

GE & MUBADALA CONFERENCE CALL TRANSCRIPT

PRESENTATION

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

(audio in progress) This is a very, very exciting project, an exciting partnership for Mubadala. It is one of the biggest transactions we have ever done, and it's with a partner -- we have worked for a long time together to build this partnership.

Today, as Jeff alluded to earlier, it is about creating businesses. It's about building businesses together. It's about, first of all, the joint venture. I think this is a very exciting exercise we are doing together, in forming a joint venture that is going to be building commercial finance businesses in the region and around the world.

We think the Middle East economies are some of the highest growing economies in the world today, and I think GE has taken a position to build its position in these economies. We are today very active in the Middle East. We are one of the biggest business developers in the Middle East and Africa, and I think it's a very good fit between Mubadala and GE.

With our strength in these areas, with GE's excellence, I think, in commercial finance, and clean energy, and aviation, corporate learning, investment fund cooperation -- these are all areas that we are extremely excited about and areas that GE is very strong in.

Mubadala is one of the biggest business developers in the Middle East and Africa in areas like healthcare, in the industrial sector, in aviation, in financial services. You can see there is definitely a clear match that has always been there.

I think yesterday over dinner Jeff, I think, paid us a very nice compliment that I think is worth noting here today. He says Mubadala is a GE in the making, and I think that is a compliment we really appreciate, and that is what we are aspiring to. I think this transaction sets the tone for the type of deals Mubadala will be doing in the future.

Unidentified Company Representative

Thanks, Jeff, and Khaldoon. That is a terrific opening of this; and now, Lauren, I think we are ready for questions.

QUESTION AND ANSWER

Operator

(OPERATOR INSTRUCTIONS) Rachel Layne with Bloomberg.

Rachel Layne - Bloomberg - Media

Hi, thanks for taking my question. Jeff, I wonder if you can talk a little bit -- both of you, actually -- about how the profitability will be split up here? Is it 50-50? And what sort of yields do you see going forward? When do you see reaching the \$40 billion for the fund?

Jeff Immelt - General Electric Company - Chairman, CEO

Yes, Rachel, again, I think again this will be a 50-50 joint venture. You know, it really -- there's ample origination opportunities with high returns available in the marketplace today. I would view that the venture will do a cross-section from infrastructure projects to real estate to commercial lending and leasing. So I think it will be a broad range of operations.

Probably in the beginning, GE will do origination kind of on commercial terms for the joint venture. Again, I think over time this will develop into really a significant partnership. I think the \$40 billion could be done relatively quickly in the next 12 to 18 months, because there is that much opportunity out in the marketplace today.

Rachel Layne - Bloomberg - Media

Jeff, how does this take risk out of your strategy? You always talk about mitigating risk when investing in commercial finance, and you're lessening on the consumer side. How does this fit into that?

Jeff Immelt - General Electric Company - Chairman, CEO

Yes, Rachel, I think what it allows us to do is, again, get good geographic and asset spread of risk. But more importantly it allows us to reallocate to higher-return opportunities in commercial finance, which is what we've talked about strategically over the last nine months or so.

So I view this as a real positive for our commercial finance business. I would still see financial services probably being 45% of the total earnings of GE, but I think this really gives us good, high-margin origination opportunities right now.

Rachel Layne - Bloomberg - Media

Okay. Do you see it contributing to earnings this year? And that is the last question.

Jeff Immelt - General Electric Company - Chairman, CEO

You know, look, I think our guidance for the year remains unchanged, Rachel.

Rachel Layne - Bloomberg - Media

Okay, thanks.

Jeff Immelt - General Electric Company - Chairman, CEO

Khaldoon, would you --?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

Yes, I mean, I agree completely with Jeff. This is a -- there is no lack of deal flow. That is for sure. I think today we live in a world where -- interesting times, but that presents opportunities.

I think there is --between Mubadala and GE, we have a tremendous access to deal flow with this joint venture. We will be allowed to go in and tap into that deal flow.

