THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

GE - General Electric Co Annual Outlook Investor Meeting

EVENT DATE/TIME: DECEMBER 14, 2016 / 08:00PM GMT

Caution Concerning Forward-Looking Statements:
This document contains "forward-looking statements" – that is, statements related to future events that by their nature address matters that are, to different degrees, uncertain. For details on the uncertainties that may cause our actual future results to be materially different than those expressed in our forward-looking statements, see http://www.ge.com/investor-relations/disclaimer-caution-concerning-forward-looking-statements as well as our annual reports on Form 10-K and quarterly reports on Form 10-Q. We do not undertake to update our forward-looking statements. This document also includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

Non-GAAP Financial MEASURES:
In this document, we sometimes use information derived from consolidated financial data but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered “non-GAAP financial measures” under the U.S. Securities and Exchange Commission rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. The reasons we use these non- GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are posted to the investor relations section of our website at www.ge.com. We use non-GAAP financial measures including the following.

- Operating earnings and EPS, which is earnings from continuing operations excluding non-service-related pension costs of our principal pension plans.
- GE Industrial operating & Verticals earnings and EPS, which is operating earnings of our industrial businesses and the GE Capital businesses that we expect to retain.
- GE Industrial & Verticals revenues, which is revenue of our industrial businesses and the GE Capital businesses that we expect to retain.
- Industrial segment organic revenue, which is the sum of revenue from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Industrial segment organic operating profit, which is the sum of segment profit from all of our industrial segments less the effects of acquisitions/dispositions and currency exchange.
- Industrial cash flows from operating activities (Industrial CFOA), which is GE’s cash flow from operating activities excluding dividends received from GE Capital.
- Capital ending net investment (ENI), excluding liquidity, which is a measure we use to measure the size of our Capital segment.
- GE Capital Tier 1 Common ratio estimate is a ratio of equity to total risk-weighted assets .

General Electric Capital Corporation (GECC) has been merged into GE and our financial services business is now operated by GE Capital Global Holdings LLC (GECGH). In this document, we refer to GECC and GECGH as “GE Capital”. We refer to the industrial businesses of the Company including GE Capital on an equity basis as “GE”. “GE (ex-GE Capital)” and /or “Industrial” refer to GE excluding GE Capital. Our financial services segment previously referred to as GE Capital is now referred to as Capital.

GE’s Investor Relations website at www.ge.com/investor and our corporate blog at www.gereports.com, as well as GE’s Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

CORPORATE PARTICIPANTS

Jeff Immelt *General Electric Company - Chairman & CEO*

Jeff Bornstein *General Electric Company - SVP & CFO*

CONFERENCE CALL PARTICIPANTS

Cliff Ransom *Ransom Associates - Analyst*

Scott Davis *Barclays Capital - Analyst*

Jeffrey Sprague *Vertical Research - Analyst*

Deane Dray *RBC Capital Markets - Analyst*

Steve Winoker *Bernstein - Analyst*

Andrew Obin *BofA Merrill Lynch - Analyst*

Joe Ritchie *Goldman Sachs - Analyst*

Chris Glynn *Oppenheimer & Co. - Analyst*

John Inch *Deutsche Bank - Analyst*

Nick Heymann *William Blair & Company - Analyst*

Steve Tusa *JPMorgan - Analyst*

Andy Kaplowitz *Citigroup - Analyst*

Nigel Coe *Morgan Stanley - Analyst*

Julian Mitchell *Credit Suisse - Analyst*

PRESENTATION

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

Good afternoon, everybody. I guess when you sell NBC they kick you out of 30 Rock eventually. So we kept the temperature more or less the same, which I am sure you are happy about. So welcome, it is good to be with you and I am just going to start right in, go through kind of an overview of the Company, then I am happy to take questions at the end.

So at the top, just give you a sense of -- probably the most optimistic we have been about the US economy in a long time. I think some of the reports and we mention tax reform, things like that we see as generally positive. A lot of our markets are still pretty strong. I think the headwind remains kind of when is the oil sector and related industries going to recover. We have seen some firming of the price. And then I think there is kind of let's say five big themes I would have you think about as we go through the presentation.

The first one is both Alstom and Baker Hughes are good deals. They add to the Company financially and strategically and you are going to see that as I go through the presentation. Digital and Additive are becoming more real. There are horizontal capabilities inside the Company that I think and drive a lot more productivity and also drive growth over time.

We have a lot of cost out ideas that are coming from our investment in digital and our experience in the Alstom integration which we are adding to our base plan. We are a global company; we think we have got a ton of opportunities outside of the United States today and in the future.

And we will continue to invest to realize those opportunities. And the entire team is really committed to execute the $2.00 bridge by 2018 and I will give you the details of how we expect to get there as I go through the presentation. So you will see those throughout the rest of the presentation.

This is basically the scorecard for 2016 and I think the message I would give you is that this is consistent with what we talked about in the third-quarter earnings call. No change to how we think about EPS, operating EPS.

We see free cash flow and dispositions heading towards the marker we gave you in October, same way cash return to investors. And we increased the dividend again last week so we continue to make progress on returning cash to investors. So we kind of see the fourth quarter coming in more or less the way we talked about in October.

Again, portfolio -- GE Store, so strong businesses, GE Store. Two of the big investment areas that we focus on are really harnessing the value of the digitization of our assets and additive manufacturing and really positioned to be a leader in productivity as we look at the future.

So the way we have kind of structured the presentation today is to talk through how we have improved the portfolio by making it simpler and deeper, how we are leveraging the GE Store to improve organic growth and margins and how that plays into the $2.00 a share by 2018 and the bridge, so despite the Oil & Gas headwind. So that is kind of the presentation that I will take you through today.

Here is just -- again, so you have got this in mind as you are going through the rest of the presentation. We are basically going to go from $1.48 to $1.52 this year; $1.60 to $1.70 in 2017 and $2.00 and 2018. I will give you two walks that help you see how we get there.

The first one goes back to April of 2015 and what has changed. So clearly the oil and gas markets are tougher than we saw in April of 2015. We think that cost us $0.10 or $0.15 a share.

Capital allocation, and this is incremental buyback, the impact of LM and Baker Hughes over that time period as it pertains to M&A that is different net of disposition, so that adds about a nickel. And then in incremental $0.10 a share of cost take-out, some of which is already underway and more I will talk about is planned in 2017 and 2018. So that is one walk from let's say April of 2015 until today.

The other walk that I go through starts at the end of this year, 2016, and says how do you get from $1.48 to $1.52, $2.00 in 2018 and that is really $0.16 of buyback, $0.15 of capital allocation -- again this is M&A, this is how Baker Hughes comes in, this is how the acquisitions come in over that time period and then $0.18 a share of operations.

And the way to think about the $0.18 a share of operations is think about 3% to 5% organic which has been our run rate and 50 basis points of margin enhancement. This has really been our run rate over the last five years plus an incremental $1 billion of cost take-out.

So basically you start this year, you add the buyback that is already underway, you add the M&A that is already announced that is underway to execute over the next couple years and you basically have the run rate of operations plus an additional $1 billion which are in the plans, in the compensation plans, already begun, well identified, programmatic. That is how I think about the walk to the $2.00 bridge.

So the walk from 2015, walk from this year, how it interfaces with what our run rate has been and what the expectations are of the leadership team. So this again I think frames how we think about the operating plan and how we think about the Company going forward.

Portfolio -- we have made the Company simpler, we have made the Company deeper. We have invested in core businesses through Baker Hughes and with Alstom. We have really made I think smart investments to make the Company a winner in the digital world. And the supply chain value, both from backward integration and from Additive, I think really positions the Company well.

And then we have made the Company simpler by executing on the GE Capital pivot really a year ahead of time. And the dispositions of Appliances, of Water and today we are announcing the disposition of our Industrial Solutions business. So just simplifying the portfolio. So making it more focused and making it deeper and we think very well-positioned in terms of how do we look at the future.

Leadership business -- this gives you just kind of a view of 2017 and the numbers are -- really reflect the industrial business, the verticals and the earnings numbers include Corporate. So basically $135 billion in revenue, more than $19 billion in earnings, diversified, strong, really launching big industrial solutions and systems, big service portfolio.

And when I think about the execution and what is important, execute the deals with excellence in Alstom and Baker Hughes, make the right investments to lead the digital industrial, drive the backward integration play and invest in manufacturing. We have some fast growth segments where we are really embracing what I would call a buy and build type strategy. Exiting the businesses that we think somebody can run better than we can and evolve toward an industrial balance sheet with incremental leverage.

So, in this plan what you are going to see is there is still probably $10 billion of leverage that is unassigned in the numbers I showed you on the last page. So you still have incremental flexibility in the base plan as I look at how we are performing over the next couple years.

Baker Hughes, we like the Baker Hughes deal. You had a chance to meet with the leadership team last week. You got a chance to see the details of how we think about the two companies coming together. I think we thought that there was a gap in our Oil & Gas business that oilfield services would help us fill. This is the right time in the cycle to be able to execute on an opportunity like that.

