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# SFI - Q3 2011 iStar Financial Earnings Conference Call

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## PRESENTATION

**Operator**

Ladies and gentlemen, good day and welcome to iStar Financial's third quarter 2011 earnings conference call. As a reminder, today's conference is being recorded.

At this time for opening remarks and introductions, I would like to turn the conference over to Jason Fooks of iStar Financial, Investor Relations and Marketing. Please go ahead, sir.

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**Jason Fooks** - *iStar Financial Inc. - IR & Marketing*

Thanks, John, and good morning, everyone. Thank you for joining us today to review iStar Financial's third-quarter 2011 earnings report. With me today are Jay Sugarman, Chairman and Chief Executive Officer, and David DiStaso, our Chief Financial Officer.

This morning's call is being webcast on our website at iStarFinancial.com, in the investor relations section. There will be a replay of the call beginning at 12.30 p.m. Eastern Time today. The dial-in for the replay is 1-800-475-6701 with a confirmation code of 220031.

Before I turn the call over to Jay, I would like to remind everyone that statements in this earnings call which are not historical facts will be forward-looking. iStar Financial's actual results may differ materially from these forward-looking statements and the risk factors that could cause these differences are detailed in our SEC report. In addition as stated more fully in our SEC report, iStar disclaims any intent or obligation to update these forward-looking statements except as expressly required by law.

Now I would like to turn the call over to iStar's Chairman and CEO, Jay Sugarman. Jay?

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

Thanks, Jason, and thanks to those of you joining us on our call this morning. Our third-quarter results were impacted by both the weakening in the macroeconomic environment and our continued efforts to reposition the portfolio and streamline the balance sheet.

We continue to pay down debt at a steady pace and we took advantage of weak market conditions to repurchase approximately 13% of our outstanding shares during the quarter. While the net effect of those actions helped build our adjusted book value, we continue to see losses on the income statement from increased interest costs, ongoing provisions and impairments, and a large number of assets not yet generating reportable income.

So for the third quarter, earnings came in at negative $62 million and adjusted EBITDA came in at a positive $83 million. Provisions and impairments were mostly offset by a previously deferred gain but the lack of income from the $2.6 billion of REO and NPL assets will continue to make it difficult to boost those numbers until a meaningful percentage of those assets start contributing.

Liquidity remained solid with over $200 million in cash at the end of the quarter and approximately $350 million projected at the end of October. This projected cash balance was helped by the recently announced sale of most of our interest as the general partner of Oak Hills Advisors, the large corporate credit manager which we had partnered with in 2005. With a strong relationship with Oak Hill in place and an ongoing investment in several Oak Hill funds, we look forward to continuing to benefit from their strong presence and expertise in the credit markets while being able to redeploy the capital we have had invested in the parent company.

We also saw steady repayments in the rest of the loan portfolio with approximately $270 million coming in during the quarter. On the other side of the ledger, we had been adding investments in our existing portfolio, situations where the returns seem attractive, funding a little over $50 million using primarily recycled proceeds from sales in our REO book.

On the credit metrics, we saw overall risk ratings and credit provisions remain in a similar range the last quarter, though a weakening economy during the third quarter gives us some pause about the refinancing prospects of some of our borrowers in the near term.

Lastly, on the balance sheet, we've gotten our total debt down below $6 billion, split pretty evenly between secured and unsecured debt and have continued to try to protect book value.

As I mentioned, we were pleased to be able to acquire a significant portion of the outstanding shares of our Company at a price below $6.50 per share, a significant discount to the $15 adjusted book value at quarter end, which adds back general reserves and depreciation since January of 2010.

With that quick update, let me turn it over to Dave for more of the details.

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**David DiStaso** - *iStar Financial Inc. - CFO*

Thanks, Jay, and good morning, everyone. I will begin by discussing our financial results for the third quarter of 2011 before moving to investment activity and credit quality. I will end with an update on liquidity.

For the quarter, we reported a net loss of $62 million or a loss of $0.71 per diluted common share, compared to a net loss of $84 million or a loss of $0.89 per diluted share common share for the third quarter 2010. The year-over-year improvement was due to a lower loan loss provision in impairments of $19 million versus $84 million in the same period last year as well as a $22 million gain from discontinued operations which we previously deferred as part of our net lease portfolio sale in the second quarter of last year. This was partially offset by a decrease in revenue from $133 million in the same period last year to $97 million this quarter, and also higher interest expense.

