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EDITED TRANSCRIPT

GE - Q3 2015 General Electric Co Earnings Call

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OVERVIEW:

GE reported 3Q15 revenues of $31.7b, net earnings of $2.5b and net EPS of $0.25.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," or "target." Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about our announced plan to reduce the size of our financial services businesses, including expected cash and non-cash charges associated with this plan; expected income; earnings per share; revenues; organic growth; margins; cost structure; restructuring charges; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and the split between Industrial and GE Capital earnings. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with our announced plan to reduce the size of our financial services businesses; our ability to complete incremental asset sales as part of that plan in a timely manner (or at all) and at the prices we have assumed; changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold as part of our announced plan to reduce the size of our financial services businesses as well as other aspects of that plan; the impact of conditions in the financial and credit markets on the availability and cost of GECC's funding, and GECC's exposure to counterparties; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; pending and future mortgage loan repurchase claims and other litigation claims in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC's ability to pay dividends to GE at the planned level, which may be affected by GECC's cash flows and earnings, financial services regulation and oversight, and other factors; our ability to convert pre-order commitments/wins into orders; the price we realize on orders since commitments/wins are stated at list prices; customer actions or developments such as early aircraft retirements or reduced energy demand and other factors that may affect the level of demand and financial performance of the major industries and customers we serve; the effectiveness of our risk management framework; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation; adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to us or Synchrony Financial that could prevent us from completing the Synchrony Financial split-off as planned; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in completing, including obtaining regulatory approvals for, announced transactions, such as the proposed transactions and alliances with Alstom, Appliances and our announced plan to reduce the size of our financial services businesses, and our ability to realize anticipated earnings and savings; our success in integrating acquired businesses and operating joint ventures; the impact of potential information technology or data security breaches; and the other factors that are described in "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014. These or other uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

This document also contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information posted to the investor relations section of our website at www.ge.com.

In this document, "GE" refers to the Industrial businesses of the Company including GECC on an equity basis. "GE (ex-GECC)" and/or "Industrial" refer to GE excluding Financial Services.

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.

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the General Electric third-quarter 2015 earnings conference call. (Operator Instructions) My name is Ellen, and I will be your conference coordinator today. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the program over to your host for today's conference, Matt Cribbins, Vice President of Investor Communications. Please proceed.

Matt Cribbins - ***General Electric Company - VP Corporate Investor Communications***

Thank you. Good morning and welcome to our third-quarter earnings webcast. We issued the press release, presentation, and supplemental earlier this morning on our website at www.GE.com/investor.

As always, elements of this presentation are forward-looking and are based on our best view of the world and our businesses as we see them today. Those elements can change as the world changes.

For today's webcast we have Chairman and CEO Jeff Immelt; Vice Chairman and CEO of GE Capital Keith Sherin; and our CFO, Jeff Bornstein. Now I'll turn it over to Jeff Immelt.

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

Thanks, Matt, and good morning, everyone. The GE team had a good quarter in a slow-growth and volatile environment. Organic performance was strong, and Industrial revenue growth was up 4%. Profit was up 9%. Year-to-date Industrial CFOA is up 23%, and Industrial segment margins are up 100 basis points.

Let me make a few comments on how we are seeing our markets more broadly. The US is still okay and Europe is appreciably better. Meanwhile, growth markets are facing some headwinds in resource pricing and currency. Nonetheless, we're positioned to win some big fourth-quarter deals in these markets in locomotives and Power, Aviation, and Power Conversion, which should support our growth objectives; and service provides a great buffer in times of uncertainty.

We made substantial progress on GE's portfolio transformation in the quarter. Alstom has been approved by the European Commission and we expect this to close soon. The Fed has approved the Synchrony separation, and we expect to commence the share exchange next week.

The net effect of this should be to return about $20 billion to investors in the form of share reduction. Our GE Capital portfolio sales are ahead of plan; and with the Wells announcement, we now expect 2015 signings of $140 billion to $150 billion. We believe this will facilitate an incremental dividend from GE Capital of $2.5 billion in the fourth quarter or $3 billion for the year.

So if you look at our execution, we're tracking to meet or beat all of our critical goals. We're reconfirming our earnings outlook that we gave in the second quarter, when we boosted the low end of our range. And our CFOA and cash return to investors will be at the high end of our framework.

Keith and I will now take you through a deeper dive on the portfolio moves. For Alstom, all the major regulators have now approved GE's purchase of Alstom with remedies. We're comfortable with the outcome, as the economic and strategic impact of the deal remains intact.

We will divest to Ansaldo the GT26 new units, and the GT36 technology, and 34 of 720 service contracts in the installed base. We will retain the ability to do service for competitive units through PSM.

Financially, we still expect to achieve $3 billion of synergies with $0.05 to $0.08 of earnings accretion in 2016, and $0.15 to $0.20 by 2018. Alstom grows GE's installed base by 50%. In addition, they will substantially improve our position in renewables and grid.

Alstom will achieve a strong return for investors, and we will give you more operating details on Alstom at a special meeting we plan to hold in late November.

Now over to Keith to give you an update on the GE Capital portfolio moves.

Keith Sherin - ***General Electric Company - Vice Chairman, and Chairman & CEO of GE Capital, Inc.***

Thanks, Jeff, and good morning, everyone. As Jeff mentioned, we have received formal approval from the Federal Reserve to move forward with the split off of Synchrony Financial as a standalone company. This is the final step in a project which we started two years ago and is a key component in the transformation of GE Capital.

We can't talk about the specific financial terms of this exchange until we launch. However, to provide some context, on the left side of the page we show the timeline and mechanics for the exchange.

We plan to launch the split exchange next week, subject to market conditions. The offer period remains open for 20 business days from the time of launch, and at launch we're going to set the offer terms for the exchange -- meaning the split discount that holders will receive on Synchrony stock when they exchange their GE shares -- plus the exchange cap ratio, which is the maximum discount between GE and Synchrony shares set at the time of the launch.

The pricing for the split exchange will happen on days 16 to 18, and the offer closes on day 20, which would occur the week of November 16.

