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CONFERENCE CALL & WEBCAST
TRANSCRIPT

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Speakers:

Asim Ghosh
President & Chief Executive Officer

Alister Cowan
Chief Financial Officer

Robert Peabody
Chief Operating Officer

Robert Baird
Senior Vice President, Downstream

Robert McInnis
Manager, Investor Relations

OPERATOR:
At this time, I would like to turn the conference over to Rob McInnis, Manager, Investor Relations. Please go ahead, sir.

ROB MCINNIS:
Good morning and thanks for joining us for our Third Quarter Results. With me today are CEO, Asim Ghosh; COO Rob Peabody and CFO Alister Cowan, as well as Downstream Senior Vice President Bob Baird. We will provide an overview on business results followed by questions. Today's comments contain forward-looking information. Actual results may differ materially from expected results because of various risk factors and assumptions that are described in our quarterly release and in our annual filing, which are available on SEDAR, EDGAR and our website.

Asim will now provide you with his overview.

ASIM GHOSH:
Thanks Rob and good morning everybody. We've closed another good quarter. It would be fair to say we are keeping a steady hand on the tiller. Net earnings were $512 million and our cashflow was $1.35 billion, both comparable to the year-ago quarter. Our total average upstream production came in as expected at 309,000 barrels of oil equivalent per day, which is an increase of about 285,000 barrels a day we saw in the year-ago quarter and of that, 224,000 barrels per day was oil and liquids compared to 194,000 barrels per day a year ago. This reflects both higher heavy oil thermal production; and the planned impacts of the SeaRose and Terra Nova off-stations in 2012. So overall, it would be fair to say we are meeting our targets and we now have multiple quarters of consistent execution under our belts.

Turning to operations, I'll just touch on a few highlights and I'll start at the very root of our business, which is heavy oil. The rejuvenation of our heavy oil portfolio is well underway and we're posting some strong numbers as our thermal production continues to grow. Total heavy oil production reached a little more than 120,000; 123,000 in fact, barrels per day in Q3 compared to 115,000 barrels per day the same quarter last year. And incidentally, for us that includes the production from Tucker and of that total amount of 123,000 barrels a day, 48,000 barrels came from our thermal projects.

Following the steady performance we've seen at our Pikes Peak South and Paradise Hill thermal projects, the Sandall and Rush Lake projects are now waiting in the wings and we'll start to commission Sandall in the coming months.

Across Western Canada, our objective in this basin is really to de-risk our extensive resource play portfolio as we refocus our business on oilier and liquids-rich gas resource projects. Of these, the most advanced, at this point in time, is the Ansell project, which is the liquids-rich gas resource project. We've been making some good progress. We were also active in the past quarter in the Viking oil resource play and Rob will provide some details on both of these projects in his section coming up.

I'll move on to our growth pillars. As we stated in the press release, the Liwan Gas Project is more than 95% complete. Construction is now finished at the onshore gas plant, which is being tested and primed to process gas and associated liquids from the Liwan fields as we speak. The central platform and the pipeline in the shallower water and the commissioning stages, while the pipeline to carry the gas to the platform is being hooked up to the deep water facilities that we'll operate.

As we previously mentioned, we have locked-in gas sales agreements covering all of the production from Liwan and the nearby Liuhua 34-2 field, which will be tied into the same infrastructure, the Liwan infrastructure, in the second half of 2014.

At the Sunrise project, the overall project is now 80% complete and as we mentioned in the press—news release, we are expecting first oil by the end of 2014.

And finally, in the Atlantic region, as you've likely heard, we are in the midst of a successful exploration program, the Flemish Pass Basin with our partner Statoil and Bay du Nord, which was our last find there, is one of the jewels in the crown. That latest discovery is just one aspect of our comprehensive plan for the Atlantic region, which I'll sort of put an overall perspective for you. So in the short-term, we are advancing our existing White Rose developments in the Jeanne D'Arc Basin and that includes North Amethyst. In the medium-term, we are looking to extract even greater value from the basin with near-field extension such as West White Rose and South White Rose and then in the longer term, we are working to build a clearer picture of the commercial potential of the Flemish Pass Basin, but even with these three discoveries, we believe that, you know, we have a high likelihood of a commercial development there.

