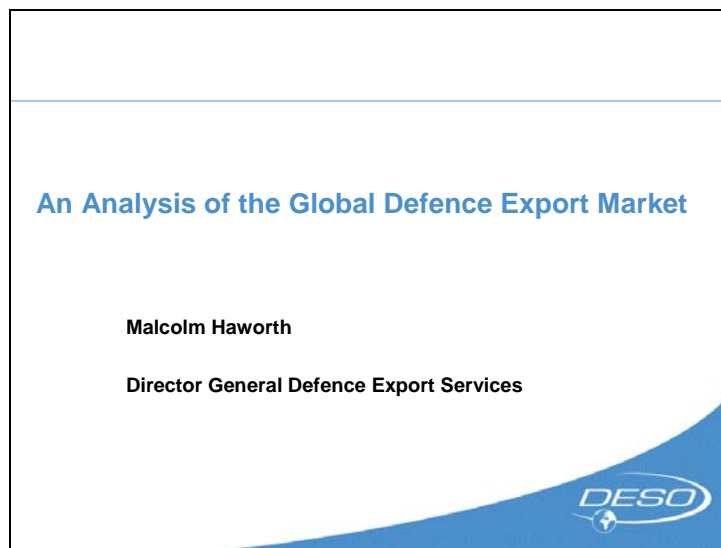


Slide 1



Good morning ladies and gentlemen.
[Malcolm to add his own words of introduction]

The key message of this presentation is simple: we've had an excellent run of success over the last decade – maintaining second place in the global defence export league table - but the market, the customer and the drivers behind our business are changing. And our competitors are also doing better.

The main issue for us all is: can we continue to maintain that success over the next decade? Can we afford not to?.

So, with the help of my colleague John Brosnan, I plan to cover five main areas.

An Analysis of the Global Defence Export Market 

Presentation Outline

- UK's Position in the Market
- The Changing Strategic Context
- Market Drivers and Inhibitors
- Assessing market prospects
- How to maintain our market share?

First, a review of the UK's position in the current market. This uses statistics provided by many of you in the audience – for which Thank You. We now have about 400 companies taking part in our annual UK exports survey.

Second, and looking forward, a view of the changing strategic context for defence exports.

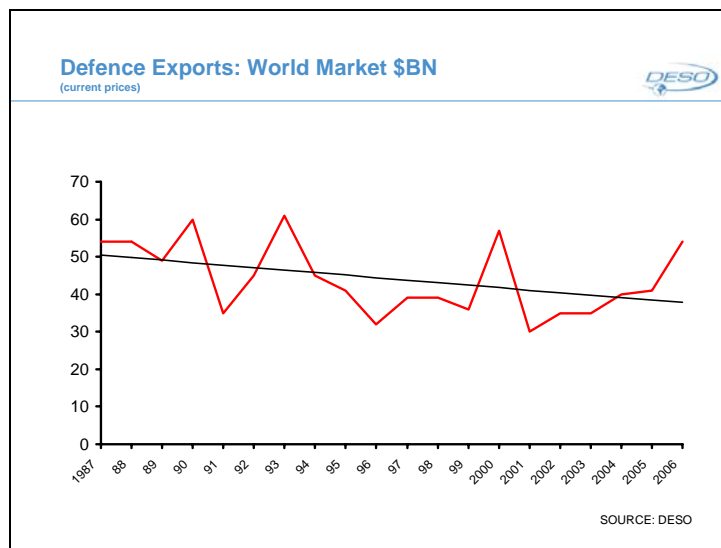
Third, I've identified some of the major market drivers and inhibitors in our business.

Fourth, I will assess what this means for market prospects.

And finally, some ideas on what we need to do in order to maintain our market share

This presentation will be available on the Partners' site of the DESO Website, so don't worry if you don't catch all the detail in the slides.

Slide 3



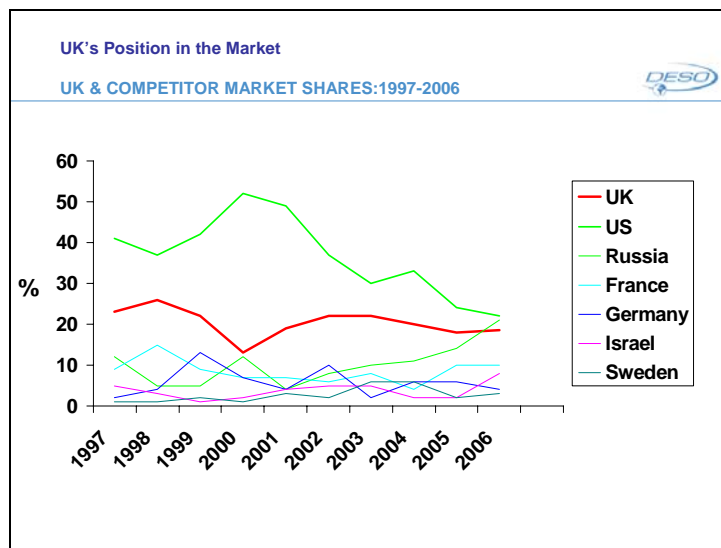
Many of you will be familiar with this slide. It shows the trend in the value of the world market since 1987. As you can see, it's a very erratic market, influenced by world events and occasional big orders. It makes forecasting a nightmare!

Although the trend since the end of the Cold War has been a downward one, with a few noticeable peaks, the market has been averaging about 40 billion dollars annually and last year - according to our data - reached 54 billion dollars, the highest since 2000.

Last year we achieved orders worth about 10 billion dollars— our best year since 1998. And that's without Typhoon exports to Saudi Arabia, which we are still negotiating.

What this tell us is that, despite pressure on national defence budgets, there is still a great deal of new business to be won. But it also indicates that our competitors are winning business too.