Based on precedents from other exchanges that have taken place and the current stock prices of GE and Synchrony, we anticipate to receive proceeds of between $18 billion and $21 billion, which translate to a buyback of 650 million to 750 million shares in GE. The range in outcomes is determined by the split discount, the exchange ratio, and the movement of GE and Synchrony shares prior to and during the exchange up to pricing.

We anticipate that we'll record a gain in GE Capital in discontinued operations. And that gain, the size of which is dependent on the final split discount, will be embedded in the proceeds for the buyback, so it will not have any impact on GECC capital ratios.

I'd really like to thank Margaret Keane and her team for the terrific work they've done to position Synchrony for this separation. In the next 30 days, we plan to retire 6% to 7% of GE shares.

Next I'll give you an update on our progress executing the plan that we announced on April 10. On the top left of this chart is an update on the portfolio sales.

We are ahead of plan. In the first six months since the announcement we've signed deals on $126 billion worth of ENI. Since 2Q we've signed $58 billion worth of transactions, the largest being the $30 billion sale of our distribution finance, vendor finance, and direct lending businesses to Wells Fargo which we announced earlier this week.

We gave previous guidance that we would sign $120 billion to $150 billion of deals by year-end, and we're now raising the low end of that range to $140 billion, given the progress we've made. We have closed $60 billion of sales to date, and we're on track to close $100 billion by year-end.

On the bottom left you can see our current view versus the goals that we established back on April 10. We're ahead of plan on asset sales and we expect to largely be done with our exits by year-end 2016 instead of 2017. Overall, were on track to deliver the $35 billion of capital back to the Parent.

You can see on the top right that our pricing to date on the $126 billion is slightly ahead of plan, at 1.4 times price to tangible book. And the deal that we announced with Wells earlier this week was also at approximately 1.4 times price to tangible book.

As a result of the accelerated sales, we are giving up some of the future income from the total plan. But overall, with our asset and liability management actions, including the debt exchange that we completed, our current estimate of capital to be returned is still $35 billion.

In terms of timing of dividends, as we close sales transactions in the fourth quarter we expect our Tier 1 common ratio to exceed 14% and we plan to pay a dividend of approximately $2.5 billion in the fourth quarter, subject to our governance process. That would result in $3 billion for 2015, which is $2 billion higher than the original plan. In addition, we're on track for the $18 billion of dividends that we previously said would come in 2016.

Our goal is to apply for SIFI de-designation, which, based on our view of transaction closings, our target is to file in the first quarter of 2016.

If you combine the Synchrony split with the 2015 transaction closings, we expect to end 2015 with around $175 billion of ENI, around $200 billion lower than year-end 2014. I'd really like to thank the GE Capital employees who have accomplished a lot in the last six months, and the team is focused on substantially completing the business exits by the end of 2016.

Let me turn it back to Jeff.

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

Thanks, Keith, and now I'll briefly go through GE's Industrial operations. Year-to-date orders are down 4% organically. We faced some tough comps in orders compared to third-quarter 2014, when total orders grew by 22% and equipment orders grew by 31%.

Organically, developed markets are up 18% year-to-date with growth markets down 7%, excluding a large one-time GE9X order. Our year-to-date orders in China are up 1%.

Service grew by 6% organically, and our progress was broad-based. PowerGen services grew by 10%, Aviation spares grew by 28%, and Healthcare was up by 4% organically.

Power & Water, Energy Management, and Healthcare orders were up 9% organically. However, Aviation and Transportation had significant one-time orders placed in the third quarter of 2014 with the GE9X and Tier 4. These two products alone had $6 billion of orders in the third quarter of 2014.

Oil & Gas orders reflect the impact of industry dynamics. Our organic orders decline was 32% and is not unexpected.

We continue to compete well in the market and have not seen cancellations. Importantly, there are substantial equipment orders where we've been selected technically but they have been delayed. So we're confident in our market position.

Across the Company, we have a strong funnel of orders for the fourth quarter and we expect our orders performance to improve.

On execution, the GE team executed very well in the quarter. Organic revenue growth was up 4% with six of seven segments up. Our relative position both in product and geographic diversity has never been stronger.

Globally, revenue in the US was up 5%, and Europe organic growth was up substantially, while growth markets declined by 7%. Year-to-date revenue was positive in ASEAN, China, sub-Saharan Africa, Latin America, and Middle East and North Africa. Meanwhile, regions like Russia, Canada, and Australia have been hard hit by natural resource dynamics.

Services were up 8% organically. Growth for software and analytics was up 16%, gaining momentum from our digital investments.

At Minds + Machines we launched Predix, and now have more than 20,000 developers. We're expanding partnerships with important customers like Boeing, Exelon, and BP.

Service growth was broad-based, with Power up 9%, Aviation up 17%, Transportation up 10%, and Healthcare up 3% organically.

We're winning with new products. The H-Turbine has 67 technical selections, with 21 in backlog. Power Conversion revenue grew by 15% behind multiple new product launches.

Our Aviation engines are achieving market leadership by meeting customer commitments with superior execution. We now have 10,000 LEAP engines in backlog.

Life Sciences had 8% organic growth in the quarter, and we have two important wins for bioprocess manufacturing in China. We launched Current as a way to capitalize on 72% LED growth and the opportunity to build a strong presence in the C&I energy efficiency space.

Margins continue to be a great GE story. Segment op margins grew by 100 basis points, with growth in gross margins of 80 basis points. We've expanded our value gap by $300 million year-to-date and expect this to continue.

Our product margins are expanding, and analytics continue to drive productivity in services. Restructuring is delivering substantial benefits and, in all, we think our margins can continue to grow. This is our 10th straight quarter of margin expansion so we have real momentum.

I would like to highlight the work of our Oil & Gas team as a good example of our execution. In a tough environment, with organic revenue declining by 7%, they grew margins by 100 basis points organically and held earnings. This will position them well in a volatile industry.

Now, cash is also a good story for the year. Industrial CFOA is up 23% year-to-date. Industrial free cash flow is up 53%; and as is typical, we expect a strong fourth quarter, where we expect a $2 billion reduction in working capital, similar to last year.

