong voice text data bundle through our customers, we fully expect that momentum to continue.

Guy Hallwright
Forsyth Barr

Okay. Thank you.

Alan Gourdie

Okay. Thanks. And also, just going back to AAPT following on from Kirsten's question I think it was, there was a 7 million NPAT from the loss of AAPT consumer in the quarter effectively because of the (inaudible) for one quarter.

The original guidance, I think, was for the impact of that to be 10 million annualized, which is 30 million to 18 million, and was it 18 million indeed? You look to have done half of that in the first quarter. Is that 10 million Aussie annualized NPAT, was that perhaps understated, are you looking at more than that now?

Nicholas J. Olson
Former Chief Financial Officer

Yeah. I don't think that we had a strong enough fix on standard costs at that point.

Guy Hallwright
Forsyth Barr

Okay. And just to clarify when you mentioned lower AAPT in the second half, you were talking about low overall?

Nicholas J. Olson
Former Chief Financial Officer

Yeah. A slightly lower overall.

Guy Hallwright
Forsyth Barr

All right. Thanks.

Paul Reynolds

Another one. Questions online?

Operator

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Thank you. We have four telephone questions, the first coming from Sameer Chopra of Merrill Lynch. Sameer, please go ahead.

Paul Reynolds

Hi, Sameer.

Sameer Chopra
Merrill Lynch

Good morning. I hope things are well. I had two questions. Firstly, if you look at the free cash flow trend that might be expected in the second half, you've given us color around CapEx and EBITDA. I was wondering if you can talk about what do you expect in terms of working capital. What usually happens in the second half, what are you expecting in the second half on working capital?

Nicholas J. Olson
Former Chief Financial Officer

We were hoping to avoid these really detailed questions today, but look, I think from a working capital perspective we are actually doing a little better than we were last year. But, the reality is that we are not going to spend up larger in the last months of the year on CapEx, and so we are not going to see the big reversal that we did going into the end of this year that we did last year.

Sameer Chopra
Merrill Lynch

All right. Then the second one was, Paul, you mentioned that structural separation is at a significant and non-trivial. Are you talking about this from a time perspective or a cost and CapEx perspective?

Paul Reynolds

My comment were specifically about the complexities and timeframe for it, but clearly, there is, depending on the nature of any agreement that a range of costs for structural separation could incur, and I think a lot of that depends on the degree to which can use shared systems and the timeframes over which new businesses completely separate those systems.

And that's all the sort of stuff that was on in negotiation and is certainly the reason why I couldn't give you an estimate of it. But my comment actually, Sameer, was about the complexity and timeframe.

Sameer Chopra
Merrill Lynch

Great. Thanks. Thank you.

Operator

The next question comes from Richard Airey of UBS. Go ahead please, Richard.

Paul Reynolds

Hi, Richard.

Richard Airey
UBS

Morning, Paul. Good morning, guys. Just a couple of questions. Just in terms of guidance as sort of housekeeping, the adjusted NPAT guidance of 3.30 to 3.70, is that based on the old numbers pre when the actual -- if you looked at the first quarter, the actual adjusted sort of NPAT number have included the cost of the earthquake and the UFB. So, I just wanted to know whether 3.30 to 3.70 is still like for like what we had from the first quarter. That's the first question.

Nicholas J. Olson
Former Chief Financial Officer

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Yeah. Well Richard, we hadn't included the earthquake impact year-to-date at that point.

Richard Airey
UBS

Okay. So, should we say that the adjusted number doesn't include the UFB and the earthquake costs?

Nicholas J. Olson
Former Chief Financial Officer

Yeah.

Richard Airey
UBS

Okay.

Richard Airey
UBS

The second question is just regard to -- looking at the mobile revenues, obviously they're still basically down year-on-year ex obviously the handset revenues that comes through, which is obviously a big reduction year-on-year.

But I was just looking at the data line, there doesn't seem to be any sort of dramatic improvements over the last three or four quarters with regard to data revenue, despite the fact that XT subscriber base and particularly on the post-paid basis is pretty much doubled.

So I'm just trying to understand whether the uptake in the XT base is not really delivering on the data side, or whether we are starting to see price pressure in that market that's offset or capping that data revenue potential, and whether we can start to see that trend [inverse] going forward?

Paul Reynolds

As we've said in previous quarters, Richard, we definitely see enough of the (inaudible). When we take a sample of customers and do a like-for-like comparison of customers on CDMA versus XT and our initial figures were as high as 19%.

Clearly, as you go into other parts of the base the number is not as high as that, but it's still very significant and largely driven by increased -- you see is around the same people are using all services on smart phones, voice as well as data, but a lot of increased use in data.

All that said, there is significant price pressure in data. We've seen some very low pricing offers in the New Zealand marketplace. So some of the usage uplift has been offset by price declines.

There's a limit to how far that could go and net-net -- we are pleased that the ARPUs are lifting as you can see in the numbers. There's clearly a shift between categories and customers are definitely using a lot more data as they go into XT.

