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Andrew Kaplowitz: Larry Culp from GE. Larry really needs no introduction. But he is the Chairman and CEO of GE. He joined the GE Board of Directors in April 2018, joined GE -- he became CEO in October 2018. And prior to GE, Larry served as the President and CEO of Danaher from 2000 to 2014.

We're going to keep this fireside chat format. So I'm going to come over to you now, Larry. And I'm just going to sort of start out with a very big-picture question. And just basically, you've been at the helm of GE for a year and a half. Where do you think you've had the most positive impact on the business, and what's still the biggest challenge in your mind going forward? And thank you for being here, by the way.

Larry Culp: Well, thanks for the invitation, Andy. And thanks, everyone, for joining us this afternoon. Well, I really think about that maybe at a couple of levels, Andy. I'd say first and foremost if I look back over the last 16-17 months, I think we've made real progress in just restoring the confidence and trust in GE, both inside and outside of the company. The company has had a number of challenges in the last couple of years. But at its core, it's still a pretty special place. And we need to make sure we prove that to our employees. We need to make sure we improve that to customers and investors, and the like. And I think we have made progress thus far in that direction.

We've done that both in terms of doing what we said we were going to do, with respect to the deleveraging, $7 billion of reduction on the industrial side. We've got the net debt to EBITDA ratio at a point now where we can see a 2.5 target within sight, post the BioPharma close. Capital, seeing $27 billion of asset sales as well, down 7 last year from a debt perspective. We've got that leverage right where we want it to. And that really, I think, begins to remove the leverage question from the GE conversation.

I'd say similarly we have made real progress in improving and strengthening the businesses. We said we were going to focus first and foremost in power last year, and we did that. We ended up with a better cash performance in that business. But I think more importantly, what I see month in, month out in my time with both Scott Strazik and the Gas Power team, as well as Russell Stokes in the Power portfolio team, suggest that this can be a contributor and that breakeven is simply going to be a waypoint, not a goal for us.

Aviation clearly had a good year, despite the tragedies with the 737 MAX. Health care is a good business. Post BioPharma, we're going to grow I think more effectively, more consistently. And clearly renewables is the battleground for us in many ways in 2020, much as power was last year. So a lot of work to do, but I think having done what we said we were going to do, both with respect to the balance sheet and the way we're running the business, suggests we're moving in the right direction, but still, Andy, a lot to do.

Andrew Kaplowitz: Got it. So last March, you had your last outlook call. And I was struck by our confidence around future cash flow potential. And you had talked about cash, like you did $4.8 billion back in 2018 and that you could more than double that cash flow as a percent of sales, as you go out over a few years. So now you've been in the seat for a year and half. So how is your confidence level to sort of get to that longer-term target?

Larry Culp: Right. Well, I didn't make that comment a year ago relative to the percentage yield on a whim. But I think, as people were trying to figure out not only the short term, but the long term; it was a helpful way without circling a date on the calendar, to frame what was possible. If I was confident then, I'm exponentially more confident today in our ability to do that. I think again, you start with the core of this business, leadership positions in important global growth markets. It's hard to start from a better place than that.

We have a number of cash drags today. Some of them are inheritance taxes from past acquisitions, some underwriting that is far more disciplined today that will put cash pressure on us, restructuring clearly that will fade with the passage of time, and again, just the earnings potential and the cash potential in this business give me, I think, conviction that we can do a lot better.

It's one thing to lay that out on a piece of paper. There's a lot of hard work required to do that. And that's really where our lean agenda comes into play, right? We're trying to change the fundamental way we run the business. It's easy to say, let's focus on cash. It's easy to say, let's change our incentive comp system and put more emphasis on free cash flow. But it would be like asking me or paying me to dunk a basketball. I still couldn't do it. You could pay me all the money in the world, I still couldn't do that.

Andrew Kaplowitz: You're taller than me (inaudible).

Larry Culp: Right, but you probably have more vertical.

Andrew Kaplowitz: Nah, I don't know. I'm an analyst, remember.

