



Conference Call Transcript

GE - GE Annual Outlook Meeting

Event Date/Time: Dec 16, 2008 / 08:00PM GMT

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PRESENTATION

Trevor Schauenberg - General Electric Company – VP, Investor Communications

Before we get started here, the presentation can be found on our website at www.ge.com/investor. If you're having any trouble with viewing that, please press refresh on your browser. And it should pop right up. In addition, our webcast today is being recorded so that we can post it on a transcript later this week.

After the presentation, we'll have a questions period. And because of the size of this hall and the fact that it is being recorded, we ask you that you please raise your hand. We'll have some pages running around with microphones. Please wait until you get to the microphone to ask your questions so we can get it taped for everyone on the webcast.

After the questions today, we're going to host a reception with -- in addition to Jeff, three of our Vice Chairmen will be here, Keith Sherin, Mike Neal, and John Rice. In addition, our President, CEO of NBC Universal Jeff Zucker will be here. Unfortunately, John Krenicki, our other Vice Chairman, could not be here because he's out winning business in the Green Zone in Iraq today. So, but please take advantage of the other business leaders that we have here and ask any questions you may have.

As always, elements of this presentation are forward looking and are based on the world as we see them today. As you know, the world can change. And those elements can change. So, please interpret them in that light.

And something I've always wanted to do -- live from New York, our Chairman and CEO Jeff Immelt.

Jeff Immelt - GE - Chairman & CEO

Good afternoon. I'm not going to start today by saying it's in the bag, okay? I just want to give you that sense. But I have learned a lot this year. I've got to tell you, living through what I would say is kind of broad systems failure in the economy is really an incredible experience for all of us. I'm proud of the way the Company came through it. It wasn't perfect. But I think we've navigated through some very tough economic circumstances very well. And we've learned a lot.

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I'd say in terms of how I think about running GE, I think about a couple things. I think about broadening the way we think about risk and risk management to encompass more of system failure. I think that's the lesson that we've all kind of lived through.

I think about the aggregate size of GE Capital. Sometimes it's not enough to be able to outperform competitors or to be able to grow earnings. But I think it's made us really rethink what the core of GE Capital should be going forward. So, we come through this I'd say having learned a lot, having navigated through some really challenging times. And, like anything else, we use it as a learning experience to get better.

I'd say the environment's certainly the toughest. For people of my generation, this is the toughest environment we've ever seen. Despite that, in 2008, the Company's going to earn \$18 billion. Financial service earnings will outperform their peers. We'll have a record year in our industrial businesses.

In 2009, we're setting out a framework where GE Capital will earn about \$5 billion, where our industrial businesses will be somewhere between flat and up 5%, and corporate will be about flat year over year. We've taken actions to keep the Company safe in this environment. The core initiatives that we've talked about with you year after year are going to drive organic growth, cash flow, and margins.

And I think the message to investors is simple, the dividend of \$1.24 in 2009. And post recession, we think we've got the portfolio initiatives that'll return this Company to the long-term growth rate of about 10%. So, that's really what we'll talk about today.

But the environment has been brutal. You've all seen your own statistics. This just kind of shows some of the systems shock that took place in Financial services. I'd say the losses now are projected to be somewhere between \$1 trillion and \$2 trillion. The capital infusion has been about \$1 trillion so far.

The lending, the lack of liquidity that's kind of come out of the system, somewhere between \$5 trillion and \$10 trillion. It's hit every part of the financial services sector. Lots of blame has gone around. It's now in almost every corner of the world. And the government programs have been robust. You saw another action today. And I'd say the governments are all in, in terms of what they're doing. And that's helping. Liquidity is definitely better today than it's been. And I'd say the government programs have really started to take hold.

The whole financial service industry has been restructured. You've had liquidations and bankruptcies, lots of government intervention that's driven mergers and acquisitions in this sector. Community finance companies have adopted new business models, bank holding companies with AMEX, the investment banks, insurance companies.

There's been redemptions and money funds, private equity, hedge funds. Institutions have been nationalized, like Freddie and Fannie, people like that. And good finance companies went out and raised equity in this environment. J.P. Morgan, Wells Fargo, GE went out and raised equity.

So, this whole industry is going to come out of here with fewer competitors. And there will be a fundamental repricing of risk coming through this. I don't know if it's 2009, 2010, 2011. But this industry is never going to be the same.

Now kind of that started in August of 2007. I'd say broadly speaking the economic conditions have turned down, weak global economy. Probably US and the developed world's in recession, US, Europe, Japan. The emerging markets are still growing, probably up about 5%.

Unemployment's high. We talk about 8.5% next year. That's an average number. So, when we talk about 8.5% next year, we think the second half will be above that. Consumer confidence at an all-time low. Housing prices still probably have a little bit more room to go down. Capital expenditures under pressure, usage decline. So, again, we're kind of walking into this year with our eyes wide open vis-a-vis what we're seeing and what we're expecting.

Material pricing, which has been something that we chased for probably three or four years, this is a headwind that's going to turn into a tailwind. This kind of shows you the broad material basket between kind of the mid '90s, the early part of this decade, the peak of '07, '08. And these prices are coming down everyday. You read about the Toyota article in terms of steel purchases today. This is a headwind, again, that because of some of these economic clouds. It's not all negative. This turns out to be a tailwind.

And the government is all in. I'd say broadly the governments around the world doing three things. They are supporting with liquidity -- the things like the commercial paper funding facility, the loan guarantees, the securitization vehicle that they plan to put up. They're going to get more aggressive on housing. We're seeing that everyday.

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So, housing remains a big thrust. And there's going to be big stimulus programs. I would say trillions of dollars of stimulus on a global basis, probably targeted towards infrastructure, fingers crossed. And we think, again, the government is a big player in this economy. And for us, again, this is an impact.

Now on the loan guarantee program, I would say the commercial paper funding facility program is fundamentally for our customers, fundamentally for the money funds. The loan guarantee program really puts us on the same footing with banks. We pre-funded '09 to the tune of about \$12 billion. We plan to put that money to work, lending money in 2009 and beyond. But the government actions have been powerful and helpful.

So, with all that, the impact on GE, what's now? We're going to have customer financing headwinds. There's going to be a recession. We typically see that at NBC on the ad rates. Unemployment is probably going to grow. We're going to go through a credit cycle. FX has an impact particularly in GE Capital -- customer bankruptcies -- we have all these modeled in conservatively. But it's a very fluid situation. These are the types of things that could still get worse as we look at it today.

Things that still work, it's not like every unit in backlog is going to be shipped. But it's great to come into this with \$170 billion backlog. I'd rather have a big backlog than a small backlog when you go into an environment like this. And we have a great big backlog. Global and technical diversity -- there just are orders out there to be had. Iraq today, \$3 billion, lots that's going to ship in 2009. There's more of those businesses out to be had.

We've been talking about services around this company for 15 years. 2009 is a year when investors are really happy that we're in the service business, that we have built this install base with big service revenues. Cost out and restructuring, new financing margins are going to be very high. And then I'd say new opportunities -- material cost out, we think our value gap is going to be positive in 2009. And these government programs we think are going to shore up some of the backlog as we look forward.

So, look, we have strengthened financial services. We've accumulated cash. We've done a lot of things to get this company ready for this environment. And so, again, we're not pie-in-the-sky-ish about what the environment's going to be. But we've done a lot of things we think to get ready.

2008, kind of finishing the year, this is pretty consistent with what Keith and Mike talked about on December 2nd. We expect to come in around \$0.50 to \$0.52. We expect restructuring of \$1 billion to \$1.4 billion. The industrial businesses are going to be up somewhere between flat to up 5%. Capital Finance business is down, will earn about \$18 billion for the year. This is the broad range.

A decent performance in a tough environment. I think we responded quickly. But we had a difficult communication year. I wouldn't sugar-coat it. We chased it all year. It was a difficult -- and lots of companies, probably 80% of the S&P 500 companies guided down. So, financially, we're strong. It wasn't the year clearly we talked about when we were here a year ago. But there's still some positives. And I think the team navigated the year in a pretty good fashion.

We talked about restructuring of \$1 billion to \$1.4 billion. I would plan on -- we're still accumulating projects and things like that. But my sense is that we use probably most of the \$1.4 billion. It'll be about 70% financial services, 30% industrial. And this kind of lays out the pieces. The losses, business exits, and restructuring. And we think this is going to allow us to lower cost in 2009, end of the year with some momentum. We've got good projects, fast paybacks. And we feel good about how that's positioned.

Before I start talking about 2009, I just wanted to describe the business model and, kind of, what we've done, who we are. We enter this tough economy with great businesses, market leaders, big service revenues. And instead of these four big businesses, where over the past 15 years we've grown anywhere from 10% to 15% a year through a lot of different cycles. So, these are great leadership, well-established, low-cost, competitive advantage businesses.

And we run them with two core processes -- growth as a process and operating excellence, which allows us to have organic growth rates that are better than our peers, margin rates that are higher than our peers, capital efficiency when I look at P&E divided by revenue that is better than our peers, a strong balance sheet, AAA, long-term investment in people, human resources. And so we are ready for a tough environment. This is a strong company with great businesses and a very good business model.

So, let me just turn to the 2009 framework. And for guys like me, learning how to say words like framework are going to be tougher as we get into this. But we've been thinking about how to communicate and describe the business to our investors for a long time. We've done surveys of investors. We've had lots of dialogue with our investors. What's a way to simplify how we communicate into the future?

Clearly, the question is when do you make the change. And there's never a great time. But this is as good a time as any to think about how to change, how to communicate about the Company. And basically, what we've always tried to do is be transparent, offer a lot of detail and data, and describe the Company externally the way we run the Company internally.