Adjusted EBITDA for the third quarter was $83 million compared to $97 million for the same period last year. The year-over-year decrease was due to lower revenues from a smaller overall asset base, partially offset by the gain from discontinued operations mentioned.

During the quarter, we repaid the remaining $170 million of our 5.65% senior unsecured note due September 15. We also repurchased $48 million of senior unsecured notes effectively at par. In addition, we paid down $184 million of debt on the A-1 tranche facility during the quarter, bringing the outstanding balance down to $1.07 billion at the end of the quarter.

Cumulatively, we've paid the A-1 tranche down by approximately $430 million, which exceeds the $200 million minimum amortization requirement by December 30, 2011. At the end of the quarter, our leverage was 2.1x and our weighted average effective cost of debt was 5.7%.

During the quarter, we repurchased 12.1 million shares of common stock for $77 million, utilizing essentially all of our previously authorized share repurchase activity. This buyback activity resulted in a decrease of total common shares outstanding at the end of the third quarter to 80.5 million, a 13% reduction from the end of the second quarter.

During the third quarter, we generated $318 million of proceeds from our portfolio, comprised of $272 million of principal repayments and $46 million from sales of other real estate owned. In addition, we invested $55 million during the quarter.

Subsequent to quarter end, we sold a substantial portion of our interest in Oak Hill Advisors and related entities and expect to record a pre-tax gain in the fourth quarter of approximately $30 million over the carrying value of the investment. We will continue to retain an interest in certain Oak Hill funds as well as certain fee streams.

Let me now turn to the portfolio and credit quality. At the end of the third quarter, our total portfolio had a carrying value of $7.37 billion gross of general reserves. This was comprised of approximately $3.4 billion of loans and other lending investments, $1.8 billion of net lease assets, $1.6 billion of owned real estate, and $621 million of other investments. At the end of the quarter, our $2.3 billion of performing loans and other lending investments had a weighted average LTV of 78% and a maturity of 3.4 years.

The performing loans consisted of 53% floating rate loans that generated a weighted average effective yield of 6.3% for the quarter and 47% fixed-rate loans that generated a weighted average effective yield of 7.8% for the quarter.

The weighted average risk rating of our performing loans was 3.35 at the end of the quarter, unchanged from the prior quarter. Included in our performing loans were $42 million of watch list loans, a decrease from $74 million last quarter.

At the end of the third quarter, our non-performing loans or NPLs had a carrying value of $1 billion net of $613 million of specific reserves. This was a slight decrease from $1.1 billion, net of $589 million of specific reserves at the end of the prior quarter. Our NPLs consist primarily of 34% land, 26% apartment residential, 18% retail assets, 8% of entertainment/leisure, and 7% hotel assets.

Our $1.8 billion of net lease assets, which are recorded net of $355 million of the cumulated depreciation, were 89% leased with a weighted average remaining lease term of over 12 years. They had a weighted average risk rating of 2.70 versus 2.69 in the prior quarter.

For the quarter, our occupied net lease assets generated a weighted average effective yield of 9.9% while our total net lease portfolio generated a weighted average effective yield of 8.5%.

Let me now turn to our owned real estate portfolio. At the end of the quarter, we had $669 million of OREO assets. OREO assets are considered held for sale based on our current intention to market the assets and sell them in the near-term. Also $955 million of assets were classified as real estate held for investment based on our current intention and ability to hold them for a longer period of time.

During the quarter we took title to a property with a carrying value of $69 million. In addition, we also recorded $9 million of impairments within the OREO portfolio. For the quarter, our owned real estate portfolio generated $8 million of revenue, offset by $20 million of expenses. In addition, we funded $19 million of capital expenditures.

Let me move on to reserves. We recorded a $9 million provision for loan losses in the third quarter versus $10 million last quarter. While we have seen provisions continue to trend lower over the past year, it is possible we will see quarterly fluctuations.

At the end of the quarter, our reserves totaled $710 million, consisting of $633 million of asset-specific reserves and $77 million of general reserves. Our reserves represent 18% of total gross carrying value of loans.

