Final Transcript

CENTURY ALUMINUM COMPANY: Session 232 Conference Call

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SPEAKERS

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PRESENTATION

Moderator: Ladies and gentlemen, thank you for standing by, and welcome to the Century Aluminum Section 232 Conference Call. At this time, all participants are on a listen-only mode. Later we will conduct a question and answer session; instructions will be given at that time. [Operator instructions]. As a reminder, today's call is being recorded.

Your host and speaker, Peter Trpkovski. Please go ahead, sir.

Peter Thank you, Kevin. Good morning, everyone, and welcome to the conference call. I'm joined today by Mike Bless, Century's President and Chief Executive Officer; Jesse Gary, Executive Vice President, General Counsel, and Secretary; and Shelly Harrison, Senior Vice President of Finance, and Treasurer. After our prepared comments, we'll take your questions.

Before we get started I would like to remind everyone that some of our comments on the call will include forward-looking statements, including without limitation statements with respect to the final form of any Section 232 release, including tariffs or other trade remedies, the extent to which any such remedies are ultimately implemented or changed including any exemptions, the timing for implementation, and duration of any trade remedy and the future impact of any such trade remedies to Century on aluminum prices, or more generally, statements with respect to our plans to restart curtailed production at Hawesville or Mount Holly, and any costs, benefits, or actions associated with any restart, including our plans and ability to hire and retain qualified employees, and statements with respect to our future financial and operating results.

Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ from the future results expressed, projected, or implied by those forward-looking statements. Please review the cautionary statements included in our press releases and presentations, as well as the risk factors described in our 10-K.

With that, I'll hand the call over to Jesse now.

Jesse

Okay. Thanks, everyone, for joining. We're excited to be here to talk through some these developments. On Thursday, we were very pleased to see President Trump implement the Department of Commerce's recommendations arising from a thorough Section 232 investigation. We believe that the president has made clear both before, at, and following the announcement that increasing American aluminum's steel production is an issue that the president feels strongly about, and has every intention of seeing through.

Specifically, the president signed a Presidential Proclamation implementing a 10% import duty on all primary aluminum and certain other aluminum products entering the United States on or after March 23rd.

The proclamation makes clear that the purpose of the tariff is to protect national security by restarting production in the US, reducing reliance on imports, and ensuring that domestic producers can supply all of the aluminum necessary for critical industries and national defense.

The tariff covers all primary aluminum products, as well as certain other semi-finished products including extrusions, plate, sheet, oil, and cast and forge products. This means that all imports that directly compete with Century's product mix are subject to the tariff. The tariff does not have an expiration date, and provides great latitude to the president to make changes at his discretion, including giving exemptions from the tariff or increasing the tariff if necessary to ensure the restart of production in the US.

Imports from Canada and Mexico are initially excluded from the tariff pending negotiation on NAFTA. Importantly, the president noted that each country would be required to prevent trans-shipment through their borders during the negotiation period. We do not believe that this temporary exemption will undermine the tariff, as the US market will still require significant amounts of imports subject to the tariff to meet US demand for the near term.

Just a quick example to make this clear, the US market today is approximately 5 million tons short after accounting for current US production. Mexico does not have any primary production, and Canada has about 3.2 million tons of production, 2.4 million of which was imported to the US in 2017. While we do not believe this will ultimately be the case, even if Canada was fully excluded, and all of Canadian production was imported into the US, the market would still require nearly 2 million tons of import subject to the tariff. While some of this demand would eventually be satisfied by US restarts, we would expect a significant level of imports subject to the tariff would still be required to balance the market. We believe that so long as this occurs the Midwest premium should remain at levels reflecting the full tariff, and drive US production restarts.

Consistent with the Commerce Department recommendation, the president also set forth two exemption processes, one for countries with which the US has a security relationship, and another for products that are not capable of being produced in the US. Additional details on both processes are pending. With respect to the product exclusions, we do believe this process will have much effect at the primary level due to the commodity nature of the product. In fact, we are not aware of any primary products that cannot be made in the United States, and therefore do not expect to see material amount of exemptions for primary on this basis.

With respect to the country exemption, the proclamation makes clear that exemptions will only be granted if the subject country agrees to conditions such that the president determines that imports from that country are no longer a threat to the US. We believe this is intended to make clear that any country exemption will be limited to ensure that the tariff remains effective in restarting US production, or to state it in other terms, that a significant portion of imports will remain subject to the tariff.

