



## Conference Call Transcript

### GE - General Electric 2Q 2007 Earnings Call

Event Date/Time: Jul. 13. 2007 / 8:30AM ET

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## PRESENTATION

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### Operator

(OPERATOR INSTRUCTIONS) As a reminder, this conference is being recorded.

I would now like to turn the program over to your host for today's conference, Dan Janki, Vice President of Investor Communications. Please proceed, sir.

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### Dan Janki - General Electric - VP, IR

Thank you. I'd like to welcome everyone. JoAnna and I are pleased to host today's conference call. Our press release went out at 6:30 this morning. That along with today's presentation and financial supplements are available at our website at [www.GE.com/investor](http://www.GE.com/investor). Today's presentation does contain forward-looking statements based on the world and economic environment as we see it today. That is subject to change. Today we'll cover second quarter results, we'll give you a third quarter outlook, and then we'll take questions at the end. To cover that information, we have Jeff Immelt our Chairman and CEO; and Keith Sherin, Senior Vice President and CFO. So I'd like to turn it over to Jeff now to get it started.

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### Jeff Immelt - General Electric - Chairman, CEO

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Great, Dan. And good morning, everyone. We think the second quarter was another strong quarter for GE. Just going through some of the highlights for 2007 that we've talked about with investors, we will deliver a solid 2007. The EPS was up 13%. We think we've got great visibility looking at the future. We did have gain in the quarter that was more than offset by restructuring. Really high visibility in organic growth and margin expansion.

The second quarter orders were a record up 32%, we grew our backlog. We've got very strong global demand, up 21% in revenue. We continue our focus on margin expansion. Year-to-date we're up 120 basis points, we're up 70 basis points for the quarter. This is a big initiative inside the Company, and one that we're committed to. We've been disciplined on capital allocation. The Vetco Gray, Smiths acquisition, we love. Results were ahead of planned. The disposition of Plastics looks good and on track for a third quarter close. We upped the buyback to \$14 billion. And we'll do \$12 billion of buyback in the second half of 2007. And Keith will talk a little bit more about that.

Just this week we announced a mutually agreed to separation on Abbott. This was a complex transaction that both sides worked very hard to close. We just in the end couldn't reach agreement. I want to put that in some context. We've invested more than \$20 billion in health care over the last 10 years and more than 100 transactions. We love this business, we plan to continue to invest in it. We just think we have got a great health care business that's well-positioned for the future.

If you go to the next page and look at the environment. This was very similar to what we talked about in May. I'd say on the upside all the big themes we're really focused on are working very well right now. Globalization and emerging markets, GE is very advantaged in these markets and these are just booming right now. Infrastructure continues to be a real solid point for the Company. Demographics as it pertains to both global growth and some of the action in GE money is great. All of our focus on eco imagination, energy and investment reinvestment is very solid.

If you look at what's the same, we still see high liquidity in the marketplace. The U.S. consumer seems fine. Unemployment is at low levels, and we're not seeing really any warning signs with the U.S. consumer. And the pressure comes from the places that we have talked about in the past. I'd say in the Deficit Reduction Act and health care is probably a little bit worse in the second quarter than the first quarter. In sub-prime, our decision to exit WMCQ to go through, but has remained a challenge. On balance, we think we're well-positioned in this environment. There are no big surprises, and we feel like we're in good shape as we look at the rest of the year.

Key performance metrics that you're going to hear about in the presentation all look pretty positive for us. Growth is just very strong, whether it's orders, or assets, or revenues. Organic growth up 8%. Very solid, EPS up 13%, in line with expectations, with industrial earnings growth greater than financial earnings growth in the quarter. Returns are up 30 basis points, again in line with expectations. We think the buyback is going to help us accelerate ROTC expansion during the year. I've already talked about margins and how important they are, up 70 basis points in the quarter, up 120 basis points for the year. Keith will go through that. We're just generating a lot of cash as a company and we feel like CFOA will be a good story as we go throughout the year. So very solid performance.

We've always talked about 4 points in a long term strategy that are important to the Company. The first one is pieces to invest in leadership businesses. We think both infrastructure and commercial finance about 55% of our earnings are just in phenomenal shape. Keith will go through NBCU in more detail, but we really are very positive about NBCU in the second half of the year and as we look forward in the future, we think NBCU is in great shape. On execution and financial discipline, something you've always expected in GE, again, very solid segment profit growth rate, expanding both margin rates and return, high industrial CFOA, I'd say two challenging spots for us that we've talked about and we'll go through in more detail has been health care in the subprime area, both of which we're working through in the second half of the year.

On the buyback, I would just remind people that in the beginning of 2005 we announced a four-year buyback that was worth 25 billion. What we've basically done is accelerated that by one year and increased it from \$25 billion to \$27 billion with the announcement we made this morning. And then we'll probably be back at you at the end of the year to announce another buyback going into 2008 and beyond. So that's the way to put this in context.

Growth is just clicking across the Company. Organic growth up 8%, services up 12, CSA backlog growing, global growth up 21%, developing markets up 29%, all the base growth initiatives we've announced over the last few years are just really hitting on all cylinders. Lastly, Keith will go through the Union agreement, but we feel like we had a good, solid, Union agreement. It's good for both sides and take that as a potential risk off the table. With that I'll turn it over to Keith to take us through the rest of the operations.

**Keith Sherin - General Electric - SVP-Fin., CFO**

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Jeff, thanks. I'm going to start with an update on capital allocation. Our framework for 2007, which we gave you last year-end and also updated at EPG. On the left side, as of today we have \$42 billion of available capital. You're familiar with the dispositions, they are nearly complete. GE, Hitachi, JV, completed in the quarter. Insurance was done in the first quarter. And Plastics is on track to close in early September. We'll generate \$23 billion of net income. That's after our investments in R&D and programming and capital expenditures. And we also had available cash carry-over from last year. So \$42 billion plus going forward we can create additional capital through additional portfolio actions. We're going to focus on opportunistic value creation through dispositions that will primarily be in the financial services area. And as Jeff said at EPG, the difference for us going forward is these are going to be on our terms and they are going to be investor-friendly. So a lot of capital flexibility.

On the right side is our allocation framework. The new news today is that without Abbott we've lowered the industrial acquisitions and increased the buyback. You're familiar with our dividend growth strategy to grow our dividends in line with earnings, pay about \$12 billion this year.