Finally, let me conclude with a discussion on our liquidity. Aside from paydowns to our secured credit facility, which will occur as the underlying collateral is repaid or sold, our next debt maturity will be a $290 million bond due in March of next year. Other expected uses of cash for the remainder of 2011 include approximately $80 million of loan and investment fundings, approximately $25 million of capital expenditures on our owned real estate portfolio, and approximately $80 million of other net cash uses such as interest expense.

Our unsecured bonds have an unsecured assets to unsecured debt maintenance covenant and a fixed charge coverage in currents covenants. We remain in compliance with these covenants.

As we said last quarter, we do expect our ability to incur incremental new debt will be limited by the minimum fixed charge coverage ratio. However, we will be able to continue to refinance existing debt.

With that, let me turn it back to Jay.

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

Thanks, Dave. I'm not sure we have much more to report. So why don't we just open it up and see if there are any questions.

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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions). Josh Barber, Stifel Nicolaus.

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**Josh Barber** - *Stifel Nicolaus - Analyst*

Good morning. Jay, in light of your comments about your seeing some sort of pause in refinancing giving what's going on in the economy, I'm trying to reconcile that with a drop in your watch list assets. And just the general refinancing environment that you guys see for the next six months as loan repayments are slowing down. What are you guys expecting in terms of your overall cash uses? I know that Dave just outlined those cash uses, but can you talk about what you are actually expecting in the next six months?

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

Look, I think the market conditions toward the end of the third quarter and even into the beginning of October, you saw a pretty wide move in credit spreads. When they gap out like that, typically there's a slowdown in people's mentality about what they want to do and certainly the CMBS market slowed down and the refinancing markets look like they slowed down. We wanted to keep people abreast of that dynamic. Obviously in the last couple of days, you've seen the market go the other direction. So we are cautious in the sense that there are a lot of big macro and global variables out there that will impact how borrowers think about moving forward and how the markets will provide capital for them.

So it's something to keep on the radar, obviously. That said, I think real estate and yield-oriented hard assets are still going to be in favor regardless of that macro environment. I think the timing gets impacted when confidence gets pulled out of the market, but the underlying fundamentals at least in the domestic market seem reasonably good. This morning's reports were unsurprising, which in this market is a good thing. We saw a little bit of confidence creeping back with some of the numbers.

So we are, like you, probably very interested in how this all plays out both in the European markets and with the deficit reduction packages that are due in the coming months here. A good, solid competent performance is certainly going to help us and it probably turns the tide to make us a little more favorable over the next six months. But we have to be cautious and think about what happens if they don't get it together.

In terms of actual liquidity, again we have a pipeline of things that are expected to repay. We have a number of assets that will mature over that period of time and borrowers are lining up their capital. But as I said, the market conditions will have an impact on that, so we certainly don't want to be overconfident about our borrowers' ability to perform in a timely fashion.

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**Josh Barber** - *Stifel Nicolaus - Analyst*

How about in terms of loan sales? Have you seen any pullback in that market or is there still some pretty good demand from other lenders either buying assets, be it distressed or performing?

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

That market remains strong. We see it both on the portfolio side through LNR and we see it on an individual side through our own efforts. Again more yield oriented. I think the market is grinding tighter in terms of what is market expectations are for returns. So good,high-yielding long-lived, reasonably safe.

People are realizing that's a harder and harder thing to get anywhere in the capital markets and credit markets and hard assets, like real estate that have come with those characteristics we continue to think are in demand. But again, confidence is an interesting thing and when people don't have it, you see the market come apart a little bit but right now we are still seeing pretty solid demand from good real estate out there.

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**Josh Barber** - *Stifel Nicolaus - Analyst*

Okay, last question. It looked like you pretty much exhausted your existing share repurchase capacity. Is there a plan for the Board to be authorizing additional share repurchase capacity given how successful it seems to have been so far?

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

We have the conversation every Board meeting -- what's the best use of capital? How aggressive do we want to be in terms of monetizing assets? How do we want to prepare ourselves for debt maturities? Playing into those thoughts are how do we increase or protect book value as best as possible?