GE has a wonderful track record in terms of being an industry leader, in terms of return on capital invested, and I think this is what we like about this partnership. We are looking at best-in-class returns. This is what we hope to do through this joint venture.

GE will set this up in the beginning, and then this joint venture will take a life of its own. I fully concur; I think over the next 14 to 18 months, I see for sure the opportunity to go up to these sort of numbers, the \$30 billion to \$40 billion, because the opportunity is there and because I think the time is right.

Rachel Layne - Bloomberg - Media

So over what time period do you see becoming a top 10 GE shareholder?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

I'm sorry, can you repeat that? I missed the last bit.

Rachel Layne - Bloomberg - Media

Oh, sure. Do you see -- what period of time do you see the separate announcement about buying up GE shares and becoming a top 10 shareholder? Can you give a timetable on that?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

Well, first of all, let me comment on that. I think it makes a lot of sense for us to become shareholders in GE. We like the Company. We think under Jeff's management, this is an institution that has done extremely well.

We think it's valued today attractively from our perspective. We think it makes sense from the overall partnership arrangement that we have with GE. I think over the coming period of time we're going to build our position as shareholders hopefully in GE.

I can't give a time frame on that, as you might imagine; that's not smart. But I think we will be a partner, then we will be shareholders in GE.

Rachel Layne - Bloomberg - Media

All right, thank you very much.

Operator

Scott Malone with Reuters.

Scott Malone - Reuters - Media

Good morning, gentlemen. Two main questions I wanted to hit on here. One, what sort of projects do you see this fund financing?

Then after that, is the activity going to focus on the UAE, or are there other particular countries within the region that you see a lot of promise in?

Jeff Immelt - General Electric Company - Chairman, CEO

You know, Scott, what I would say is there is no specific set places to start. But what Khaldoon said earlier, there's many infrastructure-type opportunities in the region.. There's commercial real estate evolving both in the region and in other parts of the world, Eastern Europe and places like that. So I think there is just no shortage, if you will, of origination opportunities that the joint venture can focus on.

Again, I think that geographically maybe the original focus will be on the Middle East and Africa; but I think there may be other opportunities for the joint venture to grow as time goes on.

Scott Malone - Reuters - Media

Okay, that's basically what I was going for then. Thank you.

Operator

Chip Cummins with the Wall Street Journal.

Chip Cummins - The Wall Street Journal - Media

Hi, thanks for taking my call. Just a question again about the planned shareholding in GE. Do you have any threshold in terms of what sort of stake you want to raise in GE? Are there any particular regulatory requirements in terms of reporting or restrictions that that might entail that you've looked at?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

Chip, how are you? It's Khaldoon speaking. How have you been?

Chip Cummins - The Wall Street Journal - Media

Good, how are you? It's very hot here, as you say. I wish I was in cold and rainy New York.

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

You're in New York too?

Chip Cummins - *The Wall Street Journal - Media*

No, I wish I was there.

Khaldoon Al Mubarak - *Mubadala Development Company - CEO and Managing Director*

Well, no, I'm not sure you want to be wishing to be here right now. Chip, we are going through the process right now in terms of all regulatory and legal requirements. So we are making sure we are checking all the boxes on that front.

In terms of what specific percentage or specific number of shares we are going to get to, I think that is something I'm not at liberty to comment on right now. All I can say is we are excited about potentially being shareholders in GE. We are going through the right steps right now and checking all the boxes.

In terms of time frame, again, we are flexible. I think whatever it takes to achieve as long as we are transparent and we are open and we cover all the bases.

Chip Cummins - *The Wall Street Journal - Media*

Okay, thank you.

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

GE is a broadly held stock. We like having good, long-term, strategic investors in the stock. And you know, we have for a long time aspired to increase our holdings of our shareholders outside the US. It's only about 10 percent of the shareholdings today.

So again, I think it's very positive for GE investors to have a great long-term investor like Mubadala one of our top 10 shareowners.

Unidentified Speaker

I think -- this is [Keith], Jeff and Chip. We look at the investment in GE as a long-term investment; and I think with that long-term mindset that we have, we think GE is a good value and that is what makes us excited about investing in this Company.