I'll just take a moment to summarize. It's kind of getting to be the three-year point of when we first spoke to you at our Investor Day—first Investor Day three years ago. So at that time, we laid out a blueprint to develop three distinct growth pillars: the Asia Pacific Region, the Oil Sands and the Atlantic Region, and as you can see from our progress at Liwan, Sunrise and Offshore Eastern Canada, we've been hitting our milestones and the progress on these growth pillars is, you know, backstopped by the turnaround in our heavy oil base and the stabilization at White Rose while the Western Canada business is now in the earlier stages of its own transformation. And in turn, this upstream production is supported by the major steps taken over the past three years to integrate our operations and that's provided good weatherproofing from the pricing storms that we've seen over this timeframe.

I'll now ask Alister to go over some of the fine print for the quarter.

ALISTER COWAN:

Thanks, Asim. As you heard Asim discuss, our net earnings of $512 million were comparable to the third quarter of last year. Higher upstream production and pricing were offset by significantly lower marked crack spreads in the downstream business, as well as the planned turnaround at the Lloydminster upgrader, which we've now concluded.

Cash flow from operations was $1.35 billion or $1.37 per diluted share and that was up from $1.27 billion or $1.29 a year ago, and that reflects mainly lower cash taxes in the quarter, mainly coming out of lower US downstream earnings.

On pricing, the details are in the MD&A, but let me make a few comments on that. The average realized price for total upstream production was $72.30 per boe in the third quarter and that was up significantly compared to the $52.52 a year ago, driven mainly by our crude oil where the average realized price was $93.23 per barrel compared to $70.14 a year ago. As we all know, average realized natural gas prices remain persistently low at $2.66 per Mcf, although it was up slightly from last year's $2.48. Realized US downstream refining margin was $11.86 per barrel in the third quarter compared to $24.36 a year ago, and we've been seeing some further significant declines in the current quarter due to market crack spread reductions.

Our third quarter upstream production was approximately 309,000 barrels of oil equivalent per day and that was up from about 285,000 boe a day last year. This reflects increasing volumes we're seeing from our thermal operations as well as higher production from the Atlantic region compared to last year when, you'll recall, there were major turnarounds at the SeaRose and Terra Nova FPSOs.

Our busy turnaround activity over the past two quarters is now largely concluded and I'll remind you that our Q2 results also take into account the 14-day maintenance shutdown we had at the Tucker thermal project, as well as a 6-day program on the SeaRose to tie in the South White Rose infrastructure.

In addition, our partner continues to experience reduced production volumes at the Terra Nova FPSO and an 11-week off-station got underway late September. We have a 13% interest in Terra Nova and in summary, together with earlier outages in the year, the cumulative impact on annual production is expected to be approximately 2,100 barrels per day.

We did talk a bit last quarter about our ongoing program to dial back our dry gas production due to the pure economics. As a result, we're now below the gas guidance range we provided to the market last December 2012, and we expect to land, for the year, between 500 and 520 million cubic feet per day for 2013. However, even with the impacts of the Terra Nova outages and the planned lower gas production, we do expect to remain within our overall guidance range of 310,000 to 330,000 barrels per day.

As I've said, we've seen some significant reductions in the downstream in the market crack spreads this quarter, but certainly with the integration strategy, we're seeing some of that pricing move to the upstream business and that reduces volatility in both earnings and cash flow. Chicago crack spreads were about $16 in the quarter compared to about $35 a year ago, and as a result, the US refining and marketing operations earned $42 million compared to $195 million a year ago and as we've noted in the MD&A, there was a FIFO benefit of approximately $47 million in the third quarter.

The upgrader had net earnings of $24 million compared to $68 million a year ago and once again, this takes into account the major turnaround that finished in mid-October and we are now back to normal production as planned. And lower margins in the Canadian refined products business reflected lower market crack spreads and the decrease in Western Canada Heavy Oil differentials.

While much of our planned turnaround season is now behind us, we still have a few items of note and upstream, as mentioned earlier, the partner is conducting an 11-week maintenance program for the Terra Nova FPSO off-station that started last month, and as has been the case of the last few months, we do continue to experience some third-party infrastructure downtime which is leading to some production constraints on our operations in Western Canada.

Finally, on the dividend front, the Board of Directors has approved a quarterly dividend of $0.30 per share.

Now, over to Rob for some operations updates.

