Operator: Greetings and welcome to the Harris Corporation’s Third Quarter Fiscal Year 2019 Earnings Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press Star 0 on your telephone keypad.

As a reminder, this conference is being recorded. It is now my pleasure to introduce you to your host, Anurag Maheshwari, Vice President of Investor Relations. Thank you. You may begin.

Anurag Maheshwari: Thank you, Michelle. Good morning, everyone, and welcome to our Third Quarter Fiscal 2019 Earnings Call. On the call with me today is Bill Brown, Chairman and Chief Executive Officer, and Rahul Gai, Senior Vice President and Chief Financial Officer.
First, a few words on forward-looking statements. Discussions today will include forward-looking statements and non-GAAP financial measures. These statements involve assumptions, risks, and uncertainties that could cause actual results to differ materially from those statements. For more information, please see the press release, the presentation, and Harris SEC filings.

A reconciliation of non-GAAP financial measures to comparable GAAP measures is included in the quarterly materials on the Investor Relations section of our website, which is www.harris.com, where a replay of this call also will be available.

With that, Bill, I will turn it over to you.

Bill Brown: Okay, well thank you, Anurag, and good morning, everyone. Earlier today, we reported strong third quarter results with non-GAAP earnings per share, up 30 percent to $2.11 on revenue growth of 11 percent, the highest topline growth we’ve seen in eight years.

Overall, company margin expanded 80 basis points to 19.7 percent and free cash flow improved by over $250 million compared to the third quarter of last year. These results extend our exceptional year to date performance with non-GAAP earnings per share over the first three
quarters of 26 percent on 10 percent revenue growth and free cash flow up 75 percent to $788 million.

The highlight again this quarter was our accelerating topline growth, a double-digit increase after three quarters of high single digit increases, with strong growth in all three segments, we continued solid operating performance. Order momentum remains strong with a book to bill of 1.03 for the quarter and 1.1 for the first three quarters, with total company funded backlog up 15 percent over the last year. These results demonstrate a relentless focus on day to day execution by our team in the midst of integration planning, and I want to especially recognize and applaud their efforts.

With the approval from both L3 and Harris shareholders and Harris signing a definitive agreement divest our night vision business, we remain on track to close the merger at mid-calendar 2019. Let me start by first providing some details on the quarter performance before closing our prepared remarks with some additional color on the merger.

So, turning to Slide 4 in the webcast, communication systems revenue grew double digits for the fourth consecutive quarter, up 19 percent, driven by solid growth in DoD tactical communications and public safety. DoD tactical delivered another strong quarter, with revenue up 55 percent, driven by more than $100 million of modernization revenue from the Army,
Marine Corps, and SOCOM. This ramp in modernization, combined with strong readiness demand in the first quarter, has driven year to date DoD tactical revenue growth of 28 percent. With 100 percent of Q4 revenue in backlog, we now expect DoD revenue to be up mid-20 percent versus the prior expectation of low-20 percent growth at mid-teens when we started the year.

International tactical is flat for the quarter as the ramp of Australia modernization program, early adoption of multi-channel products in Canada, and ongoing counter terrorism support in the Middle East, were offset by a tough compare in Eastern Europe. With tactical--international tactical revenue up 4 percent for the first three quarters, 70 percent of Q4 revenue in backlog and increasing demand for multi-channel products, we’re confident that international will grow low to mid-single digits in fiscal ’19.

And, we continue to execute well on our tactical radio strategy, win all DoD ground radio modernization programs, leverage platform investments to maintain international leadership, and expand our addressable market into network systems and airborne. On DoD ground radios, we’re at the front end of the Army modernization ramp, and with SOCOM and Marine Corps following close behind, we’re expecting strong multi-year growth, well supported by the President’s recent budget request.
In [unintelligible] 20, the total tactical radio budget across the services grows to over $1 billion, with the Army HMS request at $504 million, or about two-thirds higher than GFY ‘19. [sp] We’re expecting another LRIP on both the HMS Manpack and two channel radio this summer, reflecting the Army’s commitment to ramp from low rate to full rate production after the operational test in 2020.

For the SOCOM two channel handheld program, we have completed the operational user acceptance test and received a $39 million production order in the quarter, as we progress toward full rate production. And, finally from the Marine Corps, we received an initial order for HF and multi-channel Manpack radios, solidifying our incumbent position as they begin their modernization effort. All of these programs are well-supported in the [unintelligible], with a tactical budget request once again growing by more than $1 billion to $7.3 billion over the next five years.

The successful launch of our multi-channel products in recent U.S. DoD wins have driven faster international adoption than we expected. In the quarter, we received an order from the Canadian Armed Forces as part of their multi-year modernization program, and were selected by the Special Forces of two other NATO countries to supply two channel radios as a standardized on Harris in support of NATO and U.S. coalition interoperability. And, we continue to have a strong pipeline of opportunities across Europe, Asia Pacific, and the Middle East,
looking to refresh their large Harris install base of about 1350,000 radios with next generation products.

And, for the third prong of our strategy, to expand into broader network systems, we recorded a win in New Zealand, leveraging a radio incumbency position, and were selected as the prime systems integrator to modernize and upgrade their command and control network. This win builds on prior successes in Australia, UA, and other Middle Eastern and Asia Pacific countries, as we open our aperture and provide more complete mission solutions.

And, then finally in March, we received our first international order for airborne radios on the Apache platform for a Middle East customer, opening a new market opportunity for us. This strategic win will help us expand in other air platforms in the region and increase our share of wallet with international customers as we grow our addressable market from ground to airborne radios.

Overall for the first three quarters, tactical revenue grew 14 percent with a book to bill of 1.1, resulting in a 21 percent year over year backlog increase to over $1 billion. With strong growth in DoD tactical and another quarter of double-digit growth in public safety, we’re raising communication systems revenue guidance to be up about 12 percent for the year versus prior guidance of up 10 to 11 percent.
In electronic systems, revenue increased 7 percent from continued strong growth in avionics and electronic warfare, as they continue to execute well in long term platforms, the F35, the FA18, and the F16. Order momentum remains strong as well with ES, recording the seventh consecutive quarter with a book to bill greater than 1.

In electronic warfare, we received a $212 million contract, upgraded electronic countermeasure capabilities for U.S. Navy and Kuwaiti FA teams. This is our largest order to date on the FA18 platform, solidifying a 20 plus year relationship and bringing total contract value to $2 billion.