Slide 4



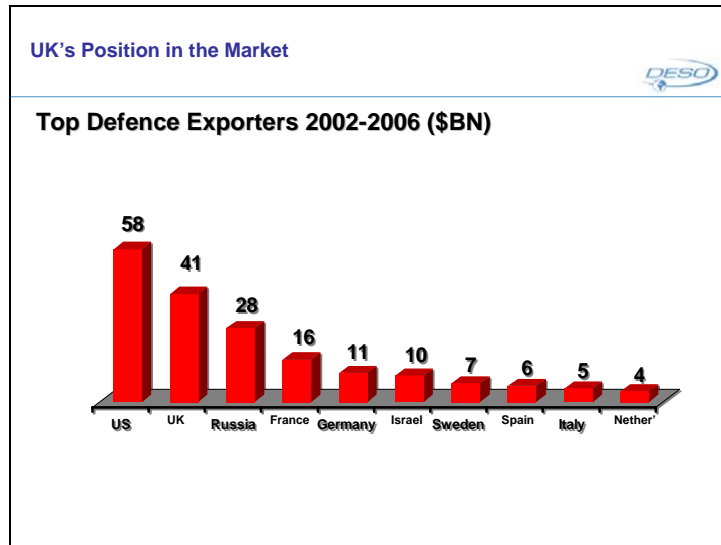
This is the UK's export performance relative to our main export competitors, over the last ten years.

The UK is shown in [red]. As you can see, we have maintained a consistent market share over the last five years of around 20%.

What's most striking about this graph is the sharp decline in US market share, shown in [green]. Having won over 50% in 2000, it dropped to the low 20s last year.

Also significant is the rise in Russia's market share, which has steadily increased in the past few years. Russia has done well in some of the emerging markets we mentioned last year. And you may have heard that President Putin was recently in Saudi Arabia, Qatar and Jordan, looking for new business. These efforts pushed Russia slightly ahead of us last year, so we need to ensure that this is a blip – not a trend!

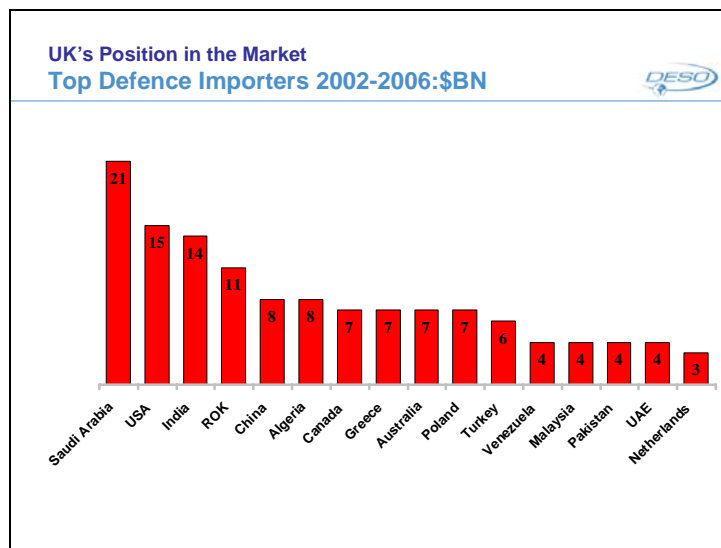
Last year saw the US, UK and Russia all winning a market share close to 20%. But France and Israel also posted strong results.



These are the top defence exporters over the last five years.

The gap between the US and UK – still in second place – has narrowed to 17 billion dollars - five years ago it was 50!

As mentioned, **Russia's** performance has improved every year since 2001. Large contracts signed last year with Algeria and Venezuela helped lift Russia's exports to over 11 billion dollars.



This slide highlights the top *importers* of defence equipment and systems over the last five years. I don't expect any significant change to these positions in the short to medium term.

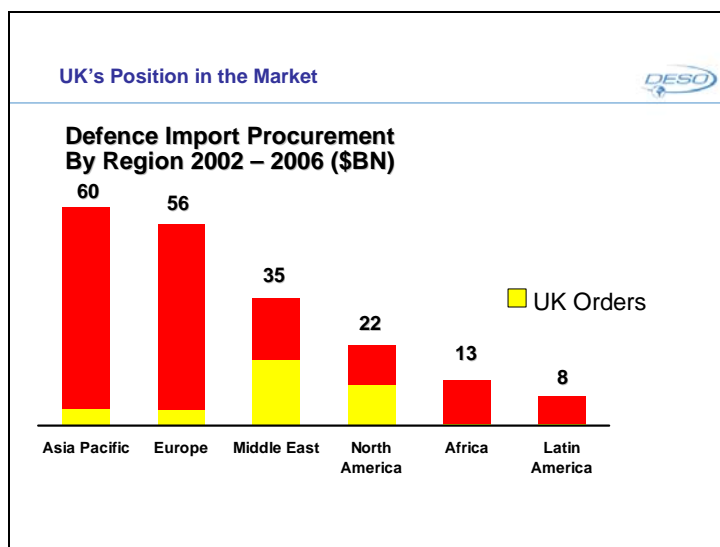
Saudi Arabia again takes the prize, reflecting a long-term trend with established suppliers.

There's still good business to be had in the **United States**, despite constant complaints that it's a difficult market.

And **India's** growing economy and higher defence spending put her in third place.

Algeria appears on this table for the first time, reflecting high spending on a range of Russian equipment: fighter aircraft, main battle tanks and air defence systems.

So now let's look at the regional picture.



In this slide, the yellow portions show the market segment gained by the UK in each of the regional markets over the last five years.

Asia and Europe are the largest markets overall. Both now import more than the **Middle East**, where procurement has declined since the big spending years of the '80s and '90s, although prospects in the region are now much healthier than five years ago.

