




Conference Call Transcript

GE - Q4 2010 General Electric Earnings Conference Call

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"Effective January 1, 2010, we reorganized our segments. We have reclassified prior-period amounts to conform to the current-period's presentation."

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PRESENTATION

Operator

Good day, ladies and gentlemen and welcome to the General Electric fourth-quarter 2010 earnings conference call. At this time, all participants are in a listen-only mode. My name is Michael and I will be your conference coordinator today. (Operator Instructions). As a reminder, this conference is being recorded. I would now like to turn the program over to your host for today's conference, Trevor Schauenberg, Vice President of Investor Communications. Please proceed.

Trevor Schauenberg - General Electric Company - VP, Investor Communications



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Thank you, Michael. Good morning and welcome, everyone. We are pleased to host today's fourth-quarter and total year 2010 earnings webcast. Regarding the materials for this webcast, we issued the press release earlier this morning and the presentation slides are available via the webcast. Slides are available for download and printing on our website at www.GE.com/investor. As always, we will have time for Q&A at the end.

Elements of this presentation are forward-looking and are based on our best view of the world and our businesses as we see them today. Those elements can change as the world changes, so please interpret them in that light.

For today's webcast, we have our Chairman and CEO, Jeff Immelt and our Vice-Chairman and CFO, Keith Sherin. Now I would like to turn it over to our Chairman and CEO, Jeff Immelt.

Jeff Immelt - General Electric Company - Chairman & CEO

Great, Trevor, thanks. Good morning, everyone. I want to give you, on the first page, an overview of a really good quarter for the Company and confirm a strong outlook as we think about 2011. The environment continues to improve. Really it is broader and deeper as we look across the portfolio, but good strength in orders, losses are down, credit demand is up, across the rail and aircraft market, very strong (inaudible).

As I have said in the past, we just think the economy (technical difficulty) a little bit stronger every day. We had good top-line performance, the best in a while, 6% industrial organic growth and then infrastructure orders up 12%, equipment up 20%, services up 5%. We end the year with a very strong backlog.

Earnings growth continues to improve, continuing EPS up 33%, Capital had another very strong quarter and total industrial segment profit, including NBC, was up 8%. We did do a lot of restructuring in the quarter. We had \$0.10 industrial tax benefits offset by \$0.10 restructuring and other charges, including the Hudson remediation. And so I think what we have been able to do is significantly risk reduce 2011.

Our execution was strong. CFOA on the high end. We end with a lot of cash on the balance sheet, operating profit rates at 17.5%. The Capital portfolio transformation is advancing. We had a very good value gap in 2010. We built our operating plans in '11 expecting a lower value gap and we are executing I think a balanced and disciplined capital allocation plan. We bought back \$1.8 billion of stock. We have had two dividend increases. The first-quarter '11 dividend will be 40% higher than the first quarter of '10 and we are executing on valuable infrastructure acquisitions. So again, I think a good overview for the Company.

On the next page, orders grew at 12%. This is the highest order intake since 2007. We end 2010 with a record backlog and it is very broad-based. I think if you look across the Energy segments, Oil and Gas was very strong, services growing. We still expect Energy equipment to turn positive in 2011, but a lot of good signs. Aviation, again, very strong, Healthcare growth continues and Transportation recovery, there is fewer locomotives parked. We had 240 North American locos. So again, we feel very good about the backlog and how we are positioned going forward just given the overall strength of our order base.

On the next page on execution, our segment operating profit rate was up 10 basis points. Again, as I said, a positive value gap, Healthcare volume leverage. Aviation was impacted by some one-time costs in the fourth quarter and we think that improves going into 2011. And then R&D was a full point of impact and we grew our operating profit rate despite the fact that we have increased R&D investment by 21%. And so we enter 2011 with a full backlog of products. Really the R&D spend is in our run rate and we just see 50 new NPIs in Healthcare, significant global investment in country for country. So we really have a great foundation for organic growth and we were able to deliver on operations while investing for future growth.

On the next page on cash, our cash flow ended up at the high end of our range at \$14.7 billion. We improved our working capital turns by one full turn and if you look at the right hand side of the page, our consolidated cash is \$79 billion -- cash at the parent is a record in my history at \$19 billion. And you can just see the way we executed this year on CFOA dispositions. And so we really enter 2011 with a lot of financial flexibility and just a lot of cash -- available cash at the parent. So we feel good about that.

Lastly, before I turn it over to Keith, really a lot has happened, vis-a-vis NBCU, since the December meeting. I think when we were together in December, we thought we would close the NBCU transaction. That slipped into January. We should close the transaction next Friday.

As we said, this is a high pretax gain, a small after-tax gain. We will have about a \$3 billion tax charge that will impact the GE tax rate in 2011. So we were booking at that higher rate through the third quarter. Keith will go through this in a little bit more detail. We reversed that in the fourth quarter. We will have a higher tax rate in the first quarter of '11 and for the total year.



We still expect about \$0.05 EPS impact from the NBCU going from 80% to 49% in 2011 and we will use the gain to fund additional restructuring in 2011. There is no change to the overall outlook of how we think about 2011 or 2010 from this because any gain will be used against restructuring, but it does change the tax rate. (technical difficulty)

Keith Sherin - General Electric Company - Vice Chairman & CFO

(technical difficulty) as you said, we are going to have a pretax gain plus a high tax charge, it doesn't change the EPS.