In avionics, we were awarded a $129 million contract for the development phase of the open systems integrated core processor on the F35. This strategic win, combined with previous awards to provide the aircraft memory system and the panoramic cockpit display, make us an integral part of the Tech Refresh 3 program and position us well for future opportunities on the F35 platform.

We’ve also leveraged our open architecture technology and were selected to provide the processor for the newly redesigned trainer and MC25 platforms. We believe these wins provide us with a head start at open systems design and a foundation to build upon as additional platforms move towards a non-proprietary solution.
In the C4I business in the UAE, following the successful completion of the initial operating capability phase of the ELTS program, we were awarded a contract to provide tech support and training to the Armed Forces. This is an important milestone in this $1 billion plus opportunity, which includes full operational capability across five Army brigades, tactical radios, and networking systems for other military services.

Year to date, electronic systems revenue was up 7 percent and book to bill was 1.2. With strong backlog and progress made in compressing the cycle time in our factory and our supply chain to accelerate the delivery of capability to our customers, we are increasing electronic systems revenue guidance to about 8.5 percent versus prior guidance of 7 to 8 percent.

Finally, in space and intelligence systems, revenue was up 7 percent as mid-teens growth in the classified business from the ramp of small sats exquisite systems and next generation technology more than offset the headwinds on environmental programs. Order strength was broad based across classified, environmental, and other civil programs resulting in a segment book to bill of greater than 1.
In classified, we received more than $400 million in orders, once again up double-digits as we leverage investments and innovation and strong customer relationships to strengthen our incumbency and increase our share of wallet with existing customers.

In civil, we strengthen our position as a trust admissions partner on longstanding environmental programs and on GPS. In environmental, we received a $293 million three-year contract extension for NOAA’s GOES-R ground system program, increasing the total contract value to $1.7 billion. This brings book to bill on environmental programs to $1.4 for the first three quarters and reinforces our confidence that the environmental business will return to growth next year. On the GPS program, our investment in a 100 percent digital mission data unit has extended our 40 year partner of choice position and resulted in a $243 million reward for the first two of 22 space vehicles under the sole source, GPS III follow-on contract.

For space and intel, year to date performance was strong with revenue up 7 percent, and with nearly all of Q4 revenue in backlog and high confidence follow-on opportunities, we now expect revenue growth of about 7 percent for the segment at the high end of our previous guidance range of about 6 to 7 percent. With our strong year to date performance, improving business outlook and growing backlog, we are once again increasing guidance across all metrics, with company revenue now expected to be up about 9 percent versus previous guidance of about 8 to 8.5 percent, earnings per share of $8.15 and free cash flow of approximately $1.025 billion.
So now, let me turn over to Rahul to cover financial results in more detail before I close with a few comments on the merger. Rahul?

Rahul Ghai: Thank you, Bill. Good morning, everyone. Discussions today are on a non-GAAP basis excluding L3 deal and integration costs and one-time adjustments in the prior year.

Turning now to the total company result on Slide 5, revenue was up 11 percent in the third quarter and earnings before interest and taxes increased 15 percent on high volume and operational efficiencies, resulting in margin expansion of 80 basis points to 19.7 percent. EPS grew double-digits for the sixth consecutive quarter to $2.11 and free cash flow increased 3X to $379 million as we reduced 12 days of working capital driven by structural improvements resulted in a more linear cash slow through the year. We also repaid $300 million of debt in the quarter, completing the last branch of planned debt repayment, enabling us to return future cash flow to shareholders through dividends and share repurchases.

Year to date revenue was up 10 percent and earnings before interest and taxes increased 15 percent with margin expansion of 90 basis points to 19.6 percent. Free cash flow was robust in the first three quarters at $788 million, a 75 percent increase over the prior year and was approximately $1.25 billion over the last 12 months.
Turning to the third quarter EPS spread on Slide 6, year over year, EPS grew by 30 percent, or 49 cents. Of this, 30 cents of growth came from high volume and solid program execution, which was partially offset by product and program mix. A lower tax rate, including benefit from tax reform, contributed 19 cents. Segment details on Slide 7.

Communication systems third quarter revenue was $568 million, up 19 percent versus the prior year. In addition to strong growth in tactical, revenue was up double-digits in public safety as the business continued to gain traction with federal and state agencies. Operating income for the segment was up 19 percent with strong margin at 30.3 percent from volume and operational efficiencies, partially offset by product and program mix.

Year to date segment revenue was up 15 percent, with strong growth across all three businesses and operating income increased 17 percent. Operating margin was up 80 basis points to 30.1 percent and year to date book to bill was 1.1. Historical information for tactical orders, revenue, and backlog is included as supplemental information at the end of this presentation.

Electronic systems on Slide 8. Revenue was up 7 percent, driven by growth in avionics and electronic warfare, partially offset by transition on the ELTS program from initial to full
operational capability. Segment operating income increased 14 percent to $123 million and margin expanded 120 basis points to 19 percent, from increased volume and strong operational performance. In addition to strength on long term platforms, F35, F18, and F16, double-digit growth in [unintelligible] release systems led to year to date segment revenue growth of 7 percent and operating income increased 13 percent. Operating margin was up 90 basis points to 19.1 percent and year to date book to bill was 1.2.

In space intelligence systems on Slide 9, third quarter revenue was $514 million, up 7 percent, and operating income grew 5 percent to $87 million, from high volume and strong program execution, partially offset by higher investment in R&D and selling expenses. Year to date segment revenue increased 7 percent with continued growth in classified programs, partially offset by a decline in environmental revenue. Operating income increased 6 percent and operating margins remained strong at 17.5 percent. Year to date book to bill was 1.1.

Moving to Slides 10 and 11 for full year guidance, as Bill mentioned, given our strong year to date performance, we now expect revenue to be up approximately 9 percent versus the prior guidance of up 8 to 8.5 percent, reflecting strength in all three segments. We are increasing EPS guidance to approximately $8.15, or about 20 cents from the midpoint of prior guidance of $7.90 to $8. High volume is expected to contribute 11 cents of this increase, with lower tax rate contributing the remaining 9 cents.
EPS now is expected to be up approximately 28 percent for the year with about 60 percent of the growth coming from operations and a balance 40 percent from lower share count and the benefit of a lower tax rate. We are also increasing free cash flow guidance to approximately $1.025 billion versus the prior guidance range of $1 billion to $1.025 billion, driven by higher earnings.