On financial reinvestment in financial services there's no change. On industrial acquisitions, we've completed Smiths and Vetco and with the announcement on Abbott, this year we'll buyback \$14 billion of stock, that's up from our previous plan of 7 to \$8 billion and since we only did about 1.8 billion through the first half, we'll be doing 12 billion of buyback in the second half. So in total, we'll be returning \$26 billion to shareholders this year. And with the portfolio changes we've made exiting Plastics, adding great businesses, and infrastructure, we've improved the Company growth rate and we're increasing the return on total capital. So a nice capital allocation story.

Next page is a brief update on our recent labor agreement. As Jeff mentioned, we're pleased to have reached a new four-year contract with our Unions and their teams. We think this it's a fair agreement. It's a similar profile to our previous four year agreement which we reached in 2003. There's reasonable wage increases, we've got targeted pension increase in for retirees. We agreed to hire per capita costs on health care, so we'll have higher health care costs in the future, and at the same time we also increased the cost sharing. We also brought the benefit structure for new hires more in line with the current programs we have for our new salary hires. And it's great to report that the national agreements have been negotiated with both the larger Unions the IUE and the UE and agreements have been reached with our other Unions around the Company. And so the GE Board approval and finalization with the Unions is pending for the end of July. We're happy to have a good contract for GE employees and for GE shareholders.

Next is orders. And we just had a tremendous orders quarter. If you look at the left side major equipment, \$13.1 billion, up 54%. You can see the growth by business in the box on the left aviation, close to \$3 billion of orders up 30%, energy \$4 billion, that is up 70%, oil and gas up 50%, transportation, a fourfold increase in their orders to \$2 billion. And overall if you look, the order strength the infrastructure the business was up 83%. And these are across the businesses, they're very global, they're large, terrific equipment orders. The backlog is strong \$44 billion, it's up 50% versus a year ago. And everything around major equipment is booming.

In the middle, service orders, \$8 billion up 11%. You can see that's driven by good, strong, spares orders in the aviations business as well as nice strength in oil and gas. And again, double digit backlog growth. And then on the right side the flow orders of a little under 4 billion were up 6%. We had great strength in lighting and industrial. And appliances had some strength in retail, which was offset by the contract channel. You can see they're up 1% in total. Overall, great orders quarter. Second quarter orders \$25 billion, up 32%. The backlog up \$18 billion versus a year ago, up 42%. So really a tremendous outlook for the future with these orders.

Next, I'll look at margins and delinquencies for financial services, which we give you an update every quarter. Left side's margin. As I've said before, the blue bars are the net revenue or contributed value as a percent of average assets. And then the green bars, adjust those net revenues for losses. So they are kind of risk adjusted contributor value. The margins are down about 20 basis -- 27 basis points year-over-year, the risk adjusted margins you can see on the green bar. And basically the story's the same as we've seen all year. We continue to seek a strong market liquidity that drives margin depression. I'd say it's leveled off in most of our financial services businesses, which is good news on new volume. And we're just dealing with comparisons to the roll-off of older loans. And then the earnings impact, we're more than offsetting this compression with liquidity through tremendous asset growth, great origination, strong productivity, and a focus on simplification and restructuring. Continuing to grow our earnings in this liquidity environment.

And on the right side, delinquencies, you can see the 30 plus day past dues, basically if you look at the blue bars, the GE money bars, ex WMC the GE money delinquencies are down year-over-year, they're about flat with the first quarter. And then if you look at the equipment financing delinquencies, they continue at historic lows. There's no issues from our perspective from a risk perspective in the portfolio. We continue to see very strong performance management and quality stays at strong levels.

Next is industrial margins. On the left side is the total company margin, which includes the Corporate margins, which is up 2.5 points. And on the right side is the margin for our business segment. Our reported margin at segment profit is up 70 basis points in the quarter, 120 basis points for the half, and on the bottom you can see the details and the drivers side business.

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So infrastructure had a great quarter. They took their operating profit rate from 16.1 to 17.1. It's up 1 full point. That's with all the growth they had. Price and productivity more than offset inflation. And it's really 2 points about the Op profit growth that I want to point out. They got 1 full point of Op profit growth despite the fact you can see in the box equipment revenues grew more than 2 times service revenues. And that's about a 60 basis point drag on margins based on the mix of those two profitabilities in those business segments. And then in addition, as you know we closed Vetco and Smith in the quarter, they had about another 50 point drag on margins. We've got 100 basis points of growth despite over 110 basis points of drag from mix from the acquisitions and the great equipment growth, which is a terrific news story for the future.

In the rest of the businesses, industrial and NBCU delivered positive margin growth, more than offsetting the impact from healthcare. You can see the pressure there. I'll talk more about that on the healthcare page. Another strong quarter for margin growth. We're on track for 100 basis points expansion for the total year and feel good about the programs we're running in the Company.

Next update is about our exit at WMC, this is the U.S. subprime mortgage platform. If you look at the right side on the first quarter earnings call we told you we were committed to the business, and we were. Jeff and I initiated a bi-weekly operating rhythm with the business team. We wanted to make sure and the team did a great job evaluating our options, assessing risk, and trying to make sure we're staying in touch with what we thought the market was going to do in the future.

Based on the changes we saw we made the decision to exit the business first. We worked with the team to package up and sell proactively \$3.7 billion of the loans, it was 75% of the portfolio at the time. I think our timing was good, we certainly got out before some of the additional turmoil that happened in subprime in the second half of the month. We have recorded a loss of \$182 million in total in WMC, and that's included in those GE money results that are up 8. Overall the business overcame that. And we've continued to restructure the business, as well to prepare for this exit we've got head count down about 70%. The business exits in process, we restructured the business to prepare for that exit. I think it was a smart move to remove the head wind and also reduce future risks. And we're pretty happy about where we are right now at WMC.

Next is an update on restructuring and other charges. We wanted to continue the reporting that we initiated in the first quarter. During the second quarter Jeff mentioned that we completed the sale of the joint venture with Hitachi, 40% of our nuclear equipment business. We realized a 527 million after tax gain. And that gain is included in corporate other income.

So on the left side, you can see the amounts of restructuring and other charges by business. That 422 million by business is all in corporate. We're showing you how much goes with each segment again. Plus at the bottom, we had 161 million in GE money for the charge we took to sell the 3.7 billion of assets that I covered on the previous page.

If you total the restructuring and other charges in corporate and the amount in the segments, the amount in the GE money segment for the WMC exit, we've got 573 million after tax more than offsetting the Hitachi gain. And then on the right side, it just lists the amounts by category and I thought I'd just cover a couple examples on footprint reduction, in the infrastructure business, we've consolidated some service shops and warehouses. That's about \$12 million, a little under a couple hundred employees. Organization realignment, we continue to take the costs out at NBC, it's about \$30 million in the quarter. That's right about some of the people who have exited there.