And the way we run the Company internally is around operating parameters, right, a framework for operations. And the way that we're going to run the Company in 2009 is to have GE Capital at \$5 billion, to have industrial earnings between flat and up 5%, and have corporate costs -- this is the ins and outs around tax rate, pension, restructuring, things like that -- about flat year over year.

Now the way that the team gets paid is based on numbers that are above this. Notice that we have detailed plans that add up to numbers that are above this. But this is basically the framework that we run the Company on. And we want this to be clear. This is an operating company. This is the way we gauge it. This is the way we drive it. This is how we think about 2009.

What can you count on? You can count on a great dividend, \$1.24 board approved at the board meeting last Friday, \$1.24 in 2009, \$0.31 a share in the first quarter. Our long-term earnings growth rate we think remains at about 10%. The percentage of earnings coming from GE Capital should stay between 30% and 40% over time. Lots of transparency and access to detailed data, meetings like the December 2nd meeting that we had with GE Capital, the meeting at RSNA with John Dineen, meetings with John Krenicki and other things like that. Segment reporting and things like that won't change. We're just not going to give quarterly guidance information. We're not going to project a quarterly or a guidance data point for 2009.

What we want you to do is take the framework that we create, put it into your models, make your assessment. And this is how we run the Company. This is how we compensate leaders. And I think in many ways it harmonizes how we run the Company internally to how we describe it externally. And we think this is as good a time as any to drive this kind of change.

So, here's the 2009 framework compared to 2008. Revenues in 2008 grew about 7%. We think revenues will be flat to down 5% in 2009. Capital will be shrinking. Industrial will probably have 2% or 3% organic growth. Who knows where FX goes? But it's a headwind right now.

The industrial segment, ex-Consumer/Industrial, is going to be -- have some positives and negatives. I'm going to go through this in great detail in the next couple charts. But backlog, services, government programs, headwinds are clearly going to be economy and credit.

Capital Finance -- we talked about margins and cost out. And then the negatives are going to be losses, gains, FX in GE Capital about \$5 billion.

Corporate cost -- we think it'll be positive, slight positive in pension. Because we spent a lot in restructuring this year, a lot of that won't repeat. Tax rate is probably going to be up year over year. And we run this company -- the plan for 2009 envisions having Consumer/Industrial in the Company. Consumer/Industrial, it is just a tough market to execute on the transactions we talked about in C&I.

We didn't see any that were really supportive to investors as we went through the process. Clearly, in the second half of the year, the capital markets were very difficult to do -- actually get on a deal like that. And I would say consumer/industrial will probably earn somewhere around \$300 million or something like that next year, \$300 million, \$400 million, somewhere in that range.

The points I think are particularly important when we think about 2009 -- Capital Finance positioning. And the reason we wanted to just spend 50 or 55 charts taking you through Capital Finance on December 2nd was just to grind through the details of where we stand there. Maximize the strong equipment backlog -- I'll go through that in some detail, what we expect and how we kind of plan the year.

Margins we think will expand. We've got lots of tailwind from a margin standpoint, given the mix of services, deflation, things like that. Service growth being stable -- this is something that we've had through the cycles, and dividends being secure. These are the things I'm going to go through as we think about how to position for 2009.

Just to recap, a couple pages from Mike Neal's presentation on December 2nd. We'll earn about \$9 billion in Capital Finance this year. We expect to earn about \$5 billion in 2009. We expect to have the opportunity to grow that post-2009. Our expectations are for higher losses and fewer gains as we go through the process.

We have a plan to shrink the asset base collections greater than originations for an invest at higher return on assets. We think the portfolio turns towards the end of '09 and into '10. And we're actually making great progress on our commercial paper commitments. We expect to end the year

less than \$75 billion of commercial paper, which we think is a good thing, so we think a pretty balanced view for 2009 and well positioned for the following year.

Again, I wanted to just go through two areas and just take a slightly deeper dive. We are different from a loss standpoint than banks. We have less consumer exposure, more commercial exposure. We have more global exposure, less to the US than most banks. A lot of the areas that have seen a lot of the higher write-offs, at least early on in the consumer side, are just businesses that GE isn't in. So, we're kind of underweight consumer. We're underweight US. We are still going to see losses. And the losses are still going to be higher, much higher year over year. And we try to reflect that.

But what I want to point out is you read a lot of just gross comparisons between GE and banks. And our structure is just so different. We do senior secured lending. That is the vast majority of what we do. So, it's not like we're going to get through the cycle without having losses. We will. And we've reflected that. And we've increased reserves. But the raw data is very different for GE than it is for banks, number one.

Number two, I just want to do a deep dive on real estate debt portfolio. The left-hand side of the chart basically talks about the way we've structured the debt, low loan to value, high structured debt financing, well underwritten, great spread of risk. Through these cycles, we never lost any of our risk disciplines, any of our underwriting disciplines.

And we've taken some questions on 2009 financing, so just a deep dive of that. Probably \$3 billion of the \$5 billion of 2009 financing is less than 75% loan to value. Again, these are places that are easily refinancable. Some fall under the aegis of the GSEs. We've already pre-received some cash already from some of the 2009 funding. And we expect great spreads on the new business that we write.

So, again, we think that we're going to go through clearly a commercial real estate cycle. But the underwriting, the reserving, the way that we are positioned to refinance we think is very strong in this cycle.

Industrially, just want to -- just big picture for a second. We have divested businesses. We've acquired businesses. We've really had a strategy in mind to create a big industrial company, more than \$100 billion in revenue that has high margins. If you look at NBC and Infrastructure, this is about a 16.5%, 17% margin business that we run with about \$2 billion of capital expenditures, very capital efficient, high-margin industrial businesses, where we are a very strong number one.

We have diversified revenue streams, where close to 75% of our earnings come from services in this basis, where we've spent about \$50 billion this decade in technical spending, where we've aligned our technical answers in areas that society cares about -- healthcare, energy, things like that -- where we can capitalize on lower material cost, and where we've got financing -- in the case of healthcare finance, energy finance, GECAS, things like that -- where we've got great financing expertise really embedded with the way we run the business and how we position the business.

So, we're really industrially in businesses where -- none of us are safe in this economy -- but where we can really influence some of our own destiny as we think about where we go and how we run the business.

So, NBC Universal is going to earn about \$3 billion this year. It's probably going to be flat to down slightly next year. The secret to Jeff in his business is really the diversified business stream and the geographic diversity. We think the network business, the station business is going to be particularly tough in 2009. We think the cable business has got more strength left. Our pricing position, our advertising position, our ratings positions were all very high. The movie business has already invested in lots of capacity for next year. So, the movie, the DVD streams ought to be very successful. We've got good content, a strong cable focus, international distribution.

I think if you went back to the days where we just had NBC the network, in an economy like this, this would've been a big negative for the Company. I'd say we've got a fighting chance to be flat in this business next year. And it's pretty well positioned with the businesses we're in to do a pretty decent job in a very tough economy.

Technical Infrastructure's about \$8 billion pre-tax this year. We think it'll have a positive earnings dynamic in 2009. The margin rates are about 17%. We think they'll expand in 2009. This is going to be impacted by the economy. There's going to be lower demand. There's probably going to be cancellations in places like aircraft that we have to look at. I think the Healthcare business could have -- particularly in the US. The US DI business could have a very tough '09. That's what we've got to plan for.

But there's some real pluses. The service businesses across the board here are going to be very strong. We've got a very good backlog. We've got a real geographic diversity to the business. So, we really are in every corner of the world, great pipeline, new products.

A lot of the Healthcare -- this is not bragging -- but a lot of the Healthcare, self-inflicted wounds kind of are behind us in 2008, things like OEC. We ought to have a full year of OEC. A lot of the accounting adjustments we had in 2007 are behind us. So, Healthcare has got a chance just because of the fact that our execution wasn't great this year to have decent comparisons in 2009. And the financing protocols we think helped in this environment as well. So, the markets are tough. But we think that service and cost are real advantages as we think about this business going forward.

Energy does about \$6 billion pre-tax this year. We think it'll be -- it'll still have another excellent year in 2009. The margins should expand. Again, \$50 oil is a negative. It's bound to be a lot of the companies, particularly in oil and gas sector, had already started slowing down projects because of the inflation of the raw material -- of things like steel. We think as the deflation hits back, some of these projects might continue to go forward in financing. Particularly, in areas like wind will have a negative impact when you think about 2009 versus 2008. So, there's some real headwinds.

But the services, installed bases are very robust here. And they're really more usage driven. We are well positioned in the right technologies, gas and wind. When I became CEO in 2001, right, we're at the end of the power bubble. And reserve margins in the US were like 38%, 40%, right? So, we're going to have recession here. And electricity demand goes down. But we're talking about reserve margins in the high teens. So, maybe it goes from '09 to '10. But it's not going to go away. And when it comes, it's going to be a gas and wind world, particularly in the United States. And we think we're very well positioned to accommodate that.

Good backlog, global diversity, we talked about that earlier. Margin expansion really in all products -- I'll do a little bit more, just talk about why we feel that way. And look, these are businesses that are going to benefit by what President-elect Obama has talked about. And we think we're very well positioned to shore up the backlog in these businesses.

Now what I want to do is just kind of take you through how we've thought about stress in the portfolio in a world where it's just really hard. So, what I'm going to do is kind of just take you through the thought process of how we've done it. But it's not like this -- it's as scientific as we can make it. It's as detailed as we can make it. It's as conservative as we think is appropriate to just how we think about it.