In fiscal ’17 and ’18, over 50 percent of free cash was generated in the fourth quarter and as I mentioned earlier, we have made structural working capital improvements to smoothen cash generation through the year, resulting in about 25 percent of the expected fiscal ’19 free cash guidance to be generated in the fourth quarter. We expect to end fiscal ’19 with working capital of 43 days, a 2 day improvement over fiscal ’18 and a 35 day improvement since the Exelis acquisition. Tax rate guidance is now approximately 15.5 percent versus approximately 16.5 percent previously. About half of the 1 point reduction was due to lower international tax primarily from increased FDII benefits and the other half from additional tax [unintelligible].

Switching to segment outlook. In communication systems, we now expect revenue to be up approximately 12 percent versus up 10 to 11 percent previously, driven by strength in DoD tactical and public safety. In electronic systems, we now expect revenue to be up approximately
8.5 percent versus up 7 to 8 percent previously, driven by strong growth on long term platforms.

In space intelligence, we now expect revenue to be up approximately 7 percent, at the high end of the previous guidance range of up 6 to 7 percent from continued momentum in the classified business. Margins for all three segments are expected to be at the midpoint of the previous guidance ranges, approximately 30 percent in communication systems, 19 percent electronic systems, and 17.5 percent in space intelligence.

And, with that, I would like to turn it back to Bill for his closing remarks.

Bill Brown: Okay, well thanks Rahul. We’re now in the home stretch of fiscal ‘19 and performing very well and better than our S4 projections across all metrics, revenue, margin, and cash flow, and we’re on track for a record year. The President’s budget request for GFY ’20 and beyond is a real positive for Harris and the programs that we support, especially in strategic growth areas where we invested in R&D over the past several years and have strong customer positions.

In addition to tactical radio budgets, long term platforms like the FA18 and the F35 are well supported in classified space and other IC budgets continue to trend up. And, [unintelligible]
continuing to lag budget appropriations by more than a $100 billion in investment accounts, we expect growth momentum to continue in the medium term.

Alongside our strong operating performance in execution, integration planning is progressing well. The team over the last six months has made significant progress in outlining an operational roadmap for the combined company to ensure a seamless transition on day one. They’re also developing detailed capture plans to achieve the $500 million of cost synergies and those still early have identified more than 100 ideas on potential revenue synergies.

Chris and I remain very closely connected with the integration team through our weekly meetings and we’re very pleased with the progress as is made to date. I’m also pleased with the outcome of the divestiture of night vision, which we proactively initiated to address potential regulatory concerns. You will recall this business was operating at breakeven with the climbing revenue when we acquired it with Exelis and through aggressive actions, we transformed it into a mid-teens margin business, growing at double digits, resulting in an $350 million sale price, well above the implied value when we bought Exelis.

This same relentless focus on operational excellence is clearly demonstrated in the track record of margin expansion at Harris and we expect to leverage and build on this opex [sp] muscle in the new L3 Harris to capture integration savings, improve underperforming businesses, and
drive long term productivity gains. Overall, I’m increasingly encouraged and confident that this transformative combination will create substantial long term value for our employees, our customers, and our shareholders.

And, with that, I’d like to ask the Operator to open the line for questions.

Operator: Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press Star 1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press Star 2 if you’d like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the Star keys. One moment, please, while we pull for questions.

Our first question comes from the line of Sheila Kiaglu [sp] with Jefferies. Please proceed with your question.

Sheila Kiaglu: Good morning and good results, guys. The first question I guess, more broadly speaking, revenue guidance moved up, but margin guidance was maintained. When we think about programs driving upside across the business, how does this convert to profit growth or operating leverage for standalone Harris?
Rahul Ghai: Hi, Sheila. So, as we look at margin expansion driven by the revenue growth, clearly we’ve said that before, that this year in communication systems is a transition year for us as we ramp three new products: the Army handout, the SOCOM handout, and the Army Manpack.

So, as we work up the production ramp and take out costs, which we have got a great track record previously—we took up 47 percent of cost, for example, in the 117G post introduction. We are confident that communication systems margins will continue to trend up.

The same thing with electronic systems. We’ve done well taking out costs this year. We guided to 18.5 percent at the beginning of the year. We increased it to 19 percent. We had a plus sign the guidance range. Eighty percent of the business is fixed price. So, we’ll continue to drive margins in electronic systems as well. But, the volume is a headwind, especially if the growth is coming from long term platforms. So, I think communication systems and electronic systems should drive margin expansion in the future years.

Bill Brown: And, just if I can add here, Sheila, we said this year we’d see some—a little bit of margin expansion in fiscal ’19, not because of segment margin expansion, but more because of the mix shifting to higher margin businesses, CS and ES, that would go faster. We need to see more of that this year on top of some margin expansion in ES. So, as we look into the back end
of the year, we can see ourselves touching 20 percent margin in the fourth quarter and we see some expansion in margins going into fiscal ’20 and beyond.

Sheila Kiaglu: Thank you for the color. And, then just on CS, strong support for the tactical business and the budget, how do we think about market share going forward, given upcoming orders for Army Manpack and handheld on a best value basis and for other implications for the overall tactical market?

Bill Brown: Well look, we’re very pleased with the trajectory of the budgets. They continue to increase. I’m very pleased to see the Army HMS budget growing to a little over $500 million in ’20 from about $300 million this past year, $7.3 billion over the next five years, which is stronger than we had expected and the President suggested even about a year ago.

Our market share has remained very, very robust. We’re on all the contract vehicles. We continue to compete well. We’re going to continue to win and gain share through the investments we make to continue to advance our radio, take cost out, add functionality, improve waveforms in the radios, and that’s how we expect to win and continue to have a large share of market in DoD and perhaps gain some share over time. So, the outlook is very, very strong in DoD radio, Sheila.
Sheila Kiaglu: Great, thank you.

Bill Brown: Sure.

Operator: Thank you. Our next question comes from the line of Robert Stallard with Vertical Research Partners. Please proceed with your question.

Robert Stallard: Thanks so much. Good morning.

Bill Brown: Good morning.

Robert Stallard: Bill, just a quick question on the merger situation here. When do you expect to announce the next layer of management for the combined company?

Bill Brown: Hey Rob, we’re going to--we’ll be fully prepared to announce the management structure several levels down plus our board as we get closer to the closing, so probably towards the end of June.

