Credit Suisse First Boston Conference

Company Participants

- Tom Szkutak, CFO

Other Participants

- Rich Valera, Analyst, Needham & Co.
- Unidentified Participant, Analyst, Unknown

Presentation

Unidentified Participant

Good morning, everybody, we are very pleased to move on to the next presentation. Very happy to introduce Amazon, who has been very gracious to offer up their CFO, Tom Szkutak.

In terms of format, Tom will be walking through a couple of slides after which we will do a general Q&A discussion that I will kick off and then we will open up to the audience for questions after that. Tom, let me turn it over to you.

Tom Szkutak {BIO 5025269 <GO>}

Great. Thank you. Good morning, everybody.

These slides that I have may include some forward-looking statements. So for a full list of our risks and uncertainties please see our most recent 10-K and 10-Q and subsequent disclosures.

Just quickly, I am going to walk through our results and our strategy. First of all, our results, our focus.

Our focus is on maximizing free cash flow and free cash flow per share. We maximize profit dollars, not margins. And we are focused on growing our free cash flow and having high returns on investment capital.

Here is a look at our free cash flow over the past several years that you can see. Most recently, we had $1.4 billion of free cash flow, up 82% year-over-year. That is on a trailing 12 month basis ending Q1.

Here is how you look at some of the pieces. As you can see, we are getting good leverage in working capital. Also good leverage in earnings as well as CapEx versus depreciation.

Here is a look at our operating cycle. As you can see from this slide, we have a negative operating cycle. What that means is as you can see from looking at the page, we have approximately 29 days worth of inventory on hand; a few days' worth of receivables and we pay our suppliers on average of 57 days.

And so that means that we have a negative operating cycle of 23 days. So as we grow working capital as a source of cash.

Share count, we are efficiently managing dilution. You can see the trend over the past several years. If you take stock-based awards outstanding plus common shares outstanding, you can see we have 447 million shares up from 435 million year-over-year. And you see the trend going back to 2004.

Sales over the past 12 months, $19.9 billion of revenue up 25% year over year, 27% excluding the impact of foreign exchange rates.

Here is how we look at sales. We break out into two segments, North American International; and then we break out the segments into media, electronics and other general merchandise and other. Other includes Amazon enterprise solutions, Web services, cobranded credit card and a number of a few other things that go in there as well.

Here's how you look at -- we look at our segments on a global basis. You can see that back in five years ago we had approximately $5.7 billion of revenue. That grew to $19.9 billion. You can see the split so even though the media has -- from a percentage standpoint has dropped to 56%, it still grew nicely through the period. And EGM and others become more meaningful over the past five years.

The same is true for the split between North America and internationally. But certainly international was more predominantly a media category business like yours and you can see the growth that we've seen on both sides of this international both and I say both media and EGM.

International sales, if you look at over the past 12 months, I see it is up 26% or 30% excluding the impact of foreign exchange rate. Obviously includes UK, Germany, France, Japan and China.

We also shipped from all of our geographies to over 200 countries from an export standpoint. We have also had solid operating performance from international as well.

Gross profit. The bar charts at gross profit dollars, the line's gross margin. You can see that our gross profit dollars on a trailing 12-month basis is up 24% year-over-year.

The consolidated segment operating income, up 25% year-over-year to just over $1.1 billion. Again, our goal is to maximize profit dollars, not individual margins.

Here is a snapshot of our balance sheet. You can see it as of Q1 versus Q1 of '04. You can see that we have more cash. We continue to grow our inventories but still turning in the 12.5 to 13 turns per year over the past several quarters. And you can see our fixed assets also continue to grow. But modestly. And you -- which again I think shows that we -- our model is demonstrating its efficiency.

Return on invested capital's 41% year-over-year, up from 32. We measure our ROIC as free cash flow divided by total assets minus current liabilities. And the denominator is a 5 point average.

Our strategy. We always start with the customer and work backwards and we have three customer sets I'm going to talk about very briefly -- consumers, sellers. And developers. Here is our virtuous cycle. The way you look at this chart is we start with adding selection and making it more (inaudible) for customers.

We continue to work on customer experience. That drives traffic to not only to our Website but to those individual detail pages. As we get more traffic to our individual detail pages, that attracts third-party sellers and we continue to loop. That helps our overall cost structure as we get large in those individual categories which enables us to lower prices even further.