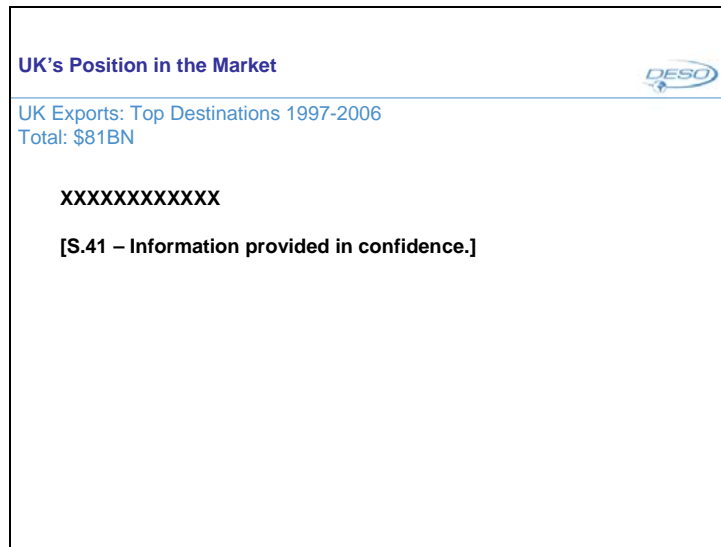
As you can see, the UK has done best in the **Middle East** and **North America** – especially the United States, where we win more business there than any other exporter.

Some of our continental competitors – **Germany** and **Sweden**, for example – win more business than we do in Europe; but the largest supplier to Europe is the **United States**.

There is certainly room for improving our performance in **Asia**, where our market share is below 10%. In comparison, the US and Russia's market shares are 36% and 25% respectively.

As I'll show later, we have several good prospects in Asia that may help us close that gap.

Slide 8



These have been our major customers over the last 10 years.

The pie chart illustrates our reliance on two of them: **Saudi Arabia** and the **United States**. Although we've won some respectable levels of business in other markets, the general picture, I would say, is no cause for complacency.

We're not alone, of course, in having dependencies and constraints. **Russia** is still reliant on former client states for a large chunk of her revenue; and **Israel** cannot and will not - it goes without saying - access markets in some Arab countries.

UK's Position in the Market		[S.41-Information provided in confidence]	
UK Exports: 1997-2006		DESO	
	Total Value £BN (Figures rounded)	% of Total Business 1997-2006 (Figures rounded)	Number of Individual Companies
Value of Orders >= £100M	XXX	XXX	XXX
Value of orders £50-£99.9M	XXX	XXX	XXX
Value of orders £10-49.9M	XXX	XXX	XXX
Value of orders £1-9.9M	XXX	XXX	XXX
Value of orders <£1M	XXX	XXX	XXX
Totals	XXX	XXX	XXX


To finish this first section, this shows a breakdown of our export orders over the last ten years.

Large orders, that is those over 100 million pounds, accounted for about 60% of our business, involving a relatively small number of companies. At the other end of the scale, there are over 300 companies involved in winning orders worth less than 1 million pounds, equating to about 6% of the business. In terms of sector breakdown, the Air sector accounted for about three quarters of all orders.

You will hear shortly what we are doing in DESO to help smaller companies in the export market.

To sum up this section, clearly we have established ourselves as a major player in the export market behind the United States – which remains dominant, but whose influence appears to be declining.

Now, with the danger of being accused of gross over-simplification, I'd briefly like to look at the how the market is changing.

The Changing Strategic Context 

Slide to include a set of overlapping or merged images (possibly each image to be highlighted when reading the text). Images to include:

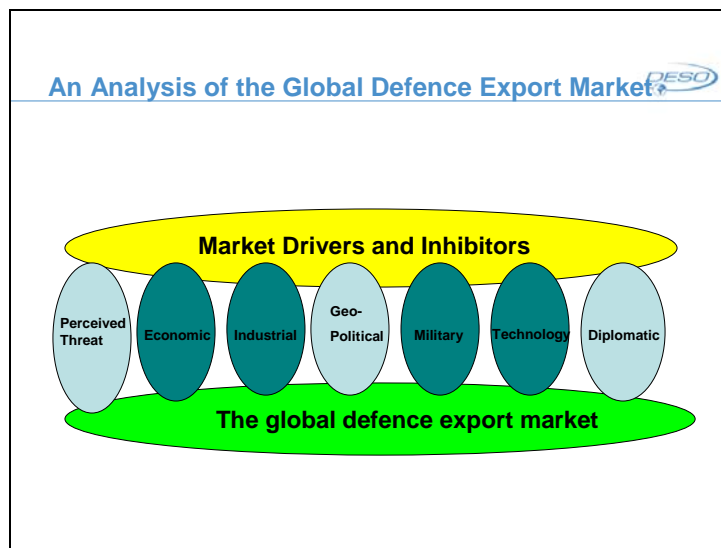
- Terrorist holding a weapon
- Icebergs melting
- Offshore oil rig
- Asian factory production line
- Chinese soldiers
- Nuclear mushroom cloud
- Changing balance of power

We face a number of challenges that were barely apparent at the end of the Cold War, but which could have profound implications for the defence industry in the coming decades. These are a few of them.

The need to **counter irregular activities** and terrorist threats both at home and abroad will lead to a growing emphasis on specialist security equipment. DESO has a dedicated Homeland Security team looking at prospects in the sector where we work closely with UK Trade and Investment. The impact of **climate change could** lead to mass population movements and growing competition for resources. Many states will place greater emphasis on border controls and the protection of their resources.

The **growing demand for energy** as Asia continues its **industrialisation** and their populations expand may lead to confrontation or conflict. It would be naïve to assume that **conventional military conflict** is now consigned to history.