Larry Culp: So, what do we do, right? We've got to change the way we think about every aspect of the business and really embed processes in our daily work to have more of that operational orientation that in time should deliver better cash.

Andrew Kaplowitz: So a good follow-up question to that is focusing on GE Power, right? So you talked about the potential you can see that it can improve, right? And so when you started, you talked about getting the cost structure to 25-30 gigawatt market. But the market in 2019 was actually at 40 gigawatts. So maybe you can talk about, as we look into 2020 and beyond, has it been -- I know it's very hard work -- but has been easier than you thought because the market has been a little more conducive? And then on top of that, you mentioned last quarter that services was the strongest of the year. So it seems like things are setting up a little better for you in Power. So maybe talk about the Power cash potential as you go out over a few years.

Larry Culp: Right. Well, I think what we've said is that Power was better last year than we had anticipated. Part of that was a function of a better order book, a good thing. And part of it, frankly, was just we had planned somewhat conservatively, given the inherent risks in the business and what we saw during the course of '18. So as much as we were pleased to see a better order book as a function of a better market in '19, frankly, I think we were just as encouraged by the fact that the team demonstrated better control of the different variables in the business, witness the cash performance. That said, cash will be better in '20 is Gas, but it's still going to be negative. So there are no celebrations just yet in that regard.

But that said, if you just break down where we tend to lose cash, again, up front underwriting. We're trying to be far more disciplined in terms of what we sign up for. Part of that is a function of scope. There's a much smaller percentage of our order book currently in turnkey projects, which can create risk over the life of a project. We think we're certainly getting better pricing and trying to be more disciplined in that regard as well.

As you go through the execution of the new equipment book, we can be much better from a quality, from a cost perspective, in how we manufacture product. And that's a good bit of where the lean efforts kick in. These are complex projects, often a long way from home. The same daily management rigor that we apply in our factories needs to be applied to those job sites. So regardless of what we signed up for, we deliver on it, if not better, rather than have that be a risk during the life of that project. And in terms of services, while we were, Andy, encouraged by a number of things that we saw at year's end, both in terms of the volume and price in certain aspects of the service book; I think if Scott were here, and I'm with Scott tomorrow for an operating review, I'm sure Scott will continue to acknowledge we need to do more to grow that business. It will never be a mid-to-high single-digit grower. But we think we can generate growth there, and that should be good margin, good cash as well.

Couple all of that with a fairly predictable run-off in the legacy obligations in Gas Power and more broadly in Power, we think we can have a positive margin, positive cash business over time. But we need a little bit more time to lay in those improvements.

Andrew Kaplowitz: I just want to key in, Larry, on something you said there about fairly predictable projects. And you know, again, I cover the engineering and construction space. And everybody wonders if you can predict this stuff. Like, have you been able to sort of get comfortable with the turnkey aspect of Power?

Larry Culp: Well, I think it's what I'm really referring to is more of a relative improvement than an absolutist view on that, right? It's just the nature of the work, as you well know, carries with it risk. You want to make sure you are paid for taking that risk, and you're doing all you can to mitigate. So a good bit of what we have done, not only in Gas Power, but in the Power portfolio as well as renewables where these dynamics all apply, is to make sure that both from an underwriting perspective and from a project execution perspective, we're sharing best practices, going on the outside for expertise and insight, so that we are doing all that we can to bring that down. What I was really referring to in terms of what's predictable though, Andy, are some of the inheritance obligations that we have largely from Alstom.

Some are, if you will, project-based, but others aren't. And as we look at those obligations, what we thought was going to happen, the checks we were going to need to write in 2019 more or less played out as anticipated. A year in, we don't think '20 is going to play out too differently either from what we're thinking even a year ago. So that helps us. But anything we can do to reduce that spend, rest assured we will.

Andrew Kaplowitz: Got it. And so I think it's a good transition to talk about, we were talking a little bit about the Power markets. If we back up and talk about global markets for a second, obviously GE is a very global company, a lot going on in the world right now. Any sort of comments you'd give us about coronavirus impacts, supply chain impacting any of the businesses in particular? Can we talk about that now?