There are a number of different ways in which we leverage our platform. We -- as of Q1 Amazon is a seller. That is our inventory on our detail pages. We are the seller of the record with 68% of our units. We are also third-party sellers which made up about 32% of our total unit.

That's where we have third parties selling their inventory on our detail pages which we earn commission on. Amazon Enterprise Solutions -- that's where we use our technology to power third-party Websites and then Amazon Web Services we are using our technology and selling those services to developers.

We think about consumers, we focus on these three pillars as we call them -- price, selection. And convenience. And innovation is the foundation of everything that we do.

Our pricing strategy is to not discount a small number of products for a limited period of time but to offer low prices broadly across our entire product range. Again, our pricing strategy does not attempt to maximize margin percentages. But instead seeks to maximize value for customers.

Here's how we think -- one of the ways we think about selection. You can see the product category down the left hand side the page. You can see the individual countries on the top of the Websites that we have across the top. The dates are in the middle of -- the dates, the years that we launched those particular geographies.

So when you think about selection, we are adding new categories as you can see from this chart. We have the opportunity to add even more categories. Many of the blank spaces are on this page. There'll be categories that we launch that are not on this page. And even categories that we have been in the longest, we are continuing to add selection.

So those categories that we've been in since inception, we are still adding selection today which again selection in our mind is great for customers and also a growth driver. Here's an example of selection. This happens to be a separately branded Website for shoes called Endless. It has unique customer proposition. It was designed specifically for shoes. Again we have express shipping for free on Endless overnight. It also has a different look and feel than Amazon.com.

Another way we add convenience is through Prime. We have this offer -- Prime Service -- in a number of geographies today. Again in the US it's $79 express two days on shipping.

Here is what it looks like by geography. We have free shipping in all the geographies that we are in and you can see the prime membership offering that we have in the several geographies that we have it today as well as the offering itself.

Innovation. There's a number of different ways that we innovate, on behalf of customers. This happens to be just an example of Kindle. You can see that we are selling both our Kindle version and our Kindle DS.

MP3. Again, another way that we are innovating on behalf of customers. This is our MP3 store and we continue to add selection on behalf of customers.

Selling. I talked briefly about selling on Amazon. And this is just a snapshot of a detail page. It happens to be a particular seller selling this gym application. If you look closely you can see that it's eligible for Prime. The reason is, it's eligible for Prime, that this happens to be fulfilled by Amazon seller and when you become a fulfilled by Amazon seller, we allow those products to be sold in Amazon Prime as well as free -- other free shipping offers like super saver shipping.

In terms of sellers, we have more than 1.6 million sellers. We can see that is up year-over-year from 1.3 million. Again I talked briefly about performance by Amazon. We have this available in the US, UK, Germany and Japan and in beta in France.

Some of the benefits -- I talked briefly already but, again, orders placed on Amazon.com that qualify for super saver shipping and in some Prime, the sellers get to use our fulfillment network and you can see some of the other benefits that we have. Again, Q1 of '09 -- and we shipped on the behalf of sellers using FP -- increased over 300% year-over-year.

Amazon Enterprise Solutions. This is where we power third-party Websites. This just happens to be a snapshot of a few examples of that and so we provide that service to sellers.

Web Services. Our strategy for Web Services is to help developers take their idea and get to a successful product as quick as they can without having to do the undifferentiated heavy lifting. And so, we have a number of different services. It is something that we've been doing for a number of years for our own Websites around the world. And to our offering those services now to others.

Here's just a number of the different services. I will go through the details. They are also available on our Website and you can look at those and see the individual offerings.

In summary, the online model advantage we face many challenges, many opportunities. But we are relentlessly focused on customer experience, consumers, sellers and developers. We leverage our platform wherever we can. We think we are well-positioned for growth. We are focused on optimizing long-term free cash flow and innovation at the foundation of everything that we do.

So with that we will open it up for questions.

Questions And Answers

Q - Unidentified Participant

Thanks, Tom, for the presentation. Maybe I'll just kick off Q&A and start with a question about free cash flow since that's one of your -- the Company's primary metrics.

You talked about the benefit you guys get from the operating cycle. So your change in working capital is typically a contributor to your free cash flow. But as you expand into other different lines of businesses, Kindle, Amazon, Web Services, how should we think about -- how would that potentially affect the working capital dynamics?