So we viewed it as the right time in the cycle and good pool of synergies both from a cost and a revenue standpoint. It really makes us one of three big players in the oil and gas industry. Lots of opportunities to use the GE Store in terms of how to create value. And we think from an investor standpoint both the synergies but also the cyclical balance that this gives us in the Oil & Gas business I think are tremendous upsides. So we think this is a good deal for investors at the right time in the cycle.

I like the Alstom deal more and more as time goes on where -- we have had it a year. So I think what we know in this year is that we can execute on the cost synergies, that is never an easy task given such a big footprint in Europe. The technology has made us better so the bottoming cycle in a gas turbine has improved because of what Alstom brings to the party. It has filled in some gaps that we didn't have.

What wasn't in the plan that we now see is that we can grow it. So we really didn't count on any revenue synergies and we feel a little bit more confident about that today. And the lengthy -- there is no doubt that 18 months of being in play hurt the underlying asset as we put them together.

Well, we now seem Alstom kind of towards the high end of what we had originally talked about. We think it makes the Company more competitive over the long-term. Here again the GE Store adds substantial amount of value both from a global footprint, from a cost out standpoint. And we still see a good return in the mid-teens as we think about the investment.

So we think both Baker Hughes and Alstom, two big bets for the Company, we like the way both of them position ourselves -- position GE financially and strategically.

We started making investments in kind of the digital footprint of the Company in 2010. We now see kind of an $8 billion order run rate next year. And that is really $5 billion ex let's say AGPs or really the Predix and software. And that is growing 20% to 30% this year and next year, so good momentum overall.

We have got more than 20,000 developers right now. We are on track to have 500 partners. Think about this as people that have underwritten Predix from a standpoint of how they feel it is going to operate in the Industrial Internet. We had about $300 million of orders this year, we will have about $1 billion of Predix orders next year and it's generating productivity.

So really what our priorities are in 2017 is to continue to drive the Predix adoption in the industrial marketplace and really be the leader in asset performance management, what we call APM and elements of the digital thread. Primarily services is the place where we want to lead, so that is kind of an overview.

This is the technical stack of Predix, so think about this as almost like a product launch. We announced four acquisitions this year, but really those four acquisitions were along the lines of accelerating the adoption of Predix.

Forrester, which is an outside firm that really ranks kind of digital performers for CIOs -- or ranks Predix as one of the four preeminent platforms along with PTC, IBM, Bluewave and Azure. So we are in a pretty good company.

BitStew allows us to get data more easily; Meridium is the leader in asset performance management; ServiceMax gives us capability in the service kind of cockpit if you will; and Wise.io was just the machine learning shop at University of California. So all these help us accelerate our efforts in Predix. And like I said, we will have $1 billion in Predix orders this year.

This is kind of a boring chart actually, but it is actually quite an important one in that we talk about asset performance management. We will do about 1 million digital twins by the end of this year. And that is what provides a catalog of applications and Meridium allows us to do that for non-GE assets. And then we deliver that through CSAs and services and site licenses and things like that.

And then what is in the middle is what the customer looks that which is 5% more output, lower heat rates, improved performance, improved flexibility. And so, each one of these squares up there is worth tens of millions to a utility or billions to the industry. So unless you can create this for every one of your industry sectors you are just a pretender in this game.

THOMSON REUTERS

And this is a combination of both physics and analytics and this is something that GE is in the lead on. And this is why you see our service growth rates ticking up, that is why you see Predix orders ticking up. And so this is actually quite important. So asset performance management is a place we are going to win, it is a place we are going to lead.

Similarly, services. Think about ServiceMax as really the equivalent of CRM for services. So this is actually printing work orders for service techs, it is scheduling, it is providing kind of that digital cockpit, if you will, like CRM would do for a sales force. And what we can add to this capability is all of the stuff that is of value. So asset performance management, better lifing of parts, how do you do smart CSAs, all the content we have.

So the green box is what ServiceMax brings and that is really having this scheduling suite, ability to do workforce planning, things like that. And GE brings a ton of content. And there will be a player someday that looks like salesforce.com in services, there will be a CRM player in services and your company is kind of sitting at the pole position as that gets created. Again, each year we make a little bit more progress and I feel pretty good about the progress we are making.

Ecosystem, 500 partners -- again, these are companies that are underwriting Predix saying we think it is going to be a winner. And we have people like Microsoft and Tata, Reliance, industrial customers doing a lot of capability there. And then we have also been investing in footprint, so foundries, global software centers, the ability to pool our own software inside the Company digitally and building that out around the world.

Now I think the message I would give you is we are in good position and we are starting to be on the other side of the investment load in this world. So two thoughts I would give you. One is the revenue that is going to be coming in over the next two years is now starting to offset the cost. So, so far, particularly with Predix, this has been a lot of cost with no revenue. That starts switching.

The other one is the digital capabilities, allowing us to take our own IT on which we spend a bunch of money and make that a horizontal function instead of a vertical function, which is going to allow us to run IT much more productively in the future. So without the groundwork we wouldn't be in that position where we are today.

Now the last thing I would say about digital is other people are starting to join us and this is the chart -- this is a direct lift right off of the Baker Hughes presentation from last week.

And the only thing I would say to you is when you take a service platform like Baker Hughes and you arm them now with both technology and data, this is really a competitive enterprise as it pertains to how you think about the oilfield service world. So this is a pure case of GE synergy turning out to provide great capability with the new acquisition that we are adding to the family. So that is Digital.

I think there is a lot of juice in our supply chain. Guys, I have been doing this a while. And when I look back I think our capability has grown immensely and I think we can apply more of that to our supply chain today in terms of generating higher margins and more value.

So LM is blades, it is kind of an easy one in that we have a relationship; it's a way to recapture margin. So where a lot of the performance technology is going as it pertains to how do you get $0.03 wind and things like that. So this is one that boosts our global capability, our performance and allows us to run a much more competitive cost [outplay] on the blade side.

And then the right-hand side is what I would basically call the Aviation, Power value chain. We made small acquisitions this year which are going to allow us to be much more competitive as we source investment castings, a company called METEM that Steve did in the power business is going to make us a ton more competitive there.

In generators, this is really using the Alstom capacity to insource. So this makes us a lot more competitive there. And then HRSGs, as we have grown the H turbine the capacity need for HRSGs is immense and we acquired the Doosan capability, very low cost. And again, all these are going to help us grow gross margins, all of them are going to help us grow our margins overall and build our competitive position. So we feel great about how that is positioned.

We have been believers in additive manufacturing for probably -- almost 10 years, been investing heavily for five years. I think if you are in the complex metallic industries this is very important.

On the right-hand side of the page, this is what Vic and the team have been doing at the GRC to develop materials, equipment technology and capability. And then we added to that two of the players in the additive space as a way to give us a chance to front-end load our ability to attack the market. So roughly of the market as it exists today we have roughly 20% market share let's say with lots of capabilities. We are the biggest practitioner and you are in the very beginning parts of the industry.

Now I am going to pitch the right-hand side first because this is what you are going to eat the fastest as it pertains to how this investment goes. This is a $3 billion to $5 billion cost out pool that we think is in the running for what additive can do. There is 15 parts in production right now. David Joyce is kind of running this play for us. Our goal is to have 500 parts in production by 2020. This is a lot. This would make us by far the biggest in the world.

We have got tighter teams in each business that are kind of assigned to get these parts underway. We have got multiple use cases and tremendous opportunities as it pertains to driving additive inside GE. A CT collimator, this is what gives the CT image quality. This has been a sole source part for like 100 years, since Edison. This is one of these critical perfect additive parts that exist. The HA Shroud, again, that is translating the capability into the Power business. And the CT7 frame is a helicopter engine. So this gives you a sense of what is possible there.

On the left-hand side, if you kind of open up the hood on what -- these machines, they look at a high level like a CT scanner or an MR scanner. This is packaging of components, sophisticated design. The trick is to get the right number of lasers or expanding the amount of lasers and to make the capacity bigger.

So it will be about $0.5 billion by next year. We can take these small companies, about 100 engineers, triple it in one year, have a sales force, have financing and this will grow as time goes on. So pick whichever side, you'll eat the right-hand side first, we all will, but we have the opportunity to stand up a very important business in this as well.

Then this just gives you a schematic. So think about the perimeter that counts is size, right. What limits you today is how big a part you can make and the part today -- the machines are about 400 millimeters cube today. We have a dream to get 1,000 millimeters on its way, we will be about 500.

So as you get bigger this is kind of a GNX, this gives you a sense of what you can make with the machine. Right now you can only make small parts, but as you increase the equipment size it sweeps in more and more of the engine as time goes on, that is the promise of this technology.

When you own GE you own more metallurgic patents than any company on the planet. So when it comes to material science, lasers, things like that, that is really the strength of the Global Research Center. So here is where the productivity basically comes in. So digital, these are two horizontal capabilities that are going to be important for the future.

And lastly, we are still investing on what I would call small bolt-ons. This is the Life Science business which continues to grow organically, close to 10% high margin, high cash profile. Ways that we can launch into new segments like cell therapy and do it without big deals, do it with a combination of Global Research Centers, look at the equipment across the top.