So, we do this process called Growth Playbook in July. Businesses come in, give us an outlook. That's the first time we get a data point on 2009 really is in July. At that time, we had \$130 billion in revenue. Today -- and this is everything, right? This includes NBC, all the Infrastructure businesses, all the service businesses, everything that we have in this bucket. We've gone order by order by order by order by order. Is it sovereign finance? Is it finance? What is it?

We're down to \$110 billion today. The backlog on the equipment side -- now this includes equipment service -- the backlog on equipment's actually the same. The backlog is the same today as it was in July. When I look at incoming orders, service orders are still positive, even in the lousy fourth quarter that we've had. Equipment orders will be down probably 10% in the fourth quarter. But they'll still be above where they were in the fourth quarter of '06, which was a very strong year. So, I'm pleasantly surprised that the equipment orders are still as good as they have been.

And then I say, "Let's stress this thing," right? Let's say that we got no new equipment orders -- zero -- in '09. There was no sell and install at all in '09. Let's assume that there was no financing ex-GE. In other words, I'm going to tell you in a page or so we've got the capacity to do financing on this backlog should we choose to do it. We've done it before. Should we choose to do it, this would be a competitive advantage. But let's say there was no other -- nobody else in the world financed the plane, a wind turbine, anything like that, that we had cancellations. But again, we protected ourselves from cancellations. You guys were with us in the power bubble. You kind of know that's true. So, we did the math on cancellations first and terminations. And you had another 10% decline on NBC Universal.

And if all these things happened in 2009 -- and I took it from the internal plan of how I run the business, and I took this off, \$1.3 billion -- we'd be at zero for the year. So, we'd be at the low end of the range that we give you if these things all took place.

Now we're going to track mitigants, right. We've got a strong pipeline of commitments. We've got government stimulus. We've got project financing we can do. But I think what we try to do is triangulate -- now it's because we've got a great service business. We've got a great service business is the reason why a lot of this just holds up. That is a fundamental of GE that I think differentiates us even from other of our industrial peers is 75% of our earnings really come from services, which are in backlog. They're technical strength. There's a whole lot of reasons that that's true.

Now here's how I look at financing. So, if I take the layer deeper, we've got about \$40 billion of equipment revenue in 2009. About \$14 billion of that is I would say financing ready or we'd be seeking financing in those projects. Right now, we've kind of circled \$10 billion.

In other words, if it meets our hurdles, if it is the right customer, if it's the right geography, if it's the right project, we've said, look, we don't mind stepping in and financing the wind project. We don't mind stepping in and financing assets that we know we've done this in previous cycles. We're in it for the long term. We know the domain better than anybody else. And so, this is one of the mitigants that we have that use all of our risk principles. This is another earnings stream that we can have. These are good projects that we think we can finance. We'll focus on margins, cash, and things like that.

But what I'm trying to express is that we've tried to stress the aggregate backlog, the things that we're seeing. We've got some mitigants in place and trying to triangulate around what's the -- if a lot of bad things happen, what are some of the things that we can do? And where does that put us as a business from an earnings standpoint? I think that's what gives us confidence in the dividend and things like that vis-a-vis cash flow, industrial cash flow. And we just feel great about that. Or I shouldn't use a word like great, okay? I apologize. It's like a drug addict trying to get off. Sorry, Trevor. We don't feel great.

We feel like we've kind of -- I don't know if I can have another backlog review, right? In other words, I sit with guys. We go through it over and over again. And I don't know how to study it harder than what we've studied so far. We've got teams warming up on the sidelines that can go think about these things. And that's how I would describe it.

Now this is a really, really, really, really, really positive aspect of the Company -- is services. So, we've got about \$120 billion of service contract backlogs. This shows you the dynamics of where the orders have gone and revenues have gone. I show you -- I go out to '10 because, again, we have some visibility in this business, unlike some of the other businesses that we're in. Our orders in '08 have been very positive and remain positive, even in Q4. The revenues in '09 -- or the revenues in '08 have been very positive.

What drives that -- big -- if you look at aviation, big install base improvement in aviation, flying more cycles of the planes we have. Why are they flying more cycles? Because product delays are good for the service business. Product delays are fundamentally good for the service business. And as customers have had to plan for product delays, they've had to fly existing assets harder. So, this has been an unplanned, let's say, positive for this business.

Energy -- why has it grown? Big install base growth, good chance for margin expansion in the service business. Transportation -- this is the rail business -- big global backlog growth, strong environmental needs of our customers, that's driven the service revenue. We've got good orders behind things like the China Rail order. Other places, we've gone globally. Healthcare -- there's a huge outsourcing focus among hospitals in the US and around the world. We're the beneficiary as we've got great hospital outsourcing. And oil and gas -- huge backlog growth in oil and gas and something that we think is very positive going forward.

So, on this page is about \$8 billion of net income that we think is in big backlogs with high margin with good competitive advantage. This is about 75% of the industrial earning stream. And we feel pretty good about it.

This just shows you -- and I've shown this chart in some way, shape, or form almost every year that I've been here. But this says basically, if you look at '06, '07, '08, we've shipped about \$13 billion of commercial aircraft engines. A typical profile says that that \$13 billion turns out to be \$90 billion of service revenue over the lifetime. And so far, we've achieved \$10 million of that service revenue. So, we had lots of years, guys, in the early part of this decade, where our market share was awfully high. And a lot of that just comes back to service.

Well, 40% of the engines haven't hit their first overhaul. If you just look at the CFM 56 and the GE90, the shop visits that are embedded in the '09 plan, they're up somewhere -- 21% in the case of CFM, 40% in the case of the GE90. And like I said, aircraft delays force the equipment to work harder. So, it's good for us. It's visible. It's profitable. It's good for the customer. It's predictable. And this is something we think is a positive as we go into 2009 and beyond as service revenue.

Margins, if you throw in C&I and the whole thing, are about 15% this year. You've got to sit here and say, look, there's going to be pricing pressure in businesses like healthcare for sure. And there's going to be disruptions next year. So, I'd start to say you're going to wake up January 1st, and you're going to have some headwinds from a margin standpoint that you just have to think about.

And then we've got some positives next year, more positives than we've probably had anytime in the last four or five years. The value gap -- we're going to have positive price embedded in the backlogs and in the business and deflation, first time since 2004. We've got service mix greater than equipment. So, that is something we've talked about now for three or four year. We actually get that next year. We've got no Olympics, which is

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lots of revenue without much margin. And we're doing a lot of restructuring. We're doing a lot of restructuring, probably as much as we ever have in a year in this company. So, we're going to get a positive margin growth when you think about our industrial businesses going into 2009.

This shows you -- we've shown you this chart before, called the value gap. And if you go back 2005 to 2008, which had been years of anywhere from general inflation to hyper-inflation. Our pricing has always kind of trailed where the raw material pricing has come in. So, we've had about \$1.5 billion positive on price, but \$3.4 billion negative on raw material over that time period. So, we've kind of -- from a contribution margin rate, we've had a real headwind over the last few years.

In 2008, that actually turned positive. So, our pricing was ahead of inflation in 2008. And again, when we look at 2009, when we look at the pricing of all the raw materials we buy, we looked at the pricing in backlog -- remember, a lot of the backlog is protected because we have cash in hand, things like that. So, the odds of having a decent price environment and having pretty substantial deflation is actually pretty good in 2009. So, again, we think this is hard to call exactly. But we think there's some tailwind in terms of where we're positioned here.

And then we're going to really attack cost in a substantial way. These numbers will be down about \$2 billion in direct material. There's some variable cost. Our base cost will be down 8% next year. So, the variable cost is just how well we can buy things. Base cost is headcount reduction. It's restructuring of the asset -- of real estate and industrial real estate I'm talking about now, headquarters, stuff like that, lower spend rates. And then indirect costs will be down close to 10%.

So, when you look across the Company, our cost base will be down probably more than \$5 billion when you look at next year, so a pretty aggressive plan. And this is on the ledger. In other words, this includes whatever inflation we'd have, things like that. This is drilled into the business, drilled into the plan, and I think a pretty aggressive cost plan.

So, again, when I think about the framework we've given you for 2009, industrial earnings 0% to 5%. What could be better? Better margins, government programs, equipment sales could be better. Costs, we're going to be driving costs all the time. What could be worse? The US DI market, if there's something -- decreases in reimbursements, that market's going to be in pressure. And then just more cancellations above our expectations -- again, this is very fluid. And we've got to be thinking about being fast on our feet as you see this world continue to change.

In Capital, it's all about margins and cost control on the positive. On the negative side, it's all about losses, lack of gains, how that happens, where that ends up. Again, I think we've planned conservatively. But this, again, is a world where the situation could change pretty fluidly.

In Corporate, it's all about cost control on one hand. On the other hand, if we decided next year that we want to do even more restructuring, that might increase cost at corporate. We've already planned -- I would say, already embedded in our '09 numbers that I'm showing you in the framework is some additional restructuring that's going to happen in 2009 that we didn't do in the fourth quarter this year, just as we go above and beyond that vis-a-vis the framework and how we go.

Dividend -- we went through this in some detail when Keith made the presentation on December 2nd. We think that our CFOA less CapEx is between \$13 billion and \$14 billion. We're counting on \$500 million from GE Capital in 2009. That goes back to 40% payout in 2010. And then we always have dispositions, other things at Corporate, the \$2 billion. So, we've got good working capital programs inside the Company.

We've reduced CapEx. We're running the Company really focused on cash. And so we have about a \$3 billion coverage on the dividend. We'll talk a little bit more -- I'll talk a little bit more of that later in the presentation. But we, again, think this is a very helpful guidepost for investors when we think about 2009. And so the Company really operationally is very well grounded to cover the dividend handily and to be in good shape as we think about next year.