And so it's always on the table. We want to be judicious and thoughtful. We don't have unlimited capital, obviously, so it's always a balancing act that we go through with our Board. We provide them our thoughts, our recommendations, our projections, and we have a pretty good conversation about it. Obviously last quarter, that price reflected a very attractive way to reduce the float and buy in at a meaningful discount to adjusted book.

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**Josh Barber** - *Stifel Nicolaus - Analyst*

Thanks very much.

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**Operator**

Michael Kim, CRT Capital Group.

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**Michael Kim** - *CRT Capital Group - Analyst*

Thanks for taking my question. Good morning. Jay, just wanted to talk about other real estate owned and just wanted to see what the impairment during the quarter was related to and perhaps if you could give us some sort of sense of when -- at least timing as to when we may see some gains being booked on the sale of real estate owned?

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

Mike, look, it's about $1.5 billion between held for sale and held for investment. So again, $9 million plus or minus in a quarter on $1.5 billion is going to be within the sample size you should expect. We had a couple small things happen at the end of the quarter that just gave us pause and in our underwriting that we do, we came up with different values. Some of that is due to stretching out base of monetization. When you've got a pretty solid discount rate attached to those analyses, even a small delay is going to cause a value change.

But again within the context of the book, I was not surprised one way or the other by that number. I do think we believe 2014, you are going to see a meaningful number of those assets back on the positive side of the ledger. 2013, I think is kind of a transition year where we are going to see a lot of them start moving into the good side of the ledger.

It's hard to see in 2012 getting a meaningful enough percentage of those onto the right track to believe they're going to have a big positive impact. That would be a positive and pleasant surprise, but I would say right now we still think to get the majority of that 2006 book or $2.6 billion book to move, it's going to take us at least six, seven quarters to move the big bulk of that into the portable income side of the ledger.

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**Michael Kim** - *CRT Capital Group - Analyst*

I see. And just to talk about I guess asset sales, selling Oak Hill I guess based on my estimates and applied valuation of almost 4% of AUM seems like a really fair price given the environment. I'm just curious if there are any other nonstrategic assets that may be considered for sale over the coming quarters, whether it's CTL assets or other items on the balance sheet.

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

You know, I think while Oak Hill is a core area of expertise that we still like and want to have a strong insight into, from an investment standpoint, having that much capital tied up probably didn't make sense as we move to really redeploy back into the core side of our business where we are seeing quite attractive opportunities in our own portfolio and we are seeing a market environment where we think that capital is better used elsewhere.

There aren't a lot of other areas where we think they are truly non-core. But again, you've seen us continue to pare down the balance sheet. We will focus on our strength. We will focus on things we think we have a competitive advantage in and where we can redeploy capital at high rates of return both within our own balance sheet and in potentially even newopportunities, that makes sense to us.

We've got a great relationship with Oak Hill. We continue to be 10 floors apart, so we spend a lot of time chatting with each other on our various views on the credit markets and capital markets and global macroeconomic conditions. But we thought it was the right move at this point both them and us to redeploy that capital back into our core mission.

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**Michael Kim** - *CRT Capital Group - Analyst*

Right. Thanks, I appreciate that. Just to think about some specific assets, we have been tracking some of your individual nonperforming loans and saw 10 Rittenhouse, that case was dismissed and to my knowledge would be one of the larger nonperforming loans in the book.

I guess given this kind of development, what are the next steps for this particular asset? Is that something you could share with us?

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

As you know, we don't love talking about particular assets, particularly ones that's gone through litigation, but we have got high-quality assets in a lot of key (technical difficulty) that is a city center, Main and Main location with a Robert Stern highly desirable architectural building. But we need to get it in strong hands. We need to give the market the sense that here it is, it's an unlevered asset. There are no problems and we are committing actually quite a bit of capital to even improve what's there. So that when buyers walk in, they are not only pleasantly surprised but they are going to be really impressed by the quality of the project.

I think you will see us do that around the country once we get control of assets. Oftentimes borrowers have been underfunding the projects during litigation or during their personal bankruptcies. It is going to really help the portfolio for us to get back in the saddle and be able to put professional management and the capital strength of iStar behind those projects. We are quite excited in at least the number of cases where we have great locations and great buildings that the results will certainly start to come in the way we hoped they would.