The great portfolio execution mentioned by Keith will allow for upside in our cash performance. Based on accelerated progress in Capital asset sales, we should be able to dividend an additional $2.5 billion to the Parent in the fourth quarter, and this would be $3 billion for the year.

This will put the Company at the high end of our CFOA range, and an effective Synchrony execution should return about $20 billion to investors through a share exchange. This will put us about $30 billion of cash returned to investors for the year through dividend and buyback.

We still expect Appliances to close in the quarter. This is not a complicated transaction. Appliances is a highly competitive industry with at least seven manufacturers and 21 brands. Electrolux wants to close and is working hard to do so.

So the GE balance sheet is very strong, and we will finish the year with substantial liquidity. Now, over to Jeff to go through operations.

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

Great. Thanks, Jeff. I'll start with the third-quarter summary. We had revenues of $31.7 billion, which were down 1% in the quarter. Industrial revenues including Corporate were down 2% to $25.8 billion. Industrial operating plus Vertical EPS was $0.29, up 16% year-over-year, with Industrial up 9% and the Verticals up 50%.

Operating EPS number of $0.32 adds in other continuing GE Capital activity including the Consumer segment, headquarter run-off, and other exit-related items which I'll cover in more detail on the GE Capital page. Continuing EPS of $0.28 includes the impact of non-operating pension; the net EPS of $0.25 includes the impact of discontinued operations.

The total disc-ops impact for the quarter was a negative $347 million, which included $1 billion of exit-related noncash charges. These charges are within the framework of the $23 billion exit impact that we communicated in April. Partly offsetting the charge was income associated with operations in CLL and Real Estate, which were moved to disc-ops earlier in the year.

As Jeff said, we generated $6.5 billion of CFOA year-to-date, which was down 9%, driven by lower GE Capital dividends. However, Industrial CFOA was $6.1 billion year-to-date, up 23%.

The GE tax rate was 17%, bringing the year-to-date rate to 20%, which is in line with our current estimate for the total-year rate. The GE Capital reported rate was a negative 6% in the quarter, which includes tax benefits associated with the plan to shrink GE Capital.

The Vertical tax rate was 0%. As we communicated previously, as we complete the GE Capital restructuring we expect the Verticals tax rate to be low double digits.

On the right side you can see the segment results. Industrial segment revenues were down 1% on a reported basis, but up 4% organically, reflecting about 5 points of headwind from foreign exchange.

Foreign exchange was a $1.2 billion drag on Industrial segment revenue and a $165 million impact on Industrial segment profit. Despite this headwind, Industrial segment operating profit was up 5%; and organically the Industrial segments were up 9%.

GE Capital Vertical earnings of $351 million in the quarter were up 55%.

Next I'll go through the earnings walk. Consistent with last quarter we included a walk of the different elements of our earnings so that the dynamics are clear, given all the moving pieces with GE Capital.

Starting with the first column on the left and working down, Industrial operating net income was $2.6 billion and Vertical income was $351 million, for a total Industrial plus Verticals operating earnings of $2.9 billion. The GE Capital Consumer segment earned $795 million during the quarter, which I'll cover later.

On the Other GE Capital line, we incurred $411 million of cost driven by exit-related tax and restructuring charges, headquarter run-off, operating expenses, and excess interest. As a result, total operating earnings were $3.3 billion. Including non-operating pension costs, continuing earnings were $2.9 billion.

Discontinued operations were a charge of $347 million, which I discussed on the previous page. Adjusting for these items, net earnings for the quarter were $2.5 billion.

In the center and far right columns you can see the associated EPS numbers and the variance versus prior year.

Next page, on one-time items, we had $0.02 of charges related to ongoing Industrial restructuring and other items as we continue to drive the cost competitiveness of the Company. Charges were $346 million on a pretax basis, and $244 million after-tax. About 45% of those charges related to restructuring in our Oil & Gas business as we continue to execute on our cost-out program. We had no Industrial gains in the quarter.

On the bottom of the page you can see the fourth-quarter estimate. We're expecting gains from Appliances, signaling, and embedded systems transactions in the quarter.

For the year, we continue to expect gains in restructuring to be balanced on an EPS basis. We've increased our expected restructuring from $0.11 to about $0.14, due to the higher gains we expect for the year. We have additional attractive restructuring opportunities including Alstom which will offset the higher gains.

Now I'll go through each of the segments starting with Power & Water. Orders in the quarter were up 8%, and up 13% organically. Equipment orders were up 7% to $3.5 billion on strength in Distributed Power, higher by 61%; renewables up 2%, partly offset by Thermal down 6%.

Distributed Power was higher driven by two fast track power deals in Indonesia and Ghana and our first order for six LM6000-PF+ units in Thailand. The new LM6000-PF+ attains 56 combined-cycle efficiency, which is the highest in its class. It takes half the time to install versus its predecessor and can start up to full power in about 10 minutes.

Renewables orders were up 2% -- up 14% excluding FX -- on strong international orders. Unit volumes were lower at 821 versus 839 a year ago, but megawatts were up 9%.

Thermal orders were down 6%, and down 2% ex-FX. We took orders for 22 gas turbines versus 23 last year.

The business booked four H orders in the quarter: two in Pakistan, one in Korea, and one in the US. This brings our total H units in backlog to 21, with an additional 47 technical wins, a seven-unit increase from the second quarter.

Service orders grew 8% to $3.4 billion, driven by strength in PGS, up 10%. We continue to see success in our upgrade campaigns including AGPs, Dry Low Nox, and OP Flex, all of which enhance the performance of our machines. In the quarter we booked 22 AGPs, up four from the third quarter of last year.

Revenues in the quarter were up 1%, and higher by 7% organically. Equipment revenue was down 6%, driven by Thermal down 10% on 16 gas turbine shipments versus 26 a year ago; and Distributed Power was down 13% on lower engine volume, principally driven by weak demand in the gas compression market. Renewables revenues were up 8%, and up 19% excluding exchange, on higher shipments of 735 wind turbines versus 642 last year.