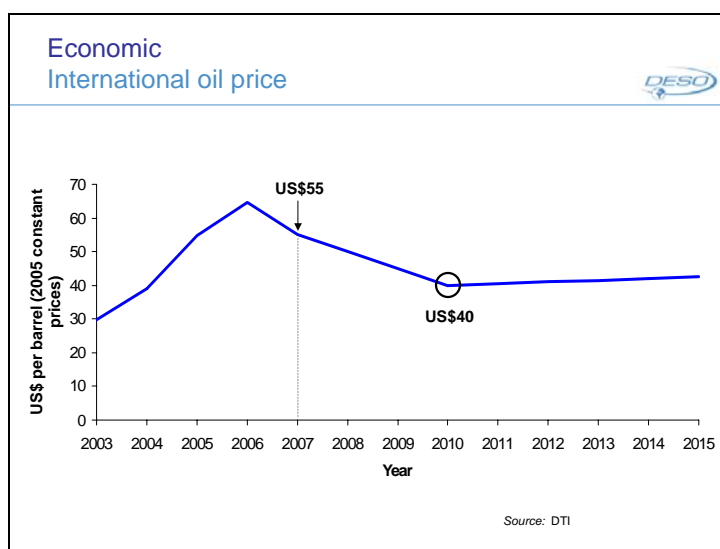
And the threat from the spread of **weapons of mass destruction** to unstable **regimes** and rogue states, as well as their possible acquisition by terrorists, could lead to demands for specialist equipment and novel technologies to counter the threat. All of this has the potential for international **instability and a changing balance of power**. But it signifies the need for a new generation of military products designed to support expeditionary operations throughout the world.



Against this background, I'd like to spend a bit more time looking at some of the key drivers and inhibitors that have an impact on our business.

Perceived threat is clearly a major factor – especially when you consider that, at the end of 2006, there were over 20 countries in which there was a conflict, or concern about instability.

Given the limited time, I will concentrate on four aspects: **Economic, Industrial, Military and Technology.**



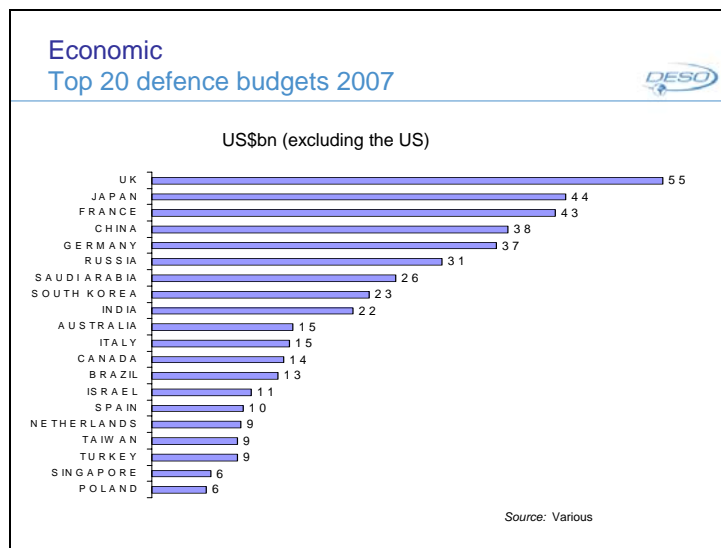
As you all know, the price of oil can significantly affect our business.

Despite recent high prices, in real terms they are actually below the levels experienced in the late 1970s and early 1980s when prices peaked at over \$100 in 2005 prices.

The rapid growth in the demand for oil – especially from emerging market economies such as China, has been the primary driver underpinning rising oil prices since 2002. Supply side risks compounded these effects over the last 2 years.

The sustained high price in recent years has benefited several of our Key Markets, especially in the Middle East.

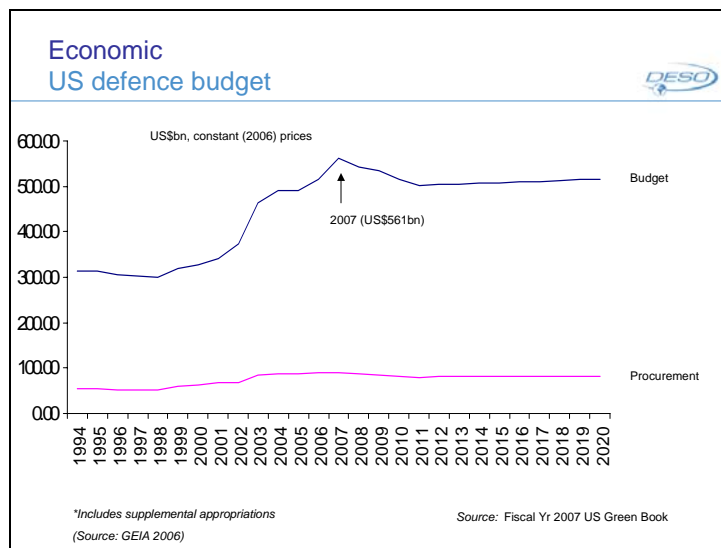
On the reverse side, sustained high oil prices could damage prospects in other markets that are major oil importers, leading to revenue being diverted away from defence procurement.



Here are the top 20 national defence budgets, excluding the United States, which at 560 billion dollars, is higher than all the countries on the list put together. I'll look at the US budget in a minute.

About half the countries are in Europe, several in Asia – notably Japan and China - and just one each in the Middle East and the Americas.

Such a list though can be misleading when assessing export prospects: what really matters is how much of the budget is allocated to new procurement, and how much of that will be spent on import procurement.

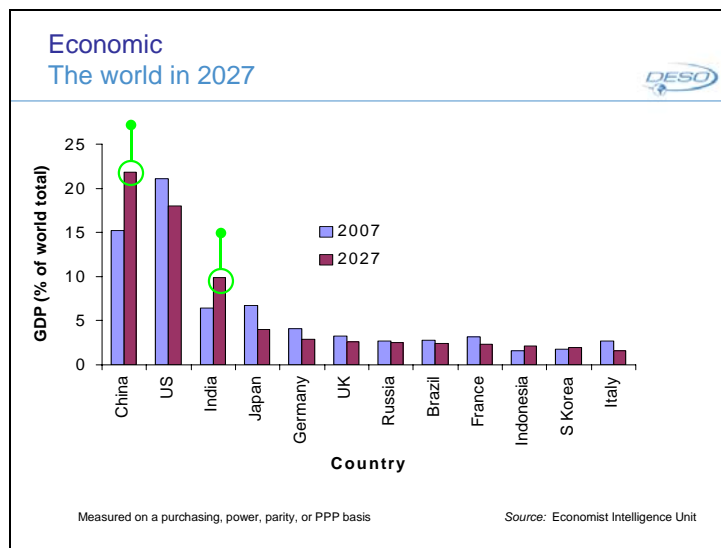


This is the US budget and forecast out to 2020. It accounts for about half the world's total.