ROBERT PEABODY:

Thanks, Alister. It's been a busy quarter for our operations team as we continue to advance our foundation businesses and growth pillars. I'll touch on a few highlights.

Taking a look at heavy oil, as Asim mentioned, our thermal production is continuing a steady upward trend. Thermals contributed about 48,000 barrels per day to our production in Q3 compared to about 38,000 barrels per day in the third quarter of 2012. We're finalizing work at the 3,500 barrel per day Sandall project and preparing for production startup in the first half of next year. Our pilot at Rush Lake continues to produce as expected. Design and site work are continuing on this 10,000 barrel per day development and we expect to see first oil in mid-2015.

Overall, our heavy oil thermal projects continue to average operating costs, including energy, of just under $10 a barrel.

In terms of our horizontal well development program, that targets—that targets the thinner reservoirs in the Lloyd region, following a very wet spring, we drilled 45 horizontal wells over the quarter and this brings us up to 91 wells out of the 140-well program we have planned for 2013.

In our CHOPS program, we have drilled 152 well to-date this year as part of a planned target of 200 wells for 2013.

Overall, we see our heavy oil business continuing its growth trajectory over the coming years while at the same time, improving its earnings per barrel of production through lower F&D and operating costs provided by our thermal volumes.

Looking at our Western Canada operations, we continue to move the ball forward on our oil and liquids-rich resource plays. In terms of liquids-rich gas resource plays, we've started up a four rig drilling program at Ansell over the quarter as planned. As I mentioned last quarter, we're on track to double production on this multi-zone play over the next few years from our current volume of about 14,000 barrels per day.

In the Duvernay, we're looking at first production from our first four-well pad at Kaybob in early 2014 after completion activities wrap up this fall.

Turning to our oil-resource plays, it was a busy quarter on our near-term projects in the Bakken, Viking, Cardium and Lower Shaunavon. We drilled a total of 37 wells and completed another 19 wells gross on these plays. Of that total, 24 wells were in the Viking formation.

We are also in the final stages of building an all-season access road at the longer-term Slater Canol shale play in the Northwest Territories where we're looking to drill two vertical wells in 2014.

On the conventional oil and gas side, we drilled 71 wells gross and completed another 63 across our portfolio. We're expecting to see production from our latest well pad at McMullen by the end of the year after an active quarter in which we drilled 17 cold production wells and completed nine others on that particular lease. We are also continuing to advance the air injection pilot and have recently brought three additional production wells onstream.

Moving over to our growth pillars; back in Q3 of 2011 we sanctioned the Liwan 3-1 and Liuhua 34-2 gas fields in the South China Sea. Just two years later, we're within an arm's length of realizing first gas production. We have five large construction vessels on-site, finishing up the deep water facilities. The gas plant is ready to be brought online. We actually had a dedication ceremony there with our partners a couple of weeks ago and the central platform in the South

China Sea is finished and in commissioning stages. And finally, as you heard earlier, the nearby Liuhua 34-2 field will be tied into Liwan and put on production in the second half of 2014.

At the Sunrise Energy project, as Asim said, the overall project is 80% complete. We are putting the final touches on our field facilities and we expect to have all the well pads finished by the end of this year. The central plant is 70% complete and we continue to expect initial production in late 2014.

In the Atlantic Region, Asim brought you up to date about the big discovery in the Flemish Pass and some of our activities in the Jeanne D'Arc region. I'll just add a few more details. You'll recall that we hold a 35% working interest in the three discoveries in the Flemish Pass at Mizzen, Harpoon and Bay du Nord, and all these fields are in close proximity. While there's more work to do, the combined resource, along with the considerable remaining potential, looks highly likely to be economically viable. We're currently working with Statoil on finalizing our work plans for 2014.

Our White Rose satellite developments are also moving forward. At West White Rose, we recently signed a benefits agreement with the provincial government that opened the door to using a fixed well head platform to develop this field. We're planning to start construction on the top sides component of the platform in the coming months, but a reminder that this project is still subject to final Board sanction and partner and regulatory approvals.

At South White Rose, gas injection will start up in the fourth quarter and we expect to see first oil by the end of 2014.

At the North Amethyst satellite tie-back, a fourth water injection well has been brought on to support four production wells in the field that are running now. We are also drilling a fifth production well, our first multi-lateral well on the North Amethyst field, at the moment.

