Blackstone Q1 2015 Media Call
April 16, 2015 9:30 a.m. ET

Operator
Ladies and gentlemen, good morning. Thank you for standing by. And welcome to the Blackstone First Quarter 2015 Media Conference Call.

At this time all lines are on a listen-only mode. Later there will be an opportunity for your questions and instructions will be given at that time. If you should require any assistance today, please press star followed by the zero and an AT&T operator will assist you. As a reminder, this conference is being recorded.
I would now like to turn the conference over to our host, Senior Managing Director, Mr. Peter Rose. Please go ahead.

Peter Rose
Good morning, everyone, and welcome to our First Quarter 2015 Earnings Call for the media. With me is Tony James, Blackstone's President; Joan Solotar, Senior Managing Director for External Relations and Strategy; and Laurence Tosi, our Chief Financial Officer. As always, Tony will give a brief overview of the quarter and then he would be delighted to take your questions.

Before handing over to Tony, I want to remind you that at 11 a.m. Eastern Standard Time there will be a call for investors and you're all welcome to listen in to that. The dial-in numbers are in a press release on our website. Tony?

Tony James
Thanks, Pete. I want to thank all of you for tuning in this morning. I know there are a lot of earnings releases today and I appreciate your attention. As you can see from our release, our first quarter was another spectacular quarter on all dimensions. We set new records across the board.

To hit the highlights as compared to last year's already strong quarter, our revenues were up 66% to $2.5 billion. Our economic net income was up 100%, almost doubling to $1.6 billion. Distributable earnings were up 160% or 2.5 times to $1.2 billion. AUM was up 14% to a record-shattering $310 billion after returning $63 billion to LPs in distributions this quarter alone.

We raised $30 billion in gross new funds in the first quarter, more than any other alternative firm has raised in a year. Sorry, I should say the $63 billion distributions was in the last 12 months, by the way. I apologize for that. Almost all of our recent funds have been oversubscribed and hit their hard caps. The investment returns we offer our investors continue to be great.

Private equity’s portfolio was up 21% in the last 12 months. Real estate’s has appreciated 24%. Our mezzanine funds, debt funds, are up 21%. Our rescue financing fund is up 9% in a zero interest rate world. And our Hedge Fund Solutions business is up about 7.5% while maintaining volatility of only about one-third of that of the stock market.

I meet often with our biggest LPs who have invested with us over the years across our product area. Laying out their individual report cards from Blackstone is amazing. Almost always their overall record shows net returns of 16-20% across our platform since the relationship started, which could be decades. And we exceed the public market benchmarks by 800 to 1,000 basis points a year, every year, consistently.

Our press release lays out the financial results of each of our segments. Rather than repeating that now, I want to take a step back and try to put our firm as a whole in perspective. Blackstone is not a small firm, a narrow boutique, or a collection of individual businesses. It is a true institution and a great one by any measure. It has the deepest of management teams, a rock solid balance sheet, and a strong A+ rating.

While we categorize our businesses for financial reporting purposes into four broad segments, Blackstone has 15 discrete product groups, almost every one of which is the number one or two in its industry, often leading everyone else by a huge margin. Other alternative managers have one or maybe two strong businesses. We have 15. Our industry itself, alternative asset management, is growing at 10% a year. That's two times the asset management industry overall and three times GDP.

Unlike traditional asset managers, the bulk of our assets are locked up in long-term vehicles that are not subject to capital flight, ever. And despite leadership positions, we are still gaining share with our core institutional investors and have a huge lead over everyone else in the burgeoning new market for alternatives with retail investors. The breadth of strength of our individual businesses gives us a diversity, a balance, a brand strength, and a relevance to LPs which is unparalleled and makes Blackstone truly unique.

All that said, we pride ourselves not on size but on the investment performance we give our LPs. And by that measure, business by business, over and over again regardless of market cycles or holding periods, we deliver top drawer investment returns to our investors and do so on a scale, on an amount of capital that is, and with a consistency which is unmatched.

Unlike any normal industry, we can also grow without needing meaningful capital investment back into the business. This is why we can deliver our public investors simultaneously strong growth at a current yield of about 7%. What other company in the world can do that year in, year out?