On cost structure improvements, we are restructuring our DI business with some of the pressure we're seeing, that was about \$46 million of that, and several hundred employees. And then on business exits the largest one would be ModSpace Europe we're happy to have reached an agreement to sell that and that was about an \$80 million charge, more than 100 employee impact. So in total, we've spent now through the half about 800 million after tax on restructuring. And we've got about 6300 head count impact and on average we're getting about a 3-year pay back. Another good quarter for restructuring and we'll continue to report on that as we go forward in the quarters with more.

Next, get to the second quarter consolidated results. The left side is our summary of continuing operations, revenues of 42.3 billion up 12%, good industrial sales growth and financial services revenue. Earnings at 5.4 billion, up 12%, and then EPS continuing at \$0.52 up 13%. I've also added the reported EPS here net earnings, and that includes the impact from discontinued operations. We put Plastics and advanced materials in discontinued operations in the quarter, as part of the Plastics sale. And what I'd say is we've also included a schedule in the supplemental charts that we've put on the web and that will give you the total company impact of the discontinued operations treatment by quarter for 2006 so you can make the comparison. We'll give you more details on that in the third quarter. But you'll get enough to update your models.

On cash, 11.6 billion, year-to-date, that's down 16%. I'll show you the impact from the insurance proceeds dispositions that we had last year that didn't repeat entirely this year. And then taxes, consolidated rate at 17% in line with our guidance. And 17% in the quarter, 17% for the year.

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Now, the right side you can see the business results and I'll take you through those in a few minutes. Infrastructure and commercial finance. They represent a little over 55% of our segment profit. They deliver terrific results, and they were above our guidance. GE money, NBC Universal and industrial all delivered in line with the guidance. And then healthcare which represents about 11% of our segment profit this quarter had a tougher than expected quarter. Overall a strong performance, and in a few pages I'll take you through the businesses.

Next is cash. Second quarter cash, so year-to-date continued in line with our expectations. Left side's the 11.6 billion of CFOA. It's down from last year just as we planned. And I think on the bottom left are the details during the first half of 2006, we had 3 billion more of special dividends from insurance proceeds than we received this year as we exited the final tranch of Genworth and the first tranch of GE insurance solutions. And this year what we had was the final tranch of GE insurance solutions, this restock that we sold. If you look at the industrial CFOA of 6.9 billion, that's up 11% year-to-date in line with earnings. And our expectation is to continue at a double digit rate for industrial CFOA through the year.

On the right side is our cash balance walk, cash at the beginning of the year, add the cash flow to the beginning balance, less the dividends that we paid, we repurchased as I said 1.8 billion of stock through the half. We have invested in plant and equipment. We completed the Smiths and Vetco acquisitions partially offset by the nuclear JV cash, a small change in debt and other, and ended the quarter with 2.1 in cash. Cash performance, feel pretty good about it. As expected, and on track for the 24 billion CFOA for the total year.

And then before I get into the business by business look, here's the outlook for the third quarter. The left side's the outlook by business, continued strong growth and infrastructure, commercial finance, solid results and industrial GE money in NBC. And the current outlook for healthcare in the third quarter is about flat. If you look at the right side, you can see the total company estimates revenues of 42 billion up about 10%, earnings between 5.5 and 5.7 billion. \$0.54 to \$0.56 a share on EPS continuing. So solid double digit earnings and earnings per share growth.

And then on the bottom box on the right side, I wanted to highlight that the Plastics gain which we are estimating today to be about 1.5 billion after tax, that's going to be included in discontinued operations. Over the next several weeks we'll be evaluating what restructuring opportunities we have so programs may or may not qualify for discontinued operations. And we'll be giving you an update on how we do on that at the September infrastructure meeting. I think another way to say this is that the guidance above has no benefit from the Plastics gain or costs of restructuring. And we'll continue to have that as our guidance for the year on restructuring offsetting gains. So if you look at the outlook for the third quarter, it's very strong. EPS of \$0.54 to \$0.56, up 15 to 19%.

Let me get into the businesses. I'll kick it off with infrastructure. John Rice and the team had just a great quarter, revenues of 13.9 billion, up 23%, segment profit 2.6 billion, up 23%. You can see we had nice operating leverage.

If you look at the box on the bottom left, infrastructure revenue, ex verticals, so these are the industrial businesses. Revenue up 23 and segment profit up 31. Just a great quarter. And the business dynamics are listed on the right side. I thought I'd go into a little more detail on the aviation and energy for you on the infrastructure segment.

If you look at aviation, revenue up 25, segment profit up 17. Orders were very strong. 4.8 billion, they were up 27%, commercial engines of 1.8 billion were down 3%, but we still added \$700 million of backlog. Service orders at 2.1 billion were up 24%. Equipment backlog of 16.8 billion, is up 70%. Revenues 4.1 billion, up 25%.

Our commercial engine revenues were up 19%, we shipped 80 more commercial engines this year than last year. Commercial services were up 13, and military was up 5. Smith added 385 million of revenue for 12 points of that growth. So really a nice start to the acquisition. Operating profit up 17%, that's really driven by that volume I talked about, plus strong productivity partially offset by some material inflation. Overall, a very strong quarter in aviation.

Energy also had a fantastic quarter. If you look at the revenue up 16, segment profit up 30, tremendous orders. Globally, orders of 6.6 billion were up 36% in the quarter. Our thermal business had orders of 2.3 billion, up 300%. We received orders for 64 gas turbines versus 47 last year. Our air orders of 400 million were up 250%, 19 units versus 7 last year. Nuclear orders were up over 100%. That includes \$100 million order from Dominion for some long lead items for a new plant. Good news, Wind at 900 million was down 22%, but it continues to be sold out. The backlog in Wind is 4.8 billion, it's up 30% over last year. And overall, on all those orders, the power gen orders price index was up about 6% year-to-date. Revenues at 5.1 billion up 16%.

Nice quarter for gas turbines, we shipped 41 gas turbines in the quarter up from 26 last year. Wind shipped 540 units versus 427 last year and services was up 7. Operating profit up 30 in energy. And it's really driven by the strength in power generation and energy services. If you look at

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the third quarter, we expect continued strong results, broad based strength across these businesses, continued operating leverage going forward and we expect the segment profit to be up 20% in the third quarter for infrastructure.