Currently, the budget is growing – exactly the right environment for those seeking opportunities in the US – a market that is currently being driven by operational requirements.

There are conflicting views on what will happen to the defence budget following a wind down of the conflict in Iraq. Some are predicting that procurement will have to be cut, reflecting concerns about the widening US budget deficit; and of course, a new US administration will have its own ideas.

But with the fight against terrorism, concerns about Iran, North Korea and China's growing rivalry, the odds are that defence spending will remain a priority. It will certainly remain huge by any other standards.

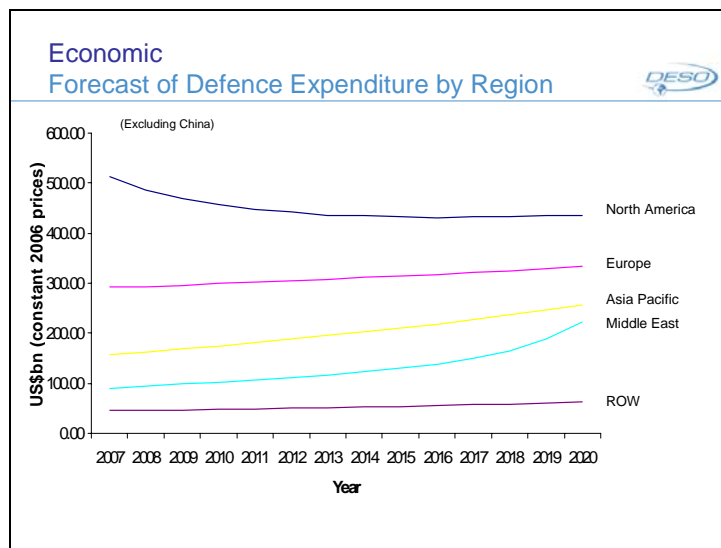


We've heard a lot about the economic growth of **China** and **India**.

Based on Purchasing Power Parity rates – that is the actual buying power of local income as opposed to market exchange terms, China and India are already the 2nd and 4th largest economies in the world. And in 20 years, they could be the 1st and 3rd respectively.

Their economies are emerging at a similar pace to Japan and the Asian Tigers during the second half of last century. Both countries intend rapidly to expand their military capabilities in line with increasing wealth.

As we'll see later, India is one of DESO's Priority Markets and with a defence budget at about 2.5% of GDP, and growing, India is becoming a major export customer and one where our main competitors are building stronger bi-lateral relationships. On the other hand, China is currently subject to an arms embargo. Could closer links between China and India eventually lead to the exclusion of Western influence in Asia? I'll leave you to think about that.



This is our forecast of regional defence expenditure out to 2020. We have excluded China because currently it is not a UK export market.

Even without China, defence expenditure in Asia is expected to increase by over 60% by 2020. We also see an increase in the Middle East in the latter part of the period, supported by high GDP growth rates in several countries.

Modest growth is forecast for Europe, and despite expenditure levelling off, the US will continue to dominate global defence spending for the foreseeable future.

I'd now like to look at some industrial issues, and in particular, what our competitors have been doing.

Industrial SELECTED COMPETITOR SNAPSHOTS	
<p>Insert US Flag</p> <p>US Government: DCS and FMS [through DSCA] 2006: Respectable sales of approx \$12bn. Priority Markets: India; Middle East and Asia (Japan and South Korea). Markets back on-line: Indonesia. Equipment best-sellers: All sectors. Tactics/Trends: 1) High level of FDI/M&A; 2) Increase in Bilateral/Joint Military Exercises.</p>	<p>Insert France Flag</p> <p>DDI: Spearheading government support. 2006: Sales of approx \$5.5 bn. Priority Markets: UAE, India, Saudi Arabia. Equipment best-sellers: Naval, Aerospace, Sub-systems Tactics/Trends: JVs, in-country subsidiaries, French companies have significant civil element, military visits (port)</p>
<p>Insert Russia Flag</p> <p>Rosoboronexport: Export monopoly re-established. 2006: Aggressive export campaign helped offset 15% plummet in domestic orders. Priority Markets: India + China [80% revenues]. Prospects: N. Africa (Algeria/Morocco) + Middle East; Latin America (Brazil/Venezuela) and Asia (Vietnam). Equipment best-sellers: All Sectors. Tactics/Trends: 1) Countertrade; 2) Responsive to customer requests for licensed production and tech-transfer; 3) After-sales support improvements.</p>	<p>Insert Israeli Flag</p> <p>SIBAT: Actively promoting/supporting industry. Export-reliant: >75% of output. 2006: IMOD claimed signed defence contracts of nearly \$4.5bn. Major successes in India + USA. Priority Markets: India; USA; Europe; and Africa. Equipment best-sellers: UAVs; Homeland Security; vehicle armour suites and electronics. Tactics/Trends: 1) European partnerships remain high on agenda.</p>

This is a snapshot of the US, France, Russia and Israel.


The **United States** is supported by the Defense Security and Cooperation Agency – the US’s DESO-equivalent organisation. India is a new target market and the US has made no secret that it expects to accelerate defence exports to India. The US will remain a strong competitor in all sectors, but anti-US sentiment in some countries could hinder sales, and the US should be concerned about the decline in its market share.

