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Conference Call Transcript

GE - General Electric 3Q 2008 Earnings Call

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the General Electric third-quarter 2008 earnings conference call. At this time, all participants are in listen-only mode. My name is Lauren and I will be your conference coordinator today. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the program over to your host for today's conference, Trevor Schauenberg, VP of Investor Communications. Please proceed.

Trevor Schauenberg ***- General Electric Company - VP IR***

Thank you, Lauren. Good morning and welcome, everyone. JoAnna Morris and I are pleased to host today's call. Hopefully you have the press release from earlier this morning, and the slides that we will be walking through are available on our website at www.GE.com. If you don't see it, please refresh. You can download or print to follow along.

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As always, elements of this presentation are forward-looking and are based on our best view of the world and our businesses as we see them today. Those elements can change as the world changes. Please interpret them in that light. We will be reviewing the GE press release that went out earlier today and have time for Q&A at the end.

For today's webcast we have our Chairman and CEO, Jeff Immelt, and our Vice Chairman and CFO, Keith Sherin. Now I would like to turn it over to our Chairman and CEO, Jeff Immelt.

Jeff Immelt *- General Electric Company - Chairman, CEO*

Thanks, Trevor, and good morning, everyone. Just on the overview page, clearly to everyone the environment remains very volatile. The global financial system is tough. We see consumer confidence falling, unemployment up again last week, but we still see pockets of strength in Infrastructure and Media, and we see that in both orders and our relative performance.

The performance we announced this morning is completely in line with what we talked about that at the September 25 announcement. At that time we really put out three guideposts, if you will. We said financial service earnings would be about $2 billion; they came in at $2 billion. We said that Infrastructure and Media segment earnings would grow between 10% and 15%; and they grew at 12%. And we said we would deliver earnings in the range of $0.43 to $0.48; and we delivered $4.5 billion or $0.45 of continuing earnings.

So we view this performance to be right in line with that announcement.

We have also taken a lot of actions that we will go through in more detail to improve our capital finance position, reducing leverage, improving liquidity, and raising new equity at the parent. So we really think the Company is well positioned to perform regardless or in whatever economic environment that we see in the future.

On the second page, really talk about our strategy. We continue to execute despite the environment. From a portfolio standpoint, we were able to complete several transactions in the quarter, including the sale of GE Money in Japan. We continue to work on our swap with Santander. We are running PLCC to hold, but we will continue to evaluate options. We closed the Citi commercial finance deal, which will add to earnings and has already started to add in 2008. We announced a partnership with Mubadala and closed the Weather Channel investment. And our C&I spin process is ongoing, and we still believe we will have several options for that business.

From an operational standpoint, we continue to restructure to improve our cost position. Our cash performance was very strong in the quarter, with industrial CFOA growing 5% year-to-date. NBCU had its first double-digit profit growth in three years. I think our growth was particularly impressive in this environment.

Our industrial organic growth was up 10%. That's one of the highest numbers we've had in the last few years. The total orders, excluding C&I, were up 9%. We grew backlog in both equipment and services by more than 25%. Our global industrial growth grew 20%. And we believe that the Beijing Olympics were a huge success.

All in all, we end the third quarter with $170 billion of backlog in Infrastructure, and we think that's quite a good performance to have in the quarter.

On the next page, we've done a lot of work in the last couple weeks to risk-reduce the Company, which we think is just a sound way to run the Company in the midst of all the financial turmoil we're seeing. I want to just walk our investors through that this morning.

I think it begins with just the fact that we have got a stronger Company today. We have exited some weaker industrial businesses. We have dramatically improved the industrial portfolio in Infrastructure and Media over the last few years, and we think that is strategically very important.

We have diversified globally over the last few years. Today 55% of revenue comes outside the United States. We have divested mortgage services, FGIC (the bond insurance business), primary insurance, mortgage insurance, reinsurance, mortgage distribution, and our Japan consumer finance business, which we really think strengthens our Financial Service position.

What we talked about on September 25 was proactively protecting the Triple-A. We are on that pathway to reduce the leverage to 6 to 1 by the end of '09; and the CP, the 10% to 15% of debt will occur by the end of '08.

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We will require any long-term debt in fourth quarter of '08. Our collections are outpacing our origination right now. And we have grown our retail deposits up to $43 billion, which again we think is another important funding source.

We accelerated our liquidity plan and we have clear protection now of CP, if the CP market remains under duress. We really see the CP market improving right now. We have had no problems with our own CP, but I think we have just taken this issue off the table for investors. The $15 billion equity offering gave us more cash, and now the backup lines plus cash are greater than CP.

We believe that the moves that the Federal Reserve made to make a window available for A-1s/ P-1 CP gives the whole industry protection if the market shuts, and we think that's good for the entire market.

We continue to increase our reserves to reflect the higher loss environment. Our reserves are up $800 million in Capital Finance versus third-quarter '07, and we're planning for more in the fourth quarter and '09.

So we really believe we have aggressively risk-reduced the Company in this volatile market, and our Board has approved the management plan to maintain the GE dividend through 2009. We think that gives our investors some real strength for looking at the current markets.

Just to tee up the third-quarter key performance metrics, then I will turn it over to Keith. The growth continued to be a pretty solid performance -- orders up 9% ex C&I, revenues up 11%, and assets up 11%. Our earnings per share at $0.45 continuing; we are in line with what we talked about on September 25. Our returns are solid, a little bit weaker because of Financial Service earnings.

Our margins, if you take out C&I, but more importantly the Olympics -- the Olympics are a lot of revenue without a lot of margin -- are roughly flat year-over-year in the Infrastructure space. Our cash performance as I said is very strong and should continue that way throughout the rest of the year.

So we think this is a good in-line solid performance in a very tough environment. Now I will turn it over to Keith to take you through the details.

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

Thanks, Jeff. Let me start with the third-quarter results. On the left side is the summary of continuing operations. We obviously had a very strong topline quarter, driven by our industrial businesses. Revenues of $47 billion were up 11%. Industrial sales of $28.9 billion were up 17%. Financial Services revenue of $18 billion were up 2%.

We earned $4.5 billion of net income, which was down 12%, and on earnings per share we delivered the $0.45 from continuing, which was down 10%.

On net earnings per share, which includes discontinued operations, we delivered $0.43. The negative variance is because, if you remember, last year we had the plastics gain in discontinued ops; and obviously we didn't have any comparable to that this year in disc ops.

Cash flow I'll cover more in a few pages. Jeff mentioned Industrial cash flow up 5%, a very good performance year-to-date.

And on the tax rate, in the quarter the consolidated rate came in at 11%, which was flat with last year. So on a consolidated basis there's no change. The GE rate came in higher at 29%; that's up about 4 points. The GECS rate came in negative-29% in third quarter, and that is largely result of revising our GECS earnings down for the year. That has resulted in a 7-point decline in our total-year rate for GECS. Our estimate is now a negative-4% for the year; and that drove the negative-30% in the third quarter.

For the total year, our guidance is now a rate of approximately 15%, and that is in line with our rate for the third quarter.

On the right side you can see the business results. We had real strength in the Energy Infrastructure segment. I'm going to go through all the details of these in a few pages. We were slightly below expectations in Technology Infrastructure, but still earned $1.9 billion, up 2%. We were above expectations in NBC, a double-digit quarter as Jeff said. Overall Industrial ex C&I was up 12%.

Capital Finance earned slightly over $2 billion, and C&I had another challenging quarter based on what they are seeing in housing and retail. So the results are completely in line with our preannouncement we made the 25th.

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Next is orders. We have revised this page to include the orders in Energy Infrastructure and Technology Infrastructure, and I will talk about flow in a minute.

On the left side is equipment. For the quarter we had $13.5 billion of orders. It is up 5%. I always say the orders are lumpy on a quarterly basis, and that continues to be true. Clearly the Energy business had another great quarter, up 21%, driven by wind and aero derivatives. I will cover more details on those on the business pages.

Oil and gas was down slightly; we had some slippage. Aviation, very strong military orders; and again tough comparisons, they're really sold out based on the backlogs at Airbus and Boeing. Transportation also had some tough comparisons versus some big orders they had last year.

So as I go through the business pages, I'll do some more on orders. We did see some slippage versus our earlier 3Q estimate in both Oil & Gas and Healthcare, so there's also some timing here. But overall these are very strong absolute orders level, and our backlog was up $8.5 billion versus a year ago.

On the right side you can see services. In the quarter we had $9.3 billion of orders. That's up 16%, and it is just broad-based across all our businesses. Energy, Aviation, Healthcare very strong, Transportation very strong. We ended the quarter with $116 billion of customized service agreement backlog, which is a great asset for us.

Flow orders are not on the page. However C&I had about $2.5 billion of orders, and that was down about 5% in the quarter.

So overall, Infrastructure orders, $23 billion, up 9%. Great services orders, a great backlog position. Including equipment and services, the orders are up $28 billion in the last 12 months, up 20%.

Let me start with Energy Infrastructure. The business had a great quarter. Revenues of $9.8 billion were up 32%. Segment profit of $1.4 billion was up 31%.