While many investors worry that asset values are full today, we are finding a ton of interesting things to do having deployed $27 billion in the last 12 months at high returns. We do this not by buying low and selling high, and not through financial engineering or excessive use of leverage. We do this by intervening in the operations to increase the earnings and cash flow by fixing the asset if you will and creating a healthier, more profitable, faster-growing company or building. This is what decouples our investment returns from market cycles and from overall economic cycles and makes our investment returns so repeatable.

At the same time, we have been selling some of our more mature investments at very attractive gains for LPs. We have averaged more than double our cost on those investments. But if somehow you are worried that we are emptying the carried interest cupboard, don’t. We continue to make more and new investments than the cost of the old ones we were selling. And despite all the gains we were realizing, our accrued and still as yet unrealized carry gains continue to rise.

If there's one thing that is perhaps most underappreciated about Blackstone, I think it would be the repeatability of our cash distributions. While we certainly will have some variation from year to year, we are also quite comfortable that the kind of distributions you have been seeing recently are not extraordinary. Indeed, when we look back years from now I fully will believe they will prove to be somewhat below average.

If you can find another company which has dominant market positions, a double digit growth rate, a 7% yield, and only a 10 times PE, I have one piece of advice for you: buy it. Am I saying our stock is too cheap? Well, that’s for the market to decide. But what I am saying and what I fully, fully believe is that our stock is a remarkable value by any measure.

Now, Steve and I and the rest of our management team have seen financial institutions come and go and we are all acutely aware of what it takes to sustain this type of trajectory. A huge amount of our time is taken up with hiring only the most talented people, training them to be the best, ensuring that they work seamlessly with one another, never deviating from the highest ethical and professional standards, and encouraging a culture of creativity, sharing, innovation, and collegiality.

I think this culture is our biggest and most enduring competitive advantage. We might be big on the numbers but we maintain a small, lean culture and adhere to the same nimble entrepreneurial processes that enable us to jump on opportunities and avoid risk. This unifying culture becomes ever more important as we grow. With that, we open it up to questions.

Operator
Ladies and gentlemen, if you wish to ask a question, please press star followed by the one. You will hear a tone indicating that you've been placed in queue. You may remove yourself from queue at any time by pressing the pound key. Once again, for questions please press star one at this time. One moment please for our first question.

We do have a person cued up and we will go to the line of Greg Roumeliotis with Reuters. Please go ahead.

Greg Roumeliotis
Morning, Tony. How are you?

Tony James
Hi, Greg. How are you doing?

Greg Roumeliotis
Very good. A couple of questions. Congratulations again on your GE real estate deal. I wanted to ask given that GE has flagged some other assets for sale now that could have capabilities similar to Blackstone, or complementary to Blackstone, whether there would be any interests in those.

For example, GE will be selling a sponsor business that could be complementary to some of GSO's direct lending operations. Or a U.S. CLL business which is essentially a specialty finance company that does equipment finance, inventory finance, some of the things that your Tactical Opportunities team has been thinking to do more of.

Any thoughts on that one whether that's it with GE or there could be more to come?

Tony James
Well obviously we read the press and GE's announcements and remain very interested in those kinds of assets. As you say, there's a great fit with a lot of our businesses. I think we have a lot of respect for GE and its underwriting standards, the standards with which it's run its business. So what we found in dealing with them before, that the assets were high quality and they were straightforward to deal with. So I think we'd be eager to engage with them if that was available.

Greg Roumeliotis
Great. And then I had a little bit more of a technical question. As you know, as an absolute dollar number realizations in real estate were higher than in private equity, much higher. But performance fees in private equity came in higher than they did in real estate. Is that because of the catch up in BCP V?

Tony James
Yes. That's substantially the reason. All these funds have slightly different comp accrual ratios depending on whether the investments are in old pre-IPO funds or not also, so that's another factor that goes into that. But most of it is the catch up in V.

Greg Roumeliotis
Okay. Well thank you very much.

Operator
Our next question today comes from the line of Devin Banerjee with Bloomberg. Please go ahead.

Devin Banerjee
Hi, Tony. Thanks for your time. I guess this is appropriate following Greg. I wanted to get your macro thoughts on Greece. I'm just curious whether you think this impasse that the government is that with creditors including the IMF can be resolved, and I think more importantly whether you think the longer-term upset of the new government's reluctance to sort of go along with the old government's austerity agreements, whether you think that effect will be contained or there will be a broader effect on the euro area.