These all basically come out of the Global Research Center and then we can bolt-on technologies and service businesses. In Life Sciences we use our Venture arm, we do small deals, we use the GRC and this gives you a good example of how we grow that business as time goes on.

Simplifying the Company, look, there is no doubt that the GE Capital play I think is -- the team has done a fantastic job. Rich and Jeff and Dan and everybody has done a fantastic job. We are kind of in the process of finishing that and getting positioned for the future.

And then two other simplifying let's say divestitures that we have done. We announced Water at the same time that we announced the Baker Hughes deal. A ton of interest in the Water asset, the Water franchise. So I expect that to be a very active process.

Industrial Solutions for us is a $3 billion business. We think there is going to be a lot of interest in people that don't have a North American platform and see where good opportunities come. Between those two it's going to be $4 billion of cash, $2.5 billion of restructuring that we can now apply to the incremental cost out goals we have as a Company.

So we think this just makes a lot of sense of cash -- good cash generation through the cycles and a good way to run the Company. So portfolio, let's think about more focused, deeper GE Store, better position to generate good organic growth and good margin enhancement.

This is a busy page, capital allocation. Just because what I'm trying to do is march back to kind of what we talked about in 2015 and then at the same time allow you to see what some of the optionality of the Company is from when we stand here today. So if you look at 2016 through 2018 you basically have got $95 billion of cash through kind of our normal generation mechanism, CFOA, GE Capital dividends, divestitures, things like that, plus the $20 billion of leverage that we have talked about in the past.

When you think about uses, the Company uses let's say $81 billion over that time period and that talks about parent cash, dividend, the buyback that comes from the GE Capital announcement, organic investments and pension funding.

So when we finished last year and when we talked about kind of the GE Capital pivot, we talked about at that time $20 billion of leverage and an additional $10 billion of cash that the Company generated that could be used for incremental let's say allocation goals, either M&A or buyback or things like that. And that $30 billion is now $34 billion because now we have two additional divestitures, so the $30 billion now is $34 billion. So what I will now do is kind of walk you through the $34 billion.

So how did we use the incremental capital? About $15 billion is M&A, so that is a combination of Baker Hughes' $7 billion and then the other $8 billion is kind of sweeping up the additional Alstom joint ventures that we will probably do in 2018, LM, acquisitions like that.

There is $8 billion of incremental buyback. So when we announced the GE Capital move in April of 2015 it was $35 billion from Capital plus $20 billion of Synchrony, that is $55 billion. That number is now $63 billion. So you probably thought about $59 billion, that is what we talked about in October, that $59 billion is now $63 billion.

And then there is an additional $10 billion left over that is completely unassigned and our $2.00 bridge, right? This can be used for buyback or M&A or the rate -- best returning activity. Okay, so that is how to walk the capital allocation from both last year and this year and how we are positioned going forward. So that is capital, that is the portfolio.

Now to talk a little bit about the GE Store. We run a set of industrial businesses, but we intersect those businesses on common horizontal capability. And these are things like technology, global operations, services, Predix, additive manufacturing, industrial finance fee capital, horizontal capabilities that we bring together to try to make consistent performance, drive good competitive advantage and that is how we define the GE Store.

The value of the GE Store has to be viewed in light of performance. So when I think about the Company I think about an organic growth rate that let's say over the last five or six years has averaged about 5%, so higher than our peers. Over that time period we have been able to expand margins by 60 basis points and we have been able to generate that 60 basis points even while we have been in a higher investment cycle.

So we have had the LEAP, we have had the H, we have had the Tier 4, we have been in a heavier Predix cycle. And so, kind of when we look at the next few years we see an opportunity to continue the run rate of organic growth, so 3% to 5% organic growth. And the target for the team, the commitment for the team is 100 basis points of margin expansion and that is continuing the run rate.

We have a lower burn rate as it pertains to the H and the LEAP and some of the investments that we made, that was naturally going to come off. We have got $1 billion of incremental cost out really driven primarily by the ways that we think we can run the company better horizontally and some incremental ideas that we look at footprint that we've really learned as we have gone through the Alstom integration.

So basically be team that you see in the front row here, all of us, our operating plan is 3% to 5% organic, 100 basis points of margin improvement and that is how we are really framing 2017 and 2018.

And we think it is justified based on the run rates we have been able to achieve organically from a revenue standpoint, the run rate that we have been able to achieve from a margin standpoint plus incremental actions that we can take on. So roughly speaking that is $1 billion of cost out of a $100 billion cost pool. So those -- that gives you kind of the opportunity set that we think the Company has.

March you through the store. Technology, we invest about $10 billion a year. What we really try to do is innovate at scale? We like things like the LEAP engine because it creates a competitive advantage. Those are hard things to do. It allows us to build a big installed base as time goes on. And we align our technical teams on what are the things that matter.

So $0.03 wind, 65% gas turbine efficiency, doubling the productivity of an oil and gas field, being able to launch MR scanners that don't need helium, capturing value in the solar industry through inverters, setting up the next generation of aircraft engine that is more electric powered than just gas powered. So these are some of the things we work on technically and then this is the aspect of the GE Store.

What we tend to do in the Global Research Center and Vic's leadership is work on technologies like CNCs or artificial intelligence or other technologies that span the entire Company. This is again the way that size can be leveraged. It is how we can drive I'd say better accomplishment around these big systems and why we can get to market more quickly. So this is the essence of technology.

From a growth standpoint there has really been I would say three levers that we pull to kind of try to create sustainable growth. One is in service where we have a massive backlog and a good track record of both organic growth and margin enhancement and this is a big player in the GE Store. We have an active service council, we share productivity ideas, we share footprint. In the case of Predix, Predix is a big driver of services, both productivity and incremental growth.

THOMSON REUTERS

And from a global standpoint, as you know, John leads a very strong global operation, almost $70 billion in revenue. It allows us to attack infrastructure markets. We have good shared cost structure from a facility standpoint and financing. So really great aspects there.

And then from a solution standpoint increasingly we align GE Capital to be a strong boost in terms of how we grow our Company industrially. And what we call "GE 2 GE" sourcing, which with Alstom we have the ability to really source about $5 billion inside the Company, up from $2.5 billion. And this really allows us to drive incremental growth in profit as we think about "GE 2 GE" opportunities. So these are all ways that we can sustain organic growth and margin enhancement when you think about the big platforms of the Company.

Services has always been a big driver of competitive advantage and profitability. We have averaged about 5% organic growth over time. This year it was 3% because we were depressed by some of the service revenue in the Oil & Gas sector.

Next year when I look at backlogs and we look at run rates there is a fantastic opportunity to have a great year in services in 2017. And that is going to be driven by upgrades, we still see a very strong pipeline not just in the Power business but across the portfolio, but another good year in Power upgrades.

Extended scope, this is one of the benefits that we got from Alstom is the ability to work on balance of plan. But this is something that all of the GE service businesses are really marching down towards, both extended scope and driving aged fleets and things like that.

Repower and Mod, so in the Wind business there is tremendous demand for repower that we think is going to be quite strong in 2017. And in the Locomotive business modification to allow for upgrades of old fleets is going to be very strong next year.

Flexible contracts we see from an Aviation standpoint. We are going to get probably close to high-single-digit 10% organic growth in services and Aviation next year and this is a big piece of that.

Asset performance management that I talked about four ways to create value, both from a growth and a margin standpoint in all of our service contracts. And Healthcare has gone from being a flat or 1% organic grower to a 3% or 4% organic grower by using a lot of the same capabilities that the rest of the Company is using.

So, between repower, upgrades, big installed basis in Power and in Aviation, we are going to see very strong organic growth in the service franchises in 2017. So that is service.

Globally -- the advantage we have had globally is we have a diversified portfolio. So we really are not dependent on any one country, we are very strong across a number of different geographies: China, India, the resource rich countries. We just have a very strong global footprint.

And the big drivers of incremental growth as it pertains to globalization in the next couple years are -- I just put four of them down -- we are quoting probably 25 gigawatts of wind outside the United States, $10 billion or $15 billion of locomotives outside the United States. We have five countries that are developing gas to power programs, so those have a lot of GE content in them.

And from a Healthcare standpoint our China and India businesses are growing revenues 10% plus. So we have lots of growth drivers as it pertains to how we think about the world in 2017. And we are not so leveraged to any one specific product or country to not be able to drive growth.

Now globalization has achieved some commentary lately, so I would put it in a little bit of context as the owners of our Company. So we are almost $70 billion globally and we have grown our global business more than twice our business in the US over the last 15 years. And you sit here today I would say we have one of the best and most flexible global positions of any company in your investor set.

So we are in a bunch of different countries. We are a huge exporter from the United States. We are a huge exporter, small importer vis-a-vis the US. We have lots of local presence and capability. We have got the right partners in every part of the world and a very good local skill set.

Now we have done all that with really an antiquated tax plan, no EXIM bank and I would say more or less on our own over the last 10 or 15 years. If we got tax reform, if we got an EXIM bank, those things are good for you and me. These are good things for the future of the Company and the perspective of how we look at the world.