Let me start with Energy. Energy revenues of $7.4 billion were up 38%. You can see the segment profit was up 36%. Energy just continues to see incredibly strong global markets. If you look at orders for Energy, the total orders of $7.9 billion, they were up 18%. Equipment orders were up 21%. Thermal orders were basically flat at $2 billion. We received orders for 33 gas turbines including seven in the US in the quarter. Wind orders were up 50% to $2.3 billion; and today our wind commitments are $14 billion. That is up 90% from a year ago.

Air orders were up 73%. Jenbacher orders were up 50%. Nuclear orders were down; we didn't have a repeat of last year's Entergy order. And service orders were up 14%. So very broad strength in our global markets.

The total equipment backlog now is $24.9 billion, up 36% from a year ago. Orders pricing was up 8% for equipment and 4% for services in the quarter.

Revenues were up 38%. That's driven by the equipment revenue. Equipment revenue was up 61%, and service revenue was up 10%, so you get a mix issue here in terms of margin. But great, great growth in the installed base.

Thermal was up 66%. We had five more gas turbines and better mix. Wind was up 70%; we delivered over 1,000 units in the quarter and that was up over 340 units. So that drove the segment profit, up 36%, coming from the great wind and gas turbine volume.

If we look Oil & Gas, they also had a very strong quarter. The total orders at $2.1 billion were up 4%. That was driven by services, which was up 36%. Equipment was down 12%. The backlog is very strong at $8.4 billion, up 19%. Revenues were up 11%, driven by the services growth, up 27%. Vetco Gray also up 5%.

Op profit was up 29%. This comes from the great services leverage. Here is a business that had more services revenue growth in equipment, and 8 points of the growth is from the Hydril acquisition, which is off to a great start.

So if you look overall, the Energy Infrastructure business has just a very strong backlog position driven by an incredibly broad global demand.

Next is Technology Infrastructure. Revenues of $11.5 billion were up 9% and segment profit of $1.9 billion was up 2%.

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You can see the business results on the bottom left side of the page, and let me start with Aviation. Revenues of $4.8 billion were up 14%, and segment profit of $830 million was up 13%. Orders in the quarter were $5.6 billion, still up 1%. With the airframe manufacturers basically sold out into 2011 or 2012, we expect aviation orders to cool off here.

Equipment orders were $2.9 billion, still a great level, down 8%. Service orders of $2.7 billion were up 15%. Even with the equipment orders being down, we still added to our backlog, because of the large absolute level of orders that we are getting here.

Revenues in the business were up 14%, and that's driven by equipment revenues, up 27%. We shipped 539 commercial engines, up 15%; and 184 military engines, up 67%.

Service revenues were up 3% for the quarter, driven by spare parts sales, which were up 11%, offset by services adjustments for aircraft utilization.

If you look at segment profit, that was up 13%, again driven by strong engine volume and productivity, partially offset by lower services margin. We were impacted about $65 million from the fleet adjustments that we discussed in the second-quarter call, where airframers or airlines are using aircraft differently and reducing some of their fleet. That hit us to a tune of about $65 million pretax in the quarter.

Next business here is Healthcare. If you look, Healthcare had revenues up 3% and segment profit down 8%. The results were impacted by last year's revenue recognition adjustment. We footnoted that here. Without the impact of the shipment, changing our revenue recognition to delivery point from shipment, the segment profit would have been down about 1%.

Orders were up 9%. Global DI was up 5%. So again pretty good, strong growth internationally. DI was up 15%, partially offset by the US orders down about 6%.

If you look, services were up 8% in Healthcare, which is a nice again broad cash flow stream for us. Overall revenue in the quarter was up 3%. That was driven by equipment being up 1%.

Again, it's the same as the mix of orders. International was up 20%. Europe was up 20%. Asia was up 12%. Americas was down again. We continue to see softness in the US healthcare market. It started last year in 2007 with the reimbursement changes. It has continued with the general hospital CapEx program caution, given both the hospital markets and also some pressure that we see in capital markets.

So overall revenue was about $200 million short of our original guidance for Q2. As a result op profit for Healthcare was down 8%, down 1% after the 8K impact. But we do continue to see price pressure here, and we see great, strong international market growth, only partially offsetting the pressure that we see in the US market.

Finally in Tech Infrastructure. Transportation revenues of $1.2 billion were up 13%; and op profit was up 1%. We had very strong orders growth, $1 billion of orders were up 6%. That was driven by services, up 34%. Equipment orders were down 150, driven by fewer locomotives, partially offset by a very strong growth continues in off-highway vehicles. The orders were up 300%, and we still ended the quarter with over 1,900 units in the backlog.

Revenues were up 13%. That was driven by global locomotive volume. We are up 2 times on global locomotives to 78 units in the quarter; and off-highway vehicles revenue was up 21%; and service revenue was up 9%. So a good global story and a good service story.

Op profit was up 1%. We are getting the benefits of the higher volume, but that was substantially offset by the global growth investments we are making. It was about $25 million that we have put into the business supporting new engineering for marine engines, for Indian and European locomotives that we are working on orders, and as well as expanding some capacity.

So overall a mixed environment in Technology Infrastructure, but segment profit still up 2%.

NBCU is next. They had a very strong quarter, revenues of $5 billion were up 35%. Clearly the revenues include a little over $1 billion of Olympic revenue; so excluding Olympics revenue, the revenue would have been up about 8%. It is driven by a strong film slate, strong cable revenue, partially offset by lower local station revenue.

Segment profit came in at $645 million, up 10%. That was again driven by strong results in cable, the network, and film, partially offset by the Olympics in the quarter. The Olympics were actually a loss in the quarter that you present them.

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Starting on the left side, the network was about flat in revenue in down about 5% in segment profit, ex the Olympics. We had strong profit growth in entertainment, driven by positive pricing and lower costs. So making sure that we are making margin on what we put on the air.

News remains number one across the board with *Today*, *Meet the Press*, and *Nightly*. We are seeing continued softness in the local media. That was down about $40 million. On the entertainment and info cable, a great story continues here. Cable continued to deliver great results. The segment profit was up 24%, and it's coming from both entertainment and information cable.

USA was number one for the ninth straight quarter with a great lead over number two. Bravo and USA were both up 20% in the quarter. MSNBC had another great quarter, the fastest growing news channel in prime time, driven by politics. CNBC had a very strong quarter. We may not like the message, but the content delivery has obviously been strong, and that is the best performance ever in Business Day total viewers.

On the right side, film had a great third quarter. Segment profit was up 40%. We did have the benefit of timing as some of the advertising and promotion for the third-quarter movies fell in the second quarter; but we also had great box office success.

One example is *Mamma Mia*, which has grossed over $500 million worldwide and is on track to be the best-performing Universal Studios movie ever.

The Parks, flat in the quarter but still at a very high level. We saw higher spending offset some attendance softness in both California and Florida.

Then finally the Olympics performance, it was a great job by the team. It was the most-watched Olympics in history, and ratings exceeded the pre-event estimates by over 20%. So overall a very strong quarter for NBC and the eighth consecutive quarter of earnings growth -- and in fact, to double-digit, which was terrific.

One page on industrial operations. The left side is the operating profit. Clearly the reported results are down. We've got a 13.7% margin in the quarter, and there's really two big impacts. If you adjust for the Olympics, which is a lot of revenue and negative margin in the quarter, and you also adjust for the drag from C&I, which is just having a very tough cycle here, the op profit on the rest of the businesses were flat for the quarter.

The dynamics continue to be driven by shipping more equipment than services. If you look at the total Infrastructure businesses, we shipped 2.5 times the revenue from equipment, was growing 2.5 times faster than services. Revenue was up 25% for equipment and 10% for services.

We partially offset that mix impact, which is again a good news story because are building that installed base, with productivity; and we are pricing ahead of inflation.

So on the right side is the Industrial CFOA. We delivered $11.3 billion of CFOA, which is our Industrial net income plus depreciation, plus we have $2 billion of additional cash from working capital. And that is while supporting 15% industrial growth third quarter year-to-date.

So in our third-quarter '08, working capital turnover is over 18 times today versus 10 times in 2004.

Finally we are continuing to use Lean everywhere in our factories to make sure we're driving down cycle times and help us be more efficient on that.

We continue to operate with intensity in a tough environment and we are focused on making sure we are pricing ahead of inflation, delivering cash.

The cash in total for the Company on the next page is $13.6 billion of CFOA. Overall the cash is down because we don't have any special dividends from insurance dispositions this year. But we do have the Industrial CFOA up 5% through three quarters, and I just want through those details.

On the right side is the normal cash balance walk. You start, add the cash flow that we have year to date to the beginning balance, less the dividends we paid year-to-date. We repurchased $3.2 billion of stock so far this year; and our plant and equipment reinvestment so far this year has been $2.3 billion.

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We have closed a few acquisitions, Hydril and Whatman, and we closed the Weather Channel in the third quarter. We ended the quarter with $3.5 billion of debt. Now, with the cash raised we will have an additional $15 billion of cash; and we are on track for the total year Industrial CFOA of about $17 billion and total CFOA of about $19.5 billion.

Next is Capital Finance. As you know, beginning in the third quarter we put GE Money together with Commercial Finance and we put the verticals, GECAS and Energy Financial Services, back into Capital Finance. So you get a full look at the financial services businesses here.