Tony James
Well I don't propose to be an expert and I'm not in the room, but I'll give you our view. Our view is that there is some risk that this comes to an ugly end for Greece and that that risk is probably not priced in the market. The market is very complacent about that. If you go back and look at the VIX around that – this is sort of the third Greece crisis; it spiked on the first two and here it's much more benign.

Having said that, I think the odds favor that somehow they'll come to a resolution where Greece continues to make progress but gets more time to do it. And that if that can happen they'll find a way for Greece to exit the euro without having the ripple effect of destabilizing the rest of the euro zone.

Devin Banerjee
Great. That's all I had. Thanks.

Operator
Our next question comes from the line of Dan Primack with Fortune Magazine. Please go ahead.

Dan Primack
Morning, Tony. I'm going to ask you one other country sort of question like Devin just did but different. Has Blackstone started giving any thought to how it's going to handle Iran in terms of possible investment opportunities? Is it something you're looking at, and if so, any early thoughts on what you may or may not do?

Tony James
Well Dan, no, I think the simple answer is no, we have not. In terms of the investment of Iran on investment opportunities, we're more focused on what a treaty with Iran and what removing the sanctions would do to oil prices because they have the capability to export about or sell another million barrels a day, which would have potentially serious negative consequences for near-term oil prices.

That's more what we've been worried about. It'll be a while I think before we get enough conviction around Iran to open an office and develop a local team. Everywhere we invest in the world, where we invest in local countries, we have local teams with local expertise. I think that's a ways off.

Dan Primack
Fair enough. Appreciate it.

Operator
Our next question today comes from the line of Ryan Dezember with The Wall Street Journal. Please go ahead.

Ryan Dezember
Hi, Tony. Morning. I'm kind of curious, there's been a lot made of the funds that you guys have raised, energy or real estate or whatever it is being kind of wildly oversubscribed. Obviously you guys are always looking to grow assets under management and you have investors obviously wanting to get into your fund that you can't accommodate or you decide not to let into the funds.

How do you deal with that going forward? Is this a matter of just adding more funds, adding more people to make these investments? Or is there like a particular size where you guys kind of get and where the growth slows because you can't put that much money to work? How should we think about that going forward?

Tony James
Well the most important thing for us and our first job every day is to continue to deliver top quartile or better returns to our investors. What's death for an asset manager is to take more money than they can do that with consistently well. So our first test is do we think the environment, our capabilities, our organization, how much does that allow us to take that we can invest in the expected timeframe very, very well.

Some of that was what the market gives you, but our funds tend to have six year investment periods. Even if there's a slow period there'll be an active period and it tends to average out. By the way, we try to manage our funds so we get good vintage year diversification across the investment period.

So we've been blessed with a lot of demand from LPs, but part of that is this is just a good cycle for fundraising. The returns from alternatives have been much better than public markets, are projected to be much better in public markets. Institutional investors, particularly pension investors are underfunded for the most part, and municipal pension funds, they need the returns to get out of the box of having to deliver good returns to their beneficiaries without being able to raise taxes or whatnot.

That ebbs and flows too. So we're in a good part of the cycle now, our returns have been great. We continue to build our organization to be able to put more money out well and that allows us to have the fund size creep up.

But one of the things that's going on with LPs is – what's changed in our industry is there are starting to be different LPs who want different things. There are much more tailor-made products, if you will, than there were several years ago. We have one big LP that wants for example to invest in the African power. We've got other ones that want Asian core real estate. And someone else might not.

Increasingly yes, we've got demands for our core funds that we've been basically hitting the hard cap or exceeding on all of them lately, but we're also much more in the business of creating special vehicles for LPs that want certain things.

There's a lot more of those SMAs as they're called, separately managed accounts, special purpose vehicles. And sometimes they're for one LP or sometimes they're for two or three. But much more the money is coming in the form of those separate accounts as a percentage than in the broad commingled funds.

Ryan Dezember
That's interesting. So the $30 billion that you raised this quarter, you obviously could have probably made that number even higher, but it sounds like that's kind of your limit to how much you can effectively put out and that we should maybe look for more types of funds as opposed to just the $30 billion private equity fund or whatever.

Tony James
Yes. I mean I don’t think our flagship funds are going to – and they haven't, Our private equity funds, our current one, will be about the same size as BCP V it looks like, maybe

slightly smaller. They're not really scaling. What's scaling our AUM is the creation of new products around new capabilities and new markets.