In the downstream, we're moving forward with preliminary engineering work at the Lima refinery as we look at ways to increase our flexibility to process a greater variety of crudes. The project is in its early stages and subject to final regulatory and company approvals. It will allow us to process up to 40,000 barrels a day of heavy oil as part of the overall 155,000 barrels a day of throughput we can run at Lima. The project is expected to be very capital-efficient given the relatively limited modifications required to affect this change in feedstock capability. This dovetails with our strategy to increase the flexibility of the crudes we run, the range of products we make and the markets we're able to access to get the best returns in the downstream.

In summary, we've had a pretty solid quarter from an operational perspective and continue to lay the groundwork for the big projects coming down the pipe.

I'll now turn you back over to the Operator.

OPERATOR:

Thank you. We will now begin the question and answer session. If you would like to ask a question, please press star and one on your touch-tone phone. You will hear a tone acknowledging your request. For participants using a speaker phone, it may be necessary to pick up your handset before pressing any keys. If you wish to remove yourself from the question queue, you may press star and two.

The first question is from Paul Cheng of Barclays. Please go ahead.

PAUL CHENG:

Hey, gentlemen. Rob, two quick questions. One, you talked about the Lima heavy oil project. Can you maybe elaborate a little bit more in terms of the concept? Is it a new coker or there is a hydrocracker or—that is changing your metallurgy? What—how that it would be very cost efficient and what is the rough capital that we may be talking about? And does it really impact on the light product yield after you do that?

ROBERT PEABODY:

So, Paul, just quickly on that; it's not anything as elaborate as a new coker. It's really a metalling up project so that we can handle the higher tans involved in the heavy oil. So, this project we're talking a few hundred million dollars. That's the kind of scope we're talking about.

PAUL CHENG:

So just only few hundred million dollars, wow. And you're saying that it's not involving a new coker?

ROBERT PEABODY:

That's correct.

PAUL CHENG:

No new hydrocracker either.

ROBERT PEABODY:

That's correct.

PAUL CHENG:

Okay. When that you may be able to say share a little bit more detail on that? In terms of the design.

ROBERT PEABODY:

When we finish all the detailed engineering on it and that'll probably take the next six months or so.

PAUL CHENG:

Okay. And then, Rob, in terms in the shale oil, you have drilled a number of wells and compete. How many of the wells that are currently already in production more than 30 days and so far, on those wells, what is the production pattern that you see? Is it a pretty typical to the south of the border in US on the shale oil play?

ROBERT PEABODY:

I think the—we'll provide more guidance to that again when we have our next Investor Day and can go through all the individual plays because there's quite a number of them but I think if you just look at things like our Bakken and the public data available there, our Viking, each one of those plays, our results are pretty typical of the sort of the general wells that are being drilled in those plays.

PAUL CHENG:

A final one on the Flemish Pass; you have great success there. The three discoveries you say is in close proximity. Given the resource base, that—is it really going—is it likely at this point, that you develop into just one hub in producing all three, sub-sea tie-back, or that it's going to have big enough to be two hubs?

ROBERT PEABODY:

Asim?

ASIM GHOSH:

Paul, I think it's premature to actually give you an engineering plan. I think the important thing first of all, is we need the scale to have a real development on our hands and now after three wells we are satisfied about two things: one is that we have scale, and two is that we have enough information to justify continuing the exploration program in the basin. So, we've got what we we've got, but in addition to that, we will be doing further exploration over the coming seasons and that—the size and scale of that will help determine the engineering plans there. I'll just remind you it's a massive resource. It's in good proximity to large potential markets. It's light sweet oil. On the flip side, it is deep water and it is not close to shore, so it's a balance of the lot and each of those factors has an implication on what engineering design you come up with.

PAUL CHENG:

Thank you.

OPERATOR:

As a reminder, to ask a question, please press star and one. The next question is from Matt Carter-Tracy of Goldman Sachs. Please go ahead.

MATT CARTER-TRACY:

Thank you. Rob, a question for you on Liwan. With production set to kind of come online in the coming months, can you comment on how fast you guys plan on bringing on these fields? And in general, I guess, how should we be thinking about the production ramp up into 2014?

ASIM GHOSH:

Alister, why don't you take that one?