Lastly, every three years in the past going back to about 1991, we've had what's called a long-term incentive plan. Our last three-year one kind of ends this year. We're going to have a two-year long incentive plan for the leadership team going forward, very simple plan. It's for '09 and '10. It's 50% payout on business, 50% payout based on how the Company does. And it's an earnings number. And it's a cash number.

And so fundamentally, the management team gets a nice payout. 50% of the payout is based on hitting our '09 earnings plan and restoring the Company to good earnings growth in 2010. And 50% of the payout is based on really everybody driving the working capital and their cash plans and having down the line.

So, again, we've got the team very much aligned with the way we're talking about the Company today to you and very much aligned to the long-term focus of the Company. So, that's 2009.

Also in 2009, we're going to be driving things that actually are going to help the Company in 2010 and beyond, right? So, what I want to talk about next is some of the key initiatives that we use to get value out of the scale of the Company. In a multi-business company, we're constantly trying to drive cross-company initiatives and practices that we think over the long term are going to drive organic growth, improve margins, and drive working capital and cash efficiency. Those are the three things and the three things that we try to do.

Look, organic growth is still important, even in an economic downturn. We'll have between 7% and 8% organic growth in 2008. That turned out to be better than two to three times GDP. 2009 I think will be somewhere around 2% to 3% organic growth, which unfortunately should be two to three times GDP.

We think the way that that'll happen, again, is by focusing on services, which is going to be a key customer-driven benefit way to grow in 2009; positioning us to win in a lot of the global infrastructure projects; winning around the big themes, ecomagination, Early Health, some of the things that I think are going to be drawing government investment as we look forward in the future; and driving technology and innovation.

So, we think a lot of the investments we've made in R&D over the years or the last few years have filled a pipeline so that we can have good performance in this very tough economy that we're in today.

Services is key, \$130 billion backlog in 2009. The reason why services work is because they make our customers more profitable. You look at the top left, long-term service agreement with HCA, biggest hospital operator in the United States, \$1 billion customer and services, they've outsourced most of their services to GE, makes them more competitive.

We've sold 400 locomotives in China. All of them have trip optimizers. All of them have environmental software on them because that's how the Ministry of Rail wants to drive it. We've added another \$150 million in service revenue in China.

Lower left, Pacific Gas & Electric, this is a smart grid application, which is going to drive better grid efficiency inside that customer, good service revenue there. We did sign a brand new CSA at the end of this year with Southwest, which is going to help save them money, help grow our backlog. So, services continue to be very important because it helps make our customers more money.

Strong global position -- again, we think the building out of GE that's taken place this decade is still very important. From an industrial standpoint, about \$60 billion of revenue are outside the United States today. And over the last six or seven years, this has grown about 15% a year. The trick here is to win the big infrastructure projects, to continue to build strategic partnerships, and to continue to drive manufacturing, engineering, low cost on a global basis.

So, did we mention today that we got a big order in Iraq? I don't know if anybody knew that. I thought I'd just hit that again. But I think it's an example of what the Company does. I mean, we have tremendous global reach. We're in the right places. We're hustling after orders. This is a 56-unit gas turbine order. There'll be 21 that'll ship in 2009.

That's in addition to an eight-unit order we've already taken, so a total of 29 that'll ship in 2009. It addresses needs in Iraq. The reason why we got the lion's share of the business here is that our technology can handle three different types of fuel, heavy fuel, light fuel, which in Iraq turns out to be a big competitive advantage. And so these orders are out there. We just have to go get them.

China's going to spend \$600 billion on infrastructure. They've made commitments to go back and spend more on the rail grid. They're going to spend more on energy, particularly in gas. And they're going to spend more on healthcare. And so we're aligning ourselves to be able to participate all that. And in aviation, they're going to be investing money in their own capability in aviation, things like the [AV1], which was the regional jet that just flew recently that has GE engines.

And in global rail, we're chasing 1,600 global orders in 2009 in places like India, South Africa. There's probably \$5 billion of orders, some of which are 2009 shippable. Probably half of our units next year will happen outside the United States. In a typical downturn like this, we would be in very tough shape from a new units standpoint. Because of the global reach of our rail business today, we're in much better shape. So, there's going to be a lot of money invested. GE's going to be well positioned to get some of that money. And again, we think this is a big growth driver.

And just partnerships -- we are probably in the first quarter of the year going to have the formation of the commercial finance joint venture with Mubadala for the Middle East. It'll have originating capability of about \$40 billion when we do it. They become a long-term shareholder. It helps us in the region. It helps spread new capability. And we think these global partnerships are very unique to GE. They really benefit and industrial and financial company. They really benefit companies like GE. It helps us build regional positions. It helps us build capability. And again, we think this is a very good relationship for the long term of the Company.

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Now we have talked in the past in here about positioning GE to win in big themes. And two of them that are I think very germane today, very material today -- on the left-hand side is just under the banner of clean energy. We've got a \$40 billion energy business that is primarily in the technology of clean energy. We launched a campaign in 2005 called ecomagination, which is really focused on using technology to drive clean energy.

We're a founder of the US Climate Action Partnership, which has positioned GE with 30 other industrial companies. They really drive cap and trade and change. It's a big catalyst for change broadly. And we've got financing EXIM capabilities very strong and deep in this space, not just in the US, but around the world.

In Healthcare, we've associated ourselves with access and cost. We've got about a \$20 billion healthcare business. We call it Early Health, which is really predicting, diagnosing disease earlier. We've been aligned with public policy over the year, what's called Leapfrog, driving more transparency in the system. Again, we've got financing, EXIM, global business.

So, for many years, we've positioned the Company in a way that we can help use our technology to help solve global problems. We got there first. We're big. We're well known in the space. Why is that important? Because a lot's going to happen here. When you think about not just in the US, but on a global basis, this is where a lot of the investment money's going to go. It's where a lot of the stimulus is going to go.

This gives you quotes from the Wall Street Journal, gives you quote from President-elect Obama, gives you quotes from the Chinese government, from the European Union. There's just a lot of investment that's going to go into clean energy when you look at the next few years.

Here's where we stand on ecomagination. We'll do \$17 billion in roughly 70 products in 2008. We're on track to do \$25 billion in revenue by 2010. We've got great R&D leadership in things like renewable energy, wind, batteries, solar, lots of technologies, both today and in the future. We've got a great brand and reputation in this space, well positioned for the future.

And again, in some way, shape, or form, I think the right-hand side of the page is going to happen. You're going to get big investments globally in renewables. It's going to be driven by either changes in the production tax credit or some form of renewable portfolio standards, again, not just in the US, but around the world. We're going to see big investments in grid, both big and smart. So, there's going to be opportunities for our transmission and distribution business. You're going to see greening of facilities, which will help the lighting business, the industrial business, anybody that's in facility efficiency business. And you're going to see more catalyst for change as time goes on.

So, I just think this is a very smart positioning for the Company to be in. I think it's going to help shore up the backlogs of things like wind without us having to put our own capital to work. And this is just going to happen soon, I think vis-a-vis clean energy in the United States.

And here's why. It's a win-win. This is just kind of a basic chart that says if you take wind and smart meters and you talk about 5 GW to 12 GW, how much greenhouse gases it saves and then smart meters, if you talk about how much efficiency it saves and how much reduces of CO2, these are big job creators. They're local. They are intent. They're fast.

And in some way, shape, or form, I think our entire focus or the way that we position the Company in ecomagination is going to be a very strong positive for GE in 2009, 2010 as the stimulus package, not just in the US But Europe's doing the same thing. In some ways, I think China will do the same thing. And so I think this is a great opportunity for the Company.

Now healthcare, I think it's slightly different. In healthcare I think in the United States, the story is going to be about productivity and efficiency. And I think this is going to cut both ways. I think it's going to help our healthcare information technology business. But it's going to put pressure on reimbursement in the diagnostic imaging business. So, I think in healthcare, whereas in energy it's strongly positive, in healthcare, I think it's going to cut both ways.

From a global standpoint, I think it's almost all good. When you think about Europe, when you think about some of the emerging markets, they are still in the investment phase from a healthcare standpoint. So, you're going to see new hospitals built. You're going to see cancer screening. You're going to see things like that on a global stage. So, I think it's going to be a little bit different in the United States as it is in the global arena.

So, for us, I think the trick is in the United States to position our \$1.8 billion healthcare information technology business, which I think through some of the collaborations we're forming with Mayo Clinic, Intermountain Health, people like that, is very well positioned now in the electronic health record to position this business to really grow rapidly as the government sets new standards and gives hospitals some capability to invest in this activity.

In the global stage, this is all about build-out. It's all about getting in the emerging markets. It's all about getting -- being part of these capital programs as they take place, getting positioned with value products, the right product line. So, I think globally, this is going to help the DI business, all the businesses, in the US It's going to be very positive for the service business and the IT business, while probably creating some headwind for the diagnostic imaging business. And I think in both cases, the Company needs to be positioned.

Now we will continue to spend money in technology and products, even during this downturn. We've spent about \$50 billion this decade. We've put a strong focus on products. And despite the fact we're going to take about \$5 billion of cost out of product spending year over year, it's going to slightly positive because we still believe this is a place where GE can win, where we create margins. And the focus is going to be about driving some of these big high-efficiency technologies, like the GENx engine, filling out all the value segments.

So, I think what's really important right now is to have low-cost solutions for our customers that are still high margin for us. We'll have a lot of launches that are more competitive but still high margin, broaden the service offerings, have a full complement of healthcare launches, which a lot of you saw when you were in Chicago.