Service revenues were strong, up 9%; led by PGS, up 13%, driven principally by upgrade sales. AGPs totaled 22 in the quarter versus 18 a year ago.

Op profit was higher by 7% and up 10% organically. Margins improved 100 basis points driven by service growth and cost productivity.

As we look to the fourth quarter, no change to the framework we've given you on gas turbines and Distributed Power. Wind is trending to the low end of the range we had given you previously of 3,000 to 3,200 turbines.

Next, Oil & Gas. The business continues to perform in a very difficult environment. Orders in the quarter were down 38%, and down 32% organically. All segments saw lower orders given the constrained capex environment and project delays.

Equipment orders were down 60%, with TMS down 57% driven by a large Canadian LNG push-out. Subsea was down 81% with softness in both drilling and well stream. Downstream was down 58%; surface was down 49% on lower rig counts; and M&C was down 22% on softness in flow and process technology.

Service orders for the quarter were down 13%, but down 4% organically, principally driven by subsea and surface, down 26% and 39%, respectively. That was partly offset by TMS, which was up 4%, and up 20% organically on higher installations.

Backlog in the third quarter ended at $22.3 billion, down 7% year-over-year. Revenues in the quarter were down 16% to $3.9 billion, and down 7% organically. Foreign exchange had a $400 million impact on revenue.

Equipment revenues were down 18%, and down 8% organically, driven by surface down 36% and subsea lower by 12%, down 3% ex-foreign-exchange. Organically, TMS was down 3% and downstream was up 12%.

Service revenues were down 14%, and down 5% organic, with M&C down 2%.

Op profit was lower by 12% versus last year and flat organically. Foreign exchange was a $75 million headwind in the quarter.

The business continues to execute on cost and material deflation. Value gap was positive with a very modest price impact. Margins improved 70 basis points, and 100 basis points excluding the effects of exchange.

Through three quarters, revenues are down 13%, and down 4% organically. Operating profit is down 10% reported, and up 5% organically.

We expect volume pressure to persist into the fourth quarter. However, given the strong execution on cost-out, we believe that for total-year organic op profit we will be about flat year-over-year or slightly better, versus the flat to down 5% guidance we provided earlier.

The team is making strong progress on achieving the $600 million of cost-out goal for 2015 and is well positioned to deliver $1 billion plus cumulatively of cost-out through 2016.

In Aviation, underlying travel demand continues to grow robustly, higher by 6.6% year-to-date August with strength domestically and internationally. The Middle East and Asia Pacific continue to be particularly strong. Air freight volumes grew 2.6% through August.

Orders in the third quarter of $6.5 billion were down 35%. The third quarter of 2014 included large orders received at the Farnborough Air Show.

Equipment orders were down 58%, driven by commercial orders. Last year we booked $3.8 billion of GE9X orders versus $600 million of GE99X orders this quarter. GEnx orders of $600 million were up 3 times, driven by strength in China; and we had $800 million of LEAP CFM orders in the quarter.

Commercial engines backlog of just under $30 billion is higher by 22% versus last year. Military orders were down significantly on non-repeat of international campaigns last year and soft US demand.

Services were very strong. Service orders grew 13% on strong commercial spares growth, up 28% at $39.5 million a day. Military services were higher by 76%. This was partly offset by overhaul volume being down.

Revenue in the quarter was up 5% to $6 billion. Equipment revenues were down 6%, with commercial down 1% and military down 20%. We shipped 64 GEnx units versus 65 last year, and services revenue was up 17%, with commercial spares higher by 22% and military up 16%.

Operating profit was up 7%, driven by strong services volume and value gap. Margins expanded 30 basis points in the quarter.

So another solid quarter from the Aviation team. The LEAP testing and performance remains on track, with the first installs expected to be in service in mid-2016.

Next up is Healthcare. Orders of $4.5 billion were down 4% reported, but up 3% organically. Geographically the US was down 1%; Europe was up strongly ex-foreign-exchange by 11% and down 5% reported; China was flat; and the Middle East grew 15%.

In terms of product lines, Healthcare systems orders were down 7%, but up 1%, ex-foreign-exchange. In the US, orders were up 2%, driven by strength in CT and MR, which were higher by 10% and 15%, respectively, partially offset by weak x-ray. The US appears to have performed in line with the market.

Europe was strong again, up 7% organically. That's the fifth consecutive quarter of positive organic growth for us in Europe.

The Middle East grew 22%. China was down 14% as orders continue to be impacted by lower public tenders. The private-sector orders are growing at double-digit rates in China, but off a much smaller base than the public market.

Life Sciences orders grew 11% organically and 4% reported. Bioprocess grew 23% excluding FX, with very strong demand in Europe, up 42%, and in China, up 162%.

Healthcare revenues were down 5% in the quarter; up 2% excluding the impact of foreign exchange. Healthcare systems was up 1% and Life Sciences grew 8%, excluding FX.

Operating profit in the quarter was down 10%, and down 4% organically. Negative leverage was driven by lower value gap and higher new product spend, which more than offset the cost productivity in the business. Margins contracted 90 basis points in the quarter.

The third quarter was impacted by lower than expected volume in the growth markets and accelerated new product spend to drive future growth. The business has seen strong customer interest in productivity analytics and as a result has accelerated their migration to the Predix platform and development of predictivity applications.

In the fourth quarter, we expect this level of higher product investment to continue. We expect growth markets to remain challenging and developed markets to continue to show positive organic growth.

In Transportation, North American carloads were down 2.2%, primarily driven by lower coal and petroleum, down about 9%. That was partly offset by 2% intermodal growth. Year-to-date rail volume is down about 1%.

Orders in the quarter were down 77% or about $3 billion, as we expected, driven by locomotives. In the third quarter of 2014 we took a 3-fold increase or about 1,100 units in orders for Tier 4.

2014 large-order intake combined with the current global commodity cycle is pressuring demand for increment of locomotive power. However, we are working on several large opportunities and expect fourth-quarter locomotive orders to be much stronger.

