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PRESENTATION

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

Good morning. I'm Jason Gursky, Citi's aerospace and defense analyst. I have the pleasure today of introducing L-3. We have with us Chris Kubasik, the COO of the Company; and Ralph, I've never done a very good job of pronouncing your last name so I'm sorry if I don't do this well, D'Ambrosio. Chris has got a few prepared remarks that he's going to walk through and then like all of our other sessions, we're going to try to make this as interactive as possible. And Heidi Wood just walked in in the back as a cameo appearance, who's recently joined the Company and is with L-3 as well. With that, I'm going to hand the mic over to Chris for his opening remarks.

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

Good morning. And Jason, thank you very much and appreciate all you guys coming to see what we have to say this morning. It's good to be back in Boston. As Jason said, just a couple of charts. The next chart please is just the Safe Harbor. So, seem to be having a technical issue here. Could we advance that chart? Let me start. As many of you know, I joined L-3 about seven months ago, thought I'd share with you my perspective. Our goal; Mike, Ralph, and I; is to return the Company to growth. In the past five years, our revenue and earnings have been declining for two main reasons. One, in 2011 L-3 led the industry with the spin-off of Engility and has been going through a portfolio shaping process that concluded late last year with the announcement that we were divesting NSS. That coupled with our largest market, which is the US Department of Defense, also declining for five years contributed to that financial decline.

Going forward we want to return to the heritage, which is growth both organic and through acquisitions. What's unique about L-3 and what we want to try to focus on today compared to maybe others in this industry are several items. First of all, our roots 19 years ago were as a merchant supplier, which still represents about 20% of our revenue. About a third is sub-contracting to many of the primes in this industry, which we all know well and work well with. And about half of our revenue is derived from the end users as a prime contractor. So, I think it's a unique multi-faceted go-to-market strategy and I think that gives us the opportunity to position ourself for growth. We're in three main markets. Defense with the US being the largest of those markets, but we do have a good presence around the world and as we know and we'll talk about further, that market is growing.

We have exposure to the commercial aerospace market, which we believe long term has some significant growth opportunities. We get there through our commercial pilot training. We're the Number 2 commercial pilot training company in the world. We have avionics, black boxes, and the such. So, that represents some significant growth opportunity for us. And we're also in the security and protection business. In fact Ralph, Heidi, and I spent the day yesterday here in Boston with our security and detection team and looking at our strategies and our ability to grow. Good news is we have some new products coming to the market so you don't have to take your laptops and liquids out of your bags. They can go right through the scanner and speed up the line. So, that's our contribution. We just need some of the airports to install some of these machines going forward. So, we're quite excited about that.

So when we look at the sales growth topline, we're spending about 2.5% of our revenue in R&D and that's about a 10% step-up from the prior year so we're using that to fuel some of our growth. And we're investing in tangible products that we think have a great need for our customers whether it's digital, night vision goggles, some of the security and detection machines that I've mentioned. We have some new simulators and trainers for the pilots that allow us to switch from OEM to OEM rather quickly instead of having unique standalone simulators. And we also have some interesting small form fits SAR radars that have some applications and a whole variety of unmanned vehicles that we're investing in. On the M&A front, I think last week when I spoke somewhere I said we have 12 in process, not surprisingly one dropped off and we added two. So, we're in the process of evaluating 13.

These vary in size from $30 million up to $300 million across all the markets and I think we have a pretty good process to evaluate those. I think it's a probability of zero. We'll do 13 acquisitions this year, but one to three of those may actually make it through the process. So we're continuing to look to grow in that fashion, which I think is somewhat unique. Our margins as you know is something we've been focused on, we're not happy with that. But clearly at the end of the day we're trying to grow the cash through more operating income. We will continue to look at ROIC as a metric in our decision making. And based on my seven months, I find this to be a unique culture. We like to think we're pretty agile with a small staff very hands on, the teamwork and collaboration amongst the 84 different divisions is quite unique and positive, and we'd like to think we're pretty entrepreneurial or at least relatively entrepreneurial in the A&D market.