From an NBC standpoint, Jeff and his team are still developing a lot of content with a real focus on movies and cable and the network and then focus on delivering these imagination breakthroughs. I now track 30 imagination breakthroughs in the office of the CEO, which we think are going to lead to long-term growth as we look forward in the future.

This just gives you a sample of some of the -- what I would call the lower-cost, higher-margin product launches that I think are going to help 2009 -- the MR750, which is really the fastest and most productive MR scanner that we've ever delivered, which we think it going to be directed towards mid-market healthcare customers. You may have heard a little bit about the Leno move at 10:00 at the network. But again, we think this is a good margin enhancer in the primetime schedule.

The LM6000 gas turbine is a low-cost point for customers to site products quickly, high margin, again, for us. In the lower right is a business that we acquired two or three years ago in Europe that is going to get us in the turbo prop business and allow us attack some of that install base and be positive going in the future. So, we think we've got some real opportunities to grow with high margins, even in a tough environment.

And then we've got innovation pipeline. What we try to do is every five years get about 30% of our revenue from these imagination breakthroughs. So, we're making investments in batteries, both lithium and sodium. We've invested about \$150 million so far. We think the Company's going to be well positioned there.

We're investing in the smart grid, which is both product and software. And we think this is going to be a multi-billion-dollar business for GE over the long term. We now own 55% of a solar company that does thin film solar, which, again, we think will be commercialized in the next three or four years.

We own 50% of hulu, which is a great premium digital content website. We launched a venture in digital pathology, which we think is going to be about a \$2 billion market for us over the long term. And we are big in the development of the Chinese aviation industry, which we think is going to, again, give us good avenues and room to grow. So, technology, innovation still remain important, even in this tough economic time.

Operations -- we talked last year about really driving an operating council, which I chair. And it's focused on driving lean inside the Company, higher margins, and capital efficiency. So, those are the metrics. We've got lean driven throughout the Company. The operating leaders are engaged in it. We're working on cycle time and efficiency throughout the Company, a strong focus on margins, both contribution and operating margin, and a real intense focus on working capital and cash. And again, all these things are important all the time but take on even greater intensity at a time like this.

And working capital -- we basically have still lots of opportunities in inventory and receivables and payables to become best in class. This just gives you a sense of where we are in those businesses. What we targeted is about a \$5 billion reduction in working capital over the next two years, '09 and '10, by driving better practices and inventory receivables and payables. And so we think we can get about \$2 billion out of inventory. We had this incredible equipment ramp over the last few years. We think we're going to be able to get some real cash out of the inventory pools inside the Company.

We think there's going to be some real opportunities from a receivable standpoint. And again, payables, this is going to be I think a target-rich environment when we look at 2009, 2010. And we think these improvements will offset any changes or any headwind we have in progress

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payments because of lower equipment orders and things like that in the future. So, we think we've got this pretty well balanced and good practices associated with it.

The next page is kind of a grunty page. Just so you know, we've got probably 100 analyses just like this inside the Company. This is driven by Scott Ernest, who is our manufacturing leader in the aircraft engines business. And this shows Scott's goal next year to get \$295 million out of inventory in the aviation business in Cincinnati.

So, he's got sales growth. He's got new products that he's funding. He's got cycle time reduction, productivity reductions. And so we literally have dozens of operating leaders that have scorecards just like that that get reviewed weekly and monthly and make us pretty confident that we've got the goods to get this kind of improvement and working capital looking at the future.

Similarly, in variable cost productivity, we've got about \$1 billion of variable cost productivity kind of loaded into the plants next year. And it goes from oil and gas, where we're driving lots of product simplification to energy, where we've got materials productivity and cycle time advantages. In healthcare, we're working on manufacturing yield and lean. And in aviation, it's all about materials. So, we've got great material cost out practices. So, we've got about \$1 billion plus of these kinds of activities loaded into how we're running the place and what we think we can do in 2009.

Last, on restructuring, between 2007 and 2008, we will have funded about \$2 billion of restructuring after tax. This is in plant closures, consolidations, reducing layers, making the place more efficient. From an overhead standpoint, G&A as a percentage of revenue, we've seen a nice steady decline and efficiency there. And from a revenue per employee standpoint, this is going to be up probably 60%, 70%, 80% between 2003 and 2009 as we continue to drive efficiency, be leaner, and drive best practices outside the Company.

So, again, working capital, margins, restructuring, cost out, this is the kind of year where we think we're going to get margin enhancement. We're going to drive better improvements in cash. And so I think this is all loaded in the plan and what we ought to be able to see in 2009.

So, the benefits of scale to us are about being global and all the things that that brings. So, more than half our revenues are outside the United States. About half our manufacturing is outside the United States. We've got R&D centers, manufacturing. It allows us to be low cost. It allows us to serve our customers better.

Driving innovation -- we have invested in the Company about \$50 billion this decade. We are generating 2,000 patents a year, which are the things that protect the service backlog and the high margins that we generate. We've got 40,000 engineers. We've had probably 100 imagination breakthrough projects, which allow us to drive good organic growth, better than our peers. We're leading in content. And we've really positioned the Company I think to be able to win in these big themes that exist out there in terms of clean energy and things like that.

Strong relationships -- \$120 billion service backlog, lots of strong relationships around the world, people like Mubadala and other global partners. We're positioned as the government stimulates the economy and a very strong position to be able to partner and drive good growth and good change from these activities.

And lastly, leveraging kind of size and breadth, being a AAA, being about to drive company to country, generating best practices across the Company and lean and driving cost down, having margins that are better than our peers, returns that are better than our peers. These are advantages that scale brings and advantages we think that we bring to GE investors. So, again, this is all about how do you create value from scale. And we think the Company is well positioned to do that in 2009 and going forward in organic growth and margin rates and cash flow and returns.

So, lastly, just talk a little bit about kind of where we're going and talk a little bit about priorities with the portfolio and things like that vis-a-vis kind of where we stand and how we're positioned. I'd say first with the portfolio our view over the last few years is that we had I'd say basically three fundamental priorities. One was to get a set of infrastructure businesses that were strong market leaders, multiple revenue streams, all the things I've talked about. And so we've made investments to really build out this infrastructure space pretty dramatic.

I'd say build a diversified media business. If you go back to the cycle we're in today, had we not made the moves we've made in media, we wouldn't have the kind of robust performance that we made today.

And I'd say the third thing was to derisk what we saw as the primary source of risk in GE Capital, which was insurance. And so exiting insurance in 2003, 2004, 2005, that was a very high priority for us as we looked at how the Company was positioned.

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And so today, you've got a company that's 60% infrastructure. I think last year, you asked me, what do you think the right percentage GE Capital should be. And I said below 50%. And I delivered for you, right? I didn't realize exactly how it would happen. But boy, have we delivered on that one.

So, we've got 60% in infrastructure, 30% in financial services, and 10% in media. And I'd say we're still -- even in as tough a year as 2008 has been -- able to deliver aggregate earnings in excess of the S&P 500. And our dividend is in excess of the S&P 500. But by the same token, look, the P/E versus where we were eight years ago, ten years ago has gone from a 40 P/E to roughly a 10 P/E today. So, that's been a challenge over the last ten years.

So, when I sit here and look at the Company today, I say, look, there's really two things we have to do. We've got to continue to drive this great set of industrial businesses that are competitively advantaged by being a part of GE and continue to position them to generate margins, earnings growth, cash flow, all those great things. And we've got to I'd say resize GE Capital around the businesses that just have dominant GE advantage.

In other words, I'd say it's not about so much growing earnings because we can or growing earnings because we can do it better than banks. I think it's building a financial service business that just has dominant GE competitive advantage. And that is still out there. And we still believe that that business makes sense for us. And we still believe that there's lots of places where GE can play and outperform banks all day long that have tremendous GE capability. So, when I look at the portfolio today, those are the two things that are on my mind. Those are the things we have to do.

Now Mike talked about at the GE Capital meeting on December 2nd, really laid out to you here's the way we think about the financial service business today. So, we sit there and say, "What's your cost of funds?" With where interest rates went today, I don't even know what commercial paper costs. I don't know if it's getting close to zero at a pretty fast pace. Costs are low. And our costs are low. And AAA is an advantage. And I think this is a place we could play. I think we described to you at the GE Capital meeting how we think about funding ourselves, more diversified, smaller, where that's going to come. And I think this is in a pretty good position.

Look, I think we're all in the mode today where the government loan support is important. So, we've got to be cautious about what it means when that changes. And we're trying to think that through. But that's on that end of the business. And that's where we are.

In the factory, what I call the factory, we're low cost. We have good risk managers. We've got good ways -- good treasury. We're good asset managers. We've got a good tax team. We've got good talent in financial services that we've been able to grow. So, I think we're pretty good. I mean, we have a good competitive financial service business.

And I think from origination standpoint, it's going to have to be tighter around those areas where GE is just -- can really do much, much better than banks. It's mid-market lending. It's verticals. It's some of the emerging marketplaces where we can leverage the brand. That's probably where we're going to be in the origination side. And I think you look at those three things, you say remix it, focus on margins, be smaller and really be focused on competitive advantage versus banks.

Look, I think the returns are going to be mid-teens. We're going to have to work our way through. Ultimately, I think what determines where the returns are is going to be where the pricing is. I mean, we're going to go through a credit cycle for sure. It's going to be negative for sure. But coming out the other end, I just think pricing is going to be far different in 2011, 2012 and clearly what it was in 2005, 2006 and beyond.