Larry Culp: Sure. Sure, well I think that what's happening is an unfortunate tragedy. We have 18,000 associates in China. We're trying to do all we can to support them and their families, as the country works through what's happening with the coronavirus. From a business perspective, we're focused both on the supply chain and on the sell side, if you will, with respect to our businesses. We're really back a second week here after the New Year. Most of our facilities were shut for the New Year, as you would imagine. Some of our health care facilities were open though, given some of the urgent demand for certain products and our desire to help where we could.

I think it's early with respect to the recovery of the supply chain. This is a province by province, city by city, decision. Our three facilities in Hubei province are still shut. Our other facilities are open, but at different staffing levels. Plenty of buffer stock in the system in the near term for really to be a challenge in getting everybody back. I think the supply chain dynamics, to the extent that there are any, and I suspect there will be; that will come a little later here in the spring. We've certainly seen in aviation, our biggest business in China, see real pressure, just given the cancellation of flights and the lower flown miles. Health care, certainly has seen pressure as well, a little bit of that urgent demand. But we've seen a little bit of a downtick there as well.

So when we've talked about the quarter and our thoughts on the quarter, that incorporates what we think will happen here in the first quarter of the year. I think the second quarter is really where the supply chain challenges are likely to manifest themselves. And I think at this point, Andy, it's just too early to call, given none of us know just how quickly everybody will be getting back to work.

Andrew Kaplowitz: Got it. And look, I will acknowledge there is another conference that you were at earlier this morning. So in that context --

Larry Culp: We were lost on our way over here. I'm sorry.

Andrew Kaplowitz: Yeah, I understand. I understand, you know, just a quick waypoint. But you made a comment around the negative $2 billion for Q1 in free cash. Do you think you can sort of make that back as the year goes on? Is that still the goal? And how do you do that?

Larry Culp: Sure. Well, let me answer the first question. There is no change to our full year outlook in terms of a $2 billion to $4 billion free cash flow from GE. And that really is not off a base of the $2.3 billion that we generated last year, because we're going to say goodbye to our BioPharma business here later in the quarter. We won't see the Baker Hughes dividend either. So it's closer to a little over a billion in terms of an apples-to-apples basis for coming into '20, so a significant 2x to 4x step up.

So that incorporates what we said earlier today, relative to the first quarter being likely a negative $2 billion, plus or minus, number from a free cash perspective. GE's always been back-loaded. I think the year-on-year decline you'll see here in the first quarter is fundamentally driven by the 737 MAX and the delays at Boeing. But I think as we see that situation hopefully return to more normal course business later this year, and we continue to see the improvements in Power, we know renewables will be a bit of a drag for us. But even with the MAX, we think aviation will be even or better than a year ago. Health care, adjusted for BioPharma, should contribute, and corporate will be less of a drag this year. So you put the moving pieces together, a little more of a challenging start, but not that much more challenging under the circumstances. And we think as we go through the year, it will just be more back-half loaded, but fundamentally within our control.

Andrew Kaplowitz: So I want to open it up to the audience in a second. But let me follow up on the aviation business for a second. Like, it has continually defied, I think, more cautious or bearish expectations, and continually outperformed. Maybe you can talk about sort of what are the characteristics that have allowed that business to continue to outperform, when you look at aftermarket? Even with the MAX issues, the cash was still modestly above the year before. You know, and taking that thought process, why shouldn't we think that continues over the next couple years?

Larry Culp: Well, I wouldn't want to dissuade you from thinking that that will continue, right? That in many respects is job one at GE, continuing to nurture and grow the aviation franchise. I think if you just step back, and I don't mean to dismiss some of the bearish comments you're alluding to. But we have a strong leadership position in a global growth market, with a really nice balance between multiple OE platforms and a long-term high backlog service component. That's a good setup in any industry, right? And when you add to that a team that has managed this business effectively over a long period of time, you should expect better than average results. And we don't take any of that for granted, right? We've got to compete for every new engine platform order. We have to compete for every next shop visit. We can always improve how we run the business, be it from a cost or from a cash perspective.