In the third quarter, Capital Finance earned $2 billion in net income. It was down 33%, in line with our preannouncement of saying we were going to earn about $2 billion. Assets of $622 billion; they are up 12% from a year ago; however they are down about 1% from Q2 to Q3. We are seeing an impact as we have tightened our origination and really focused on where we are allocating capital based on returns and risk.

The separate results for the businesses you can see on the bottom left, and I will cover a couple of the businesses here. I will start with Money. GE Money had assets of $209 billion. They were up 6% year-over-year. However, assets dropped from $221 billion in the second quarter to $209 billion in the third quarter, down 5%, driven by the volume declines from higher pricing and other underwriting changes that we have been making. Net income of $790 million was down 16%. Basically the Americas was down 28% from higher loss provisions; I'll definitely cover more details on that. Europe was down 22% driven by lower redemption income in the UK. And Asia was up 1%. I will cover details on delinquencies for both commercial and consumer in a few pages.

Our Real Estate is the next business, ended the quarter with assets of $89 billion, which are up 23% over last year. That's driven by the investments we have been making in senior secured debt at high returns. I will show you the numbers on that.

Separate, sequentially if you look, Real Estate is down $2 billion in assets from the second quarter. Again we have capped off our Real Estate business just based on size today; and we are continuing to downsize the portfolio. We will continue to do that through 2009.

Net income of $244 million was down 62%, as basically we realized lower gains on sales of properties from a year ago. We still sold in the quarter $2.6 billion of assets, and the portfolio quality remains very strong. We have 0.19% of receivables in nonearning, so basically hardly any properties not in earning status. Our 30-day delinquencies are only 0.6% of average net investment; it's flat with last year. So the portfolio is very strong.

Through the third quarter with the earnings in the third quarter, our real estate business has earned $1.2 billion in net income. Based on our revised guidance that we gave on the 25th, we would expect the total year to be around $1.3 billion to $1.5 billion net, depending upon how the property market goes in the fourth quarter.

Next is Commercial Lending and Leasing. The earnings of $394 million were down 56%. This business was significantly impacted by the recent upheaval in the financial markets. Over $400 million of the negative marks we had in the quarter -- marks and impairments -- were in this business. I'm going to cover the details of that on the next page.

Finally the verticals. If you look, the verticals delivered solid results. GECAS was up 4%. Again here is another portfolio. The quality remains very strong. 30-day delinquencies are 0.13% of financing receivables. We have three aircraft on the ground at the end of the quarter. They are all new narrow-bodies which we expect to be putting back out on lease very soon.

Energy Financial Services had another strong quarter as we continue to see very strong demand for energy generation and distribution assets. So a pretty good story there.

So in the next few pages -- there's been a lot of discussion about GE Capital. In the next few pages I want to basically cover four topics. First we missed our original estimates in Financial Services by $0.07, and I want to take you through the details of what happened versus our original financial projections.

Second, we are still in business. We continue to originate at high margins and we expect the pricing to remain robust. So I'm going to show you what are we originating and what do the margins look like.

Third, we have taken proactive actions and we have dramatically improved our liquidity situation. I'm going to show you where we stand on liquidity.

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Fourth, our portfolio remains robust. We've got a great portfolio. We have stuck to our risk management. But we are going to see a credit cycle here. We're going to see higher delinquencies; we are already seeing those. As we have higher delinquencies we're going to put up more loss provisions. What I want to take you through is -- how do we see the portfolio quality? And what do we see as the potential future loss impact as we go forward? So I will take you through these four sections.

First is the third-quarter results versus the second-quarter guidance. We all have been living this environment, but the third quarter had extraordinary financial volatility by any measure. You know, we had Fannie Mae, Freddie Mac, Lehman Brothers, WaMu, AIG; and we were impacted by that volatility.

We had $533 million of negative marks and impairments in the quarter. If you look at the right side, I have broken those out by a couple of categories. The first category is investment impairments. You know, we have $43 billion of assets in investment securities, mostly from our insurance runoff business and also our guaranteed investment contracts. We have listed the largest items that impacted us here, including the WaMu bonds. Those were impaired the Thursday night after our preannouncement, so the volatility did not stop the day we did a preannouncement. It has continued.

We also reached an agreement with FGIC to restructure our preferred investment, resulting in a $97 million after-tax loss. If you remember we already wrote off our common stock. So we had quite a few marks in the investment impairment category.

The second category is mark-to-market of our publicly traded equities. The main write-down there came from our equity stake in Genpact, which was down a lot in the quarter; $154 million of the $173 million was just that one investment alone.

Then finally we also impaired some assets in GECAS. We do an impairment review annually. If there were ever a big change in cash flows you would have to do it in the quarter it occurred. That is a relatively small amount for that portfolio. It's a little bit better actually than the impairments last year.

Then the last category is we had some derivative marks that went through the P&L. Basically ineffectiveness and other standalone hedges that get marked through the P&L every quarter.

So our third-quarter earnings, if you look on the left side, the other two things that hit us -- we had higher losses in GE Money. This is presently in the Americas. Our original forecasts that we laid out for the Americas was $600 million to $800 million of additional loss provisions in the business. We added $250 million of provisions in the quarter. In total that's about $100 million over the original plan, and our revised guidance today would say we are thinking about $800 million to $1 billion of provisions this year for the losses in the Americas based on delinquencies and where we are.

Then finally we had lower asset sales, principally real estate. But in total GECS was off $0.07 from our original Q2 expectations, and it is driven by these three factors.

So even with that our third-quarter earnings were in line with what we said on the preannouncement. We earned $2 billion net in Capital, and that's a pretty good performance in this tough environment.

So let me go to the second point, which is we are in business. What are we originating and how are the margins. This page covers the Commercial Finance originations that we are doing in the third quarter.

Overall in Commercial Finance we originated $21 billion of volume. You can see the majority of that volume is split on the left side between the top, which is Capital Solutions leasing and financing spreads, so this is our midmarket business. We did $6 billion of origination in the third quarter, and the spreads are up 56%.

So this is a gross price that customers are paying us, less our cost of funds on a match funded basis. Margins were up 56 basis points in the quarter, and you can see they have continued to climb through the year.

The second piece is corporate and real estate debt. We've done $10 billion of debt in the third quarter at 27% ROEs. So we continue to see very strong low loan-to-value opportunities with high returns on equity, and we are investing money there. Our originators are out there, and we are in business.

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We are trading volume for price in every business. The real estate debt originations are $4 billion; that was a 25% ROE. We have basically shut off the equity originations except for where we have previous commitments.

Capital Solutions, the volume is down 25%, and we are getting price and fees everywhere. So there are places where we are not underwriting. If we don't have the returns, we are not putting the capital there. But there is still an awful lot of business being done.

We are going to continue to be opportunistic on originations. We think the attractive pricing is obviously going to continue for the foreseeable future here. And the fourth-quarter outlook is pretty similar in terms of what we are going to originate.

We are still in business, funding a lot of high-return stuff. Over $20 billion in Commercial Finance alone in the quarter, and the fourth quarter looks to be about the same.

Third point that I want to cover about Capital's liquidity, and Jeff has talked about it. I've mentioned it. The numbers are on the left side. We ended the third quarter with $88 billion of commercial paper. Our commitment was to bring CP under $90 billion in the third quarter and down to $80 billion by the end of the year. And we are going to do that.

In the middle in the left side is the long-term debt maturities through the fourth quarter of '09. So over the next 15 months we have $81 billion of long-term debt maturities, and you can see the timing. We have already said that we don't need to do any long-term debt in the fourth quarter; and I will talk about the future going forward. But you can see the good news is these are spread out, and they are pretty level loaded, and they are actually backend loaded into the second half of '09.

Then the third category is other sources of funding. We have got $43 billion of retail funding today, and we are going to be able to continue to grow that.

So if you look at the right side, there's some themes about how we have been thinking about liquidity in the last few months. It starts with Triple-A. This is an advantage for us and we know it. It has been confirmed by the rating agencies. From the Board of Directors through leadership team and to every employee, we are committed to running the Company as a Triple-A, and it's certainly serving us well.

The second thing is the debt markets have been volatile, but we are still funding ourselves without any issues. If you look at CP, in fourth quarter '07 the average cost of our commercial paper program where we had higher balances was about 5%. In the third quarter of '08 the average cost was 2.5%; and that is the same average cost for the last couple of weeks.

So it has been a challenging global market, but we have been able to fund ourselves and the funding costs have actually come down versus what we were dealing with a year ago. And I think that's a positive.

We do have more protection today if the CP market remains under stress. Jeff talked about it. We had a liquidity plan that said we were going to get our bank lines plus our cash equal to our CP by the end of the year. After our earnings call last week -- or the preannouncement, we said that may not be fast enough and we went right to work on -- well, how do you accelerate that?

That's why we did the equity offering. We have accelerated today our bank lines plus our committed cash are greater than our CP. And that is a great place to be.

We also have the retail sources to grow funding. I mentioned the number, but we have grown our deposits $20 billion since the beginning of the year and we can do more. In our banks -- we have two banks that we use in the US that are funding both commercial and consumer assets with deposits.