I think again, as Jeff said, this is a transaction that will go through, through the open market, and we will go through the necessary steps.

Chip Cummins - *The Wall Street Journal - Media*

Okay, thanks.

Operator

[Rashad Dubila] with [El Adad Newspaper].

Rashad Dubila - [El Adad Newspaper] - Media

Hello, good morning. I just want to ask, when will the other initiatives be implemented, and which projects will be first implemented?

Jeff Immelt - General Electric Company - Chairman, CEO

You know, again, I think that the learning center will probably be operational by the first quarter of 2009. You know, I probably a year or so ago when we were in Abu Dhabi had a chance to have a thorough review of Masdar City and the strategy behind Masdar. So really as much as a year ago we had decided to be very present in that development. Just because of GE's thrust with ecomagination, it's a natural to be involved in Masdar City.

So we expect to hire probably 100 technologists as that facility gets built and we can house them. So again I think that will be as soon as is practical and as soon as possible. So those pieces, I think, will get going very quickly.

Then from a technology standpoint, again, probably when I think about water desalination, solar energy, there is no shortage of investments that we can make. We have been very clear in our corporate strategy to say that we think renewable energy is core to the future of GE, as is clean water. So I think some of those projects will be the early ones to inhabit the research center.

Rashad Dubila - [El Adad Newspaper] - Media

Yes, so the early projects will be the corporate learning and the clean energy technology center? This will be the first maybe projects implemented?

Jeff Immelt - General Electric Company - Chairman, CEO

Exactly, and I would say the third piece that will be early on is -- you saw some of the announcements last week that ADAT made as part of the Farnborough Airshow. This is a big industry for GE aviation, and so I would say the third piece will be joint investments with ADAT in the aviation kind of MRO-type arena.

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

I think just to add to that -- Rashad, this is Khaldoon again. We are going to push on all fronts.

Each one of these initiatives is, I think, an exciting initiative in itself. We have good people that are managing all these initiatives. All of them are running full steam ahead.

No question -- the joint venture, again, just to add to the points Jeff mentioned. The joint venture is another partnership that is already now underway, and I expect that to be fully functional in the very near future. So the joint venture on the commercial finance business, this is a very core foundation of this partnership, and I think they will be up and running very quickly from the way I see it, in addition to everything else Jeff mentioned.

Rashad Dubila - [El Adad Newspaper] - Media

Okay. I just want to know the cost of establishing a clean energy technology center, if you have the cost of this Center.

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

We're working on these numbers right now. Obviously, Masdar is a very exciting project for both Mubadala and GE. Having the research center there as a core component of Masdar City is something that really we believe is going to set the right tone in terms of GE's and Mubadala's commitments towards renewable energy.

So that center, again, we are working on; we will be announcing the numbers and the timelines very soon; and it's really a wonderful venture for both of us.

Operator

Ahmed Elewa with Gulf News.

Ahmed Elewa - Gulf News - Media

Hello. Mr. Khaldoon, it is always a pleasure to talk to you. Hello, Jeff. Actually my first question has to do with the place of incorporation. The new company, the commercial finance, would be incorporated in the US, or the UAE, or where?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

How are you, sir? How is the weather down in Dubai, now?

Ahmed Elewa - Gulf News - Media

Very humid, very hot, so I wish I was in New York. I am going to Hamburg soon, so.

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

We will send you some rain from here. Okay, buddy. The joint venture is going to be based in Abu Dhabi. This is where GE and Mubadala intend to form the joint venture and get it run out of.

So this is again a very exciting initiative, and I think this joint venture is going to be a huge deal for the whole region. It's a good business for us. It's a good business for GE. It's a joint venture that is going to be paying, I think in my view, some wonderful dividends for both shareholders over the years to come.

I think picking Abu Dhabi as the location and the headquarters of this joint venture really sets the tone in terms of our commitment to the region.

Ahmed Elewa - Gulf News - Media

So, and that would of course be also helpful in terms of more flexible taxation or taxing policy, because of the UAE's low taxing rates?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

The UAE and Abu Dhabi have a very attractive business environment, and I think that is part of the reasons we have decided this is the right location for us.