So there's a lot, I think, to build on here. And as we look at the future at GE Aviation, I think we feel very confident that that $4 billion-plus cash flow level, once we get through some of the near-term challenges with the MAX, is going to continue to grow and be sustainable.

Andrew Kaplowitz: Great. And then one more before we go to the audience, so just kind of doing the opposite. So you have a couple businesses, whether it's power conversion or grid, you know onshore renewables is good, but not great. Like, why do you think it's been more difficult to tackle these businesses? And when would you want to give us the all-clear sign? Is there a timeframe that you can tell us when you think can get your arms around these businesses?

Larry Culp: Yeah. Well, I would argue, we have our arms around them. And each one of those businesses is in a different place. We'll pound the table when the brackets are off the cash flow numbers, right? Until then, we have to prove to you. But if you look at each one of those businesses, take power conversion for example. This is a business that will burn cash in 2020, so don't get too excited, but at a far lower level than it was a year ago. And I think the way the team has really reset the way they're running the business, this was a business like other GE businesses that we were running primarily on a global basis, despite the fact it can be very regional. So we've really tilted the way we're running that business, looking at regional P&Ls. The teams have a lot more autonomy, a lot more responsibility.

As part of that, we've taken out a good bit of the overhead in that business. And getting in, again, through some of the lean tools into driving improvements in what our customers see in terms of quality and on-time delivery performance. I think they're just started. But if you look at the as-sold (ph) margin rates in that business versus where we were a year ago, there's been a significant step up. It probably doesn't matter to your model yet, given the size and given the fact that it's a negative performer. I think Russell Stokes and the team are doing a very good job. They're on their way.

Grid, different dynamic, we moved grid from Power to renewables. That took a little bit of time to get the new team squared away. But we've got a new CEO, a new CFO, a new supply chain leader. We're going to run a similar play in renewables, and in grid specifically in 2020. So those are the sorts of things where, again, I think we are on our way. But these are big global long-cycle businesses. Change does not come overnight. But I think we know what we need to do. We just need the time to see it through.

Andrew Kaplowitz: Got it. Questions from the audience? Any questions?

Unidentified Audience Member: Hello? So after the closing of BioPharma, which is expected to close in Q1, you have significantly completed your plan to deleverage and these asset disposition plans. So the question is, what's next for you from a portfolio perspective? Is this the milestone to start playing offensively with the portfolio? So maybe give us some thoughts about that.

Larry Culp: Well, I don't want to count chickens before they hatch. But we are going to be in a very different place here soon, right? And once we get the $20 billion-plus of proceeds from BioPharma, that will allow us to work through the industrial actions we've talked about in terms of repaying the intercompany debt to capital, tending to some of the pension actions that we highlighted at the end of last year, and really bring us down from that 4.2 times net-debt-to-EBITDA ratio to something well within the 2.5 target that we've set.

Is it time to play offense yet? It's getting closer, right? I don't think that even with the progress on the numerator that we want to get ahead of ourselves. As Andy was poking at a little while ago, we need to show that both Power and renewables can be better performers for us. We need to work through some of these near-term challenges in and around the 737 MAX. I think as we do that, and the denominator is fortified as well, we're going to be able to play offense. And that is something that this management team and this board is very keen to do, rest assured.

But I think we're going to not try to get ahead of ourselves. At times you might think we're being a little conservative. But again, we want to make sure we strengthen this company and pursue any and every option possible to maximize the underlying value in GE.

Andrew Kaplowitz: Other questions? All right, so I will -- do you see one? No. Okay, so I will continue.

Larry Culp: Everybody's scratching themselves.

Andrew Kaplowitz: Yeah, exactly. So one of the other sort of things that came out of when you got lost this morning is around the statutory test and long-term care. So let me ask you this way. Like, I hate sort of dwelling on in quotes, some "bear" case that's out there. But one of the things that I hear a lot of is, do you have a lot of drags on cash still as you go out three years from now, four years from now; things like LTC or pension or corporate costs, corporate cash? So maybe you could talk about, you still have a couple billion dollars of corporate cash headwind that can go down over time. And then maybe any thoughts around pension, and I'll ask one more question at the risk of being rambling. Like, you put in a lot of talent into that LTC business. And so to hear that kind of small number is, I think, really interesting and good from the perspective of maybe it's the new leadership that's helping you in that business.