A - Tom Szkutak {BIO 5025269 <GO>}

Right. We have a -- we do have a very good operating cycle. We continue to expand it to new geographies, new categories and new lines of business and all of those categories and new initiatives, they all impact our work capital a little bit different.

But the way you should think about it long-term is we feel still very good about having -- getting very good leverage in our working capital across the business. We don't break out those individual categories or individual businesses. But we feel very good about the leverage that we have and that we will be able to get leverage going forward as well.

Q - Unidentified Participant

So as you expanded into all these other new initiatives, we shouldn't expect a huge change per se?

A - Tom Szkutak {BIO 5025269 <GO>}

No. Again we are not forecasting what that would be. But we still feel very good about the leverage that we will get going forward.

Q - Unidentified Participant

Great. And was just curious in terms of you talked a bit about the third-party seller effort which is really taking off for you guys. Over a third of your units sold now. As you -- how does the Company think about expanding into new categories. In terms of doing it yourself versus leveraging a third-party strategy. My guess is that third party is probably higher ROI. But smaller dollars to the bottom line.

So can you just walk us through how you got (multiple speakers)?

A - Tom Szkutak {BIO 5025269 <GO>}

Sure. You are right. Our third-party business is as I mentioned in some of the opening remarks is about as of Q1 is about 32% of our unit. Just about a third. And the way we think about categories is very few categories that don't have a combination of both retail offerings and third-party offerings. And we like that. We like the combination of the two.

And so as we launch new categories, we are actually launching with the concept of having both retail offerings and third-party offerings. And so the reason is, we think that they complement each other really well. With third-party sellers we are able to add unique selection that maybe we can't get either initially or long-term. So it is great for customers.

And we're always thinking about how we make sure that we get the best selection in front of customers. And we find that the combination of both retail and third parties is the way to do it. We also like both types of parts of that business both retail offerings and sellers from a free cash flow and long-term return standpoint.

And so we get this question a lot, which one do you like better? We like both. We have teams that are across the world that are trying to make sure that we take care of both of those customer sets being our end consumer as well as the customer set that we call sellers. And we work very hard to make sure from a solid perspective we take the same discipline we use on the consumer side, apply it to sellers.

How are we going to make sure that experience is as good as it could possibly can be for those sellers selling on our platform so they get the information they need to run their businesses? They could -- and what they want at sales and so we are trying to make sure that we get traffic to those detail pages so that they can sell their product.

And so there's a number of different things that we have worked on and will continue to work on to make that experience better. One example being Fulfilled by Amazon which I talked about.

Q - Unidentified Participant

And you run into situations where there's a sense that there's always a natural tension in a way with your owned and operated retail business versus third-party strategy. How do you balance that, I guess? To make sure that there's (multiple speakers).

A - Tom Szkutak {BIO 5025269 <GO>}

Yes. We really don't look at it as a conflict. Our view is that if you start with the customer and you do what's right for the customer, it's consistent. And also if you think about it, transparency has improved pretty dramatically over the past several years and I think it will continue to improve even more over the coming years.

So having third-party selling our detail pages is great for customers so they can see, obviously, what we are committed to having great prices. They can also see that firsthand by having competitive product, competitive offerings right on our detailed pages. They don't need to go anywhere. They can see that.

And they know that we are committed to offering great value. So the combination of those things is just, we think is working for us. We don't view them in conflict. We view it as great for customers and we think that is proving to be good for shareholders as well.

Q - Unidentified Participant

And maybe last question on the core e-commerce business. You mentioned analysts. Is this -- should we read this as a maybe a change inside your new strategy to maybe move into using other brands for different product categories where you may get (multiple speakers).

A - Tom Szkutak {BIO 5025269 <GO>}

We tried the new things and this happens to be one that we've tried and it's going very well. We like what we see there and we just thought that shoes, in particular, some dynamics needed a different experience. In other words something that's designed specifically for the serious shoe shopper and so that we have some of the things that we have having express shipping overnight. Free shipping we think is good for customers and as one example. And so we just thought that that was a good way to go and we like what we see so for. But it's again very early in that category.

Q - Unidentified Participant

Great. Maybe let's shift gears a little bit and talk about Kindle which is something -- I guess, a ton of press and we certainly get a lot of questions about it today. It's a -- I think it would be helpful, if maybe you just talked about the Company's view of the business model for the Kindle. Should we think about it as a razor, razor blade type of business model? Or looking at (inaudible) you make money on both the hardware and the software. But maybe you can talk about that a little bit?