And I think we've got a ways to go on that. We have lots of ideas and lots of capabilities. It's very interesting but something like the Australian – the GE deal we did with real estate, we'll end up with capabilities in Australia and in Mexico, teams in those places that are good teams that have done remarkably well that we didn't have before. And that opens up new product opportunities and new fund opportunities.

But it's not just going to be the scale of a few big old funds getting bigger and bigger and bigger and more and more lumbering.

Ryan Dezember
Okay. Great. Thank you.

Operator
We'll go to the line of Kate Kelly representing CNBC. Please go ahead.

Kate Kelly
Good morning, Tony. A couple quick questions if I may just more on investing opportunities. I wondered if you could talk a little bit about the BAAM business and where you're seeing opportunities in alternative investments these days. It seems like we're seeing a lot of sort of dispersion between hedge fund returns this year so far, so picking the right investments is obviously crucial.

I wondered if you had thoughts on where you're seeing opportunity there and also how your homegrown hedge fund investing operation is going so far.

Tony James
Okay. If you look at the hedge fund averages for the industry, they are not very attractive. However, if you look at the results that our guys have delivered, they're great. And the reason is that our guys have a scale to get access, and first of all expertise in picking the best managers, but beyond that, a scale to get capacity with the best managers in the world.

And in fact, when they were half the size they were in more managers than they are today. They have increasingly concentrated their resources in fewer and fewer, better and better managers. And they're very important to those managers they get and they get added capacity to them. I think our business gets better and better and there's more distance, our comingled fund business, more distance between them and everyone else. And you're starting to see that in the dispersion of results. There's us way up there and there's the rest of the industry way behind.

But that's not the big story because that's less than half of BAAM's assets today. The rest of BAAM's assets come in tailored products in drawdown funds actually. We have drawdown funds that are seed funds in investors. We have drawdown funds to buy minority stakes in existing investors. We have a drawdown fund that's an opportunistic fund that does medium-term quasi-liquid things.

And then of course we've created our own multi-strategy hedge fund manager platform called Senfina. And we've got our first seven or eight managers on that, portfolio managers doing different things. And that's off to a great start. I think their returns last month were something like 7%, which was a great month for them.

I think we've got a huge amount of growth there, when I look at it defined by product silos like that. And then I also think we've got a huge amount of growth because we're just beginning to scratch the surface on offering those products, particularly the comingled hedge fund of funds to retail investors. As you know, we had an account with Fidelity and we're now starting to offer that with other similar kinds of institutions. And I think that has massive potential as well.

Kate Kelly
Okay. If I could just ask one clarifying question too. I think Steve said on our air this morning that private equity at this moment is actually a bigger portfolio than real estate. I was just flipping through the earnings results. Is he essentially removing what you spent on the GE transactions there? How should I think about those AUM numbers by comparison?

Tony James
Well I think Steve was talking about the profitability of private equity exceeding for this quarter, exceeding that of real estate.

Kate Kelly
I'm sorry. So not AUM there.

Tony James
Right. But the AUM of real estate is bigger than private equity. I think real estate has in it real estate credit. It's got a lot of different product areas. When you see our public statements we're aggregating a bunch of different businesses. Private equity for that matter has in it core private equity is what you're thinking about, but it also has Tactical Opportunities and it also has Strategic Partners, which is our secondaries business. Our secondaries business has for example real estate secondaries in it.

If you just look at the size of the flagship funds, private equity will be our single biggest fund. It'll be bigger than real estate. On the other hand, real estate has a couple of regional funds so you could add up the opportunistic real estate and you get to something in the mid-20s. And private equity, if you add what we're going to have in BCP VII plus Energy, we'll get into about the same level in the mid-20s. So both opportunistic funds will be about the same size going forward.

Kate Kelly
Okay. Thank you.

Operator
And we will go to the line of Jeff Goldfarb representing Reuters. Your line is open.

Jeff Goldfarb
Thanks. I apologize for any background noise, I'm outside. So feel free to throw me back on

mute after this question. Tony, I was thinking about your opening remarks, and I wonder, you still have this inherent difference of thinking by private fund investors and public market investors. You've eluded to it in terms of the valuation numbers.