Richard Airey
UBS

Just to ask in another way, are you comfortable with the fact that by the time we actually report the second half results that the mobile revenue trajectory is going to stop there to become more positive or become positive?

Paul Reynolds

Well, I'm not giving a new forecast, Richard but...

Richard Airey
UBS

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No, I wasn't asking about the trajectory --

Paul Reynolds

...what I would say to you is that all the underlying and core indicators are positive. Connections, ARPU, customer satisfaction, customer preference, the value preference versus a looming competitor were no higher, I think, for the first time in recent years.

So, what you saw in the last quarter, which was significantly positive is where we are going for this next reporting period, and we are being very active, energetic and aggressive in the marketplace. So we think these are good signs and we'll see how we go.

Richard Airey
UBS

And then just the last question, you mentioned churn at the start of your presentation being low at 6%, which is obviously a good number within the fixed line space. How do you manage that as we go through UFB, because clearly that's an area of issue which you'd imagine would accelerate and give an opportunity for other carriers to play within that space. Is that a concern for you that obviously -- not only is that positive today, but could be basically a bit of a double-edged sword as we move into UFB migration?

Paul Reynolds

Richard, I missed the first sentence of your question. What were you referring to?

Richard Airey
UBS

Fixed-line churn. You said fixed line churn was 38% for the half, which is obviously low relative to global standards, and the issue I was saying is that while that's a positive today clearly the concern is that as we go into UFB migration over a period of time, that will obviously probably escalate 90 as you deactivate and pre-active customers but it gives an opportunity for your competitors to do likewise. So, I mean, how do you manage that process?

Paul Reynolds

Look, first of all, I think, that the good thing about the New Zealand marketplace is the free local calling regime and people are more attached to the home fixed line both for broadband and for calls then we're seeing in another markets and that's just good news. It's good business news for us, and I think we have, but it's not something that just happens. It doesn't just be there.

You know we certainly found Access churn being significantly higher both in consumer and business 18 months ago than it is today. That's the result of very focused, bundled offers, street by street offers that both Retail and Gen-i are driving into.

So that's all to the good, but, you know, UFB changes the nature of the market, of course it does and we are going to see progressively over the next 20 years and 20 years is the number, progressive uptake of fibre services.

We would seek to participate in that very aggressively. I mean at the end of the day customers clearly have a strong trust in telecom to provide fixed line services. Currently, we provide those on FTTN or sometimes exchange based services, and in the future we are going to be substituting into that fibre to the home.

Does it add a new structural dimension, does it add a significant competitive dimension, I don't think of itself it changes the market very much. And in a competitive way, it just changes the structure and the amount.

Obviously, the big issue is the investment profile and the pricing on fibre services, whether they are offered by us or indeed anybody else in the market place. But for there I think, you know, we are just

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pleased -- our strength in this marketplace, our ability to manage has been good so far and we'll take UFB as it comes.

Richard Airey
UBS

Paul, just one final question just for Nick, just in terms of guidance for the second half in terms of expected UFB costs, clearly natural disaster costs have rolled of quarter-on-quarter, but can we expect a similar run rate of 6 million for quarter-on-quarter running into the second half or do we expect these to drop off as we get a UFB resolution?

Nicholas J. Olson
Former Chief Financial Officer

Okay. UFB costs are quite uncertain at the moment and they can go several ways. If we reached a definitive deal they would go up actually because we'd actually have to prepare for a de-merger.

If it carries on like it is, we are going to carry on seeing a couple of million dollars a month in round figures, and this comes to a close.

Paul Reynolds

So it all depends how the deal goes, Richard and --.

Richard Airey
UBS

No, no I appreciate that. I'm just trying to get an understanding as to, you know, where the flex is in that number.

Paul Reynolds

Yeah. Okay.

Richard Airey
UBS

Appreciate it. Thanks a lot guys.

Paul Reynolds

Thanks, Richard. Another question online?

Operator

Thank you. The next question comes from Laurent Horrut of JP Morgan. Laurent, please go ahead.

Laurent Horrut
JP Morgan

Good morning, Paul and Nick, how are you?

Paul Reynolds

How's it going? Good. Thank you.

Laurent Horrut
JP Morgan

Okay. Just first of all a question for Nick probably because I think it has got something to do with accounting. Wholesale EBITDA was down 15%, you might have thoughts on that amount, I might have missed a comment, I was a bit late on the call, and that seems to be driven by, sort of, 58% decline on PCP. It seems to be driven by the change in the internal costing with Chorus, and also some kind of steep increase in inter-carrier costs? So I was wondering, Nick, if you could touch on these two issues?

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Nicholas J. Olson
Former Chief Financial Officer

Laurent, it looks like -- I think we'll kick that one for touch. There is a number of moving parts in that and we could take 10 minutes to work through it. So what I'd do is just invite you to call the IR team and they'll pick it up at a forensic level.

Laurent Horrut
JP Morgan

Okay.