A - Tom Szkutak {BIO 5025269 <GO>}

Yes. We think that we can make good returns over time in the device and the content and the Kindle is certainly a purpose device. It's built specifically for long-form reading. And again, we're very excited about what we've seen so far and there's certainly a lot of it. And we've been working on it for a number of years now and we will continue to work on that experience to get it better. And so you have seen a lot of innovation to date and you'll see even more going forward.

And so we are excited about what we have seen so far.

Q - Unidentified Participant

Kindle's attacking both the textbook market as well as the consumer books market. The -- which -- where do -- is there -- is that -- are those two markets an equal priority for you guys with respect to the Kindle? Or do you --?

A - Tom Szkutak {BIO 5025269 <GO>}

Sure. From a Kindle perspective all -- you know, we are focused on all book readers. We want to make sure that that experience is great for all book and newspapers and blogs and magazines. And so we will continue to work on that experience. We think the experience is good so far. We are going to try to keep making that better, again, for all those mediums.

Q - Unidentified Participant

You talked about your media business being a relatively large chunk of the revenues and within that you have books, DVDs. And music. And as these three media types transition to digital, Kindle is clearly your answer for books.

You talked a little bit about your music initiative and then you also have Amazon video on demand. So could you just talk a little bit about what the other -- the strategies are, specifically, for music and for DVDs as those media types make that transition to digital?

A - Tom Szkutak {BIO 5025269 <GO>}

Sure. In terms of music, we think that offering a great collection in music and have that available and make it as convenient as possible for customers. Making sure that the retail basics like our other categories in terms of pricing is very, very good.

And so those are the fundamental things that we're working on. We offer it in an MP3-free format in a number of geographies. We launched France this morning. And so, again, we continue to make -- we are going to continue to innovate on behalf of customers in the music space and make those offerings get better and better over time.

In terms of video, we do have video on demand service. We have over 40,000 titles today. We've done a number of things to make it more convenient for customers in terms of use on their preferred hardware choice. And we are going to continue to work on adding selection, make sure we have great prices for customers. Making sure that we have different options to view our products, whether that be a purchase or other way.

And so again those are things that we're working on and we are going to continue to innovate on behalf of the customers in that space.

Q - Unidentified Participant

Just a follow-up question on those two topics. For music, what would be the incentive for a consumer to buy the MP3 on Amazon as opposed to going to iTunes and then (inaudible) me for video -- what's the differentiator for Amazon video on demand versus some of the other offerings in the marketplace?

A - Tom Szkutak {BIO 5025269 <GO>}

Sure. I think I'm not talking about any specific company. But just versus others. Again we want to have that selection in both. So we want customers to know when they come to Amazon that they can find exactly what they are looking for. We want to make sure that they find that selection whether it be either of those music or video that it's a great economic choice for them.

Then the last one becomes convenience. And we are going to continue to innovate and make it more convenient for customers. And so, an example would be on the digital tech side and with Kindle in that particular case, we decided that we thought a special-purpose device was warranted. And we innovated, on behalf of customers so that they can get selection.

We have selection on over 300,000 titles they can get directly into their device today in less than 60 seconds. Our long-term vision is to get every book ever printed in any language available on Kindle in less than 60 seconds. So it gives you a view of again it's a long-term goal. But it's (multiple speakers).

Yes. It is a big goal. It's a long-term goal. But again we have teams of people that are very focused on improving that experience. And we apply that same rigor as you have probably seen in other categories and in terms of that selection trying to make it more convenient for customers and we will apply that same -- and are applying that same discipline to music and video-on-demand.

Q - Unidentified Participant

Then since you brought back up the topic of Kindle. I noticed that you have an app for the iPhone for the Kindle which is most of -- mostly more of a reader than anything else. But should we read into that as Amazon being platform-agnostic in a certain way? Or am I reading too much into that?

A - Tom Szkutak {BIO 5025269 <GO>}

Well we are very happy with the application and you should expect to see a similar application on other devices moving forward. But the way you should think about it is it works very well with the Kindle. It's another word that we have something called Whisper Sync so if you are using your Kindle and you get your iPhone, it picks up right where you left off. Same when you stop reading on your iPhone and go back to your Kindle, it will pick up where you left off. So we think that technology is good.