2006 marked the re-emergence of **Russia** as a threat to US- and even UK - market dominance. Export success last year helped offset a 15% drop in domestic orders. Russia is seriously addressing her after-sales support performance – the traditionally weak aspect of Russian defence export activity.

France posted a good performance last year, halting a recent run of poor years.

And **Israel** has become a major player in the export market and has mounted a serious challenge to Russia in India. Israel’s current export success is largely attributed to intense marketing, support from SIBAT – the DESO equivalent - and products within the Homeland Security sector.

Industrial
UK & Selected Competitor Performance




	PRICE	PRODUCT RANGE	AFTER-SALES SUPPORT	OFFSET (Inc Tech Transfer)	GEO-POLITICS	GOVT SUPPORT	Exports 1997-2006 \$BN (Annual Average)	Global Ranking
UK	Orange	Orange	Orange	Green	Orange	Green	8	2
USA	Orange	Green	Green	Red	Orange	Green	15	1
Russia	Green	Green	Red	Orange	Orange	Green	4.5	3
Israel	Green	Orange	Orange	Orange	Red	Green	1.5	6
France	Orange	Green	Red	Orange	Orange	Green	3.5	4
Germany	Orange	Orange	Orange	Orange	Orange	Red	2.5	5

These are the relative strengths and weaknesses of our main competitors: I've shown the UK for comparison.

The colour coding shows levels of proficiency against selected aspects of the export market, with red indicating negative and green positive. Admittedly, being based on our interpretation of various sources, it is subjective.

Price and customer support are long-standing UK weaknesses in the export market. But our competitors have weaknesses too.

All competitors, with the exception of Germany, receive strong government support and they have DESO equivalent organisations.

Industrial
M&A ACTIVITY & SUPPLY CHAIN 

- \$49 Billion: Value of global defence/aerospace M&A transactions.
- UK is an attractive investment environment for foreign companies
- Globalisation of the supply chain and the value of SMEs


2006 was a bumper year for Defence and Aerospace Mergers and Acquisition activity, involving transactions worth \$49 billion - the highest figure since 1999. Private Equity accounted for a quarter of the value of completed deals.

The globalisation of the supply chain has created opportunities, as well as challenges, for UK defence industry. You'll know better than me that it's not just company against company in the market: it's now supply chain versus supply chain, with an emphasis on who can best integrate that chain to achieve competitive advantage.

We can't speak about the supply chain without a mention of the valuable contribution played by smaller companies that make up a significant part of our industrial base. And as I hope most of you will already know, DESO has invested effort in supporting the smaller business community – with encouraging results.

So I shall now hand over to my colleague, John Brosnan, who will tell you what we've been doing and what the future looks like for small companies. Over to you John.

Thank you John.

Military 

Slide will have a central box reading **Military Drivers** supported by 4 x quarter slide images, each quarter will appear in sequence:

Image animation 1: top left: Homeland Security

Image animation 2: top right conventional threats & legacy systems

Image animation 3: bottom right military technological revolution


Image animation 4: bottom left British Armed Forces

One of the main drivers of change in defence equipment is the threat. Although some states still face a clearly defined external military threat, for most countries the most pressing requirement is **Homeland Security**. Such threats may be internally or externally generated and are linked to the growth in irregular activities including political terrorism, insurgency, organised crime and failed states. These pose increasing problems for police and customs and are creating new market opportunities for defence manufacturers.

It would be wrong to conclude that Homeland Security has now entirely supplanted **conventional military threats**. Most states still believe that they must be able to deal with traditional external threats or take part in peacekeeping operations. Providing support to legacy equipment and offering new and more effective products will remain a major market for the defence industry.

Recent military operations have emphasised the necessity to maintain effective conventional capabilities, but also the need to operate in more effective ways against asymmetric threats using networked-enabled capabilities and **other advanced systems**. It has placed a premium on government and industry's agility to meet urgent unforeseen requirements.

The internationally respected **performance of the British Armed Forces** reflects well on the equipment that they use and is a competitive advantage that we should aim to exploit.

Technology 

This slide will have a top heading reading **Technology** The slide will consist of a single composite picture of overlapping images comprising:

- Image 1: South Korean T-50 Trainer
- Image 2: Israeli upgrade of MiG 21
- Image 3: Singaporean Terrex armoured PC
- Image 4: Saudi La Fayette Frigate
- Image 5: Insurgent with IED

European and North American dominance in advanced technologies can no longer be taken for granted. We face increasing competition from emerging competitors. The **South Korean T-50** jet trainer typifies the potential for foreign companies to enter international markets with competitive products. Many competitors are placing greater emphasis on R&D that is leading to the appearance of advanced and often inexpensive weapons. Consider the export success of the Israeli defence industry that offers innovative and reliable equipment, and has won business **upgrading Russian platforms** – something that we haven't achieved. And the emergence of Singapore which now markets advanced weapons systems such as the **Terrex** vehicle.

But a balance must be struck between cost and sophistication. Few countries outside NATO require, or can afford, state-of-the-art equipment and so it's essential that the needs of the export market are taken into account. We have pointed out before that the specialised requirements of the UK Armed Forces are not always selling points in the export market when there are cheaper alternatives. The **French sale of frigates to Saudi Arabia**, for example, contrasts with the difficulties that the UK maritime sector has experienced in securing exports. And we must also consider that insurgent groups and terrorists are capable of acquiring and using potent weapons such as **Improvised Explosive Devices**. The need for force protection and minimising casualties will act as a major driver for future technological developments.