And then I think as we build off the 2009 base consistent, conservative, and we still believe in financial services, we can earn good returns consistently and a valuable business mix. And that's how we position the Company to be successful.

From an industrial standpoint, I like our hand. And like I said, we're going to run Consumer and Industrial in 2010. We're going to run it with intention. We didn't lose any market share as we went through the process and continue to stay focused on it.

And then it's about how do you allocate capital? And listen, I've gotten plenty of discussion on this inside the Company. And people send emails to me every now and then to have -- and what I try to do is just build the way I think about it. On the left-hand side, we've got annual operating capital of about \$16 billion. As we focus on collections greater than originations, GE Capital generates a lot of cash as you go through that. That's \$25 billion. We did the equity raise of \$15 billion. And then we've got cash -- Keith's got cash under his desk let's say at \$16 billion. Somewhere in the Company, we've got \$16 billion of cash in the Company. So, we've got cash inside GE that can do a lot of things.

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And then I think about what's the priority, right? How do you think about what's the best way to spend that? And I just prioritize three things for the Company. The first one is making the right investments to grow organically for the long term. And that's in the '09 plan. That's in the '09 plan. So, we've made all those decisions to be smart investors for the long term. That's embedded in the '09 plan.

The second thing I'd say with about 40% retail investor, with a high percentage of value investors, and the type of volatility we're going to see in 2009, I just think dividend's important. It's a culturally important part of the Company. It's I think important to our investor base today. It's affordable. And I just think this is an important touchstone vis-a-vis how we think about GE in 2008, 2009. And so that's -- we've kind of put a stake in the ground and said this -- we think this is an important way to allocate capital in this cycle.

And then the last thing is to execute on the financial services plan. It's very important for us that we have a safe, secure financial service business. I think Keith talked about it last week that we're going to take probably \$5 billion of the \$15 billion equity we raised and put that into GE Capital to make sure we've got the ratios where we want them to be at the end of the year. We've got a debt reduction plan of about \$50 billion. And we've got cash plus bank lines safely above commercial paper. So, look, we're going to face credit cycles and things like that in the Commercial Finance business. But we think it is a well-structured entity as we approach 2009.

[Ability to] do industrial acquisitions. I prioritize those lower. I mean, there's going to be an opportunity for us downstream to do acquisitions industrially. But I don't feel the need to do that in 2009. And these are just -- we'll see how it goes. But I don't prioritize that as highly as I prioritize the first three things.

Why? I'll give you one reason why. Because I've done a lot of them from 2002 to 2007. We've got a better healthcare business today. We've got a better NBC today. We've got a better aviation business today. We've got a better energy business today. Why? Because we've done -- we've built the businesses we needed to build during all those times. So, I don't need to do acquisitions to keep the Company at a 10% growth rate post-recession. I don't. I've got that. I've done that. We've done that.

And so look, I think I can safely put the first three things first and put that next. And then further down the list, you think about things like share buybacks someday. So, we'll discuss that someday. That's not going to be 2009. That's a discussion for another day. And then should you buy -- there's going to be a lot of distressed assets that change hands. There's going to be lots of buying opportunities. And we'll take advantage of those. Don't get me wrong. We'll take advantage of financial services assets that are available. But I think it's going to be only in the context of plugging those into businesses where through the cycle GE has dominant competitive advantage.

So, I think we paid a dividend. We hit our long-term growth rate. I think that's a pretty good -- two pretty good touchstones for investors in the type of cycle like the one we have right now.

This is the Company. Again, it's just -- in a tough cycle and a tough year, it's not all bad to -- I mean, I remind people who we are. It's a third of the world's energy capacity. We're indigenous to healthcare. We lend about \$1.8 billion everyday. We've got great content, great programming, financial strength, AAA, inside the Company. We're in the right businesses. And I think this great set of businesses is going to perform for investors in 2009 and beyond.

So, just to wrap up, I think transparency around the operating framework, our goal in 2009 is to hit \$5 billion in financial services, to hit between 0% and 5% growth in our industrial businesses, to have corporate flat. We're going to run the teams to higher goals than that. And we're going to do it in a tough environment.

We've got commitments in a world of low transparency, \$1.24 dividend and post-recession growth rate of about 10%. I think we're positioned to benefit in some areas where you can get growth in this cycle, like these big infrastructure projects in services. We're going to execute on the long-term imperatives of globalization, innovation, relationships, and financial strength and continue to drive those. And I think strategically, we're going to execute on a pretty detailed plan that Mike has taken you through on financial services to get it positioned for 2010 and beyond as a more focused, profitable, high-margin financial service company.

So, with that, look, I'm happy to answer questions and talk about anything that's on your mind. So, let start away, maybe start, Nicole, with you. Here we go.

QUESTION AND ANSWER

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Nicole Parent - Credit Suisse - Analyst

Two questions -- I guess, first, in the context of the emphasis on the dividend, could you give us your thoughts on the AAA rating? And then the second question would just be -- in the context of getting away from the quarterly guidance, which I think makes perfect sense in the context of the size of the Company, are we still going to get the same level of disclosure within the businesses that we've been getting, say, in Q3 '08 when we think about the subsegments within the broader segments, as you've redefined them?

Jeff Immelt - GE - Chairman & CEO

Nicole, great questions. Again, I frequently get the question -- what do you favor more, the AAA or the dividend? And I always give the answer both. I always say the way we allocate capital is to make sure we've got plenty of capital to do both. And that's just the way we run the place. And so, I just think both are important in this cycle. And that's how we think about the Company.

In terms of transparency, Nicole, I think the same segment data, the same access to management, the same level of detail, I think what you saw in the December 2nd financial service meeting, that's going to be standard vis-a-vis how we approach it. So, absolutely no takeaway on access to leadership, transparency around data, details, things like that. I think that's something that we are -- remain committed to. Yes, [Jeff].

Nicole Parent - Credit Suisse - Analyst

Just to follow up on the dividend versus AAA tug of war, certainly your close there was much more focused on the dividend than the AAA. So, I wonder if you would be a little more -- give us a little more thought process on that tug of war internally. And as part of the question, the board commitment around the dividend that came out of the 9/25 presentation, since then, obviously, things have gotten worse, the capital raise, the outlook on everything else. So, although it does appear that you have the mathematical capability, maintaining the dividend here certainly would appear to be crowding something out. And I'm -- so I wonder as you've reprioritized capital to support the dividend what, if anything, has gotten crowded out of that --

Jeff Immelt - GE - Chairman & CEO

I think, Jeff, good questions. Again, I want to make it clear. The AAA is a philosophy of how you run the Company. In other words, I've always liked the discipline around the AAA because I thought it made sense in the context of the Company itself. So, those disciplines shouldn't go away, won't go away. And the AAA remains important. And look, we've put \$5 billion into making sure that the leverage comes down. And if we need to do more, we'll do more in that context as time goes on because I think the AAA's important.

If you go back and look at the buyback plus dividend over a long period of time and use that as the quote-unquote payout ratio -- in other words, the way I would think about the Company -- and look, it's been hard to get -- if you've been in financial services, it's been hard to get much messaging out about anything other than financial services. I mean, a lot of you guys in the room can appreciate that. So, if I just step back and say, okay, financial services, industrial business, this is a great cash flow machine. And I think about these businesses that are -- the basic GE infrastructure business has 17% margins, right, \$100 billion or so infrastructure business with 17% margin and \$2 billion of cash, almost no cash required to grow because they're heavily verticalized and stuff like that, Jeff.

So, we've had a buyback and dividend over time that has -- if you consider that the payout ratio -- has been probably 80% or 90% over that time period. So, what goes away in that time period? What goes away is buyback clearly. And if you look at it on a consistent basis, the dividend is now in that realm.

Clearly, at the board level, we discuss a lot. We went through detailed cash plans on how we come up with this idea, this commitment and why we prioritize dividend versus doing big acquisitions, things like that. So, we had a lot of robust dialogues around that. I think it's our view that this remains the best thing we can do in a time like this to demonstrate strength of the Company. Yes, [Cliff]?

Cliff Ransom - Ransom Research

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I've drunk the Kool-Aid about infrastructure. But if you consider -- and every company I've talked to in the last two weeks is pinning their hopes on the infrastructure spending globally. Let's just look at the US for a second. We don't have a program yet, just rhetoric. We have a slow and venal congress. We have municipal bureaucracy.

Jeff Immelt - GE - Chairman & CEO

You're speaking for yourself now. This is political.

Cliff Ransom - Ransom Research

You have municipal and state authorities outside of communist dictatorships that are very slow. And then you get in the problem of permitting and work releases, the practical --

Jeff Immelt - GE - Chairman & CEO

Now stop.

Cliff Ransom - Ransom Research

I look at those conditions. And I say why is anybody going to have any revenues before 2010, much less 2009? So --

Jeff Immelt - GE - Chairman & CEO

Coming from the government. Coming from the government.

Cliff Ransom - Ransom Research

Yes.

Jeff Immelt - GE - Chairman & CEO

Cliff, I go back to the chart I showed you that said basically if you've got \$40 billion of -- again, I've taken \$20 billion out of the backlog. I've got \$40 billion of 2009 shipments. That's in a case that's above -- way above the zero case, let's say. And I sit there and say, look, if none of them got financed, if you've got no new sell and install orders, right, zero, here's how we think about it. So, I don't think that should be part of the plan, right? I don't think the government stuff -- none of what I showed you is in what I would call the plan. This is all stuff that says, look, if some of the wind projects we took out of the plan fall into that, that's a good guy for us. So, I'm kind of with you.