ALISTER COWAN:

Okay, thanks. Matt, there's—you'll recall there's nine wells drilled in Liwan, so we'll have to bring them all up safely when we start. So, that will take several weeks, but not that much longer than several weeks, and then I'll remind you that when we bring in 34-2 in the second half of the year, we'll need about a six- to eight-week outage just to complete the connections and really that's because we're connecting into an operating system that we're all—we'll have to shut it down just from a safety perspective and then connect it and then, you know, by the end of the year we'll be up fully running.

MATT CARTER-TRACY:

That's great. Thank you. And just one follow up on the Lima heavy project. I know it may be a little bit early but how long do you think a project of this nature would take to bring online?

ASIM GHOSH:

Rob.

ROBERT PEABODY:

Well, I just—it's actually going to be determined mostly by the shutdowns that are required to tie in facilities and that will happen during our regular shutdowns of the refinery, so that's what times it. It's probably going to be done in two stages, so we'll let you know it will probably be done in two slots of 20,000 barrels a day over the next three to four years.

MATT CARTER-TRACY:

Great. Thank you.

OPERATOR:

This concludes the analyst Q&A session. We will now take questions from members of the media. Any member of the media who has a question, please press star and one.

The first question from the media is from Lynn Doan of Bloomberg. Please go ahead.

LYNN DOAN:

Hi. Yes, just one question. We reported a little earlier today that Husky changed its turnaround schedule for the Toledo refinery from 2014 and 2015 to 2015 and 2016. Would you be able to explain why these turnarounds are being delayed? If the work has changed in scope at all.

ASIM GHOSH:

Bob, why don't you take that? I've got Bob Baird who's our Head of Downstream.

ROBERT BAIRD:

We've checked and 70% of the units will be done in 2015 and the remaining 30% of the units will be done in 2016.

LYNN DOAN:

We originally had that as a 2014/2015 turnaround schedule with 70% in 2014 and then 30% in 2015, so is that a shift or was that more just a tentative year schedule before?

ROBERT BAIRD:

Well, yes, we've basically shifted it by one year.

LYNN DOAN:

Was there a particular reason for that?

ROBERT BAIRD:

I think it's basically just looking at the work that we have to do for our up—what we want to do here for the upgrading of the refinery for our heavy oil; that we want to be ready for that.

LYNN DOAN:

Okay, got it. Thank you. And one other question: there was a reference to infrastructure issues that produced production constraints in Western Canada. Is there any chance you can elaborate on that? What infrastructure issues were being referred to? I apologize; I think I might have missed that.

ROBERT PEABODY:

No, the reference we made there to third-party infrastructure issues that have constrained production and throughout the year, we've seen 2,000 to 3,000 barrels a day continuously constrained by different pipeline issues, gas processing, plant issues that our, you know, that our third-party services to us. We've actually done a pretty good job of mitigating those to the—probably to the—there's probably been the potential for another one or two that we've been able to get around by putting in alternative mechanisms, but—and they've kind of come and gone.

They're not consistently one problem. Somebody fixes something and then we see another issue in another third-party facility. So, they just have been a kind of drag to the tune of a couple of thousand barrels a day.

LYNN DOAN:
Sorry, and who was this speaking?

ROBERT PEABODY:
That's Rob Peabody.

LYNN DOAN:
Okay, great. All right, thank you. And was there a particular facility that you might be referring to in Western Canada for this one?

ROBERT PEABODY:
No. As I say, it's been a combination of different facilities to different providers. It's just, you know, one goes away and another one comes on.

LYNN DOAN:
Okay, thank you.

OPERATOR:
The next question is from Rebecca Penty of Bloomberg News. Please go ahead.

REBECCA PENTY:
Hi there. Thanks for taking my question. I'm just wondering if anyone can elaborate a little bit more on the Flemish Pass. You seem to be pretty confident that there's a high likelihood of development and I'm wondering if there's any kind of broad timeline you can provide, and also just comparing it to other offshore operations, if there's anything unique about these developments compared to (cross-talking 28:13).

ASIM GHOSH:
I think if you look at the best-in-class developments of offshore deep water facilities, it pretty well puts you into the early part of the next decade. I think it would be premature to elaborate on

that at this point in time because we are still in the exploration phase and we know we have a few more wells we'd like to do in the basin. What I will remind you of is the toughest thing in exploration is getting the first couple of wells. Once you get the first couple of wells there, you know there's a hydrocarbon system working there, so that is a massive hurdle that we have crossed in terms of determining that there is a hydrocarbon system in the Flemish Pass.