This concept was also recognized in the Commerce Department report. In that report, in order to avoid shifting trace loads, the Commerce Department recommended that quotas equal to 2017 import levels be placed on any countries exempted from the tariff scheme. We would anticipate a similar process to be implemented here in the event of any exemptions to prevent trans-shipment through exempt countries, shifting trade flows, or encouraging production restarts in exempted countries rather than in the US. The proclamation also allows the president to raise the tariff rates in the event that exemptions are granted.

In short, we believe that the president has now signed and implemented an effective tariff structure with appropriate flexibility. It seems that the aluminum market agrees, as the forward Midwest premium screens [ph] now at a level reflective of the tariff, even if not yet fully pricing in the new 10% tariff level. This administration appears to understand the US aluminum market well, and we believe they have designed a structure that will result in US production increasing.

Mike will now go into details with respect to our own plant production restarts at Hawesville.

Mike Thanks, Jesse, and thanks to all of you for joining us this morning on reasonably short notice. Given the level of interest in this issue we thought it made sense to schedule this call and talk it through, so again we appreciate your interest.

Let me just talk through for a few moments some details around the restart of the curtailed capacity at Hawesville, and then we'll get right to your questions. On that topic, as we've been saying for some time, the restart of that curtailed capacity has been dependent on an effective trade remedy.

As Jesse just told you, we strongly believe the president's proclamation achieves that objective. On that basis, we're now proceeding to restart the three pot lines that have been curtailed since mid to late 2015. In this process we've been receiving absolutely great support and partnership from Governor Bevin and the state of Kentucky. The restart is justified by attractive financial returns on the back of a couple of facts.

Number one, Hawesville has a competitive power price. The delivered price to Hawesville is favorable to the median global price paid by all smelters. Number two, of course we'll leverage the fixed costs at the plant, and the fixed overhead at the company by introducing the additional production. Three, we'll retain an upside potential for a richer product mix that we've assumed, and I'll go through that in a moment.

As we discussed with you on the call in February a couple of weeks ago, there are three parts to the investment program. Number one, we need to rebuild the three idle pot lines; again they've been curtailed since late 2015. Number two, we need to rebuild the cells in the two lines that have been producing, as we haven't rebuilt any cells, as we've told you since the fall of 2015. Instead, we've been cannibalizing the cells in the curtailed pot lines to keep the operating pot lines going. Number three, we need to catch up on some deferred spending in some of the support departments; I'll go through some more detail in just a moment.

In addition, as we discussed with you, we've been assessing an upgraded cell technology. This technology allows the pot lines to run at higher line current, and thus of course produce more metal. In addition, it provides for increased power efficiency, i.e. less electric power needed for the same number of metal units. It also allows for a more stable overall reduction operation, which is critical.

We've had a number of these cells in operations for the last several months. Thus far, the results look excellent; the results far exceed the modeled expectations. However, we believe we needed some additional data points, so we intend to run these cells in the current R&D phase for a couple of additional months. At this point in time we've modeled the restart program based on the existing technology, both the restart costs, and the cell performance and economics. The incremental investment in the new technology would be modest, in the few tens of millions of dollars, and it'll be justified by a separate return analysis, and we'll be talking with you about that going forward.

Let me go through the math for the restart program as currently configured. As I said, we need to re-line all five lines. The four high purity lines have a restart cost of just over $20 million each. The standard product line, what we call Line 5, is less; that's $13 million to re-line that line. As I said, the capex spread across the plant is about a further $20 million. Just to give you some detail, about half of that is for the pot lines, and about half is largely for the carbon operation. When you add all of that up, re-line the five lines plus the capex, you have a restart investment of about $115 million.

Now, let me move to the incremental profitability. We've modeled the incremental EBITDA of the three lines that we'll be restarting once they reach full capacity at about $75 million. Let me give you the assumptions there. We view spot prices, spot prices for LME, raw materials, and premiums. For the Midwest premium we've used as of Friday, the CME forward of about $0.16. As you probably know, the posted price is somewhat higher, a couple of pennies higher actually, perhaps significantly higher one might say. If you use that posted price instead of the CME forward you'd get an incremental EBITDA of about $90 million instead of that $75 million.