I wonder if when the market cycle turns again if you think that public market investors won't perceive Blackstone any differently than they did in 2008-2009.

Tony James
Well Jeff, I think they will. I mean in 2008, let's not forget what happened. We came public in 2007 and we were kind of a new breed, a new business that the market hadn't known and didn't understand, a new corporate form that the market wasn't familiar with, a very illiquid stock with relatively few investors, no seasoned trading. And I think at this point all those things are different.

I think the durability of our business model has been tested through the financial crisis. We have a very liquid stock now. Half our shares are float. I think we're not the only one out there. There are five or six alternatives firms. The market understands that. There's an analyst community that follows it and so on and so forth.

I still think we have a ways to go, by the way, before we're fully understood with a sort of just gut comfort level with the business model that it would have around a BlackRock or a T. Rowe Price or people like that. I mean people kind of get that business. I personally wouldn't trade our business for their businesses on just the structural characteristics. I think we're vastly superior.

Nonetheless, the market hasn't concluded that yet because they still sell the trade for a much higher PE, almost 20 and we're 10. But I think we're going to keep closing that gap and I think on the merits that gap deserves to be closed substantially.

Jeff Goldfarb
Okay. Thanks.

Operator
Our next question comes from the line of Aaron Elstein with Crain's New York Business. Please go ahead.

Aaron Elstein
Good morning. Last week the New York City Comptroller's Office put out a report where they were talking about how the pension funds for the city had paid what they described as exorbitant fees to money managers, in particular private equity and real estate managers over the years.

And they didn't say they were going to change anything right now, but they strongly hinted they would. I was kind of curious if this was something you hear a lot about from public pension fund investors and is there any sort of pushback on fees from your clients like this?

Tony James
Aaron, I think what's important to look at when you're assessing this is the net returns that

these investors get. If you choose bad mangers or if you have a bad process for choosing managers, particularly in those situations where the manager selection has been influenced by relationships or politics you often get weak managers to charge high fees and deliver poor returns. That's not a bucket we're in.

We deliver high returns for fees that are in the context of our industry attractive. And as a result the net returns are extremely attractive. And that's what I mentioned in my remarks. We're almost always – the best performing manager for our pension funds. And let me tell you, they love it. I mean, they wished they had – they all looked back and said gee, I wish I'd done more. So do they like paying fees? No. Do they wish the fees were lower? Yes. Do they like the net returns after the fees? You bet they do.

Aaron Elstein
So push back on fees, not so much from what you're seeing?

Tony James
Yeah, not so much.

Aaron Elstein
Okay.

Operator
Our next question comes from the line of Devin Banerjee with Bloomberg.

Devin Banerjee
Oh, hi. One more geography question, Tony, since you mentioned LP demand for Africa. I was wondering if you could give us an update on your partnership with Dangote Industries, what does that pipeline look like, and any surprises you've run into in the past eight months since it was announced?

Tony James
Well, Devin, actually I'm not that up to speed on that. But I can tell you this: We're not near making our first investment.

Devin Banerjee
Okay.

Tony James
Otherwise I would be seeing it.

Devin Banerjee
Okay. Maybe from a larger sense, just what Africa offers for investment for you as a firm.

Tony James
Well, Africa has got its challenges, obviously, but there's well over a billion people there, and if done right, I think there's a lot of growth potential. We can look at – we have, notwithstanding what I said about not being near our first investment, we certainly have plenty of projects in the pipeline. It's easier to look at these projects and see attractive

economics that it’s sometimes in figuring how you get out of them once you want to harvest the investments. I think that's a bit more challenging in Africa than most people expect.

I will say, one of the things that I think we have to think of at some point is do we want to – how much of a commitment, how much of a bet do we want to make in Africa, and do we want to put in some kind of team on the ground there, and how enduring is it. The problem with Africa, it's a whole lot of different countries, too, and so there's not one central location where you cover Africa just because you've got an office in Pretoria or something.

So lots of challenges, but lots of interest. Getting a fair amount of thought, sort of like forward thinking, sort of this is our, with Steve and I sort of three-year out-thinking, three- to five-year out-thinking as where – it's not a scale opportunity today. I guess I should have made that point maybe up front. But will it be a scale opportunity in three to five years is kind of the question, and how do we position ourselves if it is, to be the best at that then.

Devin Banerjee
Okay, thanks.