Revenues in the quarter grew 3%, driven by services up 10%. Locomotive equipment revenues are up 11%, partially offset by mining.

Operating profit was up 11% driven by volume, productivity, and deflation, more than offsetting Tier 4 ramp costs. Margins improved 160 basis points.

In Energy Management, orders of $2.1 billion were up 2%, and up 8% organically, driven by strength in Renewables and our Power Conversion business, which grew orders 16%, up 26% organically. Power Conversion's renewables orders were up over 4 times on deals won in conjunction with both GE and Alstom, which offset the weak Oil & Gas Marine segment.

Digital Energy orders were up 20%, and Industrial Solutions was down 13%.

Revenues in the quarter were down 2% reported, but up 6% ex-exchange. Organically, Power Conversion was up 15%, Digital Energy was up 8%, and Industrial Solutions was flat.

Operating profit was higher by more than 2 times to $127 million in the quarter. Higher earnings driven by strong cost productivity and value gap partly offset by negative FX. Margins improved 390 basis points in the quarter.

In Appliances & Lighting, for the segment, revenues grew 8% in the quarter with Appliances up 10% on strong volume and Lighting up 5%. The US appliance industry was up 8%, with retail up 9% and contract up 7%.

Lighting continued to grow LEDs. LED revenue grew 65%, partially offset by a 15% decline in traditional products. LEDs now account for 39% of Lighting revenue, up from 25% a year ago.

Op profit in the quarter was up 88%, driven by material deflation and cost productivity.

Next I'll cover GE Capital. Our Vertical businesses earned $351 million this quarter; that's up 55% from prior year, driven by transactional gains and lower annual impairments in our Aviation business, partially offset by Oil & Gas impairments in our Energy business. Portfolio quality remains stable, and GECAS finished the quarter with zero delinquencies and no AOGs.

Working down the page, Consumer earned $795 million during the quarter, up 28% on gains related to portfolio exits from the international platform, partially offset by Synchrony minority interest.

Our share of Synchrony earnings was $493 million. As in prior quarters, CEO Margaret Keane will hold Synchrony's earnings call later today. As Keith covered, we received approval from the Federal Reserve to proceed with the Synchrony separation and intend to launch the share exchange next week, subject to market conditions.

GE Capital Corporate generated a $411 million loss in the quarter, driven by GE Capital exit-related tax and restructuring charges, excess interest expense, and headquarters operating costs.

Discontinued operations ended the quarter with a $347 million loss, driven by a $1 billion noncash charge associated with the execution of our portfolio exit strategy, partially offset by operating results in the underlying businesses. These charges are in line with the $23 billion total cost construct we shared with you in April.

Overall, GE Capital reported $387 million of earnings, and we ended the quarter with $176 billion of continuing ENI, excluding liquidity. The Verticals ended the quarter with $78 billion of ENI, excluding liquidity.

Our liquidity levels remain strong, and we ended the quarter with $97 billion, including $15 billion attributable to Synchrony. As part of GE Capital's internal reorganization, we launched a debt exchange to capitalize our international entity and to better align our assets and liabilities from a maturity and liquidity perspective. The exchange was oversubscribed, and we accepted $36 billion of new bonds, which were price on October 5; and we'll settle the transactions on October 26.

Our Basel III Tier 1 common ratio was 13.7%, which is up 230 basis points from the second quarter. We expect to achieve 14% Tier 1 common ratio by year-end, inclusive of the additional $2.5 billion dividend that Keith mentioned previously.

Just some highlights on the right-hand side of the page. The Verticals are on track to deliver $1.5 billion of earnings in 2015. Asset sales are ahead of plan, with $126 billion signed and $60 billion closed.

Once completed the Synchrony exchange will trigger the Consumer segment to move to discontinued operations. Given our significant progress, we plan to apply for SIFI de-designation in the first quarter of 2016.

In the last six months, Keith and the GE Capital team have continued to deliver operationally and are well ahead of the plan on the portfolio transformation we shared with you in April. With that, I'll turn it back to Jeff.

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

Thanks, Jeff. Just to conclude, we have a few updates on the operating framework. We've kept the Industrial EPS expectations of $1.13 to $1.20. If Appliances close, we will be closer to the high end of this range; and our execution on our organic growth, margins, and corporate costs remain strong.

We expect the GE Capital Verticals to be at least $0.15, with more strength in GECAS. Capital asset sales should be at least $100 billion, with more coming in the first quarter.

CFOA should be about $16 billion and free cash flows plus divestitures should be about $15 billion assuming that Appliances closes.

And, we expect to return $30 billion to investors, about, reflecting the impact of Synchrony. GE is executing on its investor commitments and is on track for its 2015 goals.

Our portfolio transformation is happening at an unprecedented pace. We have a focused infrastructure business with leading positions in our markets, and we're positioned to grow faster than our competitors, with a strong dividend.

We're growing operating and gross profit margins and making corporate smaller. We have nearly a $200 billion backlog of services that positions the Company well for any cycle, and we're transforming GE into the world's premier digital industrial company, in a unique position to drive outcomes for customers and grow margins.

I'd like to take a moment to acknowledge the work of the GE team. Last quarter we got approval for our largest Industrial acquisition, completely repositioned GE Capital, and launched one of the largest-ever debt exchanges. At the same time, we're winning in the market and delivering strong financial results. I'm very proud of their work.

Now, Matt, back to you for questions.

Matt Cribbins - ***General Electric Company - VP Corporate Investor Communications***

Thanks, Jeff. Lots to talk about. Let's open the lines up for questions.

QUESTION AND ANSWER

Operator

(Operator Instructions) Scott Davis, Barclays.

Scott Davis - ***Barclays Capital - Analyst***

Hi, good morning, guys. Is there a sense, Jeff -- and either Jeff I guess. But Jeff Immelt, is there a sense with the fall-off you've seen in orders that there is any risk we are entering a bit of an industrial recession, particularly as it relates to growth markets?