Now I can make a different argument, right? I can sit there and say think about the [TARP]. And again, I'm kind of with you. I'm completely the non-optimistic Jeff today. I say none of that happens. For a relatively small amount of money in the TARP, you could finance the entire wind project base that had been conceived of in 2009, a very small amount of money. Now I'm talking about \$3 billion, \$5 billion, something like that. That's chump change.

So, the only pushback I have is that this is a very easily targeted concept. And then I go and say, listen, if all you did was listen to what the President Elect has said since he's become President and his election, it's a national renewable portfolio standard, that is a really great thing for GE.

And you handicapped it yourself. I'd say none of that should be in the plan. You handicap it for yourself. But that's potential growth as time goes on. And it's not just US, Cliff. This is governments all around the world. Yes, Bob?

Robert Cornell - Barclays Capital - Analyst

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It's a question for both you and Mike. I mean, the comments were made. You can see that GE financial services is positioned for double-digit growth in 2010. I wonder if you just give us -- maybe Mike you can get up there, too -- give us a walk on --

Jeff Immelt - GE - Chairman & CEO

Hey, Bob, it's my stage here, man. He's going to get up when I ask. No, just kidding.

Robert Cornell - Barclays Capital - Analyst

Trying to give you an out man. How does that come together with regard to assets, return on assets, provision for losses coming down, and the tax rate when you look at the double-digit growth in that context? What do we expect to happen this -- ?

Jeff Immelt - GE - Chairman & CEO

Again, I would urge you to talk to Mike offstage or spend more -- go through it again. The basic principles I'd say in 2010 -- again, nobody can really see that far. I think what we were trying to show you as a construct is to say the credit cycle's probably still getting tougher in '10, right? So, you're still going to have higher losses. The pricing goes strongly positive in the second half of next year. You've got all the cost-base loaded in. And at some point, you're going to get some gain capability in that construct. I mean, we're really not counting on much of anything of gain. So, that's kind of the concept, Bob.

I would say that the consumer cycle starts first. The commercial cycle comes after it. And my hunch is that the commercial cycle is going to go into 2010, just given everything we're looking at today. So, that's the -- losses still going up. But pricing on new business today is extremely -- and so the portfolio comes off. The new pricing comes on. And then we've tried to model the asset base coming down. The teams got loaded in \$2 billion of cost out in '09. They're going for \$3 billion. So, Jeff Bornstein and Mike have really got an internal plan of \$3 billion. They're counting on \$2 billion. So, you've got more cost out coming your way.

So, it's that kind of thing, Bob. But look, I think we're going to be in for a tough commercial cycle for sure. And it's probably going to go into 2010. Yes, [Scott]?

Scott Davis - Morgan Stanley - Analyst

Yes, that came on fast. On the margin side, Jeff, I know I've hammered you on this for probably five or six years. And you finally have the mix shift going for you. Can you talk a little bit about -- maybe one way to approach it is the impact of restructuring. And maybe if you could quantify how much restructuring. You mentioned the \$1.4 billion. But a lot of that is just reserve building. As far as industrial side of it, how much -- really, what kind of a tailwind you might see from that restructuring that can -- ?

Jeff Immelt - GE - Chairman & CEO

Let me give you the math. I'll give you the math. And then I'd have Trevor give you the real detail. But I'm -- I'll be close here. I think that the value gap has a chance to be somewhere between 50 and 100 basis points positive. That is price versus deflation. The mix, Scott, between service and equipment has a chance to be I would say 30 to 50 basis points positive. The Olympics falling out is about 30 basis points positive. And restructuring I think, Trev, is about 50, something like that, somewhere in that range.

So, that adds up to a big number. Then I sit here and say, guys, we're going to have disruption, cancellations, new lines being put in. We had some of those in our rail business this year, right? We saw softening in North America. We loaded in global orders. Our [diseconomies] of scale were high. The margin rates in our transportation business should be higher than they are. But it's all this disruption.

And my hunch is if the US diagnostic imaging market is really soft, you're going to have some pricing pressure. So, I hedge back that tailwind to say I think it's going to be positive. All 200 basis points aren't going to fall through. But I think for the first time, Scott, since you've been beating me, I got tailwind. In other words, we've got tangible stuff that is in backlog that I think you can touch and feel and see. That's just pure arithmetic, right?

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It's just pure arithmetic if aluminum pricing goes down, plate steel goes down, steel goes down. We buy as well as anybody in the world. That's just pure arithmetic. If services is a 30% margin and equipment is the high single digits -- so we've got a lot of things on our side. But I personally -- and you guys all know well from listening to probably UTX and Honeywell and everybody else, you've got to count on some diseconomies in a year that's going to have as much volatility as 2009's going to have.

Scott Davis – Morgan Stanley – Analyst

I have a follow-up then.

Jeff Immelt - GE - Chairman & CEO

And actually I think Trevor and the guys can give you the details probably in a more granular way than I can.

Scott Davis – Morgan Stanley – Analyst

Okay. The natural follow up then, you talked about stress testing the backlog. And of course, I'm sure you've spent some time stress testing your reserves in GE Capital. But can you talk about how you stress test your service backlog, meaning that if electricity is down, electricity demand is down, and flight hours come down and things like that, what is your confidence? Or how do you band out your confidence?

Jeff Immelt - GE - Chairman & CEO

That's a great, great question. Again, what we try to do is just go through unit by unit in the service backlogs of what are the base load units versus [peakers], how much service is embedded, where are you in the tear-down cycle of the products that are there. In aviation, it's relatively linear because you can really study what airplanes are flying, where are they in the FAA test cycle, things like that. So, we've tried to give you a pretty well balanced view on where we think the service is. And we've got pretty high -- particularly on the CSAs, we've got a pretty high level of visibility. I'd say on the flow business, parts that are coming outside of the CSAs and things like that, you're still trying to model and estimate what it might be. Yes, [Jim]?

Unidentified Audience Participant

Just a follow up to a couple of the earlier questions. When you -- you've done all this work to stress test '09, taken backlog down. You've got the financial services stress test. You say unemployment you expect to be worse in the second half of '08 -- '09 than the first half. You expect the commercial credit cycle to be continuing into '10. And these backlogs -- in your stress test, you take no additional orders, right? So, I'm wondering -- this is really crystal ball way into the future. But how does '10 shape up in your worst case stress test scenarios?

Jeff Immelt - GE - Chairman & CEO

Jim, I'm not quite there yet. Again, what I would say is that we've got a fair amount of backlog in '10. We're pursuing other orders, like the Iraq order, which has a '10 position in it. So, we still have in 2010 a fair amount of what I would call sovereign financed orders in gas turbines, aircraft engines, things like that that give us some confidence in the 2010 backlog. And then the only 2010 -- or the main 2010 number I showed you here is \$41 billion in services, which again is pretty much -- not easy in the model -- but it is modelable. And that'll be -- by that time, that's probably \$9 billion of earnings that are there.

So, then -- and then look, I think everybody in this room can do your own estimate on losses of commercial real estate, on where the consumer's going to go. We've given you our best shot at a pretty conservative case on all those things. But anybody can pick a tougher point or a better point. But I think what we've tried to do is reflect where we are. So, I think service -- again, I take some consolation in the following number, right? And some of you can disagree with that.

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The fact is that our equipment orders in the fourth quarter this year are only going to be down 10%, given all the things we've seen in the last three months, still above where they were in 2006. So, that gives me some consolation that there's still activity out there and that if you've got the right technologies, there's still going to be opportunities.

Fair enough? I mean, that's -- yes.

Unidentified Audience Participant

Thanks. First question, you talked about possibly doing distressed purchases -- or sorry, purchases of distressed assets on financial services side, but not on the industrial side. Could you maybe expand on that a little bit? I know it's in the face of all the other capital commitments you've got. And we're going to be in an environment where at least a lot of your peer companies are saying now is the time for us to act on it. Now is the time for us to get good pricing and to buy and to expand and grow.

And then the second question, before I lose the mike, is what gives you the highest level of confidence that there's not ticking time bombs on the capital side over the next year with the late vintages of cars and real estate and all of those other elements?

Jeff Immelt - GE - Chairman & CEO

What I would say is -- on the first one -- financial services always -- there's an easy benchmark out there that says basically -- let's say mid-market debt is trading at \$0.50 on the dollar. You can decide to get into that or not get into that. So, on financial services, you can always assess what's going to be distressed debt purchase, how much it'll cost, what you can get out of it, things like that.

We still have an active game board industrially. We still look -- we still track probably 200 companies. And we still think about what would be good partnerships in industrial acquisitions and things like that. So, it's not like our business development people have gone away. It's just that we have prioritized doing dividends as the highest priority -- the best use of capital right now. But we still have a very active thought process.

Now look, I think it remains to be seen how much industrial trading goes on. Frequently, when -- people are going to look at this area and say, look, I'm going to operate myself out of where I am today because I'm too cheap. And so it's not like everybody's going to kind of run and say take me now, please. I'm ready to be acquired. I just don't see that. But it's not because I haven't thought about it. I've thought a lot about it. I've just prioritized the dividend higher.

And then the way I would think about the portfolio is that I take some consolation on the consumer side is that our '08 underwriting and our '08 vintage is -- on the consumer side, right -- is performing better. So, I feel better about that.

And then I would say on the commercial real estate side, look, I think the -- we've got a business model that is originate the whole to operate these assets over a long period of time. I think last year we probably had a \$3.5 billion to the upside on those assets. My sense is it's probably negative right now, probably primarily on those vintages of '07 and that range. But that's now how I think about the business. I think about the business of cash flow, operating. That's how we've set up our commercial real estate business.

Fair enough to answer the question? Yes, John?