So, if we go to the next slide just quickly. The government market I think everybody knows is growing for the first time in five years. I'll mention 65% of our funding comes from the O&M market which again I think is a little unique, O&M being operations and maintenance; the remainder comes from the investment accounts. And as many of you know, the largest growing market in the budget is classified and we've made some great inroads in the classified market. We have Dave Van Buren on staff from the Air Force four years ago and he is quite knowledgable and been very helpful in us growing the market. Internationally, it's about as you can see 15% of our business. We think the defense markets overall are flat in the international market. I'm not sure that's a consensus in the industry, but as we look at it, it's basically a flat market which means we have to take other people's business and our products tend to be relatively more affordable.

They focus a little more on readiness and situational awareness and it comes down to the customer's desire on what they think they need to have versus what is nice to have given some of the pressures in the economy driven by the oil prices. But our approach here is to build the relationships, have in-country presence, and we've recently opened a couple corporate offices in Brazil and India to add to our footprint, which is the usual Far East, Mid East, and European countries already. And then commercially, I think this is also unique about L-3, just under 15% of our business. Not surprisingly our highest margin business and that's focused on commercial aerospace as I mentioned. We throw security and detection in here as that's kind of a quasi government commercial market. You can see the RF microwave and power; a lot of that is our merchant supply approach, a lot of that goes to the wireless OEMs and the commercial satellite business.

And then a whole variety of other products that involve sniper rifle ranges and head of state aircraft. This is the guidance that we showed you. We'll update it at the July conference earnings call. But right now you can see the 130 basis point increase in margins and the focus on growing our operating income. So just to wrap it up before ready to go to the Q&A, I think all of our markets are in growth positions especially DoD. I've mentioned significant investments in R&D and we're seeing tangible results from that. I think Ralph and his team are viewed as best-in-class when it comes to cash flow conversion and I'm sure he'll make some comments on that. And again, it's a fun place to work. I think we're making a difference and we have a lot of excitement going forward. So with that, we're happy to answer any questions.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

I've got three questions I want to focus on and then we'll be handing it over to the floor and we'll get some questions from the audience as well. I'd like to start with this concept of growth for the Company kind of a rising tide lifting all boats and perhaps have you talk us or walk us through the Company's exposure to the various budgets within DoD. We've got the investment accounts, O&M, and some of the classified areas as well. And talk to us a little bit about where you have the exposure and where you think we're going to see on a relative basis faster and slower growth within those budgets as it kind of comes back to L-3?

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

Why don't I take a first shot and then I'll let Ralph chime in. We'll start with the classified. Like I said, everybody who meets with you says it's a great market and they're well positioned and they can't tell you anything, but I guess I'll add myself to the group. Part of it is being able to have the trust of the customer. And we recently, might have been this morning, announced that we received four Cogswell Awards; which you may not have heard of, but it's a very prestigious award that deals with your ability to protect national secrets and have a robust security system. There's only 42 of these issued throughout the country. We at L-3 got four of those, something we're very proud of more than anybody else, which gives the customers confidence that we know what we're doing relative to having the right environment. So I think that's the Number 1, it's the largest dollar amount in the budget, it's the fastest growing, and I think it's a place where had some presence, but we're going to have more.

And with Dave, myself, and others; we're very happy with the progress we're making there. So I mentioned O&M, anything there deals with readiness. You look at some of the things any kind of surge or deployment, that money gets to our bottom line quicker than others because of the turnaround. So when we look at night vision goggles as an example; training, some of the work we do at Fort Rucker and places like that; I think we're in a good position. And the investment accounts are growing the largest as a percentage, I think it was 14% year-over-year [2017] to 2016. We don't have a lot of our own platforms per se, but whether it's new products or old products, these really don't work without the communications and the interoperability. So, having a couple billion dollar communication business I think puts us in a good place relative to those. We're on F-35 and a lot of the new platforms as you would expect, but relatively small compared to the price of the platform. Ralph, do you want to add anything?

Ralph D'Ambrosio - *L-3 Communications Holdings, Inc. - SVP & CFO*

Just to add some details to what Chris has covered. About 70% of our business base is the US military or the Department of Defense and that is beginning to grow again in FY16 and we expect that the budget will continue to grow over the next several years as we believe we're entering a new upcycle, which we think the growth rate should be somewhere around 2% or 3% per year. So, we're certainly going to enjoy the benefits of having the budget grow again compared to what it's done in the last five years. And Chris talked about our exposure to the O&M accounts or operations and maintenance and with respect to the budget that the administration recently requested for FY17, there's been a lot of discussion out of the administration and the armed services chiefs about the need to invest more money in the readiness of the US military.