In addition, as I said, we've used what we consider to be a very conservative product mix. Just to give you a sense, of the 150,000 tons that we're bringing back on we've assumed about 75% of that is P1020 Sow, obviously a low margin product on a delivered basis. If you assumed a modest couple of pennies weighted average product premium, which we think is imminently doable, you'd add at least another $10 million, so you'd be up to $100 million of incremental profitability, if you ran it at the posted Midwest premium and assumed a modest product mix. But again, for modeling purposes we've used an incremental $75 million to be on the conservative side in our view.

Let me give you a sense of why we think that math is somewhat conservative. We're bringing on 150,000 tons, again $75 million in incremental EBITDA; that works out of course to $500 per incremental ton of EBITDA. If you put that aside and take a step back, look at the company's current profitability, which is an EBITDA on a run rate obviously on an annualized basis just shy of $300 million. We talked about this on the call with you in February.

Just to remind you, you can work out that number in two ways. First, you can take the actual EBITDA we reported in Q4 of $60 million and adjust for those spot prices—again, all this math we're doing here is based on a Midwest of $0.16. In addition, you can take the estimates that we gave you, all the cost and production estimates we gave you, you can find them on the website, of course, in those February materials. Again, doing it either of those two ways you'll work out an annualized EBITDA of just shy of $300 million.

If you take that $300 million and divide by the current annualized production—that's before we bring on the capacity at Hawesville that's 745,000 tons—that works out to $400 a metric ton. Currently $400 a metric ton, the assumption that the new tons are coming in at a marginal $500 a ton, given all of the fixed cost leverage we think that again is a sign that these assumptions are pretty conservative.

We're now beginning the process, as I said, to restart these pot lines. We're ordering the long lead time materials, scheduling the various capital projects that make up that $20 million capex investment, and of course moving to hire employees. As we've said, we'll need almost 300 persons once all three incremental pot lines are up and running.

We're going to bring up Line 5 first, the standard product line. Not all of the cells need re-lining in that line. It does comes back on at the lowest cost and the quickest restart time. We think we'll be in the position to begin restarting cells by the end of the second quarter, and we'll have all those cells online in Line 5 by the end of the third quarter, so we'll be at an incremental 50,000 annualized tons by the end of Q3.

Line 5 has a total restart cost of $15 million, that's $13 million to re-line the cells as I talked about a couple of minutes ago, plus $2 million of that $20 million capex relates to Line 5, so you'd have $15 million total. The incremental EBITDA here is $25 million for that first line, so you can see it has a pretty quick payback.

In addition, as we bring back Line 5, we'll be working on the other lines. The timing to restart those is set by a couple of factors. Number one, you have lead times for the procurement of the cell re-line materials. Number two, some just simply physical scheduling constraints within the plant; for example just available crane time in each of the pod rooms.

Obviously, we'll have a massive safety focus here given the level of activity throughout the plant. We'll have an operating plant coinciding with a reasonably heavy cell rebuild activity.

Lastly, we intend to bring up the pods in a prudent manner. Our plan says we'll restart a certain number of cells per day, and that every couple of days we'll actually stop to remediate the cells that we've brought back on. Obviously, it does you no good if you were to lose a large number of cells that you've just spent time and money rebuilding.

We believe the entire program will be completed, this is to bring back all three lines and re-line the two existing currently producing lines, and all the capex projects some time in the middle or back half of 2019. We believe the entire program represents a very good investment for our share owners. Again, at those spot prices to which I referred, one more time using the $0.16 Midwest you get something less than an 18-month payback. Even if you were to use a Midwest transaction price, for example, a couple hundred bucks below where we are today you'd still have an unlevered IRR in the mid-30%. If you used today's prices—again one more time that's 16%—you're looking at an IRR unlevered in excess of 70%.

The program has a low technical risk, again, as long as we bring up these cells in a prudent manner, and we'll be able to finance it comfortably out of cash flow. When we talk to you in April when we release our first quarter results, we'll give you some much more precise detail on the timing of the investments, and the timing of the restarted production.

With that, Pete, I think we can move to questions.

Peter Thanks, Mike. Kevin, can you go ahead and kick it over to the questions, please?

Moderator Thank you. [Operator instructions]. Okay, the first question is from the line of Brett Levy, R. Seelaus and Company. Please go ahead.