Next is GE money, Dave Nissen and the team delivered 8% earnings growth in the quarter, revenues were up 17, in line with assets. We had good-strong asset growth up 17, core growth was very strong in Europe, 2 billion of growth in Asia. We had broad-based net income growth, which offset our WMC and Japan businesses. Europe core growth was up 26%, America's card and sales finance was up 29. Asia core ex Japan was up 40. Those were the businesses that gave us the strength.

Portfolio quality continues to be stable as I said. In the third quarter, we'd expect the outflow to be pretty similar to the second quarter with segment profit up 5 to 10 in GE money.

On the right side here is industrial. This is the first time we're reporting industrial without Plastics. And overall Lloyd Trotter and his team had a good quarter. I want to point out that the segment was impacted by dispositions like GE supply. You can see that in the reported numbers here. The revenues of 6.2 billion were reported down 4, but ex those dispositions were up 5 and the same with the segment profit, reported up 1, but ex those dispositions up 10. Underlying business performing well.

Good order strength overall in the segment up 10, C&I up 8, driven by lighting and industrials as I said earlier. The organic revenue growth up 5, C&I was up 8, driven by those same businesses lighting and industrial. And industrial had good global growth. If you look at the revenues, Europe 20% plus, Asia up 15% plus, and the U.S. up double digits. A strong, strong quarter for industrial. And the segment profit growth was really driven by C&I. We continue to get price greater than inflation. We had nice strong volume, as I mentioned. And equipment services had a good quarter, but was impacted by the dispositions. Organic segment profit would have been up 15%.

Third quarter outlook for industrial, segment profit would be up 10 to 15. The comparisons are a little better in the third quarter because GE supply was only in the results last year for about half of the quarter. A little better comparison, but similar operating results for the businesses.

Next is NBCU, Jeff Zucker and the team I'm happy to report delivered their third quarter in a row of positive earnings growth. Revenues at 3.6 billion were down 6%. The revenues would be flat if you just adjusted for the impact of last year's station sales. That's a better way, I think to think about the business.

Segment profit of 904 million up 2%. Really tremendous across the board operating improvement. If you look at the underlying business results, they more than offset the impact of not having that station sale again last year in the second quarter. Prime, stations and TVPD were up 43%, entertainment cable was up 20%, film was up 100%, the parts were up 28%. Good broad-based growth. And I think if you look at the four elements here that we've highlighted and the turn around of NBC, they're all positive.

The network we're very happy with the results of the upfront. We came in better than expected, about \$4 billion, the team did a great job of integrating the enterprise capability at NBC and selling it CPMs in the network were up 5%, CPMs in the cable businesses were up high single digits. We continue to monetize hit shows. We're really doing well with House, even though it's on FOX. We monetize that in the after market. Office is going great at both the network and the after market and Heroes the same. We're continuing to take out costs. Entertainment ad info, cable, as I said, was up 20%. USA is number one. Got a nice lead versus number two. Bravo ratings were strong. Sci-Fi ratings were strong. NBC, MSNBC all very strong ratings. So great performance in the cable properties.

The film and the parks, the Q2 releases that we had were much improved over last year over 2006, Knocked Up alone, more than offset the lower than expected performance on Evan Almighty. We also had a great DVD quarter. We sold about 5 million more DVDs in the second quarter of '07 than in '06. And the Parks continues to be on offence with its licensing and global expansion. That's a good story.

Digital continues to grow. We've got the new site leadership, the partnership with Newscorp is in place. We expect a third quarter launch. We've got six great content partners. And we continue to have very strong performance in NBC.com. This launch last year, 300 million video streams since launch and the business made \$20 million in the quarter. Nice performance there. Third quarter outlook, the revenue comparisons are similar to the second quarter without the station sale. And the segment profit is a little tougher operating comparison on the network and cable. And we have 7 film releases driving a little higher advertising and promotion. Expect the segment profit to be up 5 to 10 and continued progress on the turn around. Feel really good about the progress here.

Next is healthcare. Joe Hogan and the team came in with the revenue down 1, segment profit down 8, orders were flat. It was a tough market. We've talked to you about the market here and I'm going to try and give you the dynamics. Services were up 3, partially offset by the equipment down 2. The DRA, the Deficit Reduction Act and our OEC impact not shipping in that product line had about a 5 point impact on orders. For

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revenues we had some very strong performances. The business has a good, global footprint, and international DI was up 18% in revenue. Life sciences continues to perform extremely well in the proteins separations business, primarily up 17%, clinical up 6%, and that offset by the weakness in both the DRA and OEC. Overall equipment revenues were down 4. That's driven by DIN surgery offset by the growth areas that I mentioned above.

On the segment profit, was down 8% driven by the impact at DRA and OEC, you can see it's 19 points in the quarter. And so second quarter results obviously lower than our first quarter guidance. The DRA impact was more dramatic in the hospital segment, not just the nonhospital segment than we had forecast. So it's spilled over into hospitals. The residual impact on other products and services was more than we anticipated. We've tried to lay out the dynamics on the right side so you can see how we're thinking about the business for the second half of the year in the future.

Let me take a second and explain the chart on the right side. For the first half our Op profit was down 3%. That's the top row. And the segment profit drivers are down below, OEC had a 7% drag, U.S. imaging had an 11 point drag, and then the balance of business, which includes international, ultrasound, health care IT, life sciences was up 15%. So if you look at the sum of the three segment profit drivers, down 7, down 11, and up 15, that gets you the down 3 up top on the operating profit.

In the third quarter, we're expecting the operating profit to be about flat. OEC is a slightly less drag because the impact of that shut down started last year in the third quarter. So we feel a little bit better there. We continue to see a drag from U.S. imaging from the DRA and the impact of that. And we continue to see good, broad strength around the rest of the business.

In the fourth quarter, a little better output impact. Number one, we think we'll be shipping for OEC starting in the fourth quarter. That's good news. You see OEC being a positive in the fourth quarter. We'll have a better cost position against some of the impact of the U.S. imaging market. That's a little bit less of a drag and we'll continue to upgrade strength in the rest of the business. So you see a positive 5 and that delivers a total year 0 to 5. It's less than what we wanted, but it's kind of the outlook we have today. And I think probably more importantly, you've got to think about healthcare going forward.

If you look at 2008, we've got that on the right side. Even if we're flat in the imaging business because of the impact of DRA, you're still going to have a significant positive from the OEC comparisons and we expect continued strong performance from the balance of the business. If that's the profile and we think it's the minimum, we'll be looking at a strong double digit year for Op profit for '08.