But again the Kindle is made for, again, purpose device for long-term, long-form reading for people who like to read. Who are serious readers. And I guess the best analogy I would give would be very similar to a camera.

On phones you'll see cameras; and for some people, that camera, that application if you will of a camera on a cell phone is good. And it's fine for what they do. They might take a small amount of pictures and that's suitable for them.

For others they need -- they want also a camera. If they are more serious then they take more cameras. I would say the same thing is true for Kindle. If you are a serious reader you want -- there's a lot of device -- just having a dedicated device is purposely designed for the reader.

Q - Unidentified Participant

Okay. Maybe the last question for me before I open it up to the audience. I just went back to the financials. In terms of CapEx, most companies have to go through periods of investing versus harvesting. If we look at Amazon's CapEx to revenue ratio, that's actually been flattish or declining over the last couple of years.

How should we think about capital spending going forward for you guys? Is that right to think as of Amazon as going through periods of investment versus reinvestment or is it a different dynamic?

A - Tom Szkutak {BIO 5025269 <GO>}

We haven't given guidance beyond the current quarter. So I can't talk too much about what will happen in the future. But the way we are thinking about, I'll call it our technology spending, is we continue as you've seen over the past couple of quarters, we continue to invest in our business. We are looking certainly long-term to make sure that we get great returns for shareholders over the long-term.

We are also very mindful of the environment we're in. We are being very selective in what we invest in and that's how we are thinking about it. So you can see that we are still investing in the business. We think appropriately so and there's not much more I can add to that.

Q - Unidentified Participant

Super. With that, let me up questions to the audience. A question in the back there.

So I've heard some rumors about Wal-Mart entering the third-party marketplace, essentially with a similar model. Just wondering if you'd do anything about that or would you comment on thoughts there?

A - Tom Szkutak {BIO 5025269 <GO>}

Yes and I apologize. We have a long-standing practice of not talking about what others are doing or might do. So I can't comment on that. But again from a seller standpoint, we are focused on doing what is right for sellers. We work very hard to improve our experience there and we are going to continue to stay heads down focused on improving that experience even further.

Q - Unidentified Participant

Just a quick question on the Kindle. In light of the consumer environment, the questions with the rush to the Kindle, how does it save the consumer money to buy the device and then buy the books? I mean is there a break even where you buy a certain number of books where it ends up saving you money? How do we think through that?

A - Tom Szkutak {BIO 5025269 <GO>}

I think the Kindle is certainly something that's very convenient for customers. And I think each individual consumer would have to do their own map in terms of what types of books they buy and -- that is very convenient on the Kindle 2. You can hold up to 1500 books, for example on the Kindle DS, which we announced a few weeks back. You can hold up to 3500 books.

So it's very convenient. Pricing is very very competitive. Most best sellers are $9.99 or less. So if you look at from a pricing standpoint, it's certainly very, very price-competitive offerings for that content once you've purchased the device.

Q - Unidentified Participant

Yes at some point you buy enough books and save enough money there to the reader pays for itself right at some point in time.

(Rich Valera) in the back.

Q - Rich Valera {BIO 1922955 <GO>}

Following up on the last question, not to gang up on Kindles. But two interrelated questions. One, why shouldn't the e-version of the book be sold at a premium and a substantial one, given that it is a more convenient format?

Secondarily from the publisher's point of view, they still have to ship the same number of books into the channel for the next four or five years. So actually you've made their problem a little worse, which is they still have to pay for costs there. They are not going away. They make go away long-term but not in the short-term.

And now they actually have higher returns because some people are buying it in an e-format. So how do you --?

A - Tom Szkutak {BIO 5025269 <GO>}

So could you repeat the last part. I didn't hear the last.

Q - Rich Valera {BIO 1922955 <GO>}

Well they are still shipping on a given title. Say, a normal freight hardbound book. 100,000 units or 130,000 units into the physical channel. Historically they get 20% back. Now those return reserves are actually going up.

So they are still bearing the paper costs. But they are actually having a higher return reserve. Their printing costs as a percentage of revenue are actually going up.

So how do you address that problem in the short-term and the issue that if the book is more valuable in this format, it probably ought to be priced to premium anyway?

A - Tom Szkutak {BIO 5025269 <GO>}

Let me take that in two parts. The first one is around pricing. We just think that we are trying to make sure that it's very attractive for customers to buy digital books. And we think we're trying to make it -- these books available so that customers actually even buy more over time in terms of collection.