Robert Stallard: Okay, and then as a follow up, again on the merger situation, you highlighted the very strong cash flow performance on the working capital days that you’ve seen. Do you
see this achievement being applicable to the combined company? And, what sort of scale are
we now looking at there?

Bill Brown: Yeah, clearly, as Rahul pointed out in his prepared remarks, since--so we bought
Exelis, we brought down working capital base by 35 days. We’ll end the year at 43. Very, very
positive trajectory. I think, on a combined basis, assuming--if we combined the margin this past
month, I think the combined days was 70 days. So, we see a lot of opportunity between the two
companies.

We’re estimating six to seven days over the next several years at $35 million a day. But, clearly,
there’s some opportunity beyond that. Chris and the team are working hard on this. They’re
making good progress. We’re really getting into the details of where the working capital
happens to be, putting plans in place. So, Rob, if anything, I think Chris and I are more confident
today than we were three or six months ago that we’ve got good working capital improvements
ahead of us.

Robert Stallard: That’s very helpful. Thank you.

Bill Brown: You bet.
Operator: Thank you. Our next question comes from the line of Carter Copeland with Melius Research. Please proceed with your question.

Carter Copeland: Hey, good morning, gentlemen.

Bill Brown: Morning.

Carter Copeland: Just Bill, I wondered if you could maybe comment on, if you look at the book to bills, obviously the most recent ones are lower than what you saw in the preceding quarters. But, obviously the budget activity has been strong. Just, I wonder if you can give us some color on just the funnel of opportunities that you’re looking at behind the bookings we’ve seen lately and if there’s any material difference from what we’ve seen over the last 18 months or so, which has been very strong?

Bill Brown: Yeah, I mean, good question, Carter. No fundamental or material difference. Year to date book to bill is very strong at 1.1. We’ve had five consecutive quarters above 1. Backlog is, as we pointed out in our remarks, is up 15 percent year over year. It’s up over 20 percent in the tactical business. It’s up 25 percent over the last couple of years. So, the backlog is actually quite strong. We expect book to bill for the year to be more than 1.
So, I think that’s all good news. The pipeline for the Harris as a total company is at $32 billion across the three segments. It’s very resilient. The budgets, I think, are well supportive of growth into the future. We’ve raised our guidance now three times this year. We’ve had—we’re $120 million above the S4 in revenue. So, every indication as we continue to see good growth opportunities into the future.

Rahul Ghai: And Carter, if I may add, the 1.03 book to bill, as Bill mentioned in his prepared remarks, that’s the funded book to bill. If we include the unfunded portion of the awards we received in the quarter, we are at 1.3 book to bill for the quarter. And, the only other data point I would throw out there is that our backlog is up 15 percent year over year, as Bill mentioned, and 12 percent since we started the fiscal year. So, good growth in backlog.

Carter Copeland: That’s great. Thanks for that color. And, then just as a quick follow up, Bill, you mentioned it quickly, but the thought process around revenue synergies. I just wonder, as you get another quarter under your belt and we get close to closure, just if you could share your thoughts on the intersection of Harris’s capabilities and L3’s capabilities and how that’s evolving and what we should expect to see or places you’re excited about. Any color there would be helpful. Thanks.
Bill Brown: Yeah, and that’s a very good question. I mean, every day that Chris and I interact with the teams on—as they get together and share information and brainstorm both in the open area, as well as in the classified area, we’re getting more and more encouraged about the set of opportunities ahead of us. It’s still premature to calibrate that or quantify it or say how much time it’s going to take to achieve it.

Some will require some R&D investment to occur. We saw the same thing happen with Exelis. It was probably a couple years in it until we really started to see meaningful revenue synergies. But, we’re seeing it in a couple of different areas. We’ve got a great position now staked out in small sats. Both L3 and Harris have good expertise and optical and RF payloads, sat-com, mission knowledge, very strong L3 data link capabilities, [unintelligible] capabilities.

And, I think when you combine it, we think we’ll have much more holistic, much more competitive offering in small sats. And, I think that’s very encouraging. We’ve talked in the past about data links. L3 is very strong on the airborne side. We’re strong on the ground side. I think that’s going to be very interesting.

The other area that’s been, I think, of note recently is L3 has a very strong multi-function phase array capability. We’ve got strength in open system architecture back in EW processing. Good capability as well in phased array, but that multi-function that L3 brings and some of the open
architecture that we have is really game-changing in our view. And, it’s not just on current
platforms, but also new and evolving platforms.

So, those are some of the ideas and some of the things we’re thinking about. Obviously, the
small swap EW product that we’ve had on the market for a couple of years, it’s now started to
take hold. Lots of opportunities to embed that small swap EW into some of the unmanned
systems that L3 has and that they’re the system integrator on. So, there’s more than 100
different ideas. Those are the ones that come to top of mind. But, the energy, the excitement
when people talk about these is palpable and we’re very optimistic about this.

Carter Copeland: That’s great color. Thanks, Bill.

Bill Brown: Sure.

Operator: Our next question comes from the line of Gautam Khanna with Cowen and
Company. Please proceed with your question.

Gautam Khanna: Yes, thanks, and great results, guys.

Bill Brown: Thank you.
Gautam Khanna: A couple questions. First, Bill, I was hoping you could expand upon the airborne radio opportunity and maybe just more broadly speak about the foreign and domestic RF tactical pipelines and how they may have changed with the airborne kind of opportunity now.

Bill Brown: Well, the pipelines themselves are very strong. I mean, it’s been very resilient for International (edited after). It’s still around $2.6 billion. It’s kind of in line with where we were before in the last couple of quarters and it’s been very stable. On the DoD side, about $1.6 billion. Shifting more towards modernization, so now it’s almost a 50/50 split between base and modernization, but up year over year by about 13 percent. So, again, given the strong orders over the course of the last year, across tactical, the fact that the pipeline for that business remained as resilient as it is I think is very encouraging and I think a testament to what the team has been doing.

On the airborne radio side, I’m very optimistic about this. This kind of goes back three years or so. It’s been a lot of investment we’ve made. With Exelis, they had a position on airborne platforms and, but it was an older product offering. And, a lot of the new product offerings that we’re putting in place, the two channel offerings on the ground side have capability that can be embedded on the airborne side.
As you know, we’re also partnering with Viasat on the STT. We’ve seen some really good growth this year on airborne radios and the small tactical terminal. So, I mean, I’m very encouraged about this and the fact that we had a first opportunity here in a Middle Eastern country on a small number of Apaches where they have a very large fleet I think is a big win for us. It’s not big in dollars, but the opportunity set ahead of us is pretty substantial.