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**Michael Kim** - *CRT Capital Group - Analyst*

Right, and just as the housekeeping item, the loss on the early extinguishment of debt just hearing Dave's comments that buying back bonds in the open market at around par, the remaining differential there would assume that it's related to the secured bank debt. Is that correct?

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**David DiStaso** - *iStar Financial Inc. - CFO*

Yes, that's correct, Michael. We had a very minimal gain on the repurchase of the bonds. That was offset by the amortization of deferred financing fees and costs associated with it. As we accelerate the repayment of the debt, that pulls in more of those costs into the P&L and that's where the loss came from.

**Michael Kim** - *CRT Capital Group - Analyst*

Great, thank you very much.

**Operator**

Amanda Lynam, Goldman Sachs.

**Amanda Lynam** - *Goldman Sachs - Analyst*

Thank you, good morning. I was just hoping you could address the maturities in a bit more detail specifically your near-term maturities. Is it your preference to perhaps conserve cash on the balance sheet and repay those upon maturity or are you looking to refinance in the market? For the longer term maturities that you have and later in 2012, what current options are you considering for addressing those upcoming debt payments? Thanks.

**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

Asimilar answer we've given over the years, which is certainly our preference that the capital markets are (inaudible) to provide on either secured or unsecured basis attractively priced capital. We would like to continue to take advantage of that but we are using our internal balance sheet to really plan around not assuming there is outside capital. So we've got a very large unsecured asset base that we continue to tap to be well ahead of our maturities. That is the base plan and anything we can do to enhance that through third-party capital is going to be a plus to that plan.

We certainly have enough capital on the balance sheet today to take care of most of the maturities through June. We have an extensive list of assets that people have expressed an interest in on reverse inquiry that we can certainly reach out and try to tap further monetizations ahead of time.

And as we get towards the end of 2012, we believe the overall leverage of the balance sheet will be declining enough that we can look at a whole host of things in terms of thinking about what's the optimum mix of debt and secured and unsecured debt on the balance sheet.

So I wouldn't tell you we're sitting today focused explicitly on October. We saw certainly the near-term liquidity issues that we wanted to have in place for the fourth quarter and the first quarter next year. We are beginning to work to make sure we have the liquidity for the second quarter and third quarter and then that fourth quarter maturity will be one we will start focusing on early next year.

**Amanda Lynam** - *Goldman Sachs - Analyst*

Got it. Thank you very much.

**Operator**

(Operator Instructions) Usman Waheed, PSAM.

**Usman Waheed** - *PSAM - Analyst*

Thanks for taking the question. I think most of the (technical difficulty) answered. Just some clarifications. The $350 million pro forma balance for cash that you mentioned for October, is that including just the Oak Hill monetization after-tax or anything else?

And then on the balance sheet itself, the assets held for sale item of $34 million if you could just clarify what that was? And then number three just related to this topic, equity method distributions, since you are keeping the LP interest, the Oak Hill funds, should we see any adverse impact in the size of those distributions?

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**David DiStaso** - *iStar Financial Inc. - CFO*

Let me hit the first couple and I might need you to repeat that third question. So the $350 million projected is all ins and outs including Oak Hill. So it is a projection for the entire balance sheet going forward since we're a couple of days away from the end of the quarter, end of the month, we thought we'd give you that number.

The held for sale relates to a particular asset that we're in the process of putting together the final touches on, so it's part of a transaction that's been in the works. We just haven't quite gotten the capital in by quarter end, so it's on the balance sheet as a held for sale. We certainly expect that transaction to close in the fourth quarter.

Your third question, just give it to me one more time.

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**Usman Waheed** - *PSAM - Analyst*

The third question, the sale of Oak Hill, that's just the GP interest that you sold, so you still have the LP investments. I was wondering if there is any impact you expect to the size of the equity distributions, equity distributions from equity method investments that you received?

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**David DiStaso** - *iStar Financial Inc. - CFO*

Sure, the income we have been generating out at the Oak Hill GP showed up through those line items. So that's what we sold, in effect.

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**Usman Waheed** - *PSAM - Analyst*

From a cash flow perspective, the actual distributions would be from the LPs, wouldn't it?

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**David DiStaso** - *iStar Financial Inc. - CFO*

No, historically we were 47.5% owner of all their fee streams and promotes. That all came through (multiple speakers). The LP distributions are coming from specific capital investments we made into their opportunity fund. Those distributions have occasionally flown back -- flowed back through, but they are not as consistent or a regular way as the GPs were.