John Inch - Merrill Lynch - Analyst

One of the arguments historically against monetizing or spinning GE Capital had been it would lose the AAA without the industrial parent support. But you look today, the bonds don't trade as if it were a AAA. You are successfully taking yourselves off the commercial paper or reducing your reliance on commercial paper, which obviously would be required for AAA. Is there a scenario where you would consider spinning or monetizing GE Capital if that impediment has kind of gone away based on the new reality for financial services?

Jeff Immelt - GE - Chairman & CEO

John, I think it's a very fair question. And I think as we've gone through our thought processes about the Company, we think about a lot of different things. But we keep coming back to there are segments of this business that we are really good at and where we can have the right cost structure, we can have the right funding structure. We can beat banks all day long. And I think our job is to prove it to our investors. I mean, right

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now, this is a tough place to be, financial services in general. It's -- our job is to prove it to investors that the strategy Mike laid out works for GE. And that's what I believe.

But look, we've been strategically agile vis-a-vis how we've thought about the Company. But we keep coming back to the fact that we think there's shareholder value there and in positions where we are clearly better than the banks.

And the one thing I can -- I think everybody in the room probably knows better than I do is that you're going to wake up in 2010, 2011, and there's going to be fewer competitors than we have ever seen before in this industry. And the pricing's going to be better. And I think we'll see that. Other questions? Yes, in the back.

Unidentified Audience Participant

Since you've taken over the Company, you've really been committed to sort of a 10% growth concept on an annual basis. This year clearly didn't work out. And next year won't either. But as you think about it, is 10% per year important? Or is 10% over time important?

Jeff Immelt - GE - Chairman & CEO

I think it's over time. I think for a company of our size -- and when I talk about it, I think about it as a summation of the businesses we're in. When I think about big energy, healthcare, franchises where we have leadership positions, where over time the core industry's probably going to grow 3% or 4%, where we've got a chance for margin enhancement, productivity every year where we can bring new ideas and things like that. Those businesses in a capital efficient way ought to generate that kind of growth over time.

And financial services, again, I think what's important is getting to the right places. But we'll still have small market share on a relatively big market. And I think the only way to think about -- the best way to think about the Company is over a long period of time. And if -- there's a chart I didn't bring today or I didn't show. If you go back to 1980, over 30 years, we have an EPS growth of about 10%. It wasn't every year. There were couple year, plenty years where we didn't do it, but over that time period. And so I think that's the right way to think about the Company, not every year. It's a long-term play. And there's no magic on the 10%. It just is the bottoms-up of what the businesses should bring.

Unidentified Audience Participant

-- question, which is on the capital side, there are some of us in the room that had the pleasure of being here in the '02, '03, '04 timeframe when we -- some of these same discussions came up, although it was insurance rather than other issues. What internal governors are you guys really putting in to sort of regulate where you want to grow because GE can bring scale and importance to any business it wants to if it opts to do it? And sometimes it works out; sometimes it doesn't. But how do we just sit there and say, guys, this is it? We're in a box. And we're calling it a day.

Jeff Immelt - GE - Chairman & CEO

It's a very good question. It's one we've thought a lot about. And I think it's really two things. I would say one is just a -- again, I wouldn't make excuses. I think we have tended to be in businesses where we thought we could earn great returns over a long period of time, many of which fit the GE brand, but some of which didn't, right? But it wasn't -- we were always checking ourselves versus banks or other people and things like that. So, it wasn't like we were just going wherever we wanted to. We had that construct.

I think the way we think about it today is we've got a very internally tight, strategic bandwidth on where we think GE is permanently advantaged versus our verticals, G-cast, energy, healthcare, no-brainers, right? Mid-market financing, but our costs are low. The GE brand plays well. The banks are lousy at it. Those are clear. So, those are the ones that we prioritize.

And then the second part of that I just think is aggregate size. It's just that aggregate size of the balance sheet, how much is too much, right? And I think that's a governor that we will put on today that maybe we didn't so much in the past because, again, I wouldn't give an excuse for myself. But no matter -- if you ask any CEO in any financial service company, none of us had quite modeled system failure. None of us had quite been able to model -- now we can, right? Now we can see what that really is like, what it means. So, I think a governor on aggregate size and a governor on very tight competitive advantage, those two. Okay? Great question. Yes?

Unidentified Audience Participant

Thanks. Talked about the puts and takes a little bit around 10 percentage earnings growth in the financial side in 2010 and later in that environment fewer competitors with (inaudible) pricing as one of the biggest areas. What about going back, talking about a little on the funding side and as you transition from [TLGP] into a maybe pure private market funding mechanism again? What are the puts and takes in your internal discussions around that?

Jeff Immelt - GE - Chairman & CEO

Again, I refresh back to the December 2nd meeting that the folks had. So, we're basically assuming that the unsecured debt market kind of gets cut in half, that CP goes down to around \$50 billion by the end of next year. And it's priced however it's priced, that we take alternative funding up to about \$85 billion. We've already got kind of a big slug of long-term debt in place. And so we're out there for roughly \$40 billion or \$50 billion every year.

And I think today, it's still too early to tell how that's going to be priced. Again, I think it's -- that's one of the things that we've got to wait and see how the government programs work, how long they last, where you end up.

What I can say is that when I look at the pricing of new business, right, it could probably accommodate relatively high pricing for incoming debt and still on a 20% return. So, I can see the incoming price. I don't know what the cost -- I don't think we're going to know what the cost is going to be probably for another couple months in terms of getting into next year. And that's what I tried to compare it to -- against. Anymore? One or two more. Yes?

Unidentified Audience Participant

When you look around the world, various countries and regimes have made more progress than others. And some countries, some regions are severely impacted. And they're going to be depressed and constrained a lot longer than others. How do you assess kind of the opportunities in global markets? Which regions have green lights? Which have yellow? Which are red? And how does that impact your emphasis and priorities on stressing businesses and geographies across your business lines?

Jeff Immelt - GE - Chairman & CEO

Look, I think it's a great question. I would say that it is still reasonably fluid from a standpoint of how it's working. I think what we try to do is model those countries that were leverage and housing driven are going to fall the furthest. So, that's Spain maybe, some parts of Western Europe. It's how effective are the government programs in terms of stimulating activity and how fast that'll happen. So, I think when we weave through it, we're still pretty bullish on a lot of the emerging markets. We still like investing in some of the emerging markets. We still think parts of Europe are going to be okay as time goes on. We still like places like Brazil as places to invest.

But I personally think that the government is an awfully big actor in a lot of these places. And so you're going to see more activity in terms of liquidity, housing, and infrastructure spending. But I think we're still looking at some of the emerging markets, Brazil, others, parts of Europe, US around some of the projects as being the priorities. And then we tend to look at housing leverage as being -- because the whole thing's about deleveraging. Who had the most leverage? And how long is it going to take to weed it out?

Unidentified Audience Participant

Any comments in particular on China or Russia or India?

Jeff Immelt - GE - Chairman & CEO

China's slowed, right? So, China has slowed. But I've been going to China for 20 years. And money will be spent in China, right? The government is going to spend money to build out infrastructure. They're going to build out healthcare. It's going to be spent. Russia seems like an awfully tough place right now. We don't have a lot of business in Russia. It seems reasonably tough. India's clearly slowed versus where it's been.

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But if you think about -- John Krenicki was not here today. Just in the last week, big order in Turkey, big order in Algeria, big order in Iraq, big order in Eastern Europe. There's still business out there, a lot of it government supported. But there's still a lot of business out there to be had. One last one -- buddy, [Jack].

Unidentified Audience Participant

Talk a little bit about kind of what contingency you put in for repricing service or backlog. I think you saw some of that in the power bubble last time. And kind of what's that look like for the next couple years? And then the other question I just had about was on working -- on cash generation. It seems like you have \$2 billion or \$3 billion of working capital generation, \$2 billion of what you call dispositions and other. Of the \$16 billion, that gets you close to the dividend, right? So, it doesn't seem like you have a lot of wiggle room in there for negative surprises from here. And just have you comment on that.

Jeff Immelt - GE - Chairman & CEO

Yes, what I would say, Jack, is the -- in the power bubble, we really didn't see a lot of repricing of services. So, basically, this is a business where you might see 4% or 5% price in a good year, normal year. We'd probably cut that back to maybe flat to 1% or 2% price. So, we've cut pricing expectations about in half or more.

But the great thing about the service business is you've got a bough wave of deflation coming into place, right? And it hits service even before it hits the equipment. So, you've got a real tailwind from a deflation standpoint that will surpass any pressure we're going to see from a pricing standpoint.

Look, I hate to be this blunt. But one of the things we learned in the power bubble is when you have some of this cash, the negotiations work more smoothly. And I would say when I compare where we are today versus where we were in 2002 when you had -- we basically sold 125 turbines to people that didn't need them. I think that was as bad as it is today. And so we've got a lot -- the same team in place, the same practices in place. And we've got a lot of ability to do that.

Now when I look at the corporate cash, we're not really counting on much for dispositions. That's basically the same as we did this year. So, fundamentally, this is employee programs and stock, things like that that really fund most of that. And then if we got any dispositions, that'd be to the upside.

And getting a couple billion dollars for working capital is stuff we've done here for a relatively long period of time. It's easier to do when volume's not increasing. It really is. It's a much easier thing to do in a stagnant time period than it is when you're getting 30% order fees and scrambling to catch up. We're in a different I would say working capital cycle right now that ought to be more constructive for us.

So, great questions. I think, Trevor, we're going to be -- stay around here and have some cocktails and things like that. Thanks for your support of GE. It's going to be a challenging year. But the Company's going to do fine. So, thanks very much.

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