I think this will grow over time. I won’t be able to quantify it today, but I think it’ll grow over time. And, again, it’s along the path of growth beyond that simple ground business that we’ve been in that we’ve been pushing on for the last several years.

Gautam Khanna: And, my follow up would be just if you could talk a little bit about how you—you’ve mentioned how you’ve worked together with those three in advance of the merger closing. But, if you can just talk about what operationally maybe you guys have offered in terms of health to L3 to [unintelligible] a quarter ago that didn’t seem to recur in today’s results.

Have you guys been kind of working together operationally ahead of the deal so that there are no surprises once it actually starts to [inaudible]--
Bill Brown: --[Inaudible.] Yeah, thanks, Gautam, for the question. Look, our integration teams are really focused on the integration of value. So, we can combine our spend and leverage that and bring that down. We’ve done a number of should cost analyses. We’ve got a very good and robust listing of what we buy, who we buy it from, what price we pay. It’s done in a clean team, so we don’t have visibility to that, but the clean team is coming up with great ideas and actually devote--developing negotiating packages so that when we close, day one, we can start executing against that.

We see opportunities on the indirect side. Facilities, we’ve had our combined operations leadership teams going out and visiting many of our sites to understand what the combination of opportune--what the facility consolidation opportunities might be. I know Chris is very, very deep in what’s happening at the [unintelligible] business. I’m sure he’ll speak about that later on this morning. He’s put a lot of resources there, a lot of focused attention.

We’re aware of it. We see some metrics coming out of it. We’re providing guidance and assistance where we can. But, Chris is doing a great job in getting his arms around this and I think you’ll see stability and eventually some improvement here. So, I think together as a combined company, the operational muscle that we both will bring, and I think what we’ve honed here at Harris over a number of years, I think we’ll continue to see this L3 Harris business
perform like I think we have done at Harris over the last five or six years. So, I’m very optimistic about that, Gautam.

Gautam Khanna: Thank you, appreciate it.

Bill Brown: Sure.

Operator: Thank you. Our next question comes from the line of Robert Spingarn of Credit Suisse. Please proceed with your question.

Robert Spingarn: Hey, good morning.

Bill Brown: [Inaudible]

Robert Spingarn: So, I have a question, Bill, for you on growth that speaks a little bit to what we’ve already talked about and then I have one for Rahul on cash. But, Bill, you’re now targeting 9 percent growth for this year. L3 is at 6 percent. You both had among the best numbers growth wise this quarter, and you talked about the budget supporting further growth in the medium term. But, would you say that the new L3 Harris can be the sector topline
growth leader well into the future or is this a peak-ish kind of year, just given those strong budgets over the past couple of years?

Bill Brown: Look, I don’t see that fiscal ’19 is a peak-ish kind of year. Again, it’s a little soon to comment on the growth potential of the combined companies. As you’ll see, L3’s results, they knocked the cover off the ball this quarter. They took their guidance up for the year, as did we. Between the two companies, we’re $274/$275 million above the S4, even more if you look at where they’re guiding to this year.

So, the combined--the companies independently are performing better than expected. The budget outlook is better than we have thought. Our opportunity set as we think about revenue synergies is more encouraging to us. We’ll be more competitive as an enterprise because with a cost out, be able to bid aggressively, attack businesses, be more of a full mission provider.

So, if anything, I’m more encouraged about the growth trajectory beyond fiscal ’19. I would not call it peak-ish. But, I do see us doing, I think, quite well as a combined entity once we close and kind of get on with it. So, I think it feels pretty good.

Robert Spingarn: Okay. And, then on cash, Rahul, the two of you, the two companies, have about $1.4 billion pro forma on the balance sheet in cash. And, so you’ve targeted $2 billion for
share repurchases in the first 12 months post close. But, given what’s on hand and what you’re
going to generate in the meantime, it seems that you’ll end that first year with a lot of excess
cash.

So, I know you’re limited in your ability to buy back even more stock in year one. So, should we
think about this cash build as giving you more fire power for repurchases in year two or might
you do something else with that cash?

Rahul Ghai:  No, absolutely, Rob. We’ve said this before. I mean, first close, our priority, be
done with the debt repayment. With the sale of our night vision business, as when that closes,
we are going to prefund the combined L3 Harris pension and with that, Harris standalone
pension is prefunded until 2025. L3 pension, should that be funded, to about ’22 based on the
modeling that we have done. So, the pension should be funded with no near term funding
requirements.

And, that would--and we have said M&A, only if it’s absolutely critical. So, all excess cash should
go back to shareholders in the form of dividends of shared buy back in dividends. We kind of
think between 30 and 35 percent of our free cash. So, that leaves a lot of fire power for share
buyback and we should keep--we should need to keep about $5 million on the balance sheet.
So, all excess cash back goes back to shareholders.
Bill Brown: And, I would just add I think you know our debt ratio is quite low, so we don’t have any debt payments in the near term either, or the medium term, Rob.

Robert Spingarn: Okay, thank you both.

Bill Brown: Sure.

Operator: Thank you. Our next question comes from the line of Richard Safran with Buckingham Research. Please proceed with your question.

Richard Safran: Good morning, everybody. How are you?

Bill Brown: Good morning, Richard.

Richard Safran: Generally, I’d like to ask you for defense. We’ve seen a lot of programs transition from development to production and I wanted to ask you about the Theo [sp] declassified and unclassified contracting environment that you’re seeing versus what you may have been expecting. For example, as programs transition to production, are you seeing a more
favorable contracting environment? And, if possible in your answer, could you comment directionally on how contracting may impact your margins going forward?

Bill Brown: Look it, it’s a pretty broad question. I think in general, we’re seeing opportunities put on contract a little bit faster than it would have been a year or two ago. In terms of the way things are being done, it’s not changing all that much in terms of mix, cost plus fixed price, encouragement to industry to invest in IRAD.

As you know, Richard, there’s been a conversation around contract financing. That still is out on the horizon. I think there was an attempt to change contract finance structure back in September of last year. This is still an open discussion. But, I don’t really see substantive changes in terms of anything that’s kind of generalized, either classified or non, that would impact margin structure going forward.