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

So, you know, Scott, what I would say, kind of going around the world, is US gets a little bit better every day. Europe is appreciably better. But clearly the growth markets are highly differentiated in terms of their performance and have some headwinds as it pertains to oil prices and things like that.

On balance, Scott, we see as much activity as we've ever seen. The quoting activity, the deal activity, things like that, is still quite robust.

Business for us in China is still pretty good, which is a big market. So we still see a fair amount of opportunities out there, even amongst the volatility. So, I really believe that we can still accomplish our long-term goals in the world we see today.

And then I would just remind you that we've got $200 billion backlog of services; it's 70% or 80% of our earnings. It's growing organically 8%. So we've got a pretty robust underpinning of the total Company as we go forward.

But the quote activity is as robust today as it was six months ago or a year ago.

Scott Davis *- Barclays Capital - Analyst*

Okay. That's helpful. Then it's a little bit of a strange question, but those of us who have followed you guys for a long time have seen, I think, a higher sense of urgency or at least an execution level that's been pretty high in the last year or so. Like you said, in the last six quarters you have beaten your margin targets or so.

What do you attribute? You had a big change in compensation structure that kicked in, in January. I mean, are we seeing just the benefit of past investments pulling through?

How do you think about -- at least, how do you attribute really this higher level of execution and how GE is different today maybe than it was just three years ago?

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

I would say, Scott, I would say again -- great team. The compensation plan clearly helps. I think we made the investments three or four or five years ago that are helping us today in product lines and globalization and things like that.

I mean, we don't -- we have as robust of an NPI pipeline as we've ever had, and we're not dependent on any one country. We've got a very diversified country mix. That's some of the stuff that John Rice had done.

The last thing I would say, Scott, is -- look, there's no way to describe what it feels like to run GE where the team knows exactly what it has to do over the next three years. I mean our plan -- we can't guarantee exactly what the macro environment's going to be.

But between the GE Capital actions, buying back stock, organic growth, integrating Alstom, you've got a leadership team that knows precisely what we need to do for investors over the next three years. And that is a place we haven't been in certainly since the financial crisis.

That I think just helps everybody. It helps people who own the stock, and it gives the leadership team, I think, extra momentum as we go forward.

Operator

Deane Dray, RBC Capital Markets.

Deane Dray *- RBC Capital Markets - Analyst*

Thank you. Good morning, everyone. Hey, I had been thinking it might be too early to ask about some specifics for your Oil & Gas outlook for 2016, but you did just disclose the cost-out plan and the increase to cumulative to $1 billion there. So hopefully you can share some of your assumptions, maybe getting as granular as revenues and op profit for Oil & Gas next year.

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

So, you know, Deane, I would say in that it's a market that is so visible and volatile, I think I'd start by reflecting a little bit on what we've done this year. The team I think in a very tough environment has gotten after the costs, has executed in the market, has driven services. So I think you'd say, if you reflect back on where we were in the fourth quarter last year and then where we sit today, I think our Oil & Gas team has done a fantastic job as it pertains to this year.

Then I think if we look forward and just -- we don't assume that the market gets appreciably better. We would say that revenue might be down 10% to 15% next year and that operating profit might be down 10% to 15% next year, and that we hold margins in a tougher environment. I think that's the kind of feel that we have.

Again, we still want to go through and do all of our normal fourth-quarter planning on the Company. But I just think it's important to investors to have some visibility in terms of how we think about Oil & Gas and triangulating backlog and things like that.

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

Just to clarify: that 10% to 15%, that's an organic number?

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

Yes. Right, guys? Yes. Yes.

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

All right; good. Then related to Oil & Gas -- and you mentioned going back to the fourth quarter when oil was really still in a freefall -- at the Outlook Meeting, Jeff, you said you could be opportunistic in looking at assets in Oil & Gas.

Would love to hear what your thinking is today. Is there any size parameters that you can share?

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

Look, guys, we still like this industry. I would go back, Deane, and -- look, we never, as we built our portfolio in Oil & Gas, we never thought about it reflecting $120 for oil or anything else. Our investment is really made along the lines of -- we felt like the industry was going to be growing in technical intensity, customer solutions, and that over time the Oil & Gas business would look a lot like our Aviation business or our Power business or things like that. That's what led to the investments.

So we're a long-term player in Oil & Gas. We like the industry. We're committed to the industry.

I think as we look at opportunities and where we are today, anything would have to hurdle above buying back our own shares. So we'll be opportunistic, we'll be disciplined, and we have an alternative that we think is still quite attractive for us of buying back our own shares.

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

Good; that's helpful. And just last question from me is: one of the moving parts in the 2015 framework that is outside of your control is the timing, the assumption of the close of Appliances. Really that's in the hands of Electrolux; it's in the hands of the regulators.

So could you just remind us what that P&L impact would be if that close gets pushed into 2016?

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

Yes, Deane. You'll recall we talked about something that looked like a $0.06 a share gain associated with Appliances. So if it got pushed out of the year, we'd probably rethink a little bit about what we're doing on restructuring in the fourth quarter; we would consolidate a full quarter of Appliance earnings, which would be a bit of an offset. And more likely than not, that would probably entail a breakup fee.

So we still think we're well within the range of $1.13 to $1.20. But probably that would push us to the bottom end of that range versus being at the top.

So we've thought through that, and we've also thought through it in terms of cash. I think we're fine. We're closing on Alstom and doing everything we need to do around cash flow even without closing Appliances.

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

I think, Deane, the base assumption is still that we close this deal. I think Jeff's given you -- I think it's always good to scenario-plan; but the base assumption still is that we finish.

I don't see any reason why we shouldn't. But to your point, it's not completely under our control.

Operator

Steven Winoker, Bernstein.

Steven Winoker - ***Bernstein - Analyst***

Thanks and good morning. Hey, since you started to talk about 2016 a little bit I'm going to just push the envelope here. The way I'm looking at it anyways, if you hit that midpoint around $1.15 to $1.20 you talk about on 2015 EPS, it looks like $1.17, you're telling us you've got $0.10 from Synchrony; you've got something like, based on the GECC buyback, $0.06 to $0.08; you've got Alstom now, you're talking about I think $0.06 minimum.