Then on long-term debt we can proactively manage the long-term debt maturities by working our origination and collections equation. As you know we've already said we don't need to do any of the long-term debt redemptions in the fourth quarter. So we have got $15 billion of long-term debt that matures. That is by being very disciplined on origination versus collections. Obviously if we ended up in a situation where you had to do less long-term debt in 2009, we can continue to work that originations versus collections equation.

Then finally I think a significant point. On Tuesday this week the Fed announced the CP funding facility for highly rated CP issuers. Under this facility -- the details are still being worked out -- but clearly GE and GE Capital could issue if necessary CP to the facility in amounts up to our outstandings during August in 2008, which is over $60 billion for GE Capital Corp and over $10 billion for GE.

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So this is again another step that the Fed has taken. We are very supportive of it. We think it's positive, and our team is working with the Fed to make sure all the mechanics are in place to help support the confidence of our investors.

So we've got a very strong position here. If you step back and look at the actions we have taken over the last three weeks, we have proactively and dramatically improved our liquidity situation in one of the most challenging markets ever seen. And we feel great about where we are today.

Fourth topic is the quality of the portfolio. The question everyone wants to know is -- what is the potential future loss impact? I'm going to walk you through pieces.

I'm going to start with the portfolio. At the end of the third quarter we had $413 billion of commercial assets and $209 billion of consumer assets. On the commercial side we're very diversified. Our risk management policies outline delegations of authority and concentration limits for every asset class and every investment we make.

We have got very broad spread of risk. 72% of the commercial exposures are under $100 million each and 60% are under $50 million. Our largest exposures, basically if you look at the top 20 exposures, they are to the airlines and railroads and a couple of power plants. All of them are senior and secured and collateralized by the assets. There's no unsecured exposure in the top 20 of any size.

Our diversification and our risk management has served us well. If you look at the 10-year average losses, they have been 0.3%. The highest over that 10-year period was 0.9%. We've got a conservative model. We do not originate to sell. We originate to hold.

We don't have any SIVs. We don't have any CDOs. We have never sold CDS. We don't have any exposure to counterparties on that from things that we write, because we don't do that business.

On the right side is the consumer. We are also very diversified. We have over 100 million accounts and we have responded early to the tougher environment we've seen. I went through the mortgage portfolio with the last call. These mortgages are not US. Our underwriting has been strong. We have an average loan-to-value of 75%; that is updated every month based on the market. And everything that we did that was underwritten, over 80% has mortgage insurance on it globally. 79% of the portfolio is outside of the US, so it's a very global book.

We have tightened underwriting and collections early in the cycle. Our mortgage reserves are up 20% since the end of last year. We just don't have any writeoffs to date. It's less than $100 million of mortgage writeoffs because we are senior and secured. We've got mortgage insurance on the highest risk exposure positions, and we have been very conservative about the amount of loan-to-value that we will underwrite.

So it's something we're watching. The delinquencies are up clearly, and we will work our way through it. But if you remember, we've been there before. In the UK we had the delinquencies up over 18% in the early 2000s, and minimal losses based on our underwriting.

I'm really happy to say we exited Japan successfully; $5.4 billion of sales proceeds were realized in the third quarter.

So we've got a very seasoned risk team. We've got a very disciplined set of policies and risk management infrastructure. And we have consistently outperformed the benchmarks. So I think we're not immune to a deteriorating credit cycle; I will take you through that next. But we really like the starting point of the diversification and the quality of the portfolio.

So how are we performing is next. On the left side of the commercial delinquencies you can see the 30-day past-due amounts on receivables are up to 1.61%. That is up 26 basis points.

One adjustment in here. We acquired a business in Japan, Sanyo Finance Lease. Just that business alone and adding it to our book added 10 basis points to the overall delinquencies. So really on a comparable basis we are up only 16 basis points versus last year.

We have seen some softness in our midmarket European lending and leasing business; about 6 basis points of the delinquency is from that. We have seen some softness on business properties; there are lots of small properties, under $3 million generally the loan size. People are just conserving cash. So we have seen some increase in delinquencies here in the US.

Our non-earnings are up 21 basis points versus the second quarter, up. There's two specific transactions in the verticals; both are senior and secured. One is SemGroup went into bankruptcy, and we are very well collateralized there. The other, we have some planes that we got back where we have senior debt; and we are cross-collateralized on three more planes that they are going to give back that more than secure our position. So on the $309 million we don't think we have any loss exposure.

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Cap Solutions is up a bit. Again that's a lot of small accounts that are delinquent; and we're just going to have to manage through collections and make sure we're managing our collateral. And as I said, the Real Estate book is in really good shape.

So the portfolio on the commercial side continues to be in excellent shape, but we are seeing some early signs of pressure and we will be all over it.

On the right side is the consumer delinquencies. We have seen these rise. Obviously they are up 128 basis points versus a year ago. You look, it is up a bit versus the second quarter, so we are seeing sequential increases as well just driven by two basic things.

One is the UK mortgage book. The delinquencies are up to 17.8%. That is up 1 point over the second quarter, 16.8%. So that is a big driver of delinquency. Again, we don't have losses in that book because of our position., but the delinquencies are up.

The second thing is North America. Our North American receivables, the delinquencies on 30 days were up to 6.2%, up from 5.6% in the second quarter. That contributes 34 basis points to the total year-over-year.

So while we have these rising delinquencies, we are also putting up more loss provisions. The loss provisions are up 34% in the quarter year-over-year. North America as I said we put up $249 million, $250 million. That's $560 million year-to-date, and the total year estimate is up now to $800 million to $1 billion, included in our guidance.

The loss provisions are going faster across the globe than our write-offs for the fourth consecutive quarter here. This is going to continue. But we do see more pressure on the consumer book. We're adding to the provisions in line with the delinquency and loss experience that we have, and we expect this to continue.

If you look, in the third quarter alone we had pretax losses of $451 million higher than the year-over-year; but we had higher reserves by $762 million. So we are putting up more provisions than the losses we are experiencing, and we are ready for the future here.

If you look at the third quarter year-to-date loss provisions, they are up $1.3 billion. And that is going to continue as we go into the fourth quarter next year.

So let me -- I've given you the portfolio mix. I showed you kind of where we are in credit performance. And how do you think about the losses going forward?

This chart shows our GE Capital loss percent to average net investment back to 1991. If you look on the left side of the chart, the 20-year peak was the '90 and '91 recession. We ended up with credit losses of 2%. You can see the split between GE Money and Commercial, what those losses rose to.

In the middle I have written down some facts about 2008. Today we are estimating that we are going to end the year at 1.2%. We were below 1% through the second quarter. We have got a big increase in the third quarter and a big increase in the fourth quarter; that will get us to about 1.2%.

You can see it is driven by GE Money. We continue to see very strong performance in Commercial, but we are increasing our provisions there. That guidance for the year, for 2008, would include up to $6.6 billion of pretax provision increases -- pretax losses. So this is a big number and it will be a big increase over last year.

Then the 2009 framework that we talked about, we gave you a range of down 10% to down 30% for GE Capital as a way to think about next year. Basically within that range that would enable us to have $7.5 billion to $9 billion of pretax losses off to $6.6 billion this year. So $6.6 billion this year will be a big increase, several billion dollars over last year; and next year could be $7.5 billion to $9 billion.

That would bring our total credit losses somewhere between 1.4% to 1.7 %, which would be very close to the peak. I think that's important. Because when you look down in the left, what's different about the portfolio from '90, '91 to today is dramatic.

In '90, '91 we had very limited geographic diversity. We were very US-focused. We had $8 billion of LBO exposure, with $200 million average exposure to each of them. We had -- 28% of the consumer exposure was secured. We were very large mortgage and bond insurer. We were concentrated in our real estate portfolio. We were very heavy -- 25% of our real estate portfolio at the time was in New York City. We had very high loan-to-values with an average loan of $100 million, and we were big in single-family residential and development lending.

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In 1991, 25% of the losses we experienced in that 2% were from the LBOs. We don't have anything near -- any position anywhere near like that today, which is a great place to be.

Today the portfolio is different. We've got a big global mix. 69% of the exposures are under $100 million, as I said. Where 58% of the consumer business is secured, so you have a real mix issue. While the assets have grown dramatically, that secured book has a dramatically different loss profile. We've exited all the insurance businesses which have helped tremendously. And the diversified real estate portfolio is much better. 50% global, and 70% average loan-to-value with a $12 million average loan size.

This is just a dramatically better portfolio, but it is not immune. We're going to see more pressure, and I think we are going to have higher losses, and we are planning for them. So if you look at that framework, it substantially takes into account very challenging economic scenario on the high end of the loss range and better than that scenario on the low end.

We don't know what the economy is going to be as we go forward into 2009 exactly, but I think the guidance range that we have given and the loss estimates that we are prepared for substantially protect you in terms of how you think about GE Capital risk going forward.

So the last page I have is to switch gears and look at the fourth-quarter outlook. The guidance by the segments are on the left side. Energy Infrastructure remains strong. We are guiding about 15% up. I think the issue is you got to think that we're going to have tougher comparisons. Energy was up 38% last year in the fourth quarter. These are great earnings levels that this business has had. We're going to continue to ship a lot of equipment. But the comparisons get a little tougher.

Technology Infrastructure up 5% to 10%, driven by strength in aviation and transportation. We are forecasting Healthcare to continue to be challenging.