Our margins on the classified side, they’re typically—more typically, they’re cost plus and they come with cost plus margins. So, I think that’s what you’d see on the cost plus side. That’s not really—or the classified side. But, I don’t see that changing much here at all. Rahul, I don’t know if you have--
Rahul Ghai: No, I think you’re right. And, I think even with everything else that’s going on, I
think the growing margins this year, all segment margins are expanding in all three segments
and in response to Sheila’s question, we kind of provided a little bit of forward-looking
statements on our expected margins going forward.

Richard Safran: Okay, thanks for that. Just a quick follow up here. Just on the classified backlog
growth, I thought I’d ask if you could comment on how quickly you see classified revenues
growing relative to unclassified part of the business. And, on that part of the business, are you
finding margins for classified wins at or above standard margins? And, do you think that the
trends that you’re seeing in the classified programs are going to impact you positively in ’20?

Bill Brown: Well first of all, the classified business over the last couple of years has gone very,
very well for us. Our bookings continue to be very strong in the mid-teens range. Book to bill is
over 1, revenue up in the double digit mid-teens, a lot of mid-teens level, has been very, very
good. And, it’s been over the last couple of years. It’s in exquisite systems, it’s in small satellites,
it’s in ground adjacencies.

It’s in these areas we really can’t talk much more about, but it’s pretty broad based and I think
it reflects a driver that we’ve had over our last number of years to invest in technology and to
move from providing components to sub systems and now more complete mission solutions.
And, that’s been a multi-year journey for us and we’re seeing our growth, our position, our share increasing as the budgets are inflecting. I think that’s what’s driving positive growth for us.

In terms of the margins on that business, a lot of it--some of it is fixed price, but much of it is because you’re pushing the envelope of technology, much is going to come more in the cost plus side. It will come with slightly more compressed margins. But, as you look out at the next couple of years, I see our space business, where a lot of the classified business happens to be. It’s also in ES, but lots in space, and I see it’s holding the margins in that area as we continue to drive productivity, take out cost, take out cost and the pieces that are not classified or a fixed price, and absorb the mixed differential as the classified business grows a bit.

So, I’m not terribly concerned about that. I think it’s very good business. In fact, some of the technology that you develop in the classified world does help your business over time in non-classified. So, it’s terrific business and we’re pleased to be a strong player there.

Richard Safran: Thanks very much for that, appreciate it.

Operator: Thank you. Our next question comes from the line of Myles Walton with UBS. Please proceed with your question.

Myles Walton: Thanks, good morning.

Bill Brown: Good morning, Myles.

Myles Walton: Hey Bill, I think it sounded like you’re kind of confident on the turn in the environmental headwind space and intel. So, I’m just curious, can you size kind of what you had to absorb this year in your fiscal ’19 that you grew 7 percent in spite of that and then just confirm that you don’t see that as a headwind year on year into ’20 and maybe what the outlook is from there?

Bill Brown: Yeah look, we’ve--this year, our environmental business, I mean it’s kind of in the range of $270 million or a little less than $300. It’s down mid-teens in size. We do believe it’s cropping here this year. The book to bill, as I mentioned in my remarks, is about 1.4, so the book to bill has been good. The backlog is obviously up. We see ‘20 to at least be flat with ’19 and perhaps a little bit of growth there and beyond.
We’ve gone through some budget pressures here over the last couple of years. We continue to see things put on order for NOAA GOES-R ground modernization that we’re seeing some opportunities there. We’re seeing opportunities in--over time in U.S and international sensors. We’ve launched five satellites, five instruments, in the last 12 months. These things go in phases. So, as they launch, you’ll have both U.S. and international customers starting to look at developing the next generation instruments.

We sell into Japan, Korea as well--and South Korea, as well as here in the States. So, we’re seeing opportunities to grow in adjacencies on RF spectrum management, DoD weather, thermal detection. So, we’re seeing a number of different things here that indicate to us that ’20 should not be another step down and perhaps there should be opportunities beyond that. And, that basically sizes that business.

Myles Walton: So, could space and intel be your fastest growing, or at least the business that’s accelerating the most into 2020?

Bill Brown: I think it’s probably--it’s too soon to say right now. We’re going to come back and give you some guidance in early August as we close the year. It has been--as you can tell, it’s been a headwind for us over the last couple of years and certainly fiscal ’19. But, we’ve got to
I wouldn’t say it’s going to be the highest grower, but I think it should be a pretty healthy grower over the next several years. Last time, we provided medium term guidance, we said it would be mid-single digits and we’ll come back and revisit that come early August.

Myles Walton: Sounds good. Thanks, guys.

Bill Brown: You bet.

Operator: Thank you. Our next question comes from the line of Seth Seifman with JP Morgan. Please proceed with your question.

Seth Seifman: Thanks very much and good morning.

Bill Brown: Morning, Seth.

Seth Seifman: I wanted to ask a little bit about the tactical radios and it looks like probably on the DoD side, be up to somewhere in the 660 million or something like that range for this year.
When you think about what’s the--what the growth drivers are in terms of the key programs that we know to turn on, the key growth drivers in 2020 within DoD tactical?

Bill Brown: Well look, I think as we go from here, the growth drivers are going to be modernization. It’s going to be the Marine Corps ramp, the Army ramp, both in the handheld and the Manpack. We’ll see SOCOM continuing to grow. Those will be the principle drivers. I mean, your numbers are in the ballpark here in fiscal ’19 on DoD.

If you go back just two years in ’17, it’s up about two-thirds. The budget’s been up about two-thirds in that period of time. But, what’s interesting and what’s, I think, very encouraging here, Seth, is that you go out the next two to three years, the budgets grow by another two-thirds. So, they touch $1.5/$1.6 billion a couple of years out. And, when you just look at the even holding constant share, if those budgets happen, we would see that business continuing to grow pretty substantially and probably touch on $1 billion three years out. So, if anything, we remain very encouraged about the growth outlook in DoD tactical.

Seth Seifman: Okay. And, then in the--I guess in the electronic systems, maybe if you could talk a little bit about the--just observe any changes in the competitive environment. I mean, that’s a place where just about all of the defense primes and some others play. There’s a lot of new work out there. Some of them are growing really fast. Some, [unintelligible] fast. Everybody
wants to grow. Can you talk about any changes you’ve observed in the competitive environment, if there are any?