So, without assuming any other growth from your Industrial business, that's up like more than $0.20 there. Then GECC, I'm not sure what you guys are thinking for that, but we're certainly starting to get into that well north comfortable of $1.50, especially if you could hold Oil & Gas flat.

Is that -- am I thinking about this in the right way?

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

Well, you know what I would say, certainly the pieces you're putting together, Steve, kind of hang together, right? I would say Oil & Gas is going to be down next year; that's got to be the working assumption.

I think the focus Jeff and I are going to have is to try to offset that with lower Corporate as we think about next year; so we want to run Corporate lower. And then I would say, look, we're going to give you guys a full estimate on all the other pieces of our Industrial outlook in December.

But, look, we've got strong services, strong services growth, big backlogs. And we're going to win some nice orders in the fourth quarter. I just -- I feel like we're going to look pretty good next year in the world we see today.

So, Jeff, would you add?

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

Yes. No, I think you got it exactly right. I don't think you can start with the premise of Oil & Gas flat. Having said that, Alstom's going to contribute; EPS accretion is going to contribute, no question about it; lower Corporate. We expect to be better operationally in the segments, and we expect EPS is going to grow double digits next year for sure.

Operator

Nigel Coe, Morgan Stanley.

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

Thanks, good morning. Hi, Jeff. I just wanted to dig into 4Q. Obviously the orders, primarily a function of the tough prior comp. The equivalent backlog is pretty flat with where it was in 3Q.

So I am wondering if you could just maybe put a finer point on organic into 4Q. You're running at 4% year-to-date. I'm wondering how you view organic into 4Q.

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

Well, we've got quite a range here on our expectation for fourth-quarter orders. But generally speaking, we expect them to comp much better than what you saw in the third quarter, both headline and organically.

We've got some big orders in Transportation, some big orders in Power and Water we're looking to deliver in the fourth quarter. We expect Aviation to be slightly better. So we think sequentially the fourth quarter is going to look much better than the third quarter, for sure.

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

Wait, are we talking revenue orders, Nigel? Because I think revenue in Q4 is going to look fairly comparable to what it's been year-to-date. Right?

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

Yes.

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

Yes. So we been running -- I think we're 4% organic revenue growth year-to-date. My hunch is that's going to be pretty consistent with Q4.

Operator

Shannon O'Callaghan, UBS.

Shannon O'Callaghan *- UBS - Analyst*

Morning, guys. Hey, nice to see the higher GE Capital dividend for 2015. With the well Wells deal and Synchrony now done, Real Estate ranged, is 14% Tier 1 still the right base to be using, given that all those things are now clearly on their way out?

And how are the international Consumer sales? Are there any things that would make you still be using 14%?

Keith Sherin *- General Electric Company - Vice Chairman, and Chairman & CEO of GE Capital, Inc.*

Shannon, this is Keith. I'd say that's the framework that we've agreed to with the regulatory oversight that we have, so I don't see us changing that until we ultimately aren't under that same framework. Right now, as you know, we ended the third quarter at 13.7%. I think with the asset sales in the fourth quarter, we'll go up about 14%.

We expect to dividend $2.5 billion in the fourth quarter, based on those asset sales and our governance process. And then we're on track for what we said we'd do in 2016.

But I wouldn't -- I don't see that threshold really changing until you have a different regulatory environment. That's why it's so important for us to continue to shrink.

That's why it's important for us to target applying to not be a SIFI in the first quarter. I think that's going to take some time; and then when we get done with that, we still have our international regulators.

So I think you should assume that that's a threshold for some period of time for us, and we need to continue to exit the businesses in a rapid pace and build the capital so that we can distribute it back to the Parent.

Operator

Julian Mitchell, Credit Suisse.

Julian Mitchell *- Credit Suisse - Analyst*

Hi. Thanks, just a quick question on Healthcare. The profits ex-currency were up in Q2. They're down mid-single digit Q3. You talk about R&D being hiked in the slide; so maybe just given update on the cost progress in Healthcare, particularly given the volume outlook in emerging markets and the fact that pricing is still very challenging.

I think you'd talked before about Healthcare profits growing this year. I think they'll clearly be down; but maybe give us some look in terms of the cost base entering next year.

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

I would say, first, just to echo part of your question, I think the developed world is better, so US and Europe are getting better. The emerging markets are mixed for Healthcare, but more headwind than tailwind.

What Jeff said in terms of really trying to convert our Healthcare IT business, and get it on Predix, and spend a little bit of incremental R&D on that side of the business, I think it's something that we wanted to do this year to give us some momentum going into next year.

Then I think the business has a whole series of variable-cost productivity and product cost-out programs that are going this year that have yet to bear fruit, that I would expect to roll into next year. So look, I think the markets are challenging. We did some one-time investment this year, and it's our expectation that the team can execute better going into -- the rest of 2015 and going into 2016.

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

I would just -- I'll give you a little color on the third quarter, since you asked it. Definitely price was a challenge in the quarter. We're down 1.9 points of price; so we had the negative $100 million of value gap. That was definitely a challenge.

But the business actually got pretty good productivity. We were well over $100 million in total cost productivity in the quarter.

Really what swung here was volume was a bit lighter than we thought it was going to be; largely emerging markets. And we had about a $50 million incremental spend on R&D year-over-year to accelerate the programs we talked about. That's where the challenge came through.

Operator

Joe Ritchie, Goldman Sachs.

Joe Ritchie *- Goldman Sachs - Analyst*

Thank you. Good morning, everyone. Hey, clearly there was an announcement recently that you guys have a new holder to your top 10 list. I was just wondering how those conversations are going and whether there are any new incremental portfolio or cost opportunities that have come from it.

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

Look, I would say, Joe, I think the white-paper lays out their thesis. I think that's -- we don't agree with everything, but it's pretty consistent with what we've done and what we're doing. So I don't think there would be much to add to that. I don't know, Jeff, what would you?