NBC Universal up zero to 5%. We are cautious on the outlook here. I think you got to look at what the local stations are doing. We will have to see what the national advertising does. Great strength in cable, and we've got a pretty good performance in film outlined.

Then Capital Finance, a continuation basically of the third quarter run rates put you in that range.

Finally, C&I remains challenged.

So on the right side is the total. No change from the September 25 earnings guidance, except for on EPS you have to account for the dilution from the additional equity offering.

So we are on track for the revised 9/25 guidance adjusted for dilution; and let me turn it back to Jeff.

Jeff Immelt *- General Electric Company - Chairman, CEO*

Thanks, Keith. You know, on the next page I just wanted to spend a little bit of time just thinking about the future and really just zeroing in on Infrastructure and how you might think about it, just given all of the volatility that's going on in the world today.

Infrastructure is about 50% of GE's earnings in 2008. The service portion of the Infrastructure earnings is about 70% of that total. So we have lots of high-margin service businesses that really drives how we think about this business. I would say left to its own it's poised for substantial future growth, just based on the backlog. Because the products drive energy efficiency. We got high-tech products. We've got great global demographics, if you will.

But you've got to include the risk of things that are going on in the world today. Clearly on the equipment side that might be financing or pressure on demand. On the services side, we have seen a little bit of it in aviation with planes being parked driving usage and retirement.

So I think we try to think and do our planning based on the fact that there's more risk, just given what's going on in the broad environment. But what I would point out is that we've got a good leadership team that is thinking a lot about the volatility of the marketplace.

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We really have working today I would say four or five major mitigants that we're working real time. The first one is we just have big backlogs and in those backlogs are contract protections. But we have several products that are in oversold positions, which give us I think some buffer for volatility.

The second one is just services itself. Services is fundamental and core to most of our customers. It is more resilient in economic volatility, and it's very high margin. And we like the positioning there.

The third thing I would point out is that unlike previous cycles we have a very broad global diversity, and it's not just in specific countries. It's in every country. So we are well positioned in Eastern Europe, in the Middle East, in Brazil, in China and India. So we have got great diversity.

And a lot of our backlog is just in areas that have great sovereign support, where the country needs the power, the country needs the water. Great government backstop there.

The fourth thing I'd point out is that we've experienced over the last four or five years dramatic inflation in raw materials. We buy either directly or through our suppliers somewhere between $15 billion and $20 billion of raw material in areas that are driven by steel, nickel, aluminum, things like that. We expect to see some opportunities there as the pricing softens that can help us buffer our margins.

Lastly, our customers like these products because they drive energy efficiency, because they drive environmental protection. So we're just kind of thinking through, trying to plan for any eventuality. We see the risks, but we are also trying to plan mitigants that I think are going to allow us to outperform in any environment that we see going forward in the future.

So just to summarize, the environment is volatile but GE is executing. We have delivered on our third-quarter '08 continuing earnings commitment of $4.5 billion or $0.45 a share. We're confirming the total outlook including dilution of $1.92 to $2.07 a share.

The Company is poised to earn about $20 billion in 2008. We've done a lot of work to protect our Financial Service franchise that Keith went through, which will still earn in excess of $9 billion in 2008, I think, which will look good compared to our peers.

We are going to return $13.5 billion to investors in 2009 through dividends. We really believe that the dividend is safe, and we are making great plans to protect that.

We have built strong Infrastructure and Media franchises which we think are positioned to outperform through this cycle.

So we are running GE in a very disciplined way. I think we are well prepared for the environment we are in. Trevor, with that I will turn it back to you for questions.

Trevor Schauenberg *- General Electric Company - VP IR*

Great. Thanks, Jeff. Lauren, let's turn it over to questions from our audience.

QUESTION AND ANSWER

Operator

(Operator Instructions) Bob Cornell, Barclays Capital.

Bob Cornell *- Barclays Capital - Analyst*

Yes, still getting used to that. You know, Keith, you went through the outlook for the finance business for next year. But the guidance is down 10% to 30%. Maybe you could just give us a little more color around that and maybe focus as well on what tax rate is embedded in that number.

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

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You know, basically we haven't changed anything that we said back on the 25th, Bob. We're saying that we think we are going to have an environment here where we are going to be very disciplined on origination. We're going to be shrinking the book a little bit and remixing from some of the higher leveraged products to lower leveraged products. So you are going to see some impact of that.

We are going to get a benefit from the new volume that we are putting on with higher pricing. We're going to get a benefit from lower costs. And we are going to be under pressure from higher loss reserves, which I think I have outlined pretty -- in a detailed way here for at least as good a forecast as we can give today.

We probably still have lower gains. We're not counting any gains in the real estate business in 2009.

Those are basically the four or five factors that we're going to have think about -- losses and impairments year-over-year, less gains, higher margins from the new originations, lower costs, and what kind of volume are we going to see in total. So I think those are the factors that we're dealing with.

I think if you have a really tough economy you are going to be at the low end of that range. You know, if the economy is not as bad as what I guess everyone is predicting today, I think you get to the better side of that range. I really don't think we're going to see the maximum level of losses that we've outlined here.

But our view is that there is a concern about it; in the guidance framework that we've given you we ought to be taking that into account and making sure that people understand that we can handle a significant increase in provisions based on a tougher environment, and that is in our range.

Bob Cornell - ***Barclays Capital - Analyst***

Yes, I was there in '91 and you guys grew the income in that period despite real estate and LBO. But getting back to the tax issue, we had the revision of the tax rate for the year. Maybe you could just go into what drove that, and then again -- what is the thought on the Capital tax rate for '09?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

Sure. Basically if you look as we close the third quarter and you look at the fourth quarter, we had to lower the GECS income forecast, right. And that has had a dramatic impact. A lot of that income that we lowered was high-taxed income, like from the US. When you drop that high-taxed income you drop your tax rate.

The rate was negative in the quarter because we have to adjust the first-half rates so that they reflect the new estimate for the total year. The second-quarter year-to-date GECS rate was 3%, a positive slight rates; and now we've got to get to a negative rate of 4% for the total year because of all those loss of high-taxed income. So you end up with a catch-up in the quarter that results in a 30% negative tax rate for GECS.

I think another way to think of that, Bob, is that basically GE pays GECS for the tax losses it generates in the US. So while GECS earns income in lower-tax jurisdictions, they have less high-taxed income in the US; and those tax losses benefit GE in total as a system. That's why GECS is getting basically a tax benefit in the quarter; it's because they have losses that GE is able to use, and that creates earnings in GECS and it offsets the tax liability in GE.

So it's one of the benefits of having the whole portfolio together. For 2009, Bob, we didn't give in 2008 separate tax rates for GE and GECS. I think you could look at 2009 in a very low tax rate for GECS, in the low single digits at the best; and a consolidated tax rate for GE in total of 15% is kind of what we are forecasting today.

I don't have a breakout between GE and GECS, but I don't anticipate the GECS rate going high. One other thing that you may have seen in the recent congressional activity was that the active financing exception was extended for another year. So that will bring that out effectively through 2009. Then you wouldn't see an impact, if that were to go away, until after 2011 for us. So that was one other item that came out in the last couple weeks that was positive.

Bob Cornell - ***Barclays Capital - Analyst***

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Yes, one final question, Keith. What did you say about the fourth-quarter Capital tax rate?

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

The fourth-quarter Capital tax would be in line with our total year estimate today, which would be around a negative 4%.

Bob Cornell *- Barclays Capital - Analyst*

Minus 4%, okay.

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

You have to book to the estimate you have for the whole year, and that is where we would be.

Bob Cornell *- Barclays Capital - Analyst*

Okay, thanks.

Operator

Scott Davis, Morgan Stanley.

Scott Davis *- Morgan Stanley - Analyst*

Good morning, guys. The one thing that is a little bit different between '91 and today is that in '91 you were able to buy distressed assets and add a fair amount of liquidity, maybe a little bit more than you have today.

Is there anything you can do to take advantage of this cycle and not just -- like the rest of us, I guess -- be a victim to it?

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

Obviously we think there is. I think when you look at the originations budget that we have, where we are doing over $20 billion a quarter in commercial finance, we ought to use that in the most effective way possible.

Clearly we did that earlier in the year with the Citi Capital acquisition and the Merrill Capital acquisitions. Those have been performing really well for us. We've got great earnings out of them so far. I think you just have to prioritize out of the capital that you have; and that's over $20 billion a quarter on the commercial side, and how you put that to work.

So I think we do have capital. We are planning on originating. We are planning on continuing to invest in our commercial finance businesses. We've got to see what opportunities are available.

I would say the couple places that we have capped off would be global mortgages on the consumer side and then real estate -- commercial real estate globally. We just basically have said there's still a lot of great business to be done there, but we've kind of capped off on the size and said we are going to bring that down over time.

So those would be the two main places that we are probably not continuing to originate broadly. But everywhere else it is a function of having capital and allocating it to the highest return, Scott.

Scott Davis *- Morgan Stanley - Analyst*

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Go ahead, Jeff.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Based on what I can see, we are doing as much originating out there as anybody else right now. I think it's just a tight market and pricing. Risk is being reset. The pricing is being reset. I think we come through this either in the fourth-quarter '09 or in the future with a better business model.