If you look, we're dealing with the DRA pressures. We think we're going to come into better comps and the cost actions are going to help to offset that in the second half. We're expecting to begin shipping in the fourth quarter. We're going to deal with it and we still love the business, but that's the financial profile that we're looking at today.

Next is Mike Neil and the commercial finance team. They had a terrific quarter. Revenues of 6.4 billion, up 15%, great segment profit growth up 18%, tremendous asset growth. We continue to see an outstanding origination environment. We added 53 billion in assets over the past 12 months. And you could see the strong originations in corporate financial services, healthcare financial services, capital solutions, and real estate. So we've got a great front-end. Revenues up 15%, driven by a strong asset growth. And if you look at the segment profit growth up 18%, strong double digit growth in real estate. If you look at the real estate business, we had another great quarter, the business is performing extremely well.

Net income of 476 million was up 42%. Driven by strong asset growth, which was up 41% and strong sales performance. In the quarter we sold about 128 properties, which was about 3 billion of assets and we added 5.7 billion of assets. So a net investment increase of 2.7. We're buying and selling. We're trying to do as smart as we can. And the portfolio quality's excellent. We've got 0.1% nonearning. A tremendous quarter in real estate.

In capital solutions, earnings were up 5% to 454. Really that's driven by tougher comparisons, last year the second quarter was up 33%. Year-to-date the business was up 8%, and the business on track for double digit for the year. And the overall environment here continues to be very strong for commercial finance. The outlook for the third quarter segment profit up around 15%. That's a run through the quarter and the businesses and let me turn it back to Jeff.

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**Jeff Immelt - General Electric - Chairman, CEO**

Great, Keith. Thanks. Just to wrap up again with the ways we've described the year. First delivering a solid low-risk 2007. We feel great about our position right now. Infrastructure and really full flight NBCU very solid turn around in place and financial services looking strong. As Keith

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mentioned, we'll have about \$2 billion of gains and that gives us a chance to really restructure the Company effectively for long-term profit growth.

I think the second part I'd make is just on operating excellence. Really the Company now, I think, is executing on 2 to 3 times GDP growth with 100 basis points margin expansion. That's a very powerful 1, 2 punch. And we think in many ways the best days of margin expansion are ahead given the very strong equipment growth we've had in infrastructure turning in the service revenue.

And on capital allocation, I think we've just dramatically improved the portfolio. We like the way the Company looks right now and feel like the Company that we've got can deliver on all the commitments we've made to investors. And so that gives us just a tremendous amount of flexibility in this high liquidity time period to be tough minded and investor friendly. As Keith mentioned earlier, we're going to review some dispositions in Q3 and be very opportunistic about it. Bottom line is the Company's on track for the year for \$2.18 to \$2.23 from continuing operations. That's up 15 to 17%. We feel like this was a very strong quarter for the Company. Dan, I'll turn it back over to you for questions.

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**Dan Janki - General Electric - VP, IR**

Thank you, Jeff. We'd like to open up now, Bill, for questions.

**QUESTION AND ANSWER**

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**Operator**

(OPERATOR INSTRUCTIONS) And our first question comes from the line of Jeff Sprague of Citigroup.

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**Jeff Sprague - Citigroup - Analyst**

Thank you, good morning, everyone.

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**Jeff Immelt - General Electric - Chairman, CEO**

Hey, Jeff.

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**Jeff Sprague - Citigroup - Analyst**

Jeff and Keith I'm wondering if you can elaborate a little bit more on kind of the review that's going on with the portfolio and possible dispositions. I obviously don't expect you to name names. But give us a little color on what the process is. What are you trying to identify, kind of the thresholds you're looking at to make these sorts of decisions?

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**Jeff Immelt - General Electric - Chairman, CEO**

Jeff, I'll take you back to the chart I showed at EPG that's kind of the four blocker. If you start at the top right hand, which is really the GE power alley. We always like investing in the businesses that we think are rapid growth, high return. And we're always going to keep our eye out for that as we look at going forward in the future.

What I would say, Jeff, is we feel no time emergency on that. In other words, we've got such a hot hand right now in the businesses we're in, we can be investor friendly and focused on what we've got to do there. Then I track you to bottom right, which is kind of the hot, the good industries where we've underperformed. Feels like the Hitachi GE nuclear JV. We've got a number of those that are underway, that we feel could be positives looking out in the future. I think in the lower left in Plastics would be kind of a business that we don't think fits our investor framework anymore. And we think there's a lot of liquidity out there. There's a great time to do it.

And probably the most interesting choices are in the top left hand box, which we think are the businesses that have been growing earnings at a rapid clip in line with investor expectations have returns in line with investor expectations. But that for whatever reason we think should go under

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strategic review. And I would say you'll see in the third quarter some dispositions in that area probably in financial services. Just assets that we think might be able to be run better some place else. But I would say, Jeff, all within the context of the kind of EPS that people are looking at for next year and the kind of returns that you expect us to do. As you know, we're going through the growth play book process right now and so this was always the time when we reflect on strategy for the Company and again, I think we just have lots of strategic options right now.

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**Jeff Sprague - Citigroup - Analyst**

And I guess just as a follow-on to that. How do we think about financially dealing with the gains there? And I guess my point is, we could be a little critical in the quarter that the WMC hit is more of an operating hit, more along the lines of kind of how SES was an operating gain when you exited there. If you pull some levers in the financial services side and move some things out, how do we treat that? How do we think about it in the context of the current restructuring plan?

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**Jeff Immelt - General Electric - Chairman, CEO**

Jeff, I just would always, I think the underlying principle of gains offset restructuring is the right way to think about the Company. We've always, we think had good opportunities to change the cost base of the Company and improve future profitability and that's the number one objective. Again, I think if I go back to just the basic company we have today, I think if you think about our investor commitments of high single digit revenue, double digit earnings and 20% ROTC, we don't have to change a thing to deliver on that. With high visibility into the future. I'd say anything we do is going to be tremendously investor friendly.

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**Keith Sherin - General Electric - SVP-Fin., CFO**

I don't want to be defensive, so I'll caveat my response with that, Jeff. But if you look at WMC, we made a proactive decision to sell those assets and take a discount to move them out to reduce the risk of the Company. And it wasn't a consensus decision. Some people think that holding those mortgages over time we're going to earn more money by it. I think that was a restructuring. I think it was something that we recognized reduced risk for the Company. It was a choice decision we made as opposed to something we had to do. And I think it was a very smart decision from a timing perspective and an investor-friendly decision. We think of that as a proactive decision to do restructuring and make the Company better going forward.