It is very important for us to be able to explain the difference between globalization and outsourcing. The world today -- maybe 20 or 25 years ago this was fundamentally about making refrigerators in Mexico to ship them to the United States. That is not globalization today. Today, over the last 15 years 85% of our gas turbines and jet engines have been sold outside the United States, 85%. That is globalization today.

So, that is what we are working on with the flexible infrastructure. We think we are in good shape and we have taught ourselves to beat the competition all over the world. We think that has made the Company better. We also think it fits into the ability to create jobs both in US and every place. So that is a little bit on globalization.

Let me shift gears now and just talk about cost. Let me talk about how to think about the 50 basis points, how to think about the run rate and how to think about what we view as being incremental and what we are excited about in terms of the ways we think we can run the place even more efficiently in the future.

So when I think about what is in the run rate, we have got good progress on factory productivity. We have been driving kind of what we call brilliant factory now for a couple years. We have got good capability in vertical integration vis-a-vis the Company, so natural margin enhancement in that regard.

There is a couple hundred million dollars of less NPI spend just from the standpoint of getting on the other side of LEAP, getting on the other side of H. So we feel like we have underwritten kind of how we sustain margins, more efficiency as it pertains to how we run Corporate, SG&A down, lots of activities on cost out.

And then I think as you think about the future, we have got about $1.7 billion of ideas that are loaded into our plans that are incremental, looking to yield about $1 billion of the $1.7 billion and I break those into a couple of buckets. One is we have been really funding Predix without revenue so far; we are going to get some offset in revenue as we look forward in the future. So the digital burn rate is going to decline as time goes on.

From an SG&A standpoint we have done Global Ops for probably five years, which is really taking back room operations and driving them horizontal. Last year in the Power business we pooled all of our IT and ran it is a horizontal. We saw great savings. Looking into the future we are going to take IT inside the Company, instead of every business having its own IT group we are going to run on horizontal platforms.

We are going to have a sales platform, manufacturing platform, service platform and we think there is 10% savings based on what we have seen in the experiments we run across the Company and that is about $500 million over two years. So we basically are rolling that forward based on what we've seen. We are just 100 times more capable today than we have ever been before. We think this is a big efficiency driver.

We are going to continue to squash SG&A as it pertains to getting the 12% and then some, so making the functions less. We are going to 8 layers down from 12. So kind of when we started this a couple years ago we are now another two layers down inside the Company and just generally a leaner structure. So the horizontal IT yields $450 million to $500 million. We look at the burn rate that is an incremental $200 million.

And then we just have seen as we have gone through the Alstom integration two additional buckets of cost that we think are extremely fruitful. One is just rooftops; we just see the opportunity on the GE side, and particularly with the restructuring, with the gains we've got with Industrial Solutions.

Another big cut at rooftops and then pushing even more functions inside the Company inside a horizontal structure, something we have seen as part of Alstom is the ability to take requisition engineering and on a company our size about $3 billion, $2 billion or $3 billion, the ability to get another 5% or 10% out of that.

So we see good opportunities across the Company to go from 50 or 60 basis points of margin enhancement a year up to 100 basis points. And that is really how we are running the place and where we are focused.

So again, these are the things that are part of the let's say the ongoing structural execution of the company. Services productivity, this is better repairs, this is better materials, this is making better decisions around how we do CSAs. Product learning curve, this is both the burn rate from an R&D standpoint, but also each one of these products kind of coming down the learning curve. Acquisition integration, we have got good momentum as it pertains to the deals we have done and see good opportunities to even consolidate further.

We will do $1 billion of deflation this year. One of the things that more transparency around digitization has given us are a lot more ideas on how to buy more intelligently across the Company. We look at C&D parts, which are just really nuts and bolts and screws that we can buy $50 million or $100 million more efficiently just by pooling visibility inside the Company.

65% of the Company on Global Operations and horizontal functions inside GE so tremendous opportunity to drive efficiency there. And now that we have got that we are getting 5% to 10% productivity year-over-year and just a smaller corporate. So we will be below $2 billion and we will continue to take that number down each and every year.

The Boston move is cleansing, right? It gives us a chance to rethink the way that we run Corporate and that has been very good. So these are the things that have been underway for a while that give us a good baseline of productivity that is kind of in the Company going forward.

And then the incremental activity, between all of the assets that we have today there is more than 500 rooftops still around the world. We have got an opportunity to take a big chunk out of this. We are looking to get $100 million a year. There is plenty of capacity.

We have 150 million square feet of factory and service space, so lots of opportunities to rationalize facilities and ample opportunities with the gains we have to be able to drive that into operations.

As I said, digital investment. We have got $300 million of orders this year, $1 billion of orders next year, revenue from Predix starts in 2017, builds 2018 and beyond. We think the digital burn rate that has been a part of setting up GE Digital, that now is being offset by revenue has coming down the other side.

We spent $5 billion on IT. We are now going to run this using platforms, so 100% reuse on the programs we have. We are going to go from 9,000 applications down to 7,000 applications. A tremendous focus on infrastructure and backroom productivity. We are looking to get about $250 million a year, about 5% a year over the next couple years in terms of how we run IT inside the Company.

And then one of the things that we noticed as we were integrating Alstom was the ability to take what is called requisition engineering. These are people that are doing design drawings for their projects business, but we also use them in our Transportation business and the Power business running this more as a horizontal function as time goes on we think there is another 10% of cost out that we can get there.

So if you think about over the next couple years, this is just four of the big buckets of ideas. We've got about almost $2 billion of ideas that are going to be loaded in. And on our cost base it is just not a lot of extra. And a lot of the ideas that come to us really through more investment in digital has allowed us to see where the opportunities are.

And just as we have done I would say a big, complicated integration like Alstom, we now look at our own assets in a different way in terms of what is possible and the ability to drive more integration and more productivity as time goes on. So that is the way we think about where margins can go, where organic growth can go and how we are positioned for the next couple years in terms of operations.

From a cash flow standpoint, again, one of our goals is to get 95% free cash flow conversion into the operations. We will be at about 85% this year, 80% to 85%. One of the things that has -- a headwind this year has been the Alstom backlog as it has come forward, had less cash than what we anticipated.

But basically the underlying businesses are still performing the way we thought they would perform this year. And the difference between being at 85% and getting 95% is between $3 billion and $3.5 billion of working capital reduction. That is what we have to target. For us that is a little bit less than one turn.

And so, the goal really has to be to hit the biggest bucket and that is inventory. So that is where a lot of the focus of the Company has been in terms of how do we do a better job with inventory, how do we do a better job to get to the 95%. And all of the bonus programs are tied into this kind of capability and this kind of focus.

Now Philippe Cochet -- Philippe, raise your hand. So Philippe is really leading inside the Company all the activities around manufacturing footprint, brilliant factory, productivity programs, things like that. Philippe joined us from Alstom, was one of the key business leaders there, has been with GE and really has taken Dan Heintzelman's place.

So, we take all of our factories and we grade them on lean, how they do on lean and how they do on digitization. So we basically have a couple of hundred factories and the goal is to be a 4/4. That is what the best factories are and we call that brilliant factory.

So the notion is we are pushing each one of the factories in terms of lean, visibility, cost out. And I just gave you kind of a smorgasbord of different operations. Florence is the big turbo machinery factory, big lead-time reduction. Lead-times are really the way to get more inventory out of the system, a big deal there.

Hino is kind of in the outskirts of Tokyo, it is where we make CT scanners, the idea is to get less touch time, less hours in content and better inventory turns. Muskegon is one of our avionics factories in Michigan. I think it was an old Smiths factory, David, that we acquired big improvement in inventory and cost out.

Grove City is where we make diesel engine. So Grove City is south of Erie, it is maybe one of the world's biggest engine factories, tremendous performance in terms of basically visibility in the factories. It has maybe inside our Company got the best application of APM in a GE site of any other factory. That is Grove City.

Haiphong is a factory we built; they do a lot of wind turbine capabilities and a very productive plant, more productive actually than China. Have been doing a good job on productivity and lead-times.

And Pune is a brand-new multimodal facility that we built in India. So it does Oil & Gas, it does wind, it does a bunch of different things. Its operating cost per hour is $45, so this might be one of the most productive factories in the world.

So this just gives you a sense of I would say the underlying operational disciplines that are going into getting inventory reduction and what we call brilliant factory which is this combination of lean and digitization in our own shops.

And by the way, our goal is to make -- we will probably have between 10 and 20 GE show sites that we bring customers of Predix to come see when they want to think about their own manufacturing efficiency programs in the future.

All roads lead to inventory; this is the place that the biggest bucket of opportunities get into. We would like to get $2 billion to $3 billion of inventory out of the system as we think about the next couple years. This is going to be essential to hitting the 95% goal.

Jeff has assigned a bunch of the Audit Staff people; we have got some outside people that are helping us from the standpoint of just getting the right metrics aligned. Philippe is leading this effort. And down below you just see a couple easy examples that are fundamentally about lead-times, one in Energy Connections and one in Oil & Gas that just talk about $10 million, $20 million, $30 million at a crack in terms of how do you get inventory out.