Scott Davis - ***Morgan Stanley - Analyst***

Yes, no, it makes sense. On that, on the notion of pricing, when do you hit the midpoint where your new -- where your asset base, you think about the $600 billion where more than half of it is priced at these very high kind of 30% ROEs and the half certainly priced lower; when do you reach that crossover point?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

You know, it varies by business depending upon how much new origination we put on at these rates. But it's somewhere in the second half of '09, late '09, and early '10 (multiple speakers) the whole portfolio swings.

Scott Davis - ***Morgan Stanley - Analyst***

Sure, no, understand. You didn't go into any detail on the Santander swap. What's holding that up?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

You've got to get regulatory approvals in the countries. My sense, Scott, is that that still will likely happen in Q4.

Scott Davis - ***Morgan Stanley - Analyst***

Okay, but no indication that Santander is looking to do something different?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

No, I think it still makes sense strategically.

Scott Davis - ***Morgan Stanley - Analyst***

Right. Then lastly just -- and there's probably a simple explanation for this. But in the financials it looks like the GE Capital tangible book fell from $30 billion to $25 billion; and maybe I'm calc-ing it wrong. But nonetheless, is there anything?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

I think the one item in there you may see is the CTA account, the cumulative translation account on foreign exchange. As those dollar rates have been very volatile at the end of the quarter, you may have less overseas equity translation.

But there hasn't been any change from any losses or the earnings growth that we had. We actually in the third quarter left the extra capital in by cutting the dividend to 10%.

Scott Davis - ***Morgan Stanley - Analyst***

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Right. Wouldn't the capital injection help raise that tangible book value also? Or does that stay at the parent?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

No, no, the reduction of the GE Capital dividend up to the parent does help the tangible. The money we raised in the equity offering is staying at the parent and is in a liquidity pool for safety. But (multiple speakers) capital down in there, yes.

Scott Davis - ***Morgan Stanley - Analyst***

Okay. Thanks, guys. Let's hope we all get through this sooner than later.

Operator

Deane Dray, Goldman Sachs.

Deane Dray - ***Goldman Sachs - Analyst***

Thank you, good morning. Could you discuss what you are seeing today, the implications of the credit market conditions on the industrial businesses? One of the ideas here or the points, you see the backlog is up very comfortably; I should say impressively, 20%. That is a net number.

What are you seeing in terms of cancellations or pushouts? Any color in priority by the industrial businesses would be helpful.

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

You know, if you look across the Infrastructure businesses, we had a total of less than $30 million of cancellations in the quarter. I would call that normal. So we haven't seen anything in the Energy business; we had less than $30 million and some of that was in Oil & Gas.

We have no cancellations basically in Aviation. We have had no CSA terminations. So I think when you say how are you seeing the impact from credit, I'd say you saw it in the Healthcare business. Certainly hospitals are talking about funding and whether they will continue with some of the projects that they may have had on the drawing board, or delay them based on their ability to get funding. We're seeing some of that.

And in the long-cycle Infrastructure businesses we haven't seen it yet. I think you've seen it on the Financial Services side clearly on ability for people to finance asset sales; and that's very solidly obviously in the run rate.

So we are cautious about it. We're watching it, but I think a lot of what we have certainly in the long-cycle businesses in the near-term backlog are projects that are already well underway and already have their financing. A lot of them are driven by global governments and sovereigns who are going to finish these projects based on needing to get more energy extraction or oil or gas distribution.

In the near-term you feel pretty good about that backlog. But I think you've got to be cautious about it. You've got to make sure you are aware and thinking about it, but we haven't seen it yet.

Deane Dray - ***Goldman Sachs - Analyst***

Then just specifically on the Healthcare side, how much would you say the earnings shortfall there was hospital CapEx freezes versus the ongoing deficit reduction reimbursement issues?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

I think it's hard to tell, Deane. I think it's got to be some probably, but I just think the market had been moving at -- through the first of the year it was down 5% already; and my hunch is it is probably in that range. That's a lot of DRA and maybe some capital. But --

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Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

Some piece of the $200 million were looking (inaudible) came from people deferring projects.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

I think the good news is that the global demand was on par in Q3 with Q2, and I think that's really the strength of that business right now.

Deane Dray - ***Goldman Sachs - Analyst***

Great, just last question. As you work through this period of volatility in both your businesses and the markets broadly, might there be a change in the practice of giving quarterly guidance? We all know there's a number of the big multi-industry companies that just provide annual guidance. So could you foresee a scenario where GE follows that pattern? Provides the annual guidance on a go-forward basis. Kind of walk us through the way you are thinking about that today.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

You know, Deane, I think it's a great time to be having that thought process going on inside the Company. I think right now I think our plan is to talk to investors, see where the environment goes, and talk about it more in December vis-a-vis how we look at 2009 and going forward.

But we are studying it a lot. We're thinking about it. I think whatever we want -- whatever we end up doing, we want to make sure it's investor-friendly and reflects the way the people that own the stock would like to see us talk about the Company going into the future.

Deane Dray - ***Goldman Sachs - Analyst***

Great, thank you.

Operator

Christopher Glynn, Oppenheimer.

Christopher Glynn - ***Oppenheimer - Analyst***

Just in terms of the commentary around the Triple-A, really talking about the commitment to keep it rather than saying you are not at all worried about it; I don't know if I am reading too much into that.

But just basically I look at you are continuing to originate, maintaining the shareholder dividend. Would that be a pretty strong commentary that you're simply not worried about it?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Well, I want to make sure that I'm clear about it. I am not worried about it, but I want to make sure everyone understands we are operating the Company to be a Triple-A. It's obviously a very high rating. It's something that a lot of companies don't have. So we are committed to it.

That means that we're going to take proactive steps like cutting the GECS dividend and strengthening the leverage ratios and reducing our reliance on CP. At the end of the day if we had to raise cash to get rid of a perceived liquidity issue, we did it.

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So that's what I mean by it. It's not something I'm worried about. We want to make sure we run the Company to be a Triple-A, and we are confident about that. But obviously it's something that you have to make sure you are protecting your bondholders with the actions you take; and we think we've been very proactive and very consistent on doing that.

So when I talk about committed to running the Triple-A, it isn't because I'm concerned about it. It's because it is a philosophy of how we run the Company from the Board of Directors through the leadership team on down.

Christopher Glynn *- Oppenheimer - Analyst*

Okay, then just a little more on the funding. Talk about the backup capacity for the commercial paper. Does the government actions really remove any prospects of having to tap the credit lines, to your current thinking?

Then on the long-term less than a year for next year, could you talk a little bit more about just how you feel around that?

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

Sure, when you look at our liquidity plan, one of the objectives we had was to get to the fourth quarter, end of the fourth quarter, and have our cash plus our bank lines be greater than our CP. Obviously with the equity rates we built that cash cushion so we could say that we have that today.

If you look at steps that are available to you, number one we've got a great broad CP market. We haven't had any trouble funding ourselves. We feel like the actions that we've taken and the actions that the Fed put in place actually gives the CP market even more confidence about us, and we've seen that. We continue to fund ourselves at very low rates without any issues.

I think that we have the bank lines for a reason. They're there for protection. They are committed. They are AA institutions or better. There are over 70 people in that bank line. We have bilaterals and we have syndicated bank lines. They are there for protection.

The Fed facility I think is there for protecting CP investors and our customers. I think it's a very positive -- and in the event that that gave our customers more liquidity, I think that would be available to us and would probably be certainly a priority in front of ever going to the bank lines if you ever had to.

We will have to see what happens as we go forward here. We don't plan on using any of those, but if we were to do it in order I would say that that Fed facility is a great liquidity facility for our customers. I think it's a very big positive, and we're working to make sure that we know how it works, and have access to it, and could use if we wanted to.

Jeff Immelt *- General Electric Company - Chairman, CEO*

Chris, I just think we thought it was smart to have suspenders on suspenders on suspenders in this cycle. I would say the first thing is Triple-A, what Keith talked about. Even with all this volatility we have never had issues in the CP market rolling our paper. We've got a lot of investor support, so that's kind of phase one.

Phase two I think was getting more cash inside the Company so that we accelerated our liquidity plan and just kind of took that off the table with cash plus bank lines being greater than CP.

Then I think Phase three has been the work that the Fed did that really protects the whole market; and insofar as GE is a part of that market I think that is another great signal.

So I think our investors have to feel really great about those lines of defense. I just think we've taken some big issues off the table for our investors. That is what we really wanted to do.

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

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I think that rolls into your long-term debt point, too. I think if you look at -- we put a liquidity plan together and an origination plan together, so we did $70 billion of long-term debt this year. We had an original plan to do $80 billion. We're not going to do that last $10 billion in long-term debt in the fourth quarter.

We're going to manage originations and collections with real tightness; and as a result we are going to be able to bring the CP down to below -- around $80 billion at the end of the year and not have to do any long-term debt in the fourth quarter.

I think as you roll into 2009 you can see we have got $66 billion of maturities in 2009 in GECS. Right now our plan was that we would issue about $60 billion, which will be down from the last several years dramatically. So there will be a shrinkage of GE paper out in the marketplace, and we anticipate being able to do that.