Ahmed Elewa - Gulf News - Media

Okay. For Mubadala holding a stake in GE, does Mubadala already have a position? I mean, do you hold already a certain stake? And what is the stake in terms of percentage or value?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

No, sir. As of today, Mubadala does not hold any shares in GE.

Ahmed Elewa - Gulf News - Media

Okay. My last question which has [to do with] the aviation. This is a second deal, actually that you have announced. I mean, last week in the UK you have announced Rolls-Royce also for ADAT. So does this, will this entail a significant investment in infrastructure by ADAT to cope -- for this new agreement and the expansion of the scope of services?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

Well, when we said that we are serious about being in the aviation sector, I think we are showing that we were very serious. No question that for Mubadala the aviation sector is a very important strategic sector and commercial sector that we would like to be involved in.

I think you'd seen, especially over the last year, how we have shown our commitment to this sector. I think our acquisition and ownership of Abu Dhabi Aircraft Technologies, ADAT, and then our expansion of that; and you've seen many of the joint ventures that we have formed over the last couple of months. Today, I think through this agreement with GE, we intend to expand ADAT and really have capabilities in terms of new engines, in terms of new technologies that we did not have before. And making sure that we have the full menu of services to offer all potential customers in the Middle East, Africa, and Southeast Asia.

Jeff Immelt - General Electric Company - Chairman, CEO

I would make a couple other points. I'd say the first one is that you can -- shareholders are kind of a public record so you can get a sense; go online and see what it means to be a top 10 shareholder of GE and the level of open market purchases associated with that over time.

The second thing I would say is that we view Mubadala to be a very good, complementary partner. I think we are like-minded and our strategies I think align very well.

Then the last thing I would say is just we like partnerships. These are things we talk openly about. Strategically we've got a good, long-term decades of track record. And when we do something like this, we are kind of serious about it, you know.

I think our track record with that, both in terms of what we have talked about in the past and strategically what we always emphasize, is that our intent is to be a great partner and make this a real win-win.

Operator

Stephen Singer with the Associated Press.

Stephen Singer - Associated Press - Media

Hi, how are you, sir, Mr. Immelt? How are you, sir?

Jeff Immelt - General Electric Company - Chairman, CEO

Good.

Stephen Singer - Associated Press - Media

One question I had to start off with, is there any concern on your part about GE partnering with the sovereign fund in terms of concerns that might be coming out of Washington over sovereign funds in general?

Jeff Immelt - General Electric Company - Chairman, CEO

You know, I don't mean to be cute with the answer, but I travel the world significantly; I don't view Mubadala as a sovereign fund. This is a commercial company that is industrial, financial, very focused on driving excellence on a global basis. So, again, I think this is a very strategic investment, number one.

Number two, I would say that I have spent a lot of time talking about this with Secretary Paulson and other people. I think this is viewed to be really extremely important to globalize our companies and other companies around the world, and a very strong desire to have great partners as we do that.

So I really don't think this has a political angle to it. I think this is really all about business, all about growth, all about making money for our investors, and just like we've done for decades. I mean, we've got French partners, Japanese partners, Chinese partners, Brazilian partners, and now we have Mubadala as well. That is the nature of being an American company that is trying to grow every place in the world, and that is what we want to be. So.

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

Stephen, maybe just to add to what Jeff mentioned -- this is Khaldoon speaking. Stephen, we are not a fund. We are a business development institution. We have a wonderful track record in terms of developing businesses in multiple sectors, whether it's healthcare, whether it's aviation, whether it's on the industrial front.

I invite you to visit our website where we have, I think, disclosed all our investments and all the sectors we are involved in, I think. Please, go check it out.

Today, I think the business partnership agreement that we are signing with GE really typifies the type of developments and the type of partnerships we look at. This is about creating businesses. This is about building a joint venture. This is about building businesses in the aviation sector. This is about building businesses within the renewable energy spectrum.

So this not about a fund investing as a fund. This is about business development.

