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GSI Commerce Q1 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Ladies and Gentleman, if you wish to ask a question, please key star followed by 1 on your touchtone telephone. If your question has been answered or you wish to withdraw your question, please key star followed by 2. Please press Star 1 to begin and please standby for your first question.

And your first question comes from the line of Anthony Noto with Goldman Sachs. Please proceed.

Anthony Noto - Goldman Sachs

Thank you very much. My first question is 69% NMS growth? I was wondering if you could give us a sense of what the unit growth was in the first quarter and how on the year over year basis and how that may have compared with unit growth in the fourth quarter of 2006?

And second question, given the investment that you're making internationally, based on your 2007 guidance, how much are you losing in the international market if any at all?

Thank you.

Michael R. Conn

I think on the unit growth question, we haven't seen huge variability in our average order value, since we started it's been pretty close to 100 as the mix change has come down a little bit, but in general, our (inaudible) growth is pretty similar to our overall merchandise sales growth so there's not much of a use difference.

If you look at the sequential trend first quarter, you know 69% up is significant growth. It was up more in the fourth quarter. Some of that really just relates to the timing of when we count certain partners so there were more non-count partners in the fourth quarter than in the first quarter. So I would say, from an underlying business momentum perspective, business really felt as it was a continuation of the strength that we saw in the first quarter.

From an international perspective in terms of the P&L impact, I think you recall, we made an acquisition that we closed at the beginning of last year that really got us our foothold in the European market with a company that's based in Spain, which is really not a foothold for our operations in Europe. And that company has customers that are up on its platform who were starting to spend on top of that, but the incremental spending the overall loss as a result that we're generating in 2007 from international is not anything that I would characterize as material.

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