In the event that you had more stress that continues into the first quarter here around long-term debt markets, we would continue the management of originations versus collections that we are doing in the fourth quarter into the first quarter in the same way. We have obviously a lot of flexibility to be able to deal with those first-quarter maturities or even to lower the total maturities that we refinance next year in the long-term debt markets.

So I think we are being very prudent about it. We're planning for a really tough scenario here. And if the debt markets are open, we will be more opportunistic about making sure we take advantage of some of that.

Jeff Immelt *- General Electric Company - Chairman, CEO*

The only thing I would add to that is just we've got real retail strength as well, and so we've got new pools of financing which we think we can grow pretty substantially.

Christopher Glynn *- Oppenheimer - Analyst*

Thanks, I appreciate it.

Operator

Nicole Parent, Credit Suisse.

Nicole Parent *- Credit Suisse - Analyst*

Good morning. One quick one on Healthcare. I don't think I heard anything on the OEC shipments, kind of where we are relative to where we thought we would be at this point and what the outlook is for the remainder of the year.

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

Yes, we are shipping out of OEC; I will have to dig out a good number for you here, Nicole. If I look, we had $56 million of orders in the quarter, so that was a good sign. We are shipping 9,900. Overall we had 395 units, about $50 million of revenue in the quarter. So I think the OEC guys are up and running. They continue to ship. We continue to get positive orders in the marketplace, and that should be better in the fourth quarter.

Nicole Parent *- Credit Suisse - Analyst*

Okay. I guess with respect to the infrastructure risk that you articulated, I think we appreciate the color on that. As you look at the equipment orders in the quarter, up 5%, you did acknowledge some slippage to the fourth quarter in Oil & Gas.

Could you maybe give us a sense of, as you look at this business, how you put your arms around cancellations versus pushouts?

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Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

Well, we haven't seen any cancellations yet. I think if you look at what we were trying to do as we came into the end of the third quarter, we had about six deals in the Oil & Gas business that they had originally put in their forecast. The average deal was about $45 million. These slipped into the fourth quarter.

We had one order of about $150 million slipped into the fourth quarter from a national oil company. We think we're going to get that in the fourth quarter.

So I think more of it was timing. We will have to see as we go into the fourth quarter whether other orders are impacted by financing. I think it's a concern and it's something we're watching. We have not seen it yet.

Nicole Parent - ***Credit Suisse - Analyst***

Okay. A quick one on the income statement, Keith. Corporate and eliminations was meaningfully lower in the quarter. You did just put out the restatement. What's in there? Why was it so low in the quarter? How should we think about it in the fourth quarter and the run rate for '09?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

Well, in the third quarter if you look at this year, you have to go back to what we did last year. If you remember we had the big plastics gain in disc ops; and we did $0.05 after-tax of restructuring in continuing ops and corporate.

So if you look year-over-year we had a big charge last year in corporate and we don't have that this year. So I think that's the biggest driver.

If you look this year in corporate on a run rate, ex the comparison, we had about $200 million of restructuring in the quarter in corporate, which is down from last year. We had about $100 million from the sale of a warranty business in corporate, which was something that was a drag in the second quarter to the same amount; then in the third quarter we sold it and reversed the drag from the second quarter.

So those are the biggest items. I think you ought to deal with a couple hundred million dollar expense going forward on run rate.

Nicole Parent - ***Credit Suisse - Analyst***

You mean on a quarterly basis?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

Yes, quarterly basis.

Nicole Parent - ***Credit Suisse - Analyst***

Okay, great. Then just one last one for Jeff. Jeff, how do you think we should think about what kind of company GE is over the next three years? Should we think about it as a Triple-A company? Should we think about as a growth company? Should we think about it as an infrastructure company? Maybe give us your perspective on how you would articulate the vision for the Company.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

You know, what I would say, Nicole, is I think we remain committed to being an Infrastructure, Media, and Financial Service Company. I think as we come through this it will be more global than inside the United States. Probably 70% of our Industrial earnings will be in services, long-cycle services protected by technology. We will continue to be a high performance execution company.

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In Financial Services, I think we kind of consolidate around the places where we have the most obvious competitive advantage; and that is commercial finance everywhere, verticals everywhere, and being in emerging market consumer and commercial business.

So Infrastructure, Media, Financial Services. Global; high-tech; very high focused on services; and financially strong.

Nicole Parent *- Credit Suisse - Analyst*

Great, thank you.

Operator

John Inch, Merrill Lynch.

John Inch *- Merrill Lynch - Analyst*

Thank you, good morning. First the 6 to 1 leverage target, maybe I wasn't clear on this before. I had thought the target was going to be by the end of '08, but the slides say the end of '09.

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

It was always the end of '09. (multiple speakers) Always the end of '09, and it includes the benefits from the hybrid financing that we did over the last several years.

John Inch *- Merrill Lynch - Analyst*

Okay. Then Keith, so you have given us your expectation of the losses. Does that suggest still -- I think you had articulated before you thought all of Capital was going to face incremental provisioning that would run through the P&L of like $1 billion next year. Is that still the number? Is it probably a bit higher?

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

Yes, that was in the middle of the range after tax. So if you look at what I outlined today, that's still right in the middle of the range on an after-tax basis. You know, it could be a little higher at the high end of what I gave you today, and it could be a little lower at the low end.

John Inch *- Merrill Lynch - Analyst*

That's fine. Was there anything else added to disc ops in the quarter, out of curiosity?

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

The only thing in disc ops in the quarter, we did exit Japan. That was the last quarter of the operating results of the Japan operations. And that is what's in there. I think it was like $150 million. So that is completed and done now.

John Inch *- Merrill Lynch - Analyst*

Just lastly from a financial standpoint it seems apparent that there's really no need to think about cutting the dividend. Maybe Jeff or Keith, I'm just thinking strategically though, the dividend is such a high yield, wouldn't it make sense in this environment to possibly look to a cut just to preserve capital even further? Or how should we be thinking about that do you think?

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Keith Sherin - *General Electric Company - SVP, Vice Chairman, CFO*

We've obviously given a lot of thought to the dividend. When you look at the changes we've made, these are temporary changes that we are making around GE Capital to strengthen that balance sheet. They are not permanent changes. We do believe that we will continue to have a very solid financial services business that at the end of '09, when you look into '10, we will be able to come back to having a dividend that is higher than 10% out of GE Capital.

We've got very solid industrial businesses generating a lot of cash flow. If you start with either the industrial net income of $11 billion to $12 billion, we are getting $2 billion on average out of working capital the last several years, even if you put $1 billion in for that.

We have employee plans. And we do have some GECS dividend that comes out, the 10%. You are talking about $17 billion or $18 billion against a $13.5 billion dividend.

So we feel like in 2009 it is protected. We do not need the cash that we raised to pay the dividend in any way. It obviously is a very high payout ratio, but we look at, as you look into 2010 and '11, we have obviously thought through that. And we think we get the payout ratio back down to the low 50%s by 2011.

So I think this is a thing that we feel strongly about. We've obviously looked at our industrial cash flow. We do get some cash flow out of GECS. It is not zero. And we feel like we are in a position to protect that dividend even in a very tough environment.

John Inch - *Merrill Lynch - Analyst*

Thanks very much.

Operator

Jeff Sprague, Citi Investment.

Jeff Sprague - *Citigroup - Analyst*

Thank you. Good morning, everyone. Just to explore a little bit more the reframing of the business model a little bit. I mean clearly you are enjoying some great spreads here. But as you think about the reliance on wholesale funding markets going forward, does that change your growth priorities in the business?

I mean clearly you are trying to drive the CD business to drive some deposits into the equation. But it feels like your cost of capital actually has got a clear upward bias. Certainly the equity raise was costly. So when you kind of wrap that all together and think about the total aggregated cost of capital for the business, does it cause you to reevaluate certain vertical markets within financial services that you want to play in?

Keith Sherin - *General Electric Company - SVP, Vice Chairman, CFO*

Well, the biggest thing that we've got to deal with are the global consumer assets that are very high ROE with low amounts of equity and a lot of leverage. The mortgage book is a classic example. We've got $70 billion of global mortgages on book. We like the asset category and everything, but as you go forward that is not a priority for us obviously, because it puts a strain on a wholesale funding model.

I think if you look at, as Jeff said, the core of Commercial Finance is something that we can excel in. We have got a great competitive position with our distribution. That's not something that other people have been able to replicate. We've got great domain knowledge with our risk management and underwriting, whether it's in GECAS or Energy Financial Services. Those are very strong competitive advantages for us.

Those are obviously all lower leverages in terms of relying on a wholesale financing model. So I think the main place that you are going to have to back off on are the global consumer assets that have very high leverage. And clearly we've got to make sure we price for risk and price for our cost of capital, Jeff. There's no question about it.

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And today that is not an issue. I mean everything has been repriced for risk and you're getting a return above even that incremental cost of capital.

So I think it is a remixing of the business in some ways back to more of what the core GE Capital has been; and that's the path we are on.

Jeff Immelt *- General Electric Company - Chairman, CEO*

I think you have got a period of time, Jeff, who knows how long it lasts, that even with maybe potentially slightly higher cost of capital you can more than price for it in the market. So the bias on our returns I think will continue to go up over that time period.