So we basically have line of sight on $1 billion of what I would call just general housekeeping, of how do you get more inventory out of the system by just doing a better job of disciplines around lead-times, how you order, things like that. And then another $1 billion to $2 billion has to be more structural as it pertains to how we get cash and inventory out of the system. So that is kind of the way to think about free cash flow conversion and what is important going forward.

So lastly, maybe just talk about how we see 2017. Power and Renewables had very strong earnings growth in 2016 and we expect the same in 2017. My hunch is that those two businesses will be let's say high-single-digit organic revenue growers as well. So when I would frame those businesses, strong revenue growth, strong earnings growth as you think about how they are positioned.

Oil & Gas tough year this year. We think next year will also be negative but not as bad as 2016. And that is kind of the way we frame the Oil & Gas segment going forward. And the other business that has kind of gotten hit in this cycle from a natural resource standpoint has been the Transportation business. So we look in Transportation for kind of another year in 2017 more or less the same as 2016.

Healthcare, Aviation, ought to have good solid years in 2016, will have good solid years in 2017. Organic growth in the mid-single-digits I would say but strong, pretty solid. And that is how those businesses kind of line up. And then we look at pretty decent segment operating profit growth next year. The verticals will be more or less flat year-over-year and corporate will be probably down a smidge, something like that, that is how I'd think about the plan.

And then I would say this year two things hit us. Oil & Gas hit us hard and FX hit us hard in 2016. We don't see a big headwind from FX in 2017 -- maybe plus or minus a penny, but nothing like what it was this year.

And Energy Connections, we just expect a turnaround year. We just expect lots of restructuring, lots of opportunities to operate better and an opportunity to do better in that business.

So good cost out programs, pretty good organic growth, less headwind in FX, Oil & Gas sector still pressured vis-a-vis how we think about the Company going forward. And the way you get this to the high-end of the range is just I think fundamentally about execution.

In our plan we are counting on our tax rate going from the low-teens to the mid-teens next year. Who knows where tax reform will end up going and what that means. And then do we catch -- does oil go from $50 or low $50s and does it go up and do people get a little bit more confident? I think that is what gets it at the high-end and kind of the low end might be created by -- if Oil & Gas got worse or even a stronger dollar, things like that that we would have to factor into the plan.

So, I think a decent balanced plan pretty much within our expectations as we have done it. Lots of execution ahead as we think about how we go. And this is kind of of -- we always publish this as the framework. So we have talked about organic growth and margins, corporate between $1.8 billion and $2 billion, the Alstom EPS will be at the high-end. I think we talked about $0.08 to $0.10; we seen $0.09 to $0.10.

Gains are $2.5 billion, so gains are $2.5 billion and restructuring will be $2.5 billion so that is a lot, right, and tax rate in the mid-teens. That is kind of the way we would think about the operating EPS.

Operating cash flow $16 billion to $20 billion. The capital dividend of $6 billion to $7 billion and the industrial businesses between $12 billion and $14 billion. Pension funding of $1.8 billion, which I think we've talked about in the past about pension funding. We have got dispositions in there a net PE of $3 billion to $4 billion. So that is kind of the way we think about the capital allocation.

We talked about the dividend last week; the dividend is $8 billion and buyback between $11 billion and $13 billion. And then we still have $10 billion on the sidelines as it pertains to incremental leverage and we will think about that as time goes on in terms of the best usage of that capital.

Here is how we get paid, which is not unimportant particularly for the first row here in the room. So we have two leverage points, one is called the AEIP and this is the annual incentive compensation plan. And basically the Company sets the pool and then the individual businesses kind of do better or worse, they get indexed off 100% or it can go to 150% or go down into negative territory and that is kind of the way the annual plan works.

And so, kind of the Company AEIP is really set on the organic growth and the margins we talked about, that each business will have more discreet metrics around working capital and things like that. And then there is probably five or seven strategic goals for each business.

And on the right-hand side is the long-term incentive plan, that is always a three-year plan and that goes from 2016 to 2018. And the goals always have a range, they have a min and a target and a threshold target and max and that is how these numbers track. I think this is in the proxy and pretty much aligned to the way you guys think about the Company and what is important to you.

So, when I talk about the plan it is always good to wrap it up by saying our interests are truly aligned as it pertains to the compensation of the team.

And then lastly, there is a really strong Company here. I think if you think about the portfolio of the Company you have got an amazing Power and Renewables franchise. You have got an amazing Oil & Gas franchise. You have got an amazing Healthcare franchise. You have got an amazing what I would call Transportation, Aviation franchise and $235 billion of service backlog. So that is kind of the sets of businesses that we have that are important.

We have got horizontal capabilities around technology, globalization, digitization, the way we run the installed base, so very strong horizontal capabilities that we think underpin execution. We have got a pretty good profile when we think about organic growth margins and cash optionality.

And I think you have a ticket on the two most important -- for industrial companies, the two most important productivity drivers of this era which are the combination of industrial assets and digital assets and additive manufacturing. So you have got the leading position in early days of the two things that are going to matter going forward.

So that is the Company. Let me take some questions. I always -- just for the sake of tradition I have to -- sorry Scott, I have to go with Cliff first (laughter). This is just --. Since he is the guy who looks the most like Santa Claus I have to start the holiday season.

QUESTION AND ANSWER

Cliff Ransom - ***Ransom Associates - Analyst***

I am going to ask a great big 35,000 foot question because I think it is really important. If I look back over the last 20 years at GE, the mindset of how this Company is managed has changed probably four times, maybe three times. But you're coming into a new age, you are coming into making -- you are asking your people to think about new things, new models, digitization is new to everybody in the world.

I got on the additive manufacturing kick 20 years ago, I was only 17 years too early, so that is new to everybody else. How do you get people to think in terms of those new constructs? Particularly how do you get them aligned to think in those new constructs?

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

So I would maybe answer a philosophical question with a somewhat philosophical answer if I can. I would start with I think if you own an industrial company you always have to sit there and say is this a hobby or is this real? I have been around here long enough, guys, that it doesn't hurt my feelings anymore.

But I would say deep down inside you want us to know what is going to drive productivity in the future. And in the end, if you own an industrial company, the space you need to own is productivity. It is the way you make money; it is the way we make money. So I would kind of start with these things have nothing to do with anything other than somebody is going to do it, it changes the existence therein productivity and it better be us. We better be doing it.

Now how do you do it? I think it is always a combination of you have got to bring in talent from the outside and you have got to run it horizontally well. And I think one of the things that makes GE a little bit different is that most of the people up here in the front row, they know how to run things vertically and they know how to run things horizontally or else you don't survive in the Company.

So I would say, Cliff, deep down inside, although you don't always know it, you want us to be on the leading edge of what is going to drive productivity, deep down inside. And I think in order to give these things life before they get killed, if you do it in Power and Oil & Gas and Transportation eight separate times you are going to fail. What you have to do is once really well, give it a chance to breathe and that is I think -- we have always been -- whether it has been Six Sigma or anything else.

Look, I have been here a long time, guys. Let me tell you, if you put yourself in my shoes additive manufacturing makes a shit load more sense than Six Sigma did. It makes -- it is inherently obvious. I was there the first day we did Six Sigma, it made no sense to me. Okay, Scott. Go ahead.

Scott Davis *- Barclays Capital - Analyst*

Thanks. That was so brilliant, Cliff, I don't know if I can follow in your shoes, but I finally understand additive manufacturing thanks to you. I'm just joking. How does the 3% to 5% core growth and the 100 basis points of margin tie together? Meaning most of your peers are forecasting kind of 2%-ish, maybe 3% if they are lucky on core growth, so I could see some pushback there. But does that matter? Does it help you if growth is on the high end or does it actually hurt you because things like H turbines and things going at such a low margin?

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

Look, Scott, I think the way to think about it is that the place that has got the best spring load on growth right now is actually services. So you get a little bit richer margin with the service business and it is more -- I would say it is more spring-loaded as you sit there today and look at it.

So I think if you kind of piece back and just go segment by segment on organic growth, power and wind, big H backlog, our Alstom orders grew by 15% last year, so Alstom now goes organic. It basically had gone from a dormant time period to now really having lots of good tailwind let's say to it.

So you have got those two segments at really what I would say is kind of the high end even of what we normally would expect. Then you have Aviation and Healthcare that are in pretty good cycles. Healthcare did maybe 4% organic this year, maybe 4% or 5% next year. Aviation will actually be a little bit better next year from an organic standpoint because service is better and you are shipping a few more LEAPs.

Oil & Gas we are kind of planning on being negative but not quite as negative, but it is off a lower base so it doesn't really create the same kind of tailwind it did this year. And then Transportation we are counting on a year.

So I think if you put the pieces together you see why 3% to 5% makes sense. You have got mix helping vis-a-vis service growing faster than equipment. And you have got a pretty good margin run rate you are walking into. So I would have people just look at the pieces and I think if you go pieces up the organic makes more sense.