REBECCA PENTY:

Anything unique about the Flemish Pass compared with other offshore resources that you could speak about?

ASIM GHOSH:

Not really. It's a combination of deep water and cold water, so similar stuff has been done in the North Sea. So there is an analog there and we've got an operator who's got extensive experience in working in the North Sea. So, not really. We're not at the boundaries of new technology here.

REBECCA PENTY:

Thank you.

OPERATOR:

The next question is from Jeff Jones of The Globe and Mail. Please go ahead.

JEFF JONES:

Yes, I just had a couple of questions regarding the downstream. First of all, could you talk a little bit about your outlook for refining margins?

ALISTER COWAN:

Maybe I'll take that. It's Alister Cowan. You know, clearly if you look at the market, the market is not—down in the US is not particularly strong at this point in time and it's declined since Q3 so, you know, we don't anticipate any significant recovery in that for Q4. Into Q4—into next year, I think we look at the market and base our sales on what that's going to be but…

ASIM GHOSH:

Yes, I just want to give a little bit of perspective as to what we see happening in the market. You're into a bit of a new game here and some of it may be due to the refinery shutdowns in the Caribbean, but basically, the US is becoming a very large export market. As a result, we've got continued strength in the distillate market. You're seeing sustained, very high crack spreads in distillates and gasoline is becoming a by-product and as a result, you have a glut of (inaudible 30:47), unprecedentedly high distillate cracks and resulting low gasoline cracks.

JEFF JONES:

Okay, and is there any connection between your Lima project and sort of the outlook for the crack spreads?

ASIM GHOSH:

Yes. Actually, so if you sort of go over Rob's speaking notes again, exactly anticipating this sort of situation, we have been repositioning our refinery assets to give us more flexibility to switch between gasoline and distillate, and of course we limited by the intrinsic chemistry of what crude oil is, so there's a—but you can move the output by a few percentage points and our respective projects do exactly that.

ROBERT PEABODY:

I'd add one thing, too. This dovetails nicely with the increase in heavy oil production we're getting as we increase our thermal projects moving forward. So, you know, back to our integrated strategy, part of increasing the heavy oil capacity of Lima is to meet the increasing heavy oil production coming out of the upstream.

JEFF JONES:

Okay, and just to refresh my memory, I guess Toledo is already configured well for heavy oil increases?

ROBERT PEABODY:

Correct.

JEFF JONES:

Okay. Thank you very much.

ROBERT PEABODY:

Thank you.

OPERATOR:

The next question is from Claudia Cattaneo of the National Post. Please go ahead.

CLAUDIA CATTANEO:

Hi. Thanks for taking my question. I just wanted to expand a little bit on Jeff's question there, but more specifically relating to heavy oil differentials. So in your opinion, just generally, what are the factors that have contributed to the narrowing and if you can give us a bit of an outlook? And also, whether you think that because of the de-bottlenecking that's been going on whether, you know, these—the very wide differentials that we saw in the past little while are behind us.

ASIM GHOSH:

No, actually you know, we've had a series of shorter-term issues going in different directions: upgraded turnarounds, new capacity coming onstream, so the—our strategy, I want to remind you, is to try to mitigate the effects of these differentials so that value moves between our US downstream and Canadian upstream and I just remind you how we do that. So we've got the downstream facilities, we've got the upstream facilities, plus importantly, we've got our pipeline commitments. So the value moves between those three chains and finally, in Canada, our upgrader and our asphalt refining assets helped mitigate that. So, we are not coming up with a plan that requires us to exactly foresee what the differentials will be at a point in time, but just to position ourselves that we can mitigate the moves of these differentials.

CLAUDIA CATTANEO:

Okay. Thank you.

OPERATOR:

This concludes the question and answer session. I will now turn the call back over to Asim Ghosh for closing comments.

ASIM GHOSH:

Thank you so much. Thank you for your questions. I'll just wrap up. Basically, our focus at Husky continues to be consistent execution from all segments of the business and we expect that to continue in the coming quarter and into 2012. Thank you all again for joining us—2014, sorry. I should have—my mind was elsewhere.

OPERATOR:

This concludes today's conference call. You may now disconnect your lines. Thank you for participating and have a pleasant day.