Brett Hi, Mike. Hi, Pete. How are you guys doing? I'm very glad that this is all coming your way. You saw a resignation; you saw some context around maybe some backtracking. Do you think either in steel or aluminum—I guess you'd know aluminum much better—do you think everything stays where it is in terms of where the sanctions are? Then do you think that 10% is really going to keep a lot of volume out of the United States?

Jesse

Hi, Brett, it's Jesse. Let me take at least the first part of your question there. Yes, we actually think there's been a lot of reporting out there, but we actually think this process has been fairly consistent since the beginning.

Obviously, the president ran on this issue, the 232 investigation was launched in April of last year. The Commerce Department spent nine months putting together a report which we thought was very well done on this. The final order and proclamation by the president is really very consistent with what the Commerce Department report recommended. We think the administration's actually been very consistent here, and we would expect that they will continue to be.

There will be—and they've made clear that there will be some form of exemption process, both on the product and potentially at the country level, which again was a concept included in the Commerce Department report. I think, as I set forth in my remarks, we think though, that any exemptions on that basis will be done so in a prudent manner such that they'll still achieve their ultimate objective, which is to protect the national security of the US through driving US production restarts. We think they're very focused on that.

Brett — Then the second question, because I like to only ask two, in terms of refinancing or anything else along those lines, obviously this enhances your outlook. Does it still look as if you may be looking at a near-term refinancing of your public debt?

Mike — Shelly, do you want to address that?

Shelly — Yes, sure. Brett, we're approaching—as you probably know—a call date where the price to call those bonds is going to drop. The market's been a little bit choppy lately, but still very, very attractive, so we're taking a hard look at that. I think it's very likely that over the course of the next several months we'll take a hard look at that refinancing, and if the opportunity is there to get out there at the right price I think it could make a lot of sense to do that in the near term.

Mike — Yes, Brett. Just can I say we're not fussed about it, we're not in a rush. As you know, the maturity date is three years away, three years and a couple of months. As Shelly said, if you've looked at our process in the pass, as you would hope and expect, we'd never let a bond get inside a year, certainly even probably a year-and-a-half to two years if my memory serves. So given that context, as Shelly said, we'll look at it hard here over the next couple of months, and if the environment looks right we'll probably see if we can get something done.

There's no—I want to stress there's no overriding rush to this process. We want to get it right.

Brett Thanks very much, guys.

Mike Thanks, Brett.

Moderator All right, the next question is from the line of—one moment please. Okay, that next question is from B. David Gagliano, BMO Capital. Please go ahead.

David Great, thanks for taking my questions. I wanted to just drill down a little bit on some of the comments regarding capital spend, and timing, and things like that, and operating expenses. Is it right that what you said was

$115 million roughly, is $95 million of that going to flow through operating expenses?

Mike Yes, David, you have it exactly right. As you know we—the answer is yes. Just some further comment, as you know we expense all of our cell rebuild activity. That's precisely what you're referring to; that four times $20 million for the high purity lines, plus the $13 million for Line 5 or the standard line, that all aggregates to, as you correctly said, $95 million.

A lot of our peers in the industry do capitalize cell re-line activity, and then depreciate it over generally the life of the cells, four to five years give or take, depending on what cell technology they run. We've always expensed it, either approach is acceptable under US GAAP. But you're correct, that $95 million will in fact flow through cost of sales.

David Okay. Then if you could talk a little bit about the—I know you mentioned you'll give more detail on the timing on the call, but just give us two things, a rough sense of the timing of that $95 million as it flows through the next, over the course of the next year? And then related after that, does all of the $95 million go away?

Mike: Yes, good question. In answer to the first, the first $15 million, as I said will be spent over the course of the third quarter—or even some into the second quarter—as we start to re-line those cells. So all of that will be done certainly when that line is up and running, as I said end of Q3.

The rest of it will begin this year. It's hard right now, David, to quarterize that for you because we're still getting the specific plans together. A lot of it, quite frankly, depends on just how quickly we can get the cell re-line materials, collector bars principally, and cathode refractory bricks cell lining procured. There's just a lead time for those kind of items.

But I'd say a good chunk of it—we'll be going as fast as we can. We want the incremental tons on as fast as we can, so we'll be looking to get as much of it done over the balance of this year as we can.

I apologize, David, the second part of the question?