Stephen Singer - Associated Press - Media

Thank you. Mr. Immelt, one quick question. GE obviously already does business in the Middle East. Is this different today because of the partnership?

Also, can you quantify -- you probably can't, but I thought I would ask anyway -- if there is any way of quantifying how much of this will benefit the infrastructure business of GE, which obviously has been going like gangbusters quarter after quarter?

Jeff Immelt - General Electric Company - Chairman, CEO

Look, I think it's going to benefit the whole Company. But I clearly think that having a bigger presence in the Middle East is going to be extremely important for long-term growth. This is the fastest-growing -- Middle East and Africa is the fastest-growing region inside GE on a global basis; and I think that is only going to accelerate as time goes on.

I think our revenues can grow even faster if there is more capability developed inside the region. You know, when we build a learning institute in Abu Dhabi, we train managers, both GE managers and local managers, on project management, leadership techniques. I think those things will allow the growth in that region to accelerate even faster as time goes on.

The limitations to growth frequently, particularly in a region like this, is human capital. And as that gets liberated, I think the growth will accelerate as time goes on.

Operator

[Hassib Hader] with Khaleej Times.

Hassib Hader - Khaleej Times - Media

Hello?

Khaldoon Al Mubarak - Mubadala Development Company - CEO and Managing Director

Yes, we hear you.

Hassib Hader - *Khaleej Times - Media*

Hello, yes. (inaudible) from Khaleej in Abu Dhabi. What percentage of shares Mubadala would be seeking to buy from the market? Do you also intend to take a directorship in the Company?

Khaldoon Al Mubarak - *Mubadala Development Company - CEO and Managing Director*

Hello, how are you, sir? I don't know if you've heard most of the discussion so far, but I think -- let me just re-emphasize. Today is about partnership. It's about building businesses together. I think the major agreement we are announcing today is the overall partnership between GE and Mubadala and the development of a joint venture based in Abu Dhabi that is going to focus on the commercial finance business.

This is potentially an \$8 billion commitment from both shareholders to start with to build a joint venture which, over the next couple years, you will see it in terms of assets reaching up to \$40 billion. So it's a very important business development exercise that we are doing together.

Our commitments together in terms of the renewable energy spectrum, in terms of the aviation sector, corporate learning, in terms of investing together in each other's funds, it is a really wonderful partnership between GE and Mubadala.

Now, regarding your question on the shareholding side, what we are signaling today is our interest to become shareholders in GE. Now, that is an exercise that now we're going to start embarking on. I think in the months to come we will keep you posted with what our position is and how we've built it. I think obviously it's going to be from the open market; and obviously it comes because we feel there is a very exciting opportunity for us becoming shareholders in GE.

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

Is there one more one more question, Lauren?

Operator

[Matthew Martin] with [Mead].

Matthew Martin - *[Mead] - Media*

Hello. This question is -- probably the first one for Khaldoon. I was just interested in, given that you're already partnering with GE on these projects, why did you decide to go for the additional investment of becoming a shareholder in GE?

Khaldoon Al Mubarak - *Mubadala Development Company - CEO and Managing Director*

Well, looking at being a shareholder in GE, let's be clear, this is an independent exercise to this partnership today. Today what we're announcing is a global partnership. But we're also signaling to the market our interest in becoming a shareholder in GE. These two are not interlinked in any way.

I think our interest in becoming a shareholder in GE is really from the perspective of the overall partnership, from the perspective of the potential we see clearly in this Company, the valuation that this Company has today, and I think the long-term growth prospects that this Company has. We really firmly believe in GE.

And especially for an investor like Mubadala, with a long-term investor mindset, this fits right in. I mean, it fits in from a partnership perspective. It fits in from a growth perspective. And it fits in from a return perspective, given our confidence in this management team and this Company and how we see this Company will perform in the years to come.

Unidentified Company Representative

Thanks, Jeff and Khaldoon. That was terrific. Thanks for everyone for being on our call today. The media relation teams at GE and at Mubadala here in the US and in the Middle East will be available today to answer your questions. So thanks again to everyone for participating. Take care.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Good day.