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Perot Systems Q2 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

This concludes the formal portion of the conference call. A question-and-answer session will now be conducted. [Operator Instructions]. The first question is from Jim Kissane with Bear Stearns.

James Kissane - Bear Stearns

Thanks. Peter, can you be a little more specific in terms of what market the potential acquisition serves?

Peter Altabef - President and Chief Executive Officer

Well Jim, we... this is the second time we have kind of given a foreshadowing of an acquisition. The first time was a several quarters ago when we said that we had another acquisition lined up, we gave the size of the acquisition, but we didn't say where it was and that of course later became the QSS acquisition.

Because its not... we have not yet signed the acquisition contract yet, I'm very hesitant about giving the location, if you will and where the acquisition is. We have given you the size between \$80 million to \$90 million, it is close. I expect that we'll actually sign the acquisition contract in August for that deal, so we'll be able to provide you specific detail about where it is relatively soon.

James Kissane - Bear Stearns

Okay. Thanks Peter. And can you break up the signings by market for the quarter and maybe what you've done so far in July and in terms of the business pipeline, which markets are strong and which are weak. Obviously government's a little bit weaker than you expected?

Peter Altabef - President and Chief Executive Officer

Government is weaker. As you saw for the second quarter, we had TCV about \$241 million. That is below... as you know Jim as well as anyone, there is a lumpiness in our business and \$241 million for us in terms of sales is on the low end of lumpy. So I wasn't particularly pleased with that size of signings. You saw in July alone and of course we've got another day left in July or today, we've had about \$300 million of TCV in July, so more than the second quarter in its entirety, so that kind of goes to prove the lumpiness of how this works.

If you look at our signings in the second quarter; that 241, they are actually very well dispersed between our commercial units which includes our life insurance unit, our healthcare unit and was

fairly light on government signings, but does includes some government signings. When you look at the \$300 million in July, what you see is that is predominantly healthcare related and the majority of that is on the healthcare side. So, if you look at July and the second quarter, you have about \$540 million; excuse me of TCV over that period of time. In that \$540 million, is about \$200 million of the VA contract and the VA contract is not quite finished yet. There are still more contracts to be let but that is ahead than where we are at this point.

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