This, certainly, if you buy a physical book you have the ability to resell that. For example if you buy a physical book you can buy that new and resell that used on Amazon. Or you can buy it used and resell it used. You can't do that with digital text.

So all those factors we took into account when setting the pricing for digital books.

We also though, from a publisher standpoint, we actually think about what a publisher has to do. They have to estimate what the production run is going to be. They have to estimate a number of different factors -- if a run has been completed and sold out and customers want that book, there's still demand for it, they have to make a judgment call about are they going to do another run. How big the run is going to be.

With Kindle and with digital text, you never run out of stock. You can -- you don't have all the associated paper costs that you are describing. So I think there are a lot of advantages for the system and ultimately for customers over the long-term. And so again we are very excited the impact it would have for customers as well as authors and publishers over time.

Q - Unidentified Participant

Question. Two more questions. I think -- Tom is the one up front.

Recently you've been able to put up a very impressive revenue growth of about 25% in the worst consumer economy in 30-some years. So it begs the question what happens if you go back to a robust consumer economy next year and your revenue growth is 50% and that would be something like $11 billion of incremental revenue.

Can you scale, can you reach -- can you satisfy that level of demand?

A - Tom Szkutak {BIO 5025269 <GO>}

Again we're not -- I can't comment on what we will do next year in terms of revenue. In fact, one of the reasons why we're giving only quarterly guidance is because it is very challenging in this environment to predict what will happen.

But in terms of scaling as we grow, we've got a great team that around the world that works on exactly that problem and that challenge. And they have been working on it for a number of years. And we -- it's filled from a fulfillment capacity standpoint. It is also from an infrastructure standpoint to run our various Websites.

And the teams do a great job of planning and in our case when you talk about scaling like that, we are most concerned -- we are certainly concerned with all periods of the year. But there's special emphasis on peak. Which in our case the peak of our retail business is in December during the holiday season. So we have teams of people that are working on how we are going to make sure that we can fulfill that demand not only for this quarter. But for -- excuse me, for this year during peak. But also subsequent periods. And they just do a great job.

Again that is both on the Fulfillment site and the infrastructure side. The infrastructure peak for our retail business obviously is as we get all of that traffic to our Website during that same period, it is within a few days of our Fulfillment peak.

So again we feel very good about our potential for scale as we get growth and we have just a great global team, several global teams that work on those two things.

Q - Unidentified Participant

My question is on the Checkout by Amazon. How do you -- what do you do -- how does it compare to let's say what PayPal does? And long-term what do you see yourselves in the space doing in the long-term?

A - Tom Szkutak {BIO 5025269 <GO>}

Sure. We have a number of a few different payment services. And I think probably the best thing to do, they are really offered for the developers. And so, the best thing to do would be -- I will describe them briefly. But to go actually to our Website and look at them and we have it in a great amount of detail.

But it is a way to offer our payment services to third parties for developers. So it would be very similar to other Web services that we provide and again it is a way that third-party developers can use those services. So that, for example if a developer will work to take it and use it on a particular Website that you wouldn't have to enter into all the credentials that are secure within the Amazon environment, we would allow that service to be used so that if you knew that you were as a customer the way you would see this is that you would know you were using the Amazon payment services. And so that you could essentially check out using your Amazon credentials in a very secure environment. And know that insecure and so that's the theory behind it.

But again for the individual details, I think it is a great question. You should go right to our Website for -- under Amazon Payments and you'll see the details specifically of those services.

Q - Unidentified Participant

Thank you.

Any other questions? I think we -- I don't see any more. But maybe I'll just take the opportunity to ask one more myself and then we will let you off the hook, Tom. So just going back to Kindle real quick. How do you guys view the argument that ultimately e-books should really be based on kind of an open format, open standards versus closed systems?

You know how do you see -- what are the benefits of, I guess, doing it the Amazon way versus being based on open standards?

A - Tom Szkutak {BIO 5025269 <GO>}

The way we are thinking about it is we are actually letting the content owners, publishers. And content owners decide what the format is. And long-term, they are the ones who will decide what that format is. And we are building an environment that will be accepting of either a protected or unprotected formats.

Operator

Great. Thank you very much for your time. We appreciate it.

A - Tom Szkutak {BIO 5025269 <GO>}

Thank you.