And that is an area that L-3 is well positioned as we provide a lot of products and services that fit into the readiness category. Examples of that include training, which is both the work we do with our simulators as well as maintaining the training aircraft fleets out of our logistics unit. We also do a lot to equip the force; whether it be communications gear, night vision, image intensification equipment, et cetera; and that's also part of readiness. And then another example would be the fact that not only the US military, but most of our allies, need to replenish their munition bins. And with our fuse and ordinance business within Electronic Systems, we provide a variety of multi-purpose fuses and other navigation guidance equipment that is needed for all types of munitions, mortars, et cetera. So, those are areas that we think we're going to see good growth in over the next few years.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

Just as a quick follow-up, you suggested 2% or 3% organic growth for the budget overall. I think you've got about two-thirds of your revenue exposure to the O&M accounts, a third to the investment accounts. At this point, is it your view that this 2% to 3% organic growth of the overall budget is going to trickle down into those accounts at that level? What I'm trying to get at is given your mix which is little bit different than others, are we going to see large differentiations between your organic growth and the large cap primes who are perhaps a little bit more exposed to the investment accounts?

Ralph D'Ambrosio - *L-3 Communications Holdings, Inc. - SVP & CFO*

We're here to talk about L-3. So I clearly appreciate, as we just said, the budget growing about 2% or 3% per year and obviously that could influenced by the next administration, but we really see upside to that right now given what's going on around the world. And within that, we see the O&M budget growing at least at that rate. And then within the investment accounts, it comes down to more as to where you're positioned on the various platforms that are driving the significant growth that we're seeing in FY16 versus FY15. So, our aim is to grow at least at the same rate as the US military or defense budget and then try to exceed that.

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

So, to answer your question. I guess I don't see a huge difference because again if we're not the prime in the investment accounts, we're coming through as either a sub or a merchant supplier. So when we are on the Virginia class, the Ohio Class, the F35, all those platforms; we're kind of riding that growth indirectly if you will. So, to get a significant difference organically of 3% to 5% I don't think is likely.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

Second question. You mentioned R&D 2.5% of revenue, up 10% year-over-year I believe it is. Can you just talk a little bit about the contracting environment overall? One of the things we've heard from almost every defense company over the last 18 months or so is that IRAD is on the increase. So maybe talk a little bit about what the driver of that is and where this is all going, whether it's going to fundamentally or structurally impact the operating margins of the industry as you're increasingly having to put up some of your own dollars into R&D?

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

I'll take the first shot at that. The R&D in the IRAD specifically is an allowable cost. So if you look at our $9 billion of costs, which includes labor and materials, in that is the $250 million, $260 million of R&D. So to the extent Ralph, which he does, anticipates those prices into our overhead rates, it is recoverable. The investments that we make in commercial obviously are on our own nickel when factored into the higher margins that we recover. There has been some discussion at the Department of Defense that they're going to get more involved in reviewing the IRAD of the contractors. I think that's kind of a work in process and maybe not everybody fully understands what that means, but we have a pretty thorough process. We know where we're spending our $260 million, we kind of have a top-down and a bottom-down approach.

We want to focus on secured communications, we want to focus on autonomy, auto acquisition with some of our radars, those types of things and we use the different entities to align to this overall corporate strategy and structure. So, I don't see that as being a huge issue to any of us unless there's some regulations that come out of DoD that would impact the entire industry. But I think they just want to know since they're ultimately paying for this R&D where is it going. And my experience is I think Secretary Carter and Frank Kendall have been pretty straightforward as to where they think the risks are and where the opportunities and where we're ought to be focusing and I think that's why a lot of companies are spending money to get into these different markets if they're not or to accelerate with the focus on the third offset. So, those are my thoughts. I don't know, Ralph, do we have any contractual issues or changes?