Paul Reynolds

If you missed the first half, I mean the net-net picture is that we are seeing strong growth in wholesale. Wholesale lines are increasing. Clearly there are a lot of moving parts on the internal trades on the back of that. But, it's, I think the macro picture when you net them all out - it's like a -- business.

Laurent Horrut
JP Morgan

Okay. Total value for the plan, thank you. Just a second question on the UFB and I know you said there is nothing more to say, but when you look at sort of the situation in Australia it took basically 12 months to go from an HOA or it might actually even take a bit longer to from a Heads of Agreement to go to a shareholder vote.

Is that broadly the sort of timeframe you would be thinking would be realistic, so in the sense that Heads of Agreement or whatever temporary or preliminary agreements that has to be worked out then we're looking really at a 12-month forward date from there?

Paul Reynolds

Well, Geoff asked exactly the same question, Laurent, but used different words, my answer is exactly the same. I'm not going to give you a new forecast, but we gave you an indication of the complexity and potential timeframes in our earlier estimate based on the notion of an agreement before Christmas. So I'll leave you to do the math and I'm not going to refine that forecast.

Laurent Horrut
JP Morgan

Okay. And just to be clear, in terms of your negotiation with, I'm just looking for some clarity on sort of the nature of the process rather than the actual substance. In terms of when you negotiate with UFB, is it a business to business negotiation now or, you know, you kind of have to deal with the government in that same context?

Paul Reynolds

Sorry, negotiations...

Laurent Horrut
JP Morgan

Sorry, I should say when you are negotiating with CFH, sorry.

Paul Reynolds

Yeah. Negotiations to take place -- CFH are the government's agents in this, in the commercial negotiations. In terms of the policy issues, the MED are charged with the policy issues and they have been running those through some various consultation programs I referred to earlier. But in terms of, if you like deal term, it's with CFH.

Laurent Horrut

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JP Morgan

Okay. Thanks guys.

Paul Reynolds

Thank you. Another question?

Operator

The next question comes from Greg Main of First New Zealand Capital. Go ahead please, Greg.

Greg Main
First New Zealand Capital

Hey good morning, guys.

Paul Reynolds

Morning.

Greg Main
First New Zealand Capital

Yeah. Just a quick question, actually just on the supplier settlements, do you expect any more or any additional supplier settlements going forward?

Paul Reynolds

Well someone asked the same question, Greg, supplier settlements happen from time to time, from various suppliers and, you know, I'm pretty sure we will get some in the future but I'm not able to give a forecast even -- with that. So no forecast, sorry.

Greg Main
First New Zealand Capital

Okay. Thank you.

Operator

Mr. Reynolds, we do have one more telephone question, would you like to take it now?

Paul Reynolds

Yeah. Please?

Operator

Thank you, the next question comes from Mark McDonnell of BBY. Please go ahead, Mark.

Paul Reynolds

Hi, Mark.

Mark McDonnell
BBY

Yeah. Good morning. Thank you. Look, I'm just wanting to ask you a little bit about your labor expense. I have been looking at the supplementary information in your MD&A, page 32, and I just tried to understand the way this was working.

Firstly, in terms of the number of employees and then secondly the way that plays through to the actual expense line, and -- the advantage of this over the published accounts is it is actually showing sequential quarterly data.

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So, for example, whereas in your P&L you see a 3.9% reduction in your labor expense on the PCP on a quarterly basis, sequential quarterly basis, your labor expense actually went up very slightly from 436 million to 439 million.

And the reason I'm asking you about this is that when you look down the page you see that the number of the FTE total actually declined by 442 persons from 9015 to 8573. So, the questions that arise from this are, firstly, I assume a large part of the 442 was the AAPT consumer business, so that when we are thinking about cost-out in the future we wouldn't expect declines of the same magnitude.

But secondly, I'm wondering if you could also just explain how with such a large headcount reduction on a sequential half year basis did the labor expenses actually went up slightly?

Paul Reynolds

Okay. Mark, I think when you get down to that level there is a lot of moving parts and how things would look. I think the big picture is clearly, what's obvious in these results since our costs, our cost control and cost reduction program overall is coming in strongly.

A lot of that is driven by labor activity, but there's a lot of puts and takes in the numbers and as Nick was saying, for example, next quarter we will see a bunch come in because of in-sourcing some contracts.

So, you know, so to spare the rest of the audience, unless anybody wants to join in, well I'm very happy to take that offline with the IR team and we can break back those numbers as far as we are able and give you an understanding --

Mark McDonnell
BBY

Okay. That's fine.

Paul Reynolds

I'm not dodging the issue, but...

Mark McDonnell
BBY

No, no I realize.

Paul Reynolds

Net-net big picture is good.

Mark McDonnell
BBY

Yeah. Just but can you clarify it for us all what the, you know, out of the 442 headcount reduction, half on half, how much of that was AAPT consumer and what it might imply about and decline?

Paul Reynolds

Yeah. We will give you that offline, Mark.

Mark McDonnell
BBY

Okay. All right. No problems. Thanks.

Operator

I would like to advise, there are no further questions at this time.

Paul Reynolds
Okay. In this case thank you very much.

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