Larry Culp: Sure, sure. Well, a couple of things there, Andy. With respect to our long term care insurance book, one of the things we shared earlier today was that the statutory or the cash flow test that we recently completely turned out better than we had anticipated. And the true-up, the incremental cash that we will need to provide, there's about $100 million.

So that is something that we can handle just in the normal course. Obviously we wish it was less. But given the nature of that obligation, we'll take that.

We do think that despite what we did in 2019, what we're going to need to do from a corporate funding perspective at GE to capital for that in 2020 that that should step down over time, right, given the prospect of asset sales, earnings within capital, and other options. So we haven't been definitive as to what that looks like, but we think directionally we should be in a better place over time in that regard.

I think more broadly, long term care is not necessarily a business that we relish having for the next 30 or 40 years. I think the team that you alluded to has done a very good job bringing order to the business. Some of what you've seen in both the gap test and the stat test here is progress in terms of premium management, a little bit of progress in claims management, and just better overall execution on the portfolio itself. So if you add that together, I think we're in a better place than we were a few years ago, coupled with of course all of the board, all of the auditor, the internal audit scrutiny on that obligation. We think that we know what we have.

Over time, I think we're able to build on what we did last year and improve our disclosures around insurance. And frankly as GE overall is on stronger footing, if there's an opportunity to do something with insurance, we would not be adverse to that. But it's got to be structured in a way that's conducive to the GE shareholders. And I think we'll be on much better footing to see something like that play out if it arises going forward.

Andrew Kaplowitz: And just the sort of question around other drags, like corporate cash, like how much is normal restructuring if you think about it, 2-3 years from now?

Larry Culp: Well, I think I mean you look at the restructuring, you look at some of the inheritance taxes, just the overall spend at corporate, right? A couple of billion dollars of cash in '19, I think that continues to work down. Part of what we're doing, Andy, is really taking -- well if I back up, we're trying to move the center of gravity at GE from corporate to the businesses, and really give them more responsibility, more autonomy, and accountability. I think we can do that. We're on that path.

As we do that, part of moving the center of gravity means we're going to just see less cost at the center, apples to apples. And we were down 15%, I think, in that regard in '19. We're also taking some of those services and some of those expenses, and pushing them into the businesses. And that's not just a slight of hand. But in some cases, it's really a two-step move. We'll put that activity into the businesses, and then let the businesses figure out what they really need and do without what they don't. So over time, it's a slightly complicated story, but you'll see us bring that down as we push more into the businesses, carve out a smaller, leaner center really focused on strategy, capital allocation, technology, and talent.

Andrew Kaplowitz: So a good follow-up question there is like just to talk about lean for a second in the context of, like, what do you think your entitlement is? And what I mean by that is, we know what aviation margins are. You guys have talked about 20%, and we know once you sell BioPharma you're in the mid-teens and maybe get to high teens. But then there's Power sitting there. And there at one time was a GE target of 10% margin, and then we didn't hit it. So like, how do we think about the major businesses? Because it feels to me like you're still in the second inning of lean, maybe first inning from what you're doing.

Larry Culp: It's early, right? And I want to be careful we don't talk past each other, right? We can have everybody scribble down their definition of lean. I'd suspect we'd have 50 different definitions in the room. But it really is a comprehensive immersive approach to running the business that in no way, shape, or form is exclusive to manufacturing or supply chain. Let's just start there.

Part of what I've learned over a long period of time is it starts really with expectations. And aviation at 20%, renewables with a negative number; everybody has margin expansion potential. If you don't think so, you'll never realize it, right? So we want to really use the lean mindset to start there, and then work through the opportunities we have in all the businesses. It might be a little harder in aviation, given where they start. But when you sit with David Joyce and team, plenty of opportunities to continue to accrete margins and drive better cash performance. Easy to say; we have to do it.