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**Usman Waheed** - *PSAM - Analyst*

Can you speak to how big a component of your historical equity distributions have come from the Oak Hill GP?

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**David DiStaso** - *iStar Financial Inc. - CFO*

I think since we did the deal in '05, historically an unlevered ROA has been in the 10% to 12% range. This year it's probably a little bit lower given the credit markets performance through the end of September.

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**Usman Waheed** - *PSAM - Analyst*

And that's on a cash basis?

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**David DiStaso** - *iStar Financial Inc. - CFO*

Yes, timing wise I couldn't tell you exactly, but it all trues up in the end. It's been about a 10% to 12%.

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**Usman Waheed** - *PSAM - Analyst*

Great, thank you very much.

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**Operator**

Ryan Butkus, Citigroup.

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**Ryan Butkus** - *Citigroup - Analyst*

Yes, I was wondering if you could just perhaps take us through the portfolio, if there are any surprising either positive or negative developments that you have seen within either geographically or property by property type, any specific trends that are developing as we enter 2012?

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**Jay Sugarman** - *iStar Financial Inc. - Chairman and CEO*

As I mentioned earlier, I think the net lease income streams have grown in importance in terms of investors desiring longer-term less near-term exposure and high strong yields. We've seen a lot of reverse inquiry in that portfolio. Conversely I would say Europe given some of the struggles going on over there, probably is more of a flashpoint in terms of borrowers having trouble doing -- executing their business plans the way they thought and certainly the way we hope they will be able to do over the next couple of years.

As I said, a resolution to some of the issues over there to reinstill confidence would be a good thing, both for our US generally but also for our European investments at this point.

We have seen LNR do a great job. That has been a real bright spot. We've seen a couple of our weaker borrowers really struggle to figure out how to get out of the box they are in. The condo business has been good and in key markets, it's been really good, New York, San Francisco, LA, but in secondary markets while it's moving along at a decent pace, we haven't seen borrowers be able to recapitalize themselves. So it's a constant dialogue to keep them motivated and incentivized to keep those properties moving forward and being top of the market properties.

Surprisingly, Miami has done well. That was a concern. We had quite a bit of exposure down there and that has actually turned out to be pretty positive. A number of the loans have paid off, paid off in full, and actually paid back some of the unpaid interest.

We have had a couple assets that needed to be repositioned and we feel like there's pretty strong interest in the product we are bringing to market.

So I'd say again, this underlying theme of macroeconomic conditions and confidence is really the key variable for us. We have done a lot of good work in the portfolio. I think real estate is an attractive asset class generally speaking. High-quality assets are the place to be. Cash flowingassets even better.

But all of those things get undermined when the market loses steam and certainly loses confidence. The ongoing uncertainty is probably the key variable holding back a pretty positive move in real estate.

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**Ryan Butkus** - *Citigroup - Analyst*

Thank you, just one follow-up as well. I know you can't go into specifics but maybe if you could just give us a general idea about ongoing discussions you've perhaps been having with ratings agencies as you've accelerated your debt paydowns?

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**David DiStaso** - *iStar Financial Inc. - CFO*

Yes, we have had a continuous dialogue with the rating agencies just keeping them abreast of obviously financial results and what's been going on with our debt and we continue to do that on a quarterly basis and we do have plans to sit down with them throughout 2012 (technical difficulty) keep them in line with (technical difficulty) exactly what's going on with iStar.

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**Ryan Butkus** - *Citigroup - Analyst*

Thank you.

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**Operator**

Mr. Fooks, there are no further questions.

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**Jason Fooks** - *iStar Financial Inc. - IR & Marketing*

Great. Thanks, John, and thanks, everyone, for joining us this morning. If you have any additional questions on today's earnings release, please feel free to contact me directly.

John, would you please give the conference call replay instructions once again? Thank you.

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**Operator**

Certainly. Ladies and gentlemen, once again, the conference replay starts at 12.30 p.m. Eastern Time today and will last until November 10 at midnight. The dial-in for the replay is 1-800-475-6701 and the confirmation code of 220031.

That does conclude your conference for today. Thank you for your participation. You may now disconnect.

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