Technology
Export Restrictions 

On map of the world, show in different colours:

Arms embargoes in force (full & partial): Armenia; Azerbaijan; Bosnia & Herzegovina, Burma, Burundi, China (exc Hong Kong), Democratic Rep of Congo, Iran, Iraq, Liberia, Rwanda, Sierra Leone, Somalia, Sudan, Tanzania, Uganda, Uzbekistan, Zimbabwe

Restrictions for maintenance of Regional Peace & Stability*: Angola, Benin, Burkino Faso, Burundi, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Namibia, Rwanda, Senegal, Sierra Leone, Taiwan, Togo, Uganda, Zimbabwe

Other restrictions in force: Argentina, Macau, Hong Kong Special Admin Region

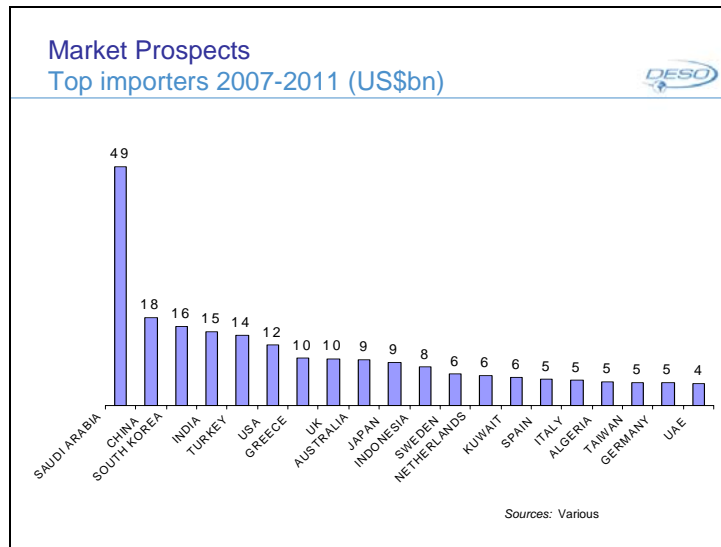
* This is indicative. There may be other countries to which Criterion Four of the Consolidated Criteria also applies.

There are of course limits on the technology that we are prepared to sell to overseas customers.

This map highlights those countries where currently there are arms embargoes in place, or major restrictions on defence exports.

Although it's quite a wide geographical spread, these countries account for only about 5 billion dollars worth of potential import procurement business, with all other countries accounting for over 50 billion dollars – subject of course to export licence approvals.

What then does all this mean for our future export prospects in the global market?

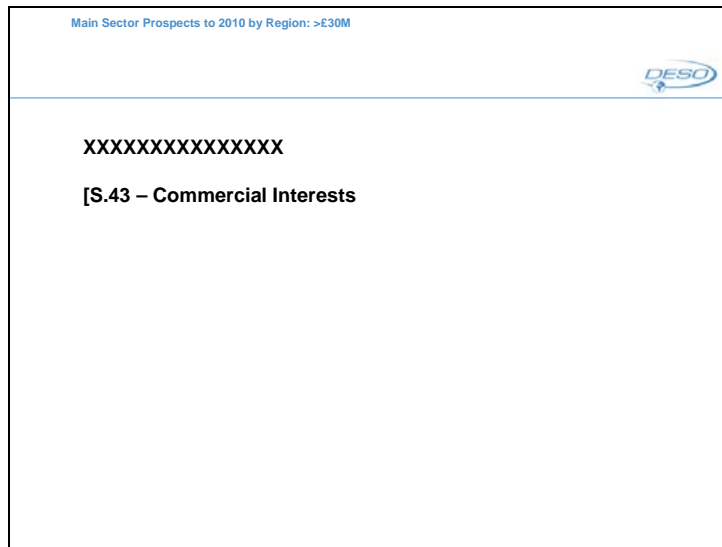


This shows our forecast of the top importers of defence equipment and systems over the next five years. China and Taiwan are not currently UK markets.

The projected spend in both Saudi Arabia and the United States is of course good news for the UK since we are already well established in both those markets - although we can't take it for granted that we will enjoy the same level of business in the future against intense competition.

Historically, we have also done reasonably well in some of the other countries, including India, Australia and South Korea, where forecast spending looks healthy.

But there are also some large markets, such as Turkey, where we have not yet won significant business.



I have looked at the campaigns valued at 30 million pounds or more where DESO and industry are working together over the next few years.

This shows regional prospects in each of the main sectors, listed on the left-hand side of the table.

XX
XXXXXX [S.43 – Commercial Interests].
XX,
now we have several opportunities across the Air, Ground and Maritime sectors significantly to improve on that. [S.43 – Commercial Interests].

Moving to the **final part** of my presentation – and arguably the most important:: what do we need to do to maintain our strong position in the market?

How to Maintain Market Share



Future threats to our market share:

- Russia, France and Israel continue to do better
- Emerging competitors (eg China) enjoy success
- Declining product portfolio & cheaper alternatives
- In-country manufacture
- Migration of UK assets overseas
- Greater pressure by NGOs leads to fall in government support

First, what are the potential threats to future business. Obviously, our competitors will be doing a similar analysis, trying to identify ways of winning business from us.

Clearly, if Russia, France and Israel continue to do better and some of the emerging competitors, such as China, South Korea and South Africa establish themselves as suppliers, they could take business from us, although to what extent this will be achievable in our established markets, is uncertain.

We covered before the UK's declining export product portfolio that could impact on our business in the longer term.

Increasingly, winning new business involves meeting customers' requirements for technology transfer and in-country manufacture, and the implications of commercial imperatives to move some assets abroad could erode our industrial base and export capacity.

And not forgetting public pressure from NGOs like CAAT – Campaign Against the Arms Trade, who do not accept the value that defence exports bring.

So let me remind you what they are.



The Value of Defence Exports

- Support defence diplomacy
- Enhance interoperability
- Spread industry's fixed overheads
- Maintain key sovereign capabilities
- Fill lulls in domestic production

The defence industrial strategy was quite clear about the value of responsible and properly controlled defence exports.

They support **defence diplomacy** and in some countries may act as a key enabling activity for a bi-lateral defence relationship.

Defence exports contribute to building local operational capability and therefore **enhance interoperability** with our own forces.