David: Well, the second part—first of all, just to finish that question, when do you expect that total $95 million to end? Then the second part of the question was—

Mike

Oh, when it will continue. Yes, I'm sorry, David. That $95 million will end, as I said, we hope to be done, we believe we'll be done with the entire program sometime during by the middle, wandering into the second half of 2019; so that's the answer to the question that's when it'll end.

Then going forward—I apologize, that's a good question—as I said, we haven't been re-lining any cells since we curtailed the three lines in order to minimize spending. So, once that's over, if you will, we'll have in the cost of sales in essence one-fifth of that amount. Every year you'll be re-lining one line worth of cells, so about $20 million.

That'll differ every year depending on—we have statistical models that determine how many cells, and exactly which cells—there are 560 cells in this plant—should be re-lined each year. Some years it'll be more than a fifth, some years it'll be less than a fifth, but in an average year you are re-lining a fifth of those cells. The cell lasts about—has an economic life of about five years. That will continue forever, about $20 million a year once this program of catch-up, if you will, is done.

Is that the question you were asking?

David Yes, that's exactly right. Then the last part of that is the EBITDA numbers that you mentioned, $75 million to maybe $90 million or something like that, where are we in that cost spend? What does that include on the cost line, I guess, is what I'm trying to figure out? Does that include the upfront costs, or is that after that upfront is done, and then it includes the $20 million?

Mike That's incremental, so it assumes—good question. That assumes that you've spent the, let's call it, the full $115 million including the capex, and that you'd get an incremental. Again, if you want to use the actual posted price is $90 million, again $100 million with a probably slightly more realistic product mix, but that's the incremental EBITDA that that investment is going to produce.

David Incremental EBITDA after the upfront spend, and including the $20 million ongoing. Is that fair to say, or is that $20 million capex?

Mike Sorry, it includes the $20 million capex, absolutely. It's after spending the $115 million, but yes—does that answer the question?

David Got it, yes. Sorry—very last part. That $20 million ongoing; that will be capitalized, not operating?

Mike Oh. Oh, I'm sorry. No, no, that's always going to be, again based on our accounting principles, at least the ones that we use today, that'll always be expense. I think now I understand—pardon me—I think I understand the last part of your question.

Over time once you're through with that $115 million investment, you get that—we can use $75 million or $100 million, whatever you wish—$100 million of incremental EBITDA. Going forward, you're going to start reducing that $100 million. Again, remember this $100 million is only the incremental EBITDA from the three lines you're bringing back; there's obviously EBITDA from the existing two lines today.

But the total profitability of the plant going forward after the restart program is done will be reduced by $20 million every year as you re-line one-fifth of the cells in the plant. I think that's what you're asking.

David Correct. All right, that's what I needed to know. Thanks.

Mike Okay, cool. All right, excellent. Thanks.

Moderator [Operator instructions]. We do have a question from the line of Novid Rassouli, Cowan and Company. Please go ahead.

Novid Thanks for taking my questions. Thanks for all of the insight, Mike. I just wanted to start off with quotas. You mentioned, or previously I think before you mentioned quotas today and exemptions having quotas applied to them. I think we saw an article, I think it was Bloomberg that published after Trump made his decision and signed everything you mentioned you'd alluded to quotas in that article.

The announcements from the White House have been relatively light on details on that front, so I was wondering if you can give us a sense of your level of clarity or transparency that you've received on quotas being applied to any exemptions, because from what I've read so far there hasn't been anything mentioned. Canada and Mexico we haven't really seen anything on that front either, so obviously trans-shipping was a concern when they were thinking of what to do, and when Wilbur was giving his recommendations. It would make sense, but I just wanted to see if you can speak to that a little bit more.

Mike Yes. Sure, I'll ask Jesse. You have part of it of course in the Commerce Secretary's report itself, and in the president's proclamation on trans-shipments, but Jesse, why don't you go ahead.

Jesse Yes, Novid, just no inside baseball here from us. I think just point you to a couple of things. The first is look at that Commerce Department report, again, which the president's ultimate decision here is largely in line with, and there they recognize the concept given the commodity nature of our products that unless something was done, if full exemptions are given to certain countries, you could see trans-shipment occur, and/or you could drive production restarts in that exempted country rather than in the United States, which is obviously not the goal here.