Health care, I kind of smile about health care. Sometimes in the last three or four months, people have asked us about RemainCo. Well, RemainCo is going to be the $17 billion mid-teens operating margin business with the third largest med tech company in the world that by its own admission does important work, but can do more and can be a better grower, and continue to have very good margin accretion, even after BioPharma. That's what the team has signed up for. I think we can get excited about that. Can that be a 20% business as well? Well, we move that load of mid-single-digit growth up a bit, and fall through in the way most med tech companies do; that's within line of sight.

And we've talked a bit about Power and renewables, a lot to do there. A little bit more traditional in terms of restructuring and self-help, but those can be positive contributors as well. Breakeven is not the destination there.

Andrew Kaplowitz: I'm sure it's not.

Larry Culp: That too will be a waypoint.

Andrew Kaplowitz: Yes. So you actually have a CFO transition coming up in a couple weeks. Just maybe talk about your expectations. I mean obviously Jamie was very good and filled a very important role. So as you transition, what are you looking for out of the CFO role?

Larry Culp: Yeah, well let's take that in reverse order. I'm a huge Jamie Miller fan. I think Jamie did a terrific job for us. We're going to transition to Carolina here at the end of the month. And Jamie has, I think, all the right in the world to take a large dose of credit for what we've done in the last several years. Hers was the ultimate battlefield promotion. But she didn't blink. She went in, really helped grab ahold of a whole host of things that needed tending to, was a key architect in the deleveraging, and has really helped us stabilize the GE that you see today.

I think Carolina coming in is going to bring a different skill set, different perspective coming from the outside. Carolina and I, in many respects grew up in parallel universes, in companies that had more of a decentralized approach to life, very much cash oriented, lean; all of that. So I think what Carolina will bring is that perspective, that mindset, not only working with me and the rest of the senior team, but working with the finance function and the businesses to continue to help us drive good growth, margin accretion, better cash; all the while doing that with less at the center, less corporate spend.

Andrew Kaplowitz: Helpful.

Larry Culp: So she starts March 1st, a couple of weeks away.

Andrew Kaplowitz: Exciting. Any questions from the audience? Questions from audience? Okay, let me ask you about, going back to services for a second, in the context of you said obviously -- what was it, 2% margin in Power? That's just the waypoint, hopefully. So a big part of that is continuing to improve service. You've got obviously a strong CSA business. Transactional is something that I think is on your radar to improve. So again, maybe talk about the improvement you've seen in that business in transactional services and what it can mean here over the next year or two, as you continue to improve it.

Larry Culp: Well, I think if you look at transactional, but really services overall within Gas Power, for example, there are a number of things that Scott and the team are in the process of doing. I'd say first and what we've been able to see probably the most visibly is more disciplined pricing up front. So particularly in the transactional book, you'll see better book margins as a result of that discipline. We're not running around, being reactive, at least far less than we might have been.

What we want to make sure we continue to do is delight the customer. On-time execution, parts, labor; everything it required for that outage, we can be better in that regard. And that's important not only in terms of our own margin structure, but frankly our commercial preparedness for that next opportunity. What I've come to understand about these customers, like many I've seen in my career, they have long memories. And if we're not outstanding the next time around, we may not be the default even as the OE for that outage. So there's a good bit of operational improvement that we think will help our commercial execution. But the commercial execution is its own improvement opportunity. And Scott and the team are going to, I think, go through this a good bit tomorrow with them, really to make sure that we're doing all we can as we think about staffing about capability, everything that goes into call patterns, so that we are as aggressive as we can on a non-price basis to get this business back to where we can grow it, probably modestly, but do it in a way that nicely complements the CSA book, and continue to have that be an important part of the Gas Power story.

Andrew Kaplowitz: And you mentioned pricing, Larry. Like if I step back, I think you guys have said that in renewables, onshore wind pricing is a little bit better. But you really haven't talked much about the overall Power market. Has pricing generally stabilized in that market, especially considering that 2019 was a better year? And is Scott reasonably optimistic that 2020 is in the realm of what 2019 was in terms of?