Longer production runs resulting from exports **spread fixed overhead costs** and the benefits to industry may be shared by MOD in the form of lower prices on future purchases from the same supplier.

And by sustaining longer production runs and offering opportunities to develop equipment for export customers' requirements, defence exports help to **maintain key sovereign capabilities** and can keep production lines open when there is a **lull in domestic production**.

So what might we do to maintain market share?



How to Maintain Market Share


Shorter-term measures:

- Focus on Key Markets & winnable campaigns (**Show Key Markets**)
- Exploit UK strengths
- Resolve weaknesses: eg customer support
- Identify and Exploit Competitor weaknesses
- Exploit growth sectors
- Greater effort on Naval prospects
- Exploit market intelligence more effectively
- Support to SMEs to achieve export success

Here I've listed some **short-term measures**.

First, we should focus our effort on Key Markets and winnable campaigns.

These are our **Key Markets** for the next year.



How to Maintain Market Share

Shorter-term measures:

- Exploit UK strengths
- Resolve weaknesses: eg customer support
- Identify and Exploit Competitor weaknesses
- Exploit growth sectors
- Greater effort on Naval prospects
- Exploit market intelligence more effectively
- Support to SMEs to achieve export success

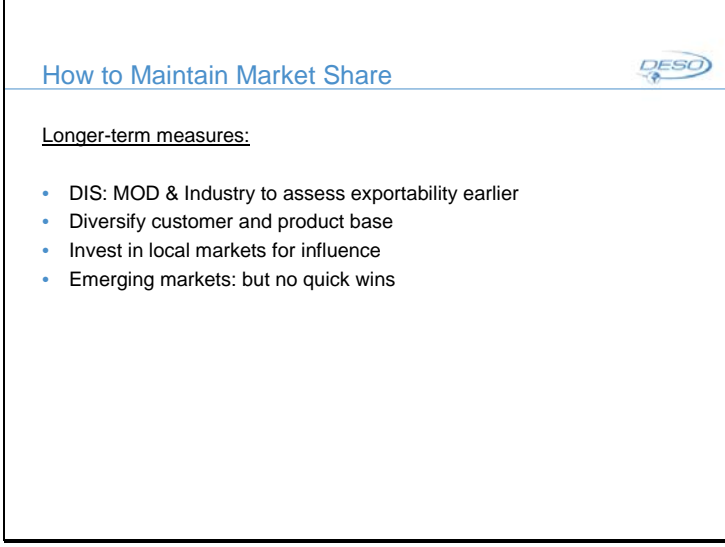
We have a number of **strengths**: reputation of our Armed Forces; a competitive industry with a strong supply base and numerous international links. We should exploit all of these.


We do have **weaknesses** though that need resolving. We've mentioned before that we could do better at customer support. Are we doing the best we can in this respect? For instance, should primes make more use of specialist and cheaper maintenance repair companies to deliver support?

Do we know what our **competitor weaknesses** are and are we exploiting them? And are we exploiting the **growth sectors** such as Homeland Security and the Support Services market? DESO can help you identify export opportunities in both.

And with the excellent products we have, surely we can do better in the **Naval sector**?

DESO can help with **market intelligence** – are you making the most of what we can offer? And as you have heard, DESO is firmly committed to **supporting the small business community**.



How to Maintain Market Share 

Longer-term measures:

- DIS: MOD & Industry to assess exportability earlier
- Diversify customer and product base
- Invest in local markets for influence
- Emerging markets: but no quick wins

I think there are number of longer-term measures that we should look at too.

You've heard us say before that much of our equipment is too costly and sophisticated for the export market. More flexible design solutions, such as the German MEKO frigates, or cheaper alternatives from countries such as Russia, provide serious rivals in the market.

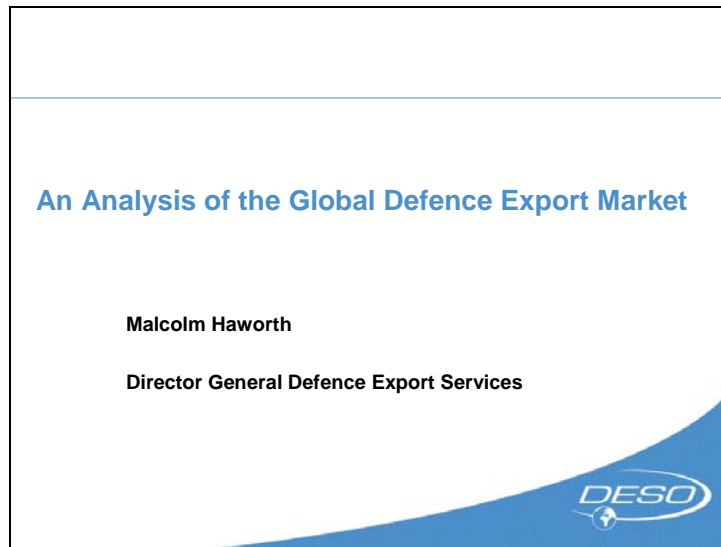
It's therefore important that MOD and industry look at **exportability** much earlier in the acquisition cycle: the Defence Industrial Strategy has taken this point on board. Industry and MOD need to work better together to design-in flexibility to meet both UK and export requirements, and to remain competitive.

Diversifying our customer and product base will of course take time: again, we must work together to see how we might best achieve this.

And I need not tell you that investing in **local markets** is essential for gaining influence and showing that you are in there for the long run.

Finally, we have made some progress developing the **emerging markets** that we identified last year: Libya, Algeria, Iraq and Vietnam. Since then, DESO has set up an office in Tripoli and we have had Algerian delegations in the UK to look at what we can offer. Iraq, however, is largely a market yet to emerge, for reasons obvious to everyone.

Slide 31



And one last point before I finish.

DESO is only as good as the support that we can provide to you – the UK defence industry.

So make good use of us. We're here to help.

Ladies and gentlemen, thank you for listening.