Ralph D'Ambrosio - *L-3 Communications Holdings, Inc. - SVP & CFO*

No, we don't. We've been managing in the new DOD efficiency initiatives, better buying power initiatives environment for five plus years, so we've assimilated ourselves to that and we don't foresee any new challenges in that regard. One thing I'd like to add some additional color to. Chris explained that we'll spend about 2.5% of sales in R&D this year, that's a Company composite. And if you look across our three segments, two of them; Electronic Systems and Communication Systems; are the more R&D intensive business areas and in those units we're actually spending about 3.5% of sales in R&D. So, we really are putting our money where our mouth is if you want to say it that way when it comes to investing in these new technologies and emerging requirements that we see for our customers for the additional R&D spending.

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

And I think what's going to be important is speed to market in a lot of these areas because again when your customer is pretty straightforward and says this is where we need you to go in the industry, it's in my opinion the guy that's going to be able to make quickly and bring something to field is going to have the advantage. And like I said earlier, I think we move pretty quickly. Secretary Carter gave a speech several months ago and laid out five initiatives and electronic warfare was one of those. The next day we literally had 20 of our top EW men and women together in DC for a two-day meeting just to coordinate and strategize. So I mentioned about the teamwork, I think that was rather unique and we think we've hit the ground running in that initiative as an example. So, speed to market is going to be critical.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

This is my last question here was right around the third offset and you just mentioned that. So, I was wondering if you could walk us through what your interpretation of the third offset is and perhaps walk us through how it is that L-3 is going to participate in the activities around the third offset?

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

The third offset I'm sure has a variety of different meanings to different people. I think this is really what used to be referred to as the Pivot West in the Pacific focusing on new threats. There's been a lot of discussion about machine to human interface, situational awareness, speed and stealth and lethality, and those types of things. So I think where we bring to bear, and a lot of stuff is classified, is the ability for these different systems to communicate and work together and they tend to have specific tasks. There's a lot of focus on disaggregation. So instead of having one multi-billion dollar submarine or a multi-billion dollar bomber or a multi-billion dollar satellite is to have large and expensive platforms, but other products or smaller platforms and supported that they work together to accomplish a mission. And I think that's where we could be in a unique position with these smaller platforms and then the ability for them to communicate. So, there is new threats out there and again speed to market is going to be key and that's what we hear about and that's what we're being pushed to do and that's where we're spending our money. Do you have anything else?

Ralph D'Ambrosio - *L-3 Communications Holdings, Inc. - SVP & CFO*

One way to think about the third offset is in context of the key capability or technology areas that the DoD has outlined and there are several of those that L-3 is well positioned in and those include dealing with countering advanced A2/AD environments, which is Anti-Access/Area Denial and what we do there is provide protected secure communications that are needed to operate in those types of environments. We also do a lot with respect to ISR and advanced ISR applications and abilities are key to the third offset. And another couple of areas deal with precision strike and through Electronic Systems with our navigation and guidance equipment, and some of the work that we're doing on small UAVs plays into the area very well. And then lastly, the whole concept of protecting the nation's space assets is an area where we see a lot of growth for L-3 and we do a variety of things there including space-based sensors and then special simulation and modeling and monitoring work that is needed to protect those satellites. So, those are some discrete examples as how we fit into the third offset areas.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

At this point, I'd be happy to take some questions from the floor if there are any. Pass the mic, the red button on the mic will light up, and I'll hand it over to the floor.

QUESTIONS AND ANSWERS

Unidentified Audience Member

Regarding the business development opportunities, to what extent do you think you would be able to access debt capital markets to engage in M&A?

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

I'll start with that. We think our fire power over the next year or two is about $1 billion and yes, that would come at the expense of the share repos. We've talked pretty aggressively about trying to maintain our investment grade credit for a variety of reasons and we think we've got that in good shape especially with last month prepaying $300 million of debt. So, we've got about $1 billion over two years that I think we can comfortably do. Ralph, do you want to talk about accessing the markets?