Operator
Our next question is a follow-up from Ryan Dezember with the Wall Street Journal. Please go ahead.

Ryan Dezember
Yeah, hi. Thanks for taking another question here. Some of the banks have been reporting pretty strong results, and it seems to be a lot of it is coming from – investment banking. Obviously you guys are a big payer of fees. And I wanted to just ask, a lot of these big fees they're booking have been kind of these big giant corporate mergers. Do you think that those will, once those mergers are kind of settled and closed, that they'll trickle out a lot of kind of divestitures and other assets that start like a second round of private equity buying? I know that Halliburton and Baker Hughes, for example, has a whole bunch of businesses that could attract some private equity interest. Do you see that happening broadly, or is that kind of an isolated situation?

Tony James
Well, Ryan, historically when there's been a lot of big corporate mergers, there has been a trickle-out effect, and I expect that will happen again. I mean, another good example is the Lafarge/Holcim thing where there's several assets that--the big merger happened, but there's a bunch of assets coming out of that and going to different buyers.

And so I think that will continue to happen, and it's one of the under-appreciated aspects of the M&A cycle, because people think, gee, when the corporate guys come back, private equity will be out-gunned. That's true in some instances for sure, but in other instances it spawns a lot of secondary transactions which are our meat. So I think it will happen again, and we see it happening as we speak.

Ryan Dezember
Okay, thank you.

Operator
Our final question today will come from the line of Hillary Canada, representing the Wall Street Journal. Please go ahead.

Hillary Canada
Hey, Tony. You touched on this a minute ago, but I was hoping that maybe you could follow up a little bit. What are the thoughts you guys have around oil- and energy-related investment? I mean, obviously you guys are pretty well capitalized to move on that and I was wondering if maybe you could give us a sense about maybe how much capital you've been able to deploy from that new fund.

Tony James
Okay, Hillary. So let me think about how to answer your question. First of all, in general in our energy investing, I think our guys were smart and, frankly, somewhat lucky, too. We got on gas early, made a good – made a lot of money on gas, and then sold those assets right before the gas prices softened and moved heavily into oil. So most everything we did was oil for a while. And then when oil prices were high and values were very attractive, we sold almost all of that.

So our existing energy, our whole energy portfolio only has direct exposure to oil, only about 20% of those investments do. And a lot of them were structured at the time conservatively, so they were structured with a preferred stock with a principal amount and an interest that covers our investment regardless of what oil prices do and then leaves us with the upside optionality.

So ironically, despite the collapse in oil prices that we've seen, our energy investments are doing quite well and are collectively well above cost, and almost every individual instance well above cost.

Hillary Canada
What about new investments?

Tony James
Yeah, well, I'm coming to that. I just want to set the stage. When the oil prices collapsed, we thought there'd be a lot to do of really interesting things. And that really hasn't developed as we expected. So I'd say we haven't put as much new money out as we hoped or expected. And I think there are a couple reasons for that.

First of all, the public markets surprisingly offered a lot of liquidity, and maybe not surprisingly, but offered a lot of liquidity to a lot of shaky companies that we thought would either need rescue financings or emergency equity or sell assets cheap, or something like that. But in point of fact, they've been all able to go out and raise a lot of debt, and in some cases equity publicly, at values or at interest rates we wouldn't have touched. So the public markets took away a lot of opportunity.

And then other times, there's still a lot of optimism oil prices will bounce back, and sellers are sort of biding their time in the hopes they don't have to face the music sometimes. But in general, activity levels have been lower than we thought in the sort of oil and gas related areas.

In the power part of our energy activity, it’s still been very high, and that's a lot of where the new – so a lot of the investments that will be made out of new fund are going into the power side, and that might be conventional power or it might be renewable power and other things. But on the oil and gas side, I'd say there have been some things, but it's been slower than anticipated.

Hillary Canada
Got it. Well thanks, Tony.

Operator
We'll turn the call back over to Mr. Rose for concluding remarks.

Peter Rose
Thank you everyone for listening in. Again, I encourage you all to listen to the investor call at 11. If you have further questions in the course of your reporting, please call our media relations office and we will try and get you an answer. Thank you for joining.

Operator
Ladies and gentlemen, that does conclude our conference for today. We thank you for your participation and using the AT&T executive teleconference service. You may now disconnect.