Bill Brown:  Well look, I mean yeah, things are shifting. It’s not over weeks or months. It’s over several years and I think what we’ve tried to point out here and in various investor meetings, is that we’ve invested in new technologies over the last three, four, five years in open systems architecture. And, that has matured itself to such a place where we won the open system mission processor for the F35, to bring to the F35, which is a very, very big win. It’s a multi-year platform and we feel very good about that. That was a competitive win.

We’re also leveraging our open systems technology into other new platforms that at Boeing, the TX and the MQ25. You can imagine in the drive towards non-proprietary solutions, there are other platforms that are looking at this. Certainly, next gen platforms will be open system, even some opportunities on the F18 to drive open systems. We’ve done that a couple of years ago.

We’ve also made a lot of investments in electronic warfare over the last three or four years, moving to software defined EW with better capabilities. And, those investments, I think, are positioning this company in a spot where we’re growing on those long term platforms and
we’re growing and we’re growing at a faster rate than I believe others in there. It’s because I believe we’re taking share.

We continue to perform well. The team is working hard, driving, making sure we’re successful here, that we continue to execute well. And, as we merge with L3, if anything, the combined capabilities will open up some new opportunities in some areas that we’re not really on today. So, it is competitive. The dynamic is shifting, but I think we’re well positioned here.

Seth Seifman: Great. Thank you very much.

Bill Brown: Sure.

Operator: Thank you. Our next question comes from the line of Jon Raviv with Citigroup. Please proceed with your question.

Collin: Morning, everyone. This is Collin on for Jon. Thanks for taking the question.

Bill Brown: Good morning.
Collin: Maybe just update your thoughts on the $3 billion free cash flow target, what you’re seeing in existing budgets and combination and international that could either buy us growth either upwards or downwards.

Bill Brown: I think we’re feeling as good today as we did before on $3 billion in three years. As Rahul mentioned, we’re sort of, over the last 12 months, over $2 billion in combined cash between us and L3. We see organic growth opportunities, both internationally and domestically. We didn’t really split those pieces, but we see organic growth driving cash generation. We see that the cash effective cost synergies kicking in and another six or seven days’ worth of working capital, all of which gets us to that $3 billion range.

And, if anything, sitting here today, we’re more confident about that than we would have been six months ago, just given the trajectory since the merger announcement on growth in the company, on working capital improvements, on the things that we’re all talking about in terms of pre-funding pension, which eliminates cash flow contributions several years out. So, if anything, we feel better today on achieving $3 billion three years out.

Collin: Got it. Thanks for the color. And, then if you could just talk a little bit about modernization trends that you’re seeing among NATO partners in terms of both the NATO and
U.S. interoperability. The Special Forces comment points to a pretty constructive trend there. I just want to see in terms of their--in the larger forces, what you’re seeing.

Bill Brown: Well, it’s a very good question because we’re seeing really good positive trends here. And, I think what we see typically is our international partners, starting with the five Is and then moving to others, modernize and upgrade capabilities that they see the DoD upgrading with products. And, those same products, as with the two channel handheld eventually starts to find its way into allied nations and starting with their Special Forces and then working into the regular services as well.

And, that’s a trend that we’ve seen here in the first couple of quarters of the year, very recently in the last quarter, into Canada, a couple of NATO countries in Europe. We see it in Australia as well. So, there’s positive momentum behind modernization. And, as you know, a year and a half ago, we won the very large contract in Australia. We’re executing well in our modernization. So, these things are all kind of going in waves. I believe the U.S. DoD, if you see the funding with the frontend of a multi-year modernization ramp, and we’re seeing the same thing now starting to occur in various countries around the world.

U.K. is a little bit further out. It’s probably two or three years out with the Morpheus program, which is the upgrade of modernization to the Bowman program. Just given some of the Brexit
concerns, I think that might have moved a little bit. But, the reality, that’s still out in the horizon and we’ll be a good player in all of those different competitions because of the strength of the product offering and the maturity of the product offering that we have here with the DoD.

Rahul Ghai: And Collin, the only thing I’ll add there is that as we look at our radio business, our invest in Europe is up more than 50 percent this year, primarily driven by the modernization and some of the allied nations buying our radio products.

Collin: Thanks for the color.

Operator: Thank you. Our next question comes from the line of Pete Skibitski [sp] with Oembeck Wilbowl. [sp] Please proceed with your question.

Pete Skibitski: Yeah, good morning, guys. Nice quarter.

Bill Brown: Hey, thanks, Pete.

Pete Skibitski: A couple quick questions. Bill, just to follow up on international radios, you gave a lot of great qualitative color. Any view directionally on how that business goes in fiscal ‘20? It’s always kind of opaque for us I think.
Bill Brown: Well, it’s a little bit too soon to kind of call what ’20 is going to look like. I’d like to complete fiscal ’19 and we’ll provide some deeper guidance as we see some trends evolving beyond that. Just this year, it’s evolving as we had expected. We’re going to be up low to mid-single digits. The first half was up seven, the back half is flat. We’re up 4 percent year to date. On the full year basis, we see up--Asia Pacific up mid-single digits, mainly because of the Australia ramp. We see Europe up mid-single digits, which is a positive outcome. Rahul just mentioned about what’s happening in Western Europe. It’s offsetting the decline in Eastern Europe as we had thought would happen.

And, at least Africa is about flat. Africa has been a strong market for us this year. We likely will see continued trends that are strong in Africa going into next year. Calla [sp] and Central Asia have both been relatively weak, but they’re relatively small based. We do expect in ’20 and beyond, they’ll start to rebound. We see some good signals coming out of Brazil and Mexico about growth outlooks. We’re seeing more positive news come out of Afghanistan because of the U.S. pullout, or anticipated pullout, and the need to build their forces and equip their forces.
There’s some more—likely, we’ll see growth in Afghanistan. So, we’ll see some things shift around. This year, again, playing out as we expected and I think we’ll see some of the same trends in the next year.

Pete Skibitski: Okay, that’s helpful. Thank you. And, then just my last one. How are you guys thinking about the length and magnitude of the headwind from this UAE program transitioning?

Bill Brown: Well this year, it’s down quite a bit because—and it was expected that it would be down. There’s a gap between initial operating capability and a full operating capability, which is moving from the one brigade to now another four, so a total of five. And, then there will be other services, there will be radios coming along. So, we expect that to be a growth driver in fiscal ’20. But, we saw a little bit of a headwind here this year because of that particular transition.