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**Jeff Sprague - Citigroup - Analyst**

Fair enough. Thanks a lot.

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**Operator**

Your next question comes from the line of Deane Dray of Goldman Sachs. Please proceed.

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**Deane Dray - Goldman Sachs - Analyst**

Thank you, good morning.

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**Jeff Immelt - General Electric - Chairman, CEO**

Good morning, Deane.

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**Deane Dray - Goldman Sachs - Analyst**

First question is just a clarification, Jeff, when you said that in the third quarter you could see some financial service dispositions. This is beyond the WMC potential divestiture, correct?

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**Jeff Immelt - General Electric - Chairman, CEO**

Yes.

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**Deane Dray - Goldman Sachs - Analyst**

Okay. And so can you expand any more on that, what -- are we looking at real estate downsizing or any further color there?

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**Jeff Immelt - General Electric - Chairman, CEO**

Deane, I'd like to just leave it where it is. Again, what I'd say is we've got good opportunities to review assets right now. And we're going to go through the strategic review and you'll hear about it as we make our final decisions.

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**Deane Dray - Goldman Sachs - Analyst**

Sure. And then the question would be given the kind of operating metrics you're seeing on order growth, the 32% equipment up 54%, it begs the question about potential capacity constraints and lead times and component shortages. So just take us through where it stands today and project out the next couple of quarters. Where do you think the bottlenecks might be? And these outsource capacity? And how are you set up to handle this sort of big order flow coming through?

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**Jeff Immelt - General Electric - Chairman, CEO**

Deane, I think if you go back to the power bubble in the late 90s, right, for us. The thing that GE did better than anybody else in the industry was we managed supply chain and availability. I would view this as a core competency in the Company. So I think whether it's gas turbines or jet engines or wind, we've already gone out and I would say secured supply. And are really, I think in great shape to continue to not only take the orders but deliver on the expansion as time goes on and do it in a way that optimizes margins. I feel pretty good about our ability to meet this demand over time.

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**Deane Dray - Goldman Sachs - Analyst**

For additional capacity that needs to be put in place, or you think you'll be outsourcing a portion of this?

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**Jeff Immelt - General Electric - Chairman, CEO**

We'd always rather outsource. I think if you look at what's available today, if you look at a site like Greenville, Greenville is now a multi-business site. It does gas turbines, it does wind gearboxes, it does foils for the aircraft engines business. That's a very attractive thing. Then we just did a, took an equity investment in a gear manufacturer in China. That's the kind of things that GE can do that not only helps our supply chain, but also gives us an opportunity to earn more profit through that stream. Those are the things, I think we are particularly good at in a broad context.

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**Deane Dray - Goldman Sachs - Analyst**

Great. Thank you.

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**Operator**

Thank you very much, sir. Ladies and gentlemen, your next question comes from the line of Robert McCarthy of Banc of America Securities, please proceed.

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**Robert McCarthy - Banc of America Securities - Analyst**

Good morning, everyone. If you could talk about Abbott Labs to the extent you can. How -- did your increased awareness of being investor friendly impact in some ways your focus or your prism through which you saw that deal?

**Jeff Immelt - General Electric - Chairman, CEO**

I'd say, Rob, not at all. In other words, this was an acquisition that when we announced we intended to close. We just weren't able to get it done. I think when I look today and look at having increased capital and then we as a management team sit there and look at our own game board and say what's on the table strategically that makes sense, and if there's not favorable acquisitions out there, we return it back to investors. We like returning capital to investors, we like making strategic acquisitions in the Company. And that's kind of how we went through the decision.

**Robert McCarthy - Banc of America Securities - Analyst**

And if, when you look at the diagnostics space, obviously there's a lot of activity going on right now with Ventana and Roche. But you're still, if you're looking for growth there through acquisition, you're talking about very high multiples there. How do you think about growing or extending your exposure there? Would you think about JVs? Would you think about other more novel ways to expand your presence in the space?

**Jeff Immelt - General Electric - Chairman, CEO**

Rob, I would say that in normal years the health care business is set to grow revenue high single digits and operating profit mid double digits. If we didn't do a thing, we're well set up to grow. And then over time, strategically, we will always look for ways to continue to grow the platform. I would say that I'm patient. We've been in the business 80 years, we're going to be in the business another period of time. We've got a chance to make smart choices that make sense for the business in the future.

**Robert McCarthy - Banc of America Securities - Analyst**

Switching gears to materials pricing and costs. Could you talk a little bit about the flavor you're seeing across the portfolio in terms of incremental head wind there, incremental pressure?

**Jeff Immelt - General Electric - Chairman, CEO**

We saw a little material inflation in the quarter, it was about 0.6%, about \$140 million. It's really in precious metals today I would say. So that's the place that you see it and that's the demand driven by aerospace and energy. And it's manageable. Our pricing and our productivity more than offset that inflation and we're going to continue with those programs to make sure we can achieve that in the future.

**Robert McCarthy - Banc of America Securities - Analyst**

Finally, Jeff, I know you love talking about lighting. You had great orders in the quarter up 17%, 29% from retail. Could you talk about maybe the energy retrofit opportunity there? What's going on there? What's driving the growth there?

**Jeff Immelt - General Electric - Chairman, CEO**

The first thing I was going to say, Rob, it's been six weeks since I've looked at Benzene to go back to your materials question. I can tell you that's a relief. What I would say is that I'm a believer that the energy retrofit business and the environmental business is great business. I've been on record of that. And I believe in lighting that the, as standards continue to get better, it gives the opportunity for new technologies whether they're CFLs, whether they are high efficient incandescent, different technologies, to have a good profile out there. But again, I think what you're seeing to a certain extent today is not only emerging market growth, but the -- with higher energy costs, the interest in our both customers and consumers, to buy more energy efficient products whether it's wind turbines or lightbulbs, that's really driving a lot of substantial growth around GE. And I would say that, I think is going to continue into the future.

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**Keith Sherin - General Electric - SVP-Fin., CFO**

CFL sales were up over 2 times so we're definitely seeing the energy reenter, energy efficiency impact across the country and in Europe, as well.

**Robert McCarthy - Banc of America Securities - Analyst**

Thanks for your time, gentlemen.

**Operator**

Thank you very much, sir. Ladies and gentlemen, your next question comes from the line of Bob Cornell of Lehman Brothers, please proceed.

**Bob Cornell - Lehman Brothers - Analyst**

Yes, good morning everybody.

**Jeff Immelt - General Electric - Chairman, CEO**

Morning, Bob.