Scott Davis *- Barclays Capital - Analyst*

And then just as a follow-up, slide 22, the cash block; I didn't kind of get it. Is it $10 billion including water and the proceeds from your asset sales as a total opportunity or is it $10 billion plus including balance sheet?

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

So I think, Jeff, what you look at is you started with $30 billion if you go back a year and that was $20 billion of leverage and $10 billion that was just incremental cash available based from CFOA and things like that. That $30 billion became $34 billion, including the $4 billion of dispositions.

The $34 billion, we spent $24 billion let's say through acquisitions and incremental buyback and things like that. And the unassigned is $10 billion. Now you are getting more buyback, you were getting $8 billion more buyback, you are getting Baker Hughes, LM acquisitions in that space and $10 billion still unassigned. Yes, Steve?

Steve Winoker - ***Bernstein - Analyst***

Thanks. Jeff, I thought you would be at the tax CEO conference at Trump Tower today with all the digitization talk. Thanks for sticking with us.

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

Thank you. Some days it pays to be in industrial (laughter).

Steve Winoker - ***Bernstein - Analyst***

So considering everything you said about tax, etc., today and some of these proposals, are there any -- I am sure your teams are running around with many, many scenarios on how all of these potential things might play out, it is too early to tell, etc. But are there scenarios that are kind of realistic that you could actually get an earnings headwind from the proposals that have been on the table because (multiple speakers)?

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

Headwind or tailwind?

Steve Winoker - ***Bernstein - Analyst***

Headwind, headwind. Because it seems to me like you are all tailwind.

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

Steve, I think the safest way for investors is to take Brady Bill, so you have got inside the House -- got a Republican House, Republican Senate and a Republican President and there is a fully drafted bill called the Brady Bill. And just read it and I would say pretty good for us.

If you got that plus EXIM, those are pretty good scenarios for the Company. And then let's see what happens. But I think the safest planning assumption, because there is just so much going on right now, is to kind of look at what already exists and say that is probably -- some form of that is likely what is going to move.

Steve Winoker - ***Bernstein - Analyst***

I think on that same front by my calculations you guys must be close to a $20 billion net exporter in the US (multiple speakers).

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

Our position is we are a big exporter are not a big importer.

Steve Winoker - ***Bernstein - Analyst***

Okay, and then just as a follow-up longer-term maybe. Given all the moves you have made this year in Siemens and I think it has been great progress with you guys on machine-to-machine digitization, but factory automation concerns me, or I should say I still don't get it, okay.

So Siemens is approaching this all of the way from CAD CAM all the way through to additive, instrumentation, everything in between. I think you guys are trying to partner your way there. Just help me understand what the kind of playbook is for GE in the factory automation vertical going forward?

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

So the way I would look at this, Steve, is I would say Siemens has a good programmable controller position on the factory floor. So if you break down the thread and look at the PLM, you look at engineering systems, we are not going to be a big player in PLM.

We kind of target I would say service automation. We think we can own that space and pieces of what I would call factory floor, MES, pieces of MES, but we don't have the natural equipment space in that area that Siemens does and ABB does and others. But there is plenty of partnering opportunities I think in the space where we can bring a digital piece and somebody else can bring the assets.

You know, look, I think it is just we are going to have to approach that industry in a different way than we approach the other things we do. And then we are long additive. I come back and say there is going to be a new formation on the factory floor. We want to leapfrog what is already there. Because there is no way to put yourself in the way back machine and become big in programmable controllers.

We kind of crossed that one in the 1980s. And so, what we have to do is partner, have really good -- what I would say have really good visualization and APM for the factory floor. So there is a ton of people that are competitors to Siemens and ABB to whom would be very attractive partners of ours on MES systems. Andrew?

Andrew Obin - ***BofA Merrill Lynch - Analyst***

Just to follow on the theme of digitization, when I talk to investors a lot of questions that I get, particularly from guys who invest in tech, how does a company that is focused on cost participate in a growth industry that requires a lot of investment? Like I will give an example.

My colleagues today wrote a note about Amazon saying what a great thing it is that they are going to miss EBITDA because they are going to invest. So given the fact that you have this early industry that is growing, you're one of the leaders, how do you manage this tension between the need to invest if needed and the need to deliver (multiple speakers)?

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

Look, Andrew, I would say things like cloud technology, data centers, things like that, we are going to partner on most of that stuff. We are going to partner with Azure or others as it pertains to where some of their investments have gone. I think when it comes to both machine learning, but most importantly APM, they're going to have to put themselves in a way back machine and get all the physics data on a jet engine over the last 20 or 30 years.

We bring a ton of competitive advantage as it pertains to the data, the way it gets sold to the customers and what is called lifing on the use side. So infrastructure stuff, we are going to partner a lot on the infrastructure stuff. On the operating platform and the apps I think we bring as much competitive advantage as anybody in this space. I think our customers feel the same way.

Again, consumer Internet, enterprise Internet, industrial Internet. Industrial Internet is going to operate significantly differently than enterprise and -- or consumer and enterprise Internet has gone. But you are going to see us build 32 data centers -- I don't think so, that's not going to be --. Jeffery

Jeffrey Sprague - ***Vertical Research - Analyst***

Thanks, Jeff. Two questions. So you have got $2.5 billion of gains, financing $2.5 billion of restructuring, but we are hearing about $1 billion of additional cost out. So what is all that restructuring yielding? Where do those gains go? What is the payback on what you are doing?

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

Maybe I will start and let Jeff hop up as well. But again, I would say there is going to be a ton of footprint reduction that goes into those gains or that the gains could apply to. There is going to be probably some organizational simplification work that we can do and that will be -- we would expect -- if you invest an incremental $1 billion, we would expect maybe half of that in the first year, something along those lines. So those would be the touch points I would give you. I don't know, Jeff,

Jeff Bornstein - ***General Electric Company - SVP & CFO***

So the first piece of carryover projects and restructure from this year. The second piece next is you talked about the $1 billion of incremental cost out. And the third is we talked about $800 million-ish, that neighborhood, for restructuring basically.

Jeffrey Sprague - ***Vertical Research - Analyst***

And then I was also just wondering just on the ramp to 2018, I asked at EPG actually was it relatively linear to get there? And the comment that it was. And clearly it is not. At the midpoint we are going $0.15 and then $0.35. Is there something that is materially worse or difficult or more challenging in 2017 than you were thinking back in May?

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

No, I think it's kind of -- again, the way I would look at 2018 versus 2017 is you get pretty consistent EPS growth in the two years. The difference is in 2018 the expectation is Oil & Gas is an adder and not a detractor. And so I think you were at the meeting last week, so you got a pretty good rollout of how that --. Other than that I would say the general operations are more or less the same year after year in 2017 and 2018 with the one difference with Oil & Gas being slightly better. That's the main difference. Deane?

Deane Dray - ***RBC Capital Markets - Analyst***

Thank you. Jeff, be interested in hearing what inning you are in in this mandate to simplify the organization and maybe what the gating factors might be. So Industrial Solutions announced today along with Water -- maybe a gating factor might be it is hard to deploy the $2.5 billion in the gains. But how much more restructuring and what kind of pace and a sense of the timing?

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

Look, I think it is one of those things, Deane, where you are never like over-over on portfolio just because life changes and the world changes. But I think if you think about what we have done with GE Capital and what we have done with what I would call industrial pieces, if you will, you now can sit and look at a fully formed Oil & Gas business, a very broad and deep Power business, a very broad and deep Healthcare business, a great Aviation business, a very competitive Transportation business.

We don't lack much and the discrete pieces I think -- piece by piece we have continued to take them out of the portfolio at times when it made sense. And then we just don't have any shortage of good cost out ideas. I think again with Alstom we have got another big rationalization opportunity. We are going to get more cost out ideas as it pertains to Baker Hughes.

There is no doubt that I would like to get the SG&A as a percentage of revenue to at least 12% here. We got slowed down by bringing Alstom in and Oil & Gas slowing down. But even with Alstom I think SG&A as a percentage of revenue ought to be 12% at least. So we still see lots of opportunities, but I don't big chunks coming out of the portfolio and I kind of like the way the Company looks right now. Yes, Joe?

Joe Ritchie - ***Goldman Sachs - Analyst***

Thanks. So you started the conversation off pretty optimistic about the US, and I am just wondering if you have seen anything or heard anything at the margin to help support that optimism, particularly because you have some pent-up investment especially on the industrial side from a CapEx standpoint.

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

Yeah, look, I think early days around -- let's say early days around Onshore Oil & Gas for sure, right. And then you are seeing things firm around kind of car loadings and demand for electricity kind of slowly inching its way back up. But I think if you have a GDP that is growing 3% plus you are going to have a tremendous amount of pent-up demand that I think could be felt in the power business, could be felt in the Oil & Gas business, could be felt in the Transportation business and throughout.

So, I just think that you have got -- the economy was already strengthening kind of quarter by quarter. And then I think you got a sense that with tax reform and things like that there might be more CapEx investment because it has been lacking over the last 5 or 10 years.