Now I don't think I will last forever. But maybe it will last for a couple years, and I think that makes the business attractive.

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

The other piece is clearly what we are doing around liquidity. I think in a wholesale funding model you want to change your reliance on those commercial paper markets, and we are doing that. We will have the commercial paper down to about $75 billion next year with a $20 billion cash pool in GECS just against that. So just the commercial paper alone will be below the bank lines by that point in time.

I think that's the other piece that you have to change as you look as this wholesale funding model, less leverage less reliance on the high-leverage products and a different framework in terms of where you're getting that money in the marketplace, Jeff.

Jeff Sprague *- Citigroup - Analyst*

I'm trying to think if there is a strategic nuance in holding this liquidity pool at the parent. Implicitly it delevers GE Capital if it was pushed down. It sits there instead as a liquidity pool at the parent. But is there some particular strategic reason you are holding it at the parent level?

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

Gives us the maximum flexibility.

Jeff Sprague *- Citigroup - Analyst*

Then I guess the next part of that question is -- right now is probably not the best time to do anything dramatic with the portfolio I guess. But if you were going to say spin out GE Money someday, you would think it would clearly need a capital injection. It would appear that --

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Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

Sure. Yes, it would. I mean clearly on a stand-alone basis it would need it, and we have had that conversation before. I think these are very challenging markets to be talking about that.

But ultimately long-term what to do with it, our intent wasn't to signal anything negative strategically. It's just that is the place -- putting a cash pool at the corporate level allows us to execute the plan we set in GECS, which we are going to do. If there are any hiccups in that, we've got protection and safety.

We needed it for liquidity, not for capital. At the end of the day we have the most flexibility by keeping that pool at corporate.

But ultimately obviously, with some strategic transaction like a spin or something, or creating a separation where you needed more capital, then you may have more flexibility for something like that as well.

Jeff Sprague *- Citigroup - Analyst*

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Then just finally, not to bang on this Oil & Gas thing, but it does seem like the tone has changed. You know, when oil prices were really spiraling up, people were saying projects were predicated on $40 and $50 oil. Now as it's coming down we are kind of hearing the -- oh, by the way, it's really more like $80. People are getting a little more cagey about the economics of projects.

Are you feeling kind of a real reevaluation of where the CapEx might go in Oil & Gas looking out? Not even just Q4, but the next year or two?

Keith Sherin *- General Electric Company - SVP, Vice Chairman, CFO*

You know, I think a couple things have happened in the oil and gas markets. First of all there's been so much demand on the resource system, right? The supply chain system. The EPCs are basically full. There's been cost inflation. Projects are basically -- the things you are doing today are out already one to two or three years.

So I think that that naturally would have people say, okay, what do I need to do with this next project and when do I start it?

The encouraging thing is for us, if you look at all the demographics around oil, the easy-to-get oil and gas has been gotten. The reserves are depleting. There is not a decline in demand for global fossil fuel in the economies of the world. We're going to have to explore in tougher places. We're going to have to get oil and gas from other resources, like in Canada and maybe other places.

So Claudi Santiago, who runs the business, was recently at a conference early September and he talked about $68 billion of visible opportunities that he is working on with the national oil companies and with the opportunities around the world. Now it's not a number that we're going to get as orders; but it's just an indication that there is a tremendous amount of demand out there -- that you've got to plan for more than the third quarter of 2009.

Jeff Immelt *- General Electric Company - Chairman, CEO*

You know, Jeff, I think one thing that helps us and helps our customers is the potential for some deflation in these raw materials. That more than anything else has been a little bit of the bottleneck, particularly in Oil & Gas. For us, if you got a 10% decrease in steel or aluminum or the other things we buy, that's meaningful financially. And I think some of our customers are in the same position.

Jeff Sprague *- Citigroup - Analyst*

Is it relates to project costs, you mean?

Jeff Immelt *- General Electric Company - Chairman, CEO*

Exactly.

Jeff Sprague *- Citigroup - Analyst*

Terrific, thanks a lot.

Operator

Steve Tusa, JPMorgan.

Steve Tusa *- JPMorgan - Analyst*

Good morning. You know, you guys still sold a decent amount of real estate. I think it was $2.6 billion; and I think it was $2.8 billion last quarter. And you mentioned the $500 million of GE financing as you kind of move more towards debt. Is there a comparable number this quarter to the $500 million?

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Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

It was less than $100 million.

Steve Tusa - ***JPMorgan - Analyst***

Of seller financing?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

Yes.

Steve Tusa - ***JPMorgan - Analyst***

Okay, great. I think that's it. Thanks.

Operator

Nigel Coe, Deutsche Bank.

Nigel Coe - ***Deutsche Bank - Analyst***

Thanks, good morning. So, services is the big driver of profitability for Infrastructure. And service orders were up midteens this quarter; and last quarter it's a similar amount.

Is that strength surprising you? Is it just a function of the installed base increase you have seen in the last couple years coming through? How sustainable is that kind of rate of growth in light of CapEx pressures?

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

I think you're going to see double-digit services here for a while. There's two main things going on. Number one is the installed base growth. There is half of the CSM next-generation engines haven't even come in for an overhaul yet, and they are out there flying.

The other thing is that we've had a great amount of business on upgrades. If you think about it, if you can take an asset they are using out there and either get more productivity or more fuel efficiency, you are going to invest in it. It's cheaper than doing a whole replacement cycle.

We have seen a tremendous business in that on everything in Oil & Gas to Aviation and Energy. So I think you're going to see the installed base effects, coming in for more overhauls just based on usage, and then you also continue to see a lot of great upgrade business because of the economics associated with the fuel efficiency or more extraction or more distribution from having a higher capability piece of equipment there.

So those are the two things that are driving the services for us. I think you'll see double-digits. I don't know if you will see them continue at these high levels, but double digits for the future is what we have as a forecast.

Steve Tusa - ***JPMorgan - Analyst***

Okay, does that mean service revenue accelerates? The rate of growth accelerates in terms of revenues rather than orders next year?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

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It should.

Steve Tusa - ***JPMorgan - Analyst***

Should? Okay. The second, a quick one on C&I. You said the preparation for the spin continues, but given that the point of maximum pain seems to be about now for this business, is there an argument from maybe keeping that in the portfolio and just working it out?

Jeff Immelt - ***General Electric Company - Chairman, CEO***

You know, what I would say is we don't have to do anything. You know, we still think the strategy behind the C&I spin makes sense. We couldn't do it in this market, but if markets improve we will take a look at it.

The last point I would say is that the appliance business remains highly desirable by lots of people on a global basis. So I think we still have lots of people that are interested vis-a-vis maybe pieces of C&I as time goes on. So I think we have lots of strategic options that we can -- we don't have to do anything in a quick way, I would say.

Steve Tusa - ***JPMorgan - Analyst***

Okay, great. Then just a follow-on for Keith on the tax rate, the GE Capital tax rate. It sounds like so long as interest spreads continue to narrow in the short term in North America, and as loss provisions continue to rise in North America, it's sounded like the GE Capital tax rate will increase.

Keith Sherin - ***General Electric Company - SVP, Vice Chairman, CFO***

Certainly in the fourth quarter I don't see it increasing. We have said we're going to have a negative-4 estimate for the year and that is what we think the fourth quarter will be right now.

For next year I think we will be in the low single digits is my only thing I can think of. I don't see it being a negative rate next year. But again I don't have any of the planning done. The only forecast we're going to give on '09 for the total rate would be a consolidated rate of 15%.

Steve Tusa - ***JPMorgan - Analyst***

Great, thanks a lot.

Trevor Schauenberg - ***General Electric Company - VP IR***

Great, well we are kind of coming up on 90 minutes of discussion, a great discussion today. I'd like to turn it over to Jeff Immelt for some final comments.

Jeff Immelt - ***General Electric Company - Chairman, CEO***

Great, Trevor. Thank. Thanks, everybody. Again I think two points I want to make.

First is just to recap all the proactive things we've done to I think substantially risk-reduce the Company, from protection of the Triple-A, I think the equity raise that generated cash that I think accelerated the backup lines in cash being greater than CP, kind of takes that risk off the table.

Then I think ultimately making the Fed window available to the industry, I really do think in this volatile economic time we've done a good job of protecting the Company and risk-reducing the Company.

The second point I would make is really to strength of the business model. We like the way that our Infrastructure business sets up in this environment. Again there are going to be risks as it pertains to financing and usage, but we have a lot of big mitigants to that risk in terms of our

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global spread, our technology, the high-margin service business, and just our ability to operate, to get deflation, to execute, to generate cash. We think all those are going to be positive for investors.

So we are going to go into some choppy weather I think on the global economy, but the Company is set up to outperform our peers in this environment, and that is how we are executing the Company and that's how we are running the Company today.

So Trevor, thanks. I know we were long today, but I think it was important to go through this level of detail.

Trevor Schauenberg - *General Electric Company - VP IR*

Great. Thanks, Jeff, and thank you again, everyone, for your time today. The material from our webcast will be available on our site and the replay will be available this afternoon. As always, Joanna and I will be available to take your questions today. Thank you again.

Operator

This concludes your conference call. Thank you for your participation today. You may now disconnect.

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