**Bob Cornell - Lehman Brothers - Analyst**

With regard to WMC. You announced your plan to sell it. Is that going to be a third quarter event? Or is it an valuation that takes place over time? And in the third quarter GE money guidance, what is in there for WMC?

**Jeff Immelt - General Electric - Chairman, CEO**

If you look at the process right now, we've already announced it that we're exiting and we're working on getting a buyer. So this isn't an evaluation, this is an active exit process. In our guidance for third quarter for the GE Money range we've included what we think the impacts are from any exit and the ongoing operations of WMC as we get out of the business.

**Bob Cornell - Lehman Brothers - Analyst**

That would be in the operating result? It wouldn't be reflected down in the disc. op. as an offset to the Plastics gain?

**Keith Sherin - General Electric - SVP-Fin., CFO**

Right now, if you look at the platform and everything, Bob, and you look at the assets of the loans we have left, we think the platform has a lot of value to someone. There are a lot of people making money in this space. And our estimate is any exit based on where we are today is not going to have a material effect on the results that we forecast for GE Money.

**Bob Cornell - Lehman Brothers - Analyst**

Well, that calls up another question. Typically GE is a company that would take advantage of this kind of a weakness. Same thing with the personal loan business in Japan. When the business is bad like this, you could argue that, especially with industrial contributing 60% earnings you'll be one of the guys with double op growth here. What's the thought in that context?

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**Keith Sherin - General Electric - SVP-Fin., CFO**

I think we are opportunistic, and we do have staying power. I think in this case we've decided this isn't a place that we're going to do that. We've got other opportunities where we can do that and we are doubling down in other places where we think we can take advantage of the current market. We've looked at this and decided that based on the dynamics we see here today this isn't a place in the U.S. that investors really want us to continue to participate today. So, Jeff, if you had some other thoughts.

**Jeff Immelt - General Electric - Chairman, CEO**

I think, Bob, it's a great question. We have over the decades been good at distress situations. I think when Keith and I looked across the Company at all the different opportunities we had, we just had too many other better choices. And I just think we wanted to get this off the table vis-a-vis the things that investors have to think about with GE.

**Bob Cornell - Lehman Brothers - Analyst**

Okay. Got it, thanks.

**Jeff Immelt - General Electric - Chairman, CEO**

All right.

**Operator**

Thank you very much, sir. Ladies and gentlemen, your next question comes from the line of Scott Davis of Morgan Stanley. Please proceed.

**Scott Davis - Morgan Stanley - Analyst**

Good, thanks and good morning, guys.

**Jeff Immelt - General Electric - Chairman, CEO**

Hi, Scott.

**Scott Davis - Morgan Stanley - Analyst**

I know this is kind of a hard question to answer, but should we be reading into the increased buyback as an indication that there will be no kind of sizable acquisitions for the rest of '07? I'm thinking over \$2 billion.

**Jeff Immelt - General Electric - Chairman, CEO**

I think that's a pretty safe bet, Scott.

**Scott Davis - Morgan Stanley - Analyst**

Okay. Great. And moving to the operations a little bit, I asked this question last quarter, I'm still a little surprised the private label credit cards has held up so nicely, is there any concerns or indication that credit quality there is showing any deterioration?

**Keith Sherin - General Electric - SVP-Fin., CFO**

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The U.S. consumer is really hanging in there. If you look at just the U.S. 30-day delinquency rates, I'll give those to you, Scott. In the second quarter on that portfolio, it's 4.72%. In the first quarter, it was 4.88%. So it's 16 basis points down from the first quarter. Last year, in the second quarter it was 4.53%. So it's a little up over last year in the second quarter. So it's hanging in there. I'd say that we've added more collectors. People are paying the minimum balance. We do have some impact from the kind of levelization, the normalization of the new bankruptcy laws today that happened at the end of last year. We're watching it. We're being very diligent on it. And so far the delinquencies haven't really shown anything that is any type of impact spillover from subprime for sure.

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**Scott Davis - Morgan Stanley - Analyst**

Okay. Good. And last question, I just don't know a lot about the Smiths business and it diluted margins a little this quarter. I know there's some purchasing accounting issues that always impact deals the first year. But how fast can you get those margins up in Smiths, maybe up a little bit closer to your segment average?

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**Keith Sherin - General Electric - SVP-Fin., CFO**

Well, that's what the whole synergy effort is going to be. Smiths came in about 10.5% margin in the quarter. And the aviation margin overall is about 22%. So it's a great opportunity for us. We're going to have several hundred million dollars that will be in the run rate by the end of '08 of both revenue synergies and cost synergies. And the teams are all over it and it's going really well. It's a big opportunity for us, it's part of the plan. And the teams are really doing a good job of getting after it.

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**Scott Davis - Morgan Stanley - Analyst**

Okay. Great. Thanks, guys. I applaud your increased buyback. So keep it up. Thanks.

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**Operator**

Thank you very much, sir. Ladies and gentlemen your next question comes from the line of David Bleustein of UBS. Please proceed.

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**David Bleustein - UBS - Analyst**

Good morning, just a couple quick ones. What did you originally pay for WMC? And have you now written it down to what you expect is net realizable value?

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**Keith Sherin - General Electric - SVP-Fin., CFO**

We never released the terms of that transaction. And it is down to net realizable value today.

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**David Bleustein - UBS - Analyst**

Okay. How many steam turbines were shipped in the quarter?

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**Keith Sherin - General Electric - SVP-Fin., CFO**

JoAnna will have to get you that.

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**David Bleustein - UBS - Analyst**

Okay. How many of the 64 gas turbines were ordered by U.S. customers?

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**Keith Sherin - General Electric - SVP-Fin., CFO**

We'll look that up. I know there were no shipments in the quarter.

**David Bleustein - UBS - Analyst**

Okay. And then, I guess--.

**Keith Sherin - General Electric - SVP-Fin., CFO**

I think it was 0 on the -- the orders in the quarter were global.

**David Bleustein - UBS - Analyst**

Yes.

**Keith Sherin - General Electric - SVP-Fin., CFO**

Zero were shipped. I think zero were ordered, as well, David on the gas turbines.

**David Bleustein - UBS - Analyst**

Then the question becomes, have you seen any shift in the U.S. customer's thought processes toward gas turbines? Are they still completely focused on steam? And can you walk through any desire you have to change your positioning in steam turbines?