Then, if you look at the proclamation itself, I'd point you to just a couple of things. If you look in paragraph 8 in there when they start to talk about exemptions they say that any country with which we have a security relationship is welcome to discuss with the US alternative ways to address the threatened impairment of the national security caused by imports from that country. Then they go on to say they'll only grant an exemption if the president has determined that imports from that country no longer threaten to impair the national security of the US.

If you look at that and you put it together with the Commerce Secretary's report, you can begin to see why something like that, a quota-type system, may make a lot of sense. But no inside baseball here from us, there are a lot of details still to come out. We're going to wait and see those. It's just in the end we feel pretty confidently that what they do not want to do is to undermine the relief that they've just put in place.

Novid	Makes sense. Thanks, Jessie. Then Mike, switching gears back over to operational side, thinking about Mount Holly, under what conditions would you guys restart that facility? Is it just about the power agreement? Do these tariffs get you any closer, and does 232 maybe put any political pressure on the utility to make a deal? Just thinking about I think 115,000 incremental tons that could come back online—which I don't think you had mentioned previously in the $75 million to $100 million incremental EBITDA that you just mentioned for Hawesville.
Mike	Thanks, Novid. From a factual standpoint, yes. All the math that I just gave you was relating to Hawesville alone. It didn't contemplate Mount

Holly. Look, we would love to bring on Line 2. We'd love to get those employees back. We'd love to have those 115,000 tons. The plant was designed to run two pot lines; it's uneconomic to run one, so that's clear. We would restart that line as soon as the conditions warrant.

As you suggest, it really is the power price here. The problem—and I've tried to allude to this in the comments about Hawesville—the confidence to restart Hawesville is based on the fact that you have a competitive power price there. You have a second quartile power price there, somewhere in the mid to back half of the second quartile, so you know you make that investment, the commodity price is going to go up and down over time of course, but you have a competitive power price, so you know you're going to be all right.

At Mount Holly, today as we've told you, as you know, we don't have a competitive power price. Based on the mix of power there—75% of the market, 25% from the local supplier—the delivered cost to Mount Holly is 35% to 40% above the delivered price to our two Kentucky plants, and that puts it squarely in the third quartile; it doesn't work. The market adjustment is nice, and we think obviously warranted; it goes without saying. But without a sensical power arrangement it just doesn't make sense here because ultimately you're going to have a plant that's not competitive as the commodity price moves up and down.

We're working—as I think you know, we talked about this a couple of weeks ago—daily on this through legislative and other means. I would say we're optimistic, but very cautiously so, just given the history here. As I think you know, as I know you know because you follow the situation, it's a complex situation there given the failed nuclear project in which our local power supplier is an investor.

So, there are a lot of ancillary issues. We're trying as hard as we can. We would love nothing other than to bring that capacity back.

Novid — Got it. When we think about that capacity, if and when it does come back online, is that $400 per ton margin a reasonable expectation on incremental tons there?

Mike — It's $500 at Hawesville, is the margin. Again, what I would consider—

Novid — This is for Mount Holly.

Mike Yes. At Hawesville it's $500; for Mount Holly, the economics shouldn't be dissimilar, Novid, both in terms of the re-line costs per ton of capacity if you want to work it out that way, and the incremental profitability. It's just thinking it through. Mount Holly actually has a slightly lower operating cost, lower labor cost, lower maintenance cost, number one; number two, it has a richer product mix given that we have a full billet casthouse at Mount Holly.

Going the other way of course, the power cost is somewhat of a question mark. That's really the variable that we haven't solved yet. It's tough to answer your question on marginal profitability until you know how the power cost at Mount Holly is going to compare to the—I don't like to duck the question, but until you know what that power cost is going to be and how it's going to compare to Hawesville it's hard to estimate the margin of profitability of the Mount Holly tons versus the Hawesville tons. But in every other way but power, both on the cost side and on the revenue side, the economics at Mount Holly are favorable.

Novid Makes sense. Thanks, Mike, I appreciate it.

Mike Thank you.

Moderator Okay, at this time we have no further questions in queue.

Mike Okay, well we appreciate again your time on quick notice. We look forward to talking with you in four or five weeks when we release first quarter results, and obviously we look forward to following the trade process as it winds its way through. Thanks very much.

Moderator Thank you. Ladies and gentlemen, that does conclude your conference. We do thank you for joining, while using AT&T Executive TeleConference. You may now disconnect. Have a good day.