Larry Culp: From a price perspective?

Andrew Kaplowitz: Price and market perspective.

Larry Culp: Well, I would say a couple of things there, Andy. I think it's hard to talk about price in Power. Because again, Power is not monolithic. We're playing a number of different games there within OE, from gas to steam, to nuclear, to power conversion, let alone in the aftermarket. That said, I think a slightly better market, better discipline on our part, presumably others is a good thing in that regard. I think how confident is Scott relative to this year, we have a serious backlog, almost all the year from an OE perspective in backlog coming into the New Year. We really have to continue what we were talking about a moment ago to improve our service execution, so that we build on the progress last year. That is work to be done.

Andrew Kaplowitz: Got it. And then on the renewables side, you know, again in terms of pricing, you talked about sort of improving the business over time. You know, if I think about you want to go into offshore renewables. You have a big investment in Halidade-X. So what's the opportunity there as you go forward, and how do you be careful around these projects, given they're EPC-type projects?

Larry Culp: Right. Well, you're pointing out something that's important I think for everybody to understand. When we're talking about renewables, we're really talking about three different businesses under that roof. And you could argue it's four. The way I think about it is we have an onshore wind business, which is the large business within renewables. We have our offshore wind R&D commitment. So it's a nascent business. It's very much in start-up mode today. And then we have our two turnarounds that came to us last year in earnest through the Alstom ventures, both in grid and in hydro. And what we need to do to have all of them contribute more fully is different.

Clearly in onshore wind, we are riding the peak or the ramp here in the US with the PTC credits. We're seeing the onshore market around the world continue to gather momentum. We need to be better from an underwriting, from a project execution, from a quality and a cost perspective to have that business generate margins in line with the market, all the while continuing to remix our business. We'd like to see service represent a portion there in line with the market.

Offshore wind is going to be a multiyear effort. And we're going to continue to invest there. I've seen projections in the very large billions of dollars in terms of offshore wind. You're not going to hear us necessarily try to put a firm target out there in the short term. But it's that opportunity in offshore that has us investing, driving the Halidade-X project that you referenced.

And then we just have to get in and do the heavy lifting required in any industrial turnaround, both at grid and at hydro. We've got a new CEO, a new CFO, a new supply chain leader in at grid. That team needs time. But I think they know what we need to do. Hydro, the team's a little further along. It's a smaller business, a billion versus 4 (ph) at grid. There again, the playbook is largely the same. They'll just need time to play things out, drive those improvements, and work off some of the legacy obligations that will be a call on cash in those businesses in the next couple of years.

Andrew Kaplowitz: Got it. So we're running out of time. Let me ask you one more quick question. What is GE's digital strategy right now?

Larry Culp: Well, I would say that when we talk about digital, we are really talking about two things. One is GE Digital, a billion dollar P&L that is in the corporate bucket, a business that's getting close to breakeven, where we have a number of the legacy positions and investments, been a fair bit of restructuring there over time, but a business that we think can be a solid digital growth business, not at breakeven, but having positive contributions and earnings and cash. A new CEO in there six months ago, I think they are on their way.

Probably more importantly though are the digital efforts in the businesses. Now there's a lot we do at GE Digital corporate, with our energy businesses, Power and renewables. More of what we do in aviation and health care is within those businesses, in terms of not only new digital services, but using digital capabilities, AI say, in an imaging suite to make sure that we are providing more value at lower cost, like most of the world today, right? So we're going to talk less about that, but I don't think our commitment is any less than it ever was in terms of making sure that we lead in this regard. But again, for aviation and health care, those efforts are going to be embedded in the businesses, and some of the shared activity at corporate will be something that we continue to grow and where appropriate, we might tuck some of that back into the businesses. But that will play out over time.

Andrew Kaplowitz: Great. Well, we really appreciate the time, Larry. Thank you very much.

Larry Culp: Andy, my pleasure. Thank you.