**Keith Sherin - General Electric - SVP-Fin., CFO**

Well, look, we're obviously globally seeing great demand for gas turbines. And if you look at the dynamics and you know it well of the U.S. energy market, when you look at replacement capacity and new growth that's going to happen in the energy markets here in the U.S., if you say you're going to need new capacity, nuclear's going to take 10 years before you're going to get a plant started. There are a lot of issues environmentally with coal. And you're going to come back to gas turbines. We're having a lot of discussions with our customers about it. I think it's clearly the capacity that's going to be added in the next several years. And so for us, while we're getting this great global demand, I look forward and say that's going to be another boost of demand that's going to happen here. It's just inevitable based on the supply/demand dynamics and the environmental characteristics of energy capacity addition.

**Jeff Immelt - General Electric - Chairman, CEO**

Dave, what I would say is if you talk to the U.S. utility executives, I think gas and wind are the favored technologies. Actually, the aero market is starting to take off, which tends to be a precursor vis-a-vis future gas turbine shipments. And I think the FP&L not getting permitted for their coal plant is a big signal in the industry. Again, I think gas and wind are going to be the prevalent technologies in the U.S. and I think interest is picking up.

**David Bleustein - UBS - Analyst**

Terrific. Thanks a bunch.

**Operator**

Thank you very much, sir. Ladies and gentlemen, your next question comes from the line of Chris Kotowicz of A.G. Edwards. Please proceed.

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**Chris Kotowicz - A.G. Edwards - Analyst**

Good morning, gentlemen.

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**Jeff Immelt - General Electric - Chairman, CEO**

Hi, Chris.

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**Chris Kotowicz - A.G. Edwards - Analyst**

I had a question on overall GE capital, I guess. Contributed value was fairly flat on a higher revenue base and looks like the contribution margin was down about 500 basis points year-over-year. Could you guys just add any color on the drivers there? Clearly interest rates would be something we think about. Can you talk a little more about that?

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**Keith Sherin - General Electric - SVP-Fin., CFO**

I think a couple things on total capital off the financial statements. You probably got to adjust for GE access, which was a distribution business in the commercial finance business that we sold last year in the fourth quarter that had quite a bit of revenue and no margin. I think if you adjust for that, which is the way I've done on the financial services margin page, you can see that that set of numbers takes that impact out. Even with that out, if you look at our margin results that I showed you on the page of 6.72 on risk-adjusted contributed value. Some of that's impacted by WMC. So I guess what I would say is we're seeing continued margin compression from the liquidity, some of it in the commercial finance space, we've seen some rising interest rates, which impacted us a little bit on net margins and certainly in the consumer space. And we've seen it basically flatten out through the second quarter here. And we think today we're kind of at margin rates that people can make a good return on and they've kind of leveled off, which is good news going forward.

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**Chris Kotowicz - A.G. Edwards - Analyst**

So should we think of a 67, 68% kind of contributed value margin as something to model going forward?

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**Keith Sherin - General Electric - SVP-Fin., CFO**

I think today's rates could continue to have a little bit of pressure as you have roll-off of older assets and the addition of current assets. So we're not at a steady state yet from a total portfolio. We're a steady state from new additions. So I don't know exactly the percent that would turn into, Chris. And we can work with you on that.

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**Chris Kotowicz - A.G. Edwards - Analyst**

Okay. And then provision for losses up year-over-year. How much of that is -- is WMC in that? Or is that already expensed and that's a whole different issue?

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**Keith Sherin - General Electric - SVP-Fin., CFO**

WMC's not in that. That pretty much is driven by both volume and the levelization of the U.S. bankruptcies. So we've gone from a change in bankruptcy code, which accelerated bankruptcies, if you remember in the year last year and now we kind of got more normalization of losses from those bankruptcies coming in 2007 in the second quarter and that's mainly the driver, those two things.

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**Chris Kotowicz - A.G. Edwards - Analyst**

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Okay. And then, Jeff, did I understand you correctly that basically the gas turbine boom in the U.S. is entirely in front of you?

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**Jeff Immelt - General Electric - Chairman, CEO**

That's my view. I think a lot of interest in it right now. I think we're starting to get to the point where reserve margins are such that incremental new investment, I think is -- that consideration's underway for the next few years.

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**Chris Kotowicz - A.G. Edwards - Analyst**

Great. Thanks, guys.

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**Dan Janki - General Electric - VP, IR**

We'd like to just take one more question.

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**Operator**

Certainly, sir. Your next question comes from the line of Nicole Parent of Credit Suisse. Please proceed, ma'am.

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**Nicole Parent - Credit Suisse - Analyst**

Good morning, thanks for letting me get in under the wire. Just one question on the portfolio. Should we -- I guess in the old days we used to think about GE capital as a percentage of net income of say 40%, industrial 60%. We've gone to the 50/50 and as we think about the portfolio, does that thought process come back in? And if so, could you give us a sense of where you think you might be comfortable seeing capital as a percentage of total net income?

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**Jeff Immelt - General Electric - Chairman, CEO**

Nicole, I would not say today we have any set percentage, other than keeping around the 50/50 in the short-term. Again, I just think what we're trying to be is in the portfolio is look to see, particularly in places that maybe our position is good, but may not be quite as highly valued by investors where somebody might be able to step in and create value. We just want to be really thoughtful and tough-minded about that right now. We have no specific percentage in mind.

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**Nicole Parent - Credit Suisse - Analyst**

Okay. Great. Then just one last one, big picture. You have a new crop of corporate officers, could you give us your perspective, Jeff, on the depth and breadth of the organization? Just given kind of all the acquisitions you've done? And where you think you are in terms of just organizational capacity?

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**Jeff Immelt - General Electric - Chairman, CEO**

Nicole, what I would say is that the -- we just are kind of finishing Session C and we'll present it to the Board in a week or two. If you look at across the Company, it may be the big 50 P&Ls we have inside the Company. We have 250 back fills of ready on the bench and ready to go. We just have a very deep, broad leadership team. And I think that continues to be something that we invest probably \$1 billion here in training. And we just remain committed to it. I like the look of the Company right now from a people standpoint. And look, I'd say since 2002 we've named probably 110 or 115 officers and we've got a team that really reflects the mission and the message of what we want to get done in the Company.

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**Nicole Parent - Credit Suisse - Analyst**

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Great. Thank you.

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**Jeff Immelt - General Electric - Chairman, CEO**

Thanks.

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**Dan Janki - General Electric - VP, IR**

Well, we'd like to thank everybody for their time. The material from today's earnings call will be available at our website. And also JoAnna and I will be available all day. So thank you very much.

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**Operator**

Thank you very much, sir. Thank you ladies and gentlemen for your participation in today's conference call. This concludes your presentation. You may now disconnect. Have a good day.

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