Ralph D'Ambrosio - *L-3 Communications Holdings, Inc. - SVP & CFO*

It's critical to, and we do have ready access to the investment grade debt market and that said, we think we can finance most of our M&A through our free cash flow. But if the M&A activity were to ramp up dramatically, you might see L-3 do what it did in our early years where we initially financed significant M&A activity through our cash flow and borrowings and then used equity to delever the balance sheet. We don't see that right now, but that's certainly a model that we could return to. But the key thing for us is that we would continue to be very disciplined about the prices that we pay for acquisitions such that we generate a good return on the investment as well as good economic contributions to earnings and operating cash flow along with the sales. So, we think we have the flexibility that we need to finance our M&A growth.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

Anybody else from the floor? Chris, maybe we can shift gears here a little bit and talk about the last seven months. You joined the Company about seven months ago and have had the opportunity I suppose to get under the hood here a little bit. So maybe walk us through what you've been up to and what you think the three-year (inaudible) where you think you're going to add the most value and what that's going to mean for the finance also the Company over the next couple of years?

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

I think that's a fair question. A lot of people have been asking me what I've been up to. I'll start when Mike wanted to bring on a COO, a lot of people probably wondered why we were adding people to a relatively lean organization, but I'd like to remind them. If you go back at the beginning 19 years ago, we had Frank Lanza, Bob LaPenta, and Mike Strianese as kind of the three leaders. And it's a very large diverse complicated company, I think it's a three person job. So, now we obviously have Mike and myself and Ralph at the helm, if you will. So, we pretty much divide and conquer. I've been focused more on some of the operational items, big stress on margin improvement that I'll expand on in a moment. But on any given day, we kind of switch around based on where we are in the world and what we're doing. So, the nice thing is the three of us get along great and we remain pretty flexible.

So, I've done some international travels not only to meet our people, but to look for opportunities for growth and I believe the Number 1 way to improve our margins is through topline growth. I think we need to increase our base so I'm probably spending more time on strategy and business development and figuring out how to grow our topline than maybe I would have expected or others would have perceived me just coming in and trying to cut cost for the sake of cutting cost. I think Ralph and the team have done a good job on the cost control. But after five straight years of declining revenue, we made the decision not to sell our Vertex logistics business. We wanted to stop that and again start to grow. So a lot of people thought that was on the market, which it wasn't. Subsequently we won the C-12 Navy contract. We just announced last week a $1.9 billion KC-10 tanker.

So, we have the ability and talent of the Company to fix good businesses that had underperformed. And so, we're quite proud of the early returns in logistics if you will. So, a lot of the focus Mike asked me to oversee the M&A organizations. So, I have been spending a lot of time as you can imagine on the M&A front and again it's pretty hands on. There was a target company that we all liked where it was just easier for me to hop on a plane and go have dinner with the CEO and spend the day with him, which I think is going to pay off in the long run not because of me; but because of the ability to get right to the top of the organization, express our interest, and make an offer versus maybe going through the usual more bureaucratic process of internal bankers and strategists and levels and levels.

So, that's kind of what makes the job fun. So, a lot on the topline. I've got the quality guys that report to me and the supply chain and working with our CIOs. So, those things we kind of go day to day and people have great ideas, let them bring them forward, and then give them the authority and power to go implement them. So, it kind of goes day to day. We'll be back in New York hopefully by 2 or 3 today for some meetings and I think

I know what I'm doing Thursday, but who knows, I could be on a plane to California or London or whatever the demands are. So, that's kind of what I've been doing. Ralph, what do you think I've been doing? You've been sitting there in the hall while I'm here.

Ralph D'Ambrosio - *L-3 Communications Holdings, Inc. - SVP & CFO*

You've doing a lot, Chris.

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

I'll just add Ralph has the pleasure of working with two former CFOs, Mike Strianese and myself. Could you imagine a better position than to have all that?

Ralph D'Ambrosio - *L-3 Communications Holdings, Inc. - SVP & CFO*

I totally enjoy that. Anyhow as you all know, Chris is a very talented and seasoned aerospace and defense executive and with him joining the Company, he certainly has brought a new and different perspective to a number of initiatives that we're working on and those are very healthy and he's a great person to work with. And the entire organization has embraced him and you really see it in his interactions with the segment presidents and below that, the sector presidents. So, his impact is being felt in a very positive way across the Company particularly in the strategy and BD areas and also introducing some new ideas to how we could take additional cost out. So, it's been a very positive phenomenon I would say. And I am glad to have him on the team.