The good news here is that the team has been doing exceptionally well here. The program has gone very well. The mission readiness exercise that was done with this one brigade towards the beginning of our fiscal year was very successful. Our reputation in the UAE is very, very strong. If anything, we’re more encouraged today about $1 billion total opportunity in the UAE than we would have been a year or so ago. So, a little bit of a transition here in fiscal ’19 that we’re absorbing and we’ll see that turn around and drive to growth in fiscal ’20.
Pete Skibitski: Got it. Thanks very much.

Bill Brown: Sure.

Operator: Thank you. Our next question comes from the line of Josh Sullivan with Seaport Global. Please proceed with your question.

Josh Sullivan: Hey, good morning.

Bill Brown: Hey good morning, Josh.

Josh Sullivan: So, you just--you mentioned more open systems competitions going forward. Can you talk about your historical win rates on open platforms? Maybe JTRS comes to mind. But, as the market evolves in that direction, I’d just be curious to hear Harris’s historical win rate in that environment.

Bill Brown: Well, it’s hard to call a win rate, because they’re very different markets and it really is just an evolving one. I think the big open system competition, the one that’s truly notable because of how sizeable it was, was really on the F35. And, winning that, that was a multi-year
process. It started with, I don’t know, 8 or 10 different competitors. It was down selected to three. It was a head to head competition and we won that competition over very, very formidable components and competitors in the space.

And, the team has just done such a great job with that. It brought great technology, great execution, good cost structure. That also allows us to bridge into other new platforms. It started with some open systems work we had done over some time at--on FAT with Boeing. So, I think it’s been several years. I think we’re winning. The ones that we’re in, I think we’re winning, the ones that we happen to be on.

If you consider the JTRS platform as an open system, which you can because it’s a common protocol in the wave forms, I think if you’ve seen over the last five years, we’ve become exceptionally well positioned on JTR’s programs. To take you back six years or five years ago, we weren’t even the program of record. We weren’t even able to compete for the program dollars and now we’re actually competing. We’ve got--we’re on contract. We’re on programs. We’re delivering radios, we’re executing well.

So, I think this company has demonstrated an ability to find a way to win when it goes towards non-proprietary solution. That points to the agility of the company, but also to the willingness to invest ahead of the curve in R&D. And, I think they all kind of go hand in hand together.
Josh Sullivan:  That’s helpful. And, then I just wanted to ask one on your efforts in robotics. I believe you completed the TS robot on the CRS program. Is this an area where you see Harris expanding its efforts? And, then it would seem there might be some good cross functionality with L3. Are they already in your supply chain on the robotics side?

Bill Brown:  Well, I don’t believe they’re in the supply chain on the robotics side. But, there could be some opportunities here. I won’t comment specifically on that, but there certainly could be. Look, I’m very pleased with what’s happened on robotics from just where we were three or four years ago. As you know, we won the U.K. MOD program with the T7. It was 55 million pound or about $70 million. I think we’ve delivered, I don’t know, 4--10 units I think we’ve delivered into the U.K.

They’re all performing exceptionally well. We’ve got sort of a very strong support by the U.K. MOD as we go around the world and offer the T7. They love the robot. They love the performance of what we’ve shown. There’s another opportunity called Dart Rose in the U.K. It’s a smaller robot that we’d be competitive on. We’re on the--they were down selected on the Common Robotic System-Heavy, the Chris H program in the U.S., which should be awarded sometime this summer. We think we’re well positioned on that.
We think globally, the opportunities could be in close $1 billion here for robotics. So, we’re on the frontend of this and I think just the early wins with a strong, very reputable MOD in the U.K. I think is very encouraging for us with robotics.

Josh Sullivan: Great, appreciate it. Thank you.

Bill Brown: Sure.

Operator: Thank you. Our final question comes from the line of David Strauss with Barclays. Please proceed with your question.

David Strauss: Great, thanks for squeezing me in. Rahul, you commented on the cash progression through the year. I just wanted to circle back on that. It looks like the free cash flow guidance, and probably is a pretty big step down in Q4 relative to what you did in Q2 and Q3. It looks like it assumes some sort of working capital direct. Could you just elaborate a little bit on why free cash flow is off so much in Q4?

Rahul Ghai: Yeah, so a couple of different ways of looking at the data. I mean, clearly we’re driving more linear working capital in performance through the year. And, if you compare ourselves to last year Q4, where we were kind of half the cash flow for the full year in Q4, we
got 20 plus days of working capital, call it 20 days of working capital improvement in Q4 last year. And, this year, we are only getting less than 10 days, and that’s driving a huge change between what we delivered in Q4 in cash last year to what we’ll deliver in this year in Q4.

Capex is a little bit up versus last year as well and step up from Q3. So, all in all, and there is timing of tax payments, some crude expenses. We’ve got some non-executive bonuses getting paid out in Q4. So, you put all that in, that’s why Q4 is lower than Q4 last year and slightly lower than Q3 ’19 as well. But, having said all that, I mean, we are--we’re delivering--we deliver 10 days of working capital in Q2, we’re delivering 12 days or better year over year performance in Q3. We’re aiming for 10 days in Q4. So, there could be some upside to Q4 cash if we drive over better performance of working capital.

David Strauss: Okay. Bill, a question on how are you thinking about--I know you’ve been giving consideration around how you would report the combined company in terms of adjusted EPS number and what might be excluded. Could you give us an update there? And, assuming the deal will close let’s say in late June or early July, when would--would you immediately come out and give guidance for the combined company or would this be something that waited until later?
Bill Brown: David, I think if we close at the end of our fiscal year thereabouts, Chris and I will work. Then in July, as we close our books and report earnings early in August, my thinking at the moment, I think Chris is in line with this, is that we would guide to the sub year, that six month backend of our calendar ’19. And, then maybe towards the end of the year or early in calendar ’20, then guide to 20, and that’s kind of what we’re thinking at the moment. Again, we’ll say more in the coming months. It all hinges on when we actually close the transaction. We’re still contemplating cash EPS. Likely to exclude amortization expense, but any more detail on that in terms of exactly how we’re going to report that I think is still going to be determined in Chris and I with the CFO of the company will certainly give some thought to that and share more about that as we get closer to the close.

David Strauss: All right, thanks very much.

Bill Brown: You bet, David.

Anurag Maheshwari: Thank you, everyone, for joining the call today. If there are any questions, don’t hesitate to get in touch with me. Bye-bye.
Operator: Thank you. This concludes today’s teleconference. You may disconnect your lines at this time. Thank you for your participation and have a wonderful day.