Joe Ritchie - ***Goldman Sachs - Analyst***

My one follow-up there, you made the point last week that your Tier 1 suppliers haven't kept up with the pace of investment that you guys have made over the last several years. So does that mean if we do get a tick up, let's say GDP starts growing at 3%-plus, do you have to vertically integrated to make sure you have the right components, the right supply chain in place in order to meet that (multiple speakers)?

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

Well, again, I think we have got well-established supplier relationships. But I think, Joe, the way I would say to it is if you go back let's say 15 years ago in Aviation, we would take entire sections of an engine and give them to RSP partners or partners and they would design them and make them and things like that. Now we own the designs, we own the capability.

The same way with wind power, same way with H turbine, same way with all that stuff. So the technical capability of GE vis-a-vis where it was 15 years ago and vis-a-vis our suppliers is night and day. And I think from an investor standpoint that gives us optionality. That says we don't necessarily have to, but we have the capability to take incremental margin should it be a good return as time goes on.

Chris Glynn - ***Oppenheimer & Co. - Analyst***

A little further on the steepness of the ramp to 2018 actually being in 2018. I understand Oil & Gas pivoting, also the slides on the two big acquisitions were very helpful and that just shows the math, the incremental EPS.

But drilling into the Baker Hughes GE, you have a $28 billion target for revenue in 2018, consensus combines about $23 billion next year, not that you have ratified that. But that is a $5 billion chunk, it is quite a step function and there is a $0.06 pivot minus $0.02 to plus $0.04. How critical is that kind of step function $5 billion, 20% growth in 2018 and what are the drivers around that?

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

Again, I think, Chris, we gave a pretty good outline of it last week because you are really thinking 2018, you are thinking about a combined business. Baker is much more of an early cycle business, and so you are going to see tremendous I would say early on leverage vis-a-vis that business as time goes on.

So I think the way to think about this is between Baker Hughes and GE we've probably taken -- how much cost have you guys done, Lorenzo? $1.3 billion plus -- and Baker is another $600 million. So you basically have $2 billion of cost out. So your breakeven is down by $2 billion.

So it is to the point, Chris, where almost any revenue increase you get is going to go to the bottom line. And I think that is the way I would say the Baker Hughes investors look at their company. And when you think about GE Oil & Gas going forward it is really a blend of the two, so --.

Chris Glynn - ***Oppenheimer & Co. - Analyst***

Is the revenue target more aspirational than the EPS for 2018?

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

I think just go with what we have given you (laughter). I am not going to read through a 3-hour meeting that you had last week (laughter). The only thing I would say conceptually about the combination of Baker Hughes and GE is I think the way we underwrote Alstom was basically 100% cost out synergy, no revenues -- fundamentally no revenue synergy. That was the appropriate way to underwrite Alstom.

Now what has turned out to be true is we are going to hit the cost synergy and we are going to actually get incremental revenue out of Alstom. So that is good. I think with Baker Hughes we have underwritten a lot of cost out synergy which we should hit and a little bit of revenue. Now the way to take the combination of Baker Hughes and GE to really make it substantively appear as good as it can be is we should take share.

There is just no reason to think the combination of those two businesses given the way the industry is structured today -- I can sit down and go through every Oil & Gas customer in the world -- Saudi Aramco, Exxon, Chevron -- I could go through each one and look at where the big now three sit and just go one by one by one by one, here is what our potential is. So will that be 2018? Probably not. But that's going to happen at some point. Yes, John?

John Inch - ***Deutsche Bank - Analyst***

Thanks, Jeff. Can you hold your long-term tax rate at these low levels given that there is no longer Capital and the Feds may plug loopholes, they may remove some of the interest deductibility? And maybe for Jeff, how much of Baker and Alstom accretion, the $0.18 to $0.20 on the four is taxed?

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

So we're making America great again here, John.

John Inch - ***Deutsche Bank - Analyst***

I'm with you.

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

I am thinking tax reform is a piece of that and I am all in, brother, let me tell you (laughter). So I just don't see -- just based on everything that the new Secretary of the Treasury said, the President-elect has said, Speaker Ryan has said, I can never dictate the puts and takes, but I think if you are a net exporter, manufacturer, stuff like that, I think there is opportunities. The rest is up to you.

Jeff Bornstein - ***General Electric Company - SVP & CFO***

I think that -- we talked about an (inaudible) based on what we have done with Alstom, where the Company is today, where we think we'll (inaudible), I think that sustainable (inaudible). If they enacted the Brady Bill the way it is laid out today (inaudible) reasonably dramatic and there would be more permanence to how you would think about the rate long-term, right, at least as it relates to offshore earnings and your ability to repatriate them and what you can do with that fungible capital.

So, the Brady Bill is not in legislative language form yet. So the devil is in the details, but if you take it at face value today, as Jeff said, if you are a net exporter it is a huge incentive and it is accretive to the Company.

Chris Glynn - ***Oppenheimer & Co. - Analyst***

And then just one more follow-up. The $0.18 to $0.20 in Alstom, is that all ops and a little bit of tax or is any of that some of this very high (multiple speakers) coming back?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

It's the same tax -- there is tax in there, the same tax we talked to you about last year or the year before. No change to how we talked about the tax synergies in Alstom.

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

And the rest operations, no balance sheet (multiple speakers) zero, nothing. Nick?

Nick Heymann - ***William Blair & Company - Analyst***

You basically gave the tip to services driving your incremental growth on the organic side for sales. And I was just curious as to when you see the transformed GE Capital, which is basically now out of the businesses -- at portfolios that they are looking at. When do you see the facilitation that they can coordinate the IFIs and with sovereign wealth funds and insurance company -- when do you see that clicking to actually step up particularly outside the US in non-developed and emerging markets, step up your equipment sales on the industrial side?

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

Let me, Jeff, maybe let you and then I will add in.

Jeff Bornstein - ***General Electric Company - SVP & CFO***

Rich is here too. It has already started. So you got the energy financial service business is a big player with our Power and Renewables business. They are adding a ton of volume, a good percentage of our wind volume is -- either contains GE financing or is being arranged by GE financing.

Jeff talked about earlier we operate without EXIM. We generally would use, I don't know, $2 billion to $2.5 billion of EXIM financing. Our capital markets team, the GGO team, we replaced $2.5 billion of EXIM financing with $50 billion of ECA financing from around the world. So they are already playing a big role.

And Jeff had on the chart that he went through that they are enabling $10 billion-plus of orders a year. That is not always on the GE Capital balance sheet. As a matter of fact, as much as we would like them to use other syndicated debt, syndicated equity and use other people's capital to make these deals happen.

But I think John would tell you when you get outside you get in the growth regions of the world and you are doing these big projects, the go/no go is less of a technical decision many times and more can you put together the project financing to make the project go. And that is where we have come a long way and Capital is playing a big part in that -- in that transformation.

Nick Heymann - ***William Blair & Company - Analyst***

So is that factored in 2018 as a bigger step-up in terms of both your (inaudible) that you're actually starting to see not just the financing (multiple speakers)?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

I would think about it more in terms of how they are enhancing the organic growth rate on the industrial side and less about whether they will earn a penny more a share or not as a result of it.

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

Again, I think a lot of the difference between 2017 and 2018, guys, is really deals and buyback. You already see it. The $0.18 of underlying operations is really the only difference between 2017 and 2018 is what you believe on Oil & Gas. I mean fundamentally the run rate is pretty healthy. Steve?

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

Thanks. What is the organic decline at Oil & Gas? Is that single negative, is that kind of the organic guide (multiple speakers)? Winnoker?

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

I'd say it'll be -- all the numbers you saw are ex Baker Hughes. I would say we are thinking about the revenue in Oil & Gas being flat to down, down single-digit kind of thing.

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

In organic oil?

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

Yes, yes.

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

Okay.

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

Does that sound right, guys? Yes, yes.

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

And the $6 billion to $7 billion in GE Capital dividends to you guys, I think that is a little bit below what you guys had initially laid out. Is there a reason why that cash is still --?

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

What I would say is that is through 2017, right, and then we think they'll still --.

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

You pulled some into 2016, so it is not (multiple speakers).

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

Exactly. There will still be some more in 2018. So we are not done at the end of 2017, there is still a stub that will be trued up in 2018.

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

Okay, so no change there. And then just lastly on this disclosure you guys had in your Q on the Aviation accounting debate that's going on out there. When will you kind of have further clarity on that? And is there any update on that front and what kind of impact that would have?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

So we are working through -- as you can imagine, our service portfolio is many times larger than anybody else in the space. So we have done an enormous amount of work, we are not completely done yet. But I would expect by the time we issue the K to you all we will have a lot more detail in there in terms of what we think the 606 rev rec change is going to have on the Company when we adopt in 2018. So give it a month or two here; we have got a little bit more work to do. But I think a lot of that will be known when we issue the K let's say end of February, March.

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

And does that have any impact on the $2.00 or should we just think of that as (multiple speakers)?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

There is no 606 changes to any of the framework that we have.