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

Thank you. Also we've been hiring some people. We brought Heidi on board and I probably have a couple hundred resumes in my inbox from all sorts of people looking for jobs that want to come join L-3 and everybody likes to grow. It's a lot more fun to work for a company that's growing and doing good things for the nation and we have a pretty unique business model and I think people are energized. There's a couple of people that will be announced in the weeks ahead. So, we just got to close those deals and again they will be adding to our capabilities.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

Anyone else from the floor? Go ahead, John.

Unidentified Audience Member

On those recent wins, KC-10 and C-12, what does that do for the aero segment's opportunity for some of the capacity that has been vacated by some other businesses?

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

That's a great question. It's a big win. I mean in the logistics business size does matter and a lot of these companies have fixed infrastructure and overhead. So, we calculated that you want to have at least $1.5 billion of throughput to be able to remain competitive in that market. So, KC-10 is going to add a couple hundred million, $200 million plus of revenue a year. The C-12 was a recompete and a win. So, that goes a long way in building the confidence of the team and allowing us to remain competitive with others who have aggressive overhead rates and we think we're pretty good. This clearly helps. And I think what's happening in that market is for the last seven, eight years a lot of the customers have been focused on LPTA.

I'm sure other people have come and talked about those lowest price technically acceptable. What we're seeing is a shift to best value, which means that the government can actually award to a higher priced proposal if they deem that the management team, the past performance, and other criteria justifies it. It can't be a huge difference. It's kind of you remember it when you see it, but we think that's working to our advantage. So our largest program is Fort Rucker and that's up for recompetition and that will be a best value. So, we like what we've done there. We made some recent management changes to even beef up that the team further. So, we like that position. We have another large opportunity. I think it's actually $8 billion, isn't it Ralph, on SOFSA.

I mean it's $8 billion, that's probably over 10 years or something. But clearly we had had that work lock easy incumbent and we've got a team that we haven't publicly announced yet, but a pretty impressive team with four or five other companies with unique specialties and we'll be leading that. I think there's five or six competitors, but that's an example of a huge opportunity that we're very excited about and we think we can win and those will be 2017 type decisions.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

Just to follow up on John's question and bringing it full circle to the comments about 2% to 3% organic growth in the industry. Can you talk a little bit about the next couple or three years and how you guys kind of ramp up and get your stride into that growth rate? I mean I know that there were holes that needed to get filled. Are you feeling comfortable that they're now completely filled and we get to that clip sooner rather than later?

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

You want to take this one?

Ralph D'Ambrosio - *L-3 Communications Holdings, Inc. - SVP & CFO*

I don't know that we had any holes that needed to be filled, but what we needed is a growing DoD budget and we have that now. So, that's the key ingredient coupled with our ability to address those customer requirements. So, we think we're on track for that growth and we should begin to see growth in the DoD business beginning in 2017 or next year. This year's guidance, as you know, contemplates about a 2% reduction in our US military business, that's organic sales that minus 2%, and that reduction is due entirely to the final run-off of our Afghanistan support work and without that, our DoD business would be flat organically in 2016. And when we reported our first quarter results, and at a couple of conferences after that we talked about the fact that we have some upside to our DoD sales in 2016. So, clearly we're heading back to growth in our largest business area which is very positive for the Company.

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

The one market that we'd like long term, but has been putting a little bit of pressure is commercial space. So when you asked what I was doing, I've been doing a lot of traveling visiting a lot of the sites. But we announced last month it's the only locations that I found where we have two locations that do similar things and that's make these traveling wave tubes for commercial and military satellites, one in Northern California and one in Southern California. So, we announced the consolidation to move from the San Francisco area down to Torrance, California, 400 jobs we're going to -- think we'll have a nice large gain when we sell the building after we move. But that will be the largest consolidation that we've done at L-3 and that's part of what I'm looking at as I travel around. But that's the one business that's had significant declines in revenue year-over-year. We tried to address it by consolidating and making it more profitable and trying to get these tubes back in the market. There aren't that many satellites as you know in any given year. So, we want to be a little more cost competitive with our foreign competitor who apparently sells into our classified satellites, which makes no sense to me, but nonetheless that's permitted at this point in time.

Jason Gursky - *Citigroup - Aerospace and Defense Analyst*

We've got about 30 seconds left. Is there anybody else from the floor with question? I think we'll leave it there. Thanks, guys.

Chris Kubasik - *L-3 Communications Holdings, Inc. - President & COO*

Thank you all for coming.