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

We are laser focused on margins and cost productivity, as we should be, reducing Corporate costs. That all lines up with Trian's white paper. And we're about executing on orders and revenues so we can have that leverage fall through to earnings.

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

Industrial balance sheet pretty consistent with what we've said in the past. Things like that, Joe.

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

And that will be paced -- the discussion around leverage will be paced by how quickly we get through the de-designation process in GE Capital.

Operator

Christopher Glynn, Oppenheimer.

Christopher Glynn *- Oppenheimer & Co. - Analyst*

Thanks. Good morning. Hey, just further to Julian's questions on Healthcare, we've seen emerging markets become a much higher volume business over the past few years, and developing markets had a lot of regulatory dust settling here. So just wondering if there any permanent evolutions or resets in the served markets there, where we rethink what levels Healthcare performs at over the next five years.

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

I don't think so. Obviously, China has been a very strong growth market for Healthcare for quite a period of time.

You've got to remember, 74% of orders and roughly revenues come from developed markets still. Even with all the emerging market growth we've had in Healthcare, we're still about almost three-quarters from the US, Europe, Japan.

So I don't think there's any change in the geographic footprint of where we think Healthcare is going or where the growth is going to come from. We've got some particular markets that are challenging based on commodities, FX, or politics; think about Russia, the Middle East. Places like Iraq are very, very tough to comp year-over-year.

We actually feel a little bit better that China is stabilizing a little bit for Healthcare. The performance this quarter sequentially was better, and we think the tendering process is ultimately going to pick back up.

When you think about China, the underlying fundamentals haven't changed. There is still 1.5 billion people. They're still building hospitals. The private market in China has grown 15% to 20% a quarter.

It's the slowdown in the public tender as part of the campaign the government's been running there has put some slowness into what we've seen in terms of order. But I don't think there's much of a change in footprint here on a go-forward basis, and we're still three-quarters developed market driven.

Operator

Robert McCarthy, Stifel.

Robert McCarthy *- Stifel Nicolaus - Analyst*

Good morning, everyone. How are you doing? I wanted to ask a question just about if we're heading into an industrial recession here -- and you may disagree with that premise -- could you just talk a little bit about the prospect for combating deflation? Because if we're in a deflationary environment and we have a multiyear down-cycle where we're looking for a bottom in terms of volumes and cutting price, isn't the portfolio actually set up for that, just given the installed base of equipment and the service streams you have? Maybe you could just comment on that a little bit.

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

So, Rob, again, I come back and just -- US a little bit better every day; Europe stable to up; and then emerging markets volatile. Right? I think that's -- revenue passenger miles on aviation still positive.

Demand, I would say if you're in the gas and wind business and power, more positive than negative, right? Oil and gas tough for sure. US market in healthcare growing better, slower in emerging markets.

In other words, the first thing I'd say is the picture is a slow growth and volatility picture. And I think there are still pockets of growth out there pretty universally.

Then I would say, look, the fact that we're big installed base, recurring revenue model, margin efficient, capital efficient, I think that's a positive for GE in this cycle. And then our value gap continues to run positive, right? So the ability of us to source well in the marketplace is a tailwind, not a headwind.

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

I would just add, the fact we have a $270 billion backlog is very, very important in that kind of environment. $200 billion of that in the service space, right?

So from a price perspective, that's quite important. We're all about product and service costs. So to maintain our profitability and grow it, and to be competitive, we've got to drive it to the same dollars of deflation that you are suggesting.

So we are laser focused on this. The product and service cost competitively is just as important as the actual technology we're selling. So we are on top of this.

Operator

Jeffrey Sprague, Vertical Research.

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

Thank you. Good morning, gentlemen; thanks for the question. Hey, just a couple cash and liquidity related questions.

First, on the Capital side, if stuff is going a little bit richer than you thought, why not upside to the $35 billion of Capital return over the program?

Then just on the Industrial side, if you work through the pieces, you're guiding 80% free cash flow conversion on Industrial. If we start with CFOA and take out GE Capital dividend and account for CapEx it's kind of an 80% conversion ratio.

Is there anything going on this year that is conspiring negatively to that number? Should we see higher conversion into next year? Maybe you could just walk us through those dynamics.

Keith Sherin - ***General Electric Company - Vice Chairman, and Chairman & CEO of GE Capital, Inc.***

Hey, Jeff; this is Keith. I'll just cover a little bit on the $35 billion. As we said, we do have a little bit of price that we're getting, price to tangible book, so ahead of what our plan was by a bit. That's been offset by the fact that we're selling faster. We tried to say that on the page by -- a lot of those transactions were estimated to be later in 2016 and into 2017; and by selling them early, we're forgoing that future income.

On the other hand, in total we're expecting about 1.1 times price to tangible book. We're a little ahead.

You can see the US assets that we've sold mostly so far are selling at 1.4 times price to tangible book, a little ahead of what we thought -- 1.3. Then the rest of the assets we think if we've got them priced right overall will be just a little ahead of the 1.1 times for the total $200 billion of sales.

So I think we're right on the $35 billion, and we feel pretty good about it.

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

Yes. On CFOA for the year, we think our cash conversion ratio on CFOA and free cash flow for the year is going to be closer to 84%, 85%, not 80%. So we actually think we're going to have a decent performance on CFOA.

We talked to you about a goal to get to 95% over the next two to three years. We're laser focused on that. I didn't suggest at any point in time we were going to do that in 2015.

Matt Cribbins *- General Electric Company - VP Corporate Investor Communications*

Great. Jeff, a couple quick announcements before you wrap up. The replay of today's webcast will be available this afternoon on our website. We're going to hold our fourth-quarter earnings webcast on Friday, January 22, and we're going to hold our annual Outlook Meeting on Wednesday, December 16. Jeff?

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

Matt, again I think a great execution quarter for the team. I just want to particularly congratulate all our GE Capital folks for great execution on the plan we laid out on April 10.

And really we're thrilled about Synchrony, the value, the company. We think this, the Synchrony transaction, is going to be a great transaction for GE investors and for Synchrony investors.

So thanks, Matt. Everybody have a good day.

Operator

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