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

We haven't included tax reform or any stuff in there (multiple speakers). But I want to back up on one thing. On the GE Capital $35 billion that we talked about, it could be $1 billion light by the time it's all said and done, only because we exited the businesses earlier.

So we didn't have the earnings. Again, there will be more in 2018 to finish it out, but at the end of the day if it is $34 billion instead of $35 billion or something like that don't be surprised. But it has nothing to do with the execution. We sold all the assets where we thought we would, it is just a function of selling them faster.

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

I just didn't know if they wanted more capital in there or something like that?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

No, we are not putting more capital into GE Capital, I can assure you that. I don't want anybody to walk away to think we are running behind plan, we are running ahead of plan. We pulled dividends into 2016. We are actually several billion dollars ahead of the plan that we gave you, we are not behind plan.

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

And then just one last quick one on the services productivity that you guys put out there. How did the cumulative catch up, the LTSA cumulative catch-ups play into that? Do you exclude those because they are non-cash or does that kind of play into that whole bucket of (multiple speakers) the $1.5 million service and productivity?

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

Look, I think it all goes into the service, Steve. But I think we always look at these as kind of like net beneficial to both the customers and us.

Andy Kaplowitz - ***Citigroup - Analyst***

Jeff, you mentioned that the Alstom backlog was the biggest reason why cash is a little light this year. So maybe you can talk about the risk as you go into 2017 into the Alstom backlog. And obviously it is more of a project-related business, so you've gotten used to it now, you should be able to sort of execute better as you go forward. But maybe talk about that.

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

I would say the way investors ought to think about Alstom is it has been broad -- I would never say completely, but broadly de-risked. So you have had a year of strong operations, you had a long period of time of integration. And I would look at Alstom kind of going forward as pretty clean, pretty de-risked, pretty much looks like any other GE business as you think about the business going forward. That is how I would think about where we go.

We put no value in for the steam turbine business. We probably took, Steve, a couple, $3 billion of orders last year, something like that. Very little value in for grid, it is doing better. So I just think there is pieces around the framework that are pretty attractive.

Andy Kaplowitz - ***Citigroup - Analyst***

Got it. And then you said you expected services to grow significantly in 2017, 7%. But through the third quarter I think you were close to flat, maybe up a little bit in orders, right? And so --.

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

It should be up 3%.

Andy Kaplowitz - ***Citigroup - Analyst***

Okay, right. So, as you look at 2017, what will Oil & Gas services do? Are they going to be positive? You talked about Healthcare and Aviation, like are all these sort of visible gains because healthcare services -- John is doing a good job --.

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

Andy, I would go back and say what are your big horses in services are power and Aviation? Both those businesses are going to be close to double-digit organic revenues. Healthcare from flat to up 4%. You just have a bunch of different parameters. If you think about services in power in the third quarter, lots of the AGPs got pushed into Q4, so you will see a pretty strong Q4 there.

So again, I think my expectation is early cycle, the short cycle stuff tends to come back earliest in Oil & Gas. So I would expect Oil & Gas service orders to be flat to up even if total orders are down, that is the way it typically works. But I would think more about your two big horses on that one.

Nigel Coe - ***Morgan Stanley - Analyst***

Jeff, with the $10 billion of capacity it sounds like the message is no more big M&A between now and 2018, is that kind of the message to make it nice and clear?

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

You always have to see what happens in industries and stuff like that. But look, to do Alstom well took the entire Company. To do Baker Hughes well it is not just Lorenzo, it takes the Audit Staff, it takes time and attention from the whole leadership team to do it well.

So I just think from a capacity standpoint doing multiple deals at a time doesn't make a lot of sense. And the I just think in many ways oilfield services was a gap in the portfolio. I don't think you look at GE today and say, gosh, these guys are really lacking X. I just don't feel that way (multiple speakers). Yes.

Nigel Coe - ***Morgan Stanley - Analyst***

And then just on Alstom, it looks like it is coming in a bit more back end loaded in the plan than perhaps you originally anticipated. So maybe just mark to market on what you see at Alstom and why 2017 is a bit lighter, 2018 is --?

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

So I think the way to think about it is we said roughly $0.05 a share, that is about what we will do. I think we said $0.08 to $0.10 in 2017, we will do $0.09 to $0.10. And we said $0.15 to $0.20 in 2018, we are saying $0.18 to $0.20. So we are just seeing it strengthen and be in a pretty good position.

I think the difference in Alstom isn't so much -- so we have had a year of restructuring in Europe which, as you guys know, is not an easy thing to do. So when I stood here a year ago I would have said that was the highest risk on the plan. I think we feel pretty good about how we have executed on that. What we had no context for a year ago was could we grow it. I think you sit here and say today the answer to that is it looks better than we had expected. A couple of more. Yes, Rob?

Unidentified Participant

It sounds like you feel pretty good about some of these cost initiatives, particularly in horizontal IT, the $1 billion you're talking about. How much potential buffer is in the plan for some incremental cost take-out buckets? And maybe you could talk about that in the context of the confidence level for the $2.00 now, because clearly that has been an open issue for investors.

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

Again, I would make a couple comments, Rob. The first is we have almost twice what we need, so we have programmatically a plan that lines up for more or less twice what we need. Steve began -- didn't even fully integrate, but the bower business began the horizontal IT this year and got $40 million or $50 million of cost out. So in some ways we are kind of only scaling what we have already started in the Power business.

Compensation plans are all aligned vis-a-vis the plan. And look, when we sat here on April 15, we didn't really forecast the Oil & Gas business being what it is, but other businesses are better and new ideas that we can execute on. So we feel like this is the appropriate way to frame the Company.

I think if you basically say let's walk 2016 to 2017, pretty straightforward economics get you from 2016 to 2017. So basically what we are counting on in the plan is good execution around 3% to 5% organic growth and margin expansion. And then we have got a headwind of tax next year. So we are basically -- in the $1.60 to $1.70 we have a tax headwind that holds that down.

And then when you think about 2017 to 2018 you get Alstom in full bloom, you get Baker in full bloom. You have got buyback all basically loaded in the plan. And then what you have to think about operations is really the execution around cost and does Oil & Gas begin the turnaround in 2018. And again, you have got an oilfield service business while you are thinking your way through that.

Unidentified Participant

And then just on the US economy, if we are seeing nominal GDP, more mid-single-digits, a couple points of inflation. I mean just how does that kind of -- how do you ring fence what that can mean for the $2.00 number? Could there be upside to the $2.00 number in that [situation]?

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

Look, more or less for the last more than a decade we have been almost in an investment recession in the US. So how did we survive? We survived by globalizing. We survived by selling planes and turbines and everything we make outside the United States. I think if you ever got like any kind of CapEx in the US you would just say thank you, God. Just a little oxygen, right?

We sold 305 heavy duty gas turbines in the US in 2001, one year. We have sold 230 the next 15 years combined. So just like -- dog paddling would feel good. So I just think that is something that investors don't -- I don't think GE is the only industrial that could make that claim, but global markets have really been the difference. Maybe one -- yes.

Julian Mitchell *- **Credit Suisse - Analyst***

Thanks. Maybe on the free cash flow -- it's hard from the outside I guess to see some of the moving pieces. But maybe give some color on a segment basis, which segments are furthest away right now from that 80%, 85% threshold. And maybe what the range is roughly on the free cash conversion by segment and which one do you think will drive the biggest (multiple speakers)?

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

Oh, look, I would say our best student, but it is easy, is John. And the guy that is going to be the most improved player is Steve. Steve is going to be amazing (inaudible). But we all have a bunch we can do, right. There is really, I think, a sense of -- I think particularly in inventory there is a tremendous opportunity for improvement.

A lot of it's (inaudible), again as we talked about business model US/non-US, I think the need to get lead-times down and things like that, Steve has gone from basically a largely North American customer set to a largely global customer set in 5 or 10 years. And the ability to get inventory back where it should be as these guys have globalized their supply chains, that is where the opportunity is and that is where the visibility hits.

So we are not going to get to where we need to get to. We are not going to get to 95% unless we get $2 billion or $3 billion out of inventory. Now the good news for a company our size is that is three-quarters of a turn, it is a turn maybe. So we can do better.

Julian Mitchell - ***Credit Suisse - Analyst***

Thanks. And then just lastly on Energy Connections, that has been a very tough segment in various forms in recent years. You have done a good sort of turnaround it looks like in Healthcare this year, albeit from a much higher base. What is changing Energy Connections now? Is it leadership, cost cutting? But what's --?

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

So Russell runs it. I think with the -- the way I would think about it is Power Conversion is a business we need to run well. Automation Controls is essential businesses for the Industrial Internet. And then I think Grid really represents how do we run it out of the acquisition and things like that.

And the biggest opportunity and what Russell is really driving is how do we integrate -- it is a bunch of pieces and parts and little P&Ls. How do we run it like one streamlined business? So more of a functional business and less of 17 different P&Ls and things like that. So I think that is where some of the restructuring money anyhow will go to Russell as part of doing that.

So, should we maybe introduce cocktails or things like that? So thanks, everybody. It is great to be with you.