Jeff Immelt - General Electric Company - Chairman & CEO

Exactly. Yes, not at all. And then from a parent cash standpoint, we ended the year at \$19 billion. Once we close next Friday, we will have about \$22 billion of cash and we plan to continue to execute a balanced and disciplined capital allocation program. You've seen what we have done with the dividends. We have relaunched the buyback and then we have announced four transactions that are really right over the plate for us in our sweet spot in energy and healthcare. Really the right sized deals are going to help us grow. So this is really I think a good news page for investors. So with that, let me turn it over to Keith to go through the fourth-quarter financials.

Keith Sherin - General Electric Company - Vice Chairman & CFO

Okay, Jeff, thanks a lot. I am going to start with the fourth-quarter summary. We had continuing operations revenues of \$41.4 billion, which were up 1%. Industrial sales at \$28.7 billion grew 1% and financial services revenue at \$12.8 billion was down 2%. We earned \$3.9 billion in net income. That is up 31% and for earnings per share, we earned \$0.36, including the cost of the preferred dividends. So earnings per share were up 33%.

As Jeff covered, the total cash flow from operating activities was \$14.7 billion for the year, at the high end of our original range. And let me spend a minute on taxes. I think it was one of the more complicated quarters for taxes. We had several large moving parts affecting the fourth quarter. The largest was whether NBC would close. Obviously, that didn't and that had an impact. We also had a potential IRS settlement as they were completing the audit of the 2003 to 2005 tax year and we didn't know exactly what the amount of the settlement would be and whether it would have been completed entirely late in the fourth quarter. And then, finally, we had to estimate how much restructuring we were going to have in the fourth quarter while we were in open negotiations with the EPA over the Hudson.

So here are the details of how those items came out. As we said in the third-quarter call on earnings, we expected a lower than usual tax rate for the fourth quarter due to potential favorable tax settlements with the IRS. Those settlements were finalized in the quarter, which basically with the tax settlements, that led to a very low consolidated rate with the other items of -17% in the quarter.

Absent NBC closing, we expected a GE rate below our third-quarter year-to-date rate of 26%, mostly from those settlements and we ended with a total year rate of 17%. So I tried to do a little walk on the box here just to take you from the 26% third-quarter year-to-date rate down to what we actually realized. About 4 points of the decrease is due to the favorable audit resolutions. We also had anticipated NBC closing and since it didn't close, we had a lower rate in the fourth quarter by about 3 points and finally, the rate is about 2 points lower because of the charges, including the Hudson that we took in the fourth quarter, which are at very high tax rates and other fourth-quarter charges. So I am going to cover more on taxes on the next page, but that is the breakout of how we got from a 26% third-quarter year-to-date rate down to 17%.

For GE Capital, the GECS rate for the fourth quarter goes from a large positive in 2009 to a negative in 2010. That is actually good news. We had \$1.8 billion in higher pretax income at GE Capital year-over-year. Obviously, that resulted in a lower tax benefit and for the year, the GECS tax benefit compared to a normal 35% rate came in at about \$1.7 billion, in line with the tax benefits we outlined that we expected for the year.

For 2011 for GE, we expect a rate somewhere in the mid 20s, again excluding the NBCU gain and the tax on that gain. I will cover that. For GE Capital, we expect tax benefits similar to 2010. The total year credit was somewhere around \$1.7 billion. And that would be adjusted for whatever the impact of higher pretax income is at a 35% rate. So a pretty similar profile on GE Capital in terms of benefits globally in 2011 versus '10.



And on the right side, you can see the segment results. Industrial businesses ex-media had \$4.2 billion of segment profit, up 4%. That was led by Tech Infra, H&BS. NBC Universal had a very strong quarter and GE Capital continues to rebound, a net income of \$1.056 billion. It is up over 10 times from the fourth quarter of last year, a strong performance.

Overall segment profit up 28% and with corporate taxes about flat year-over-year, the total earnings were up 31%. So it is great to have the top-line growth resume. It is great to have the operating segment profit improving and the tax benefits that we realized in the fourth quarter funded restructuring and other charges. And the next page takes you through that in more detail.

Basically, we had taxes and restructuring and other charges in the quarter and to look at it, during our third-quarter earnings webcast and at the December meeting, we tried to outline this. We said that we expected, with all the open items we had, that overall any charges in the fourth quarter would exceed any positive items, but the biggest change we had in the fourth quarter was the NBC deal didn't close and that resulted in higher tax benefits than we were planning on. And so the charges in the fourth quarter ended up equaling the gains. And let me go through the details.

First is taxes. Overall, we had \$0.10 of after-tax favorability from the tax settlements on the NBCU deal delay. We settled 2003 to 2005 year with the IRS resulting in about \$0.05 of benefits at Corporate. And the second item for NBC, as you know, under the accounting for taxes APB 28, we have to book our tax rate all year to a full-year expectation and we expected NBCU to close at a high tax rate in December. When NBC didn't close, we had to reverse the adjustments for the first three quarters. In total, that was also about \$0.05 of tax benefits in the fourth quarter.

The offset to the tax benefits was mostly in corporate. We had \$0.06 of after-tax environmental reserves. We added to our existing reserves for the Phase 2 on Hudson dredging. That was an incremental \$0.05 and we had a \$0.01 increase for other brownfield site remediations across the Company.

We also booked \$0.03 in Corporate for industrial costs and footprint reductions. We had about \$0.01 in Appliance and Lighting for ongoing manufacturing rationalization. We continue to see the benefits of the cost out in those businesses. We also have had about \$0.01 each in Healthcare and Energy for other cost reductions. And we had \$0.01 in Capital Corporate, mostly for Equipment Services downsizing.

So the tax benefits in the fourth quarter, \$0.10, were offset by additional restructuring and other charges and the majority of that was also in corporate with \$0.01 over in capital corporate.

Now down at the bottom, we also had three items go into discontinued operations in the fourth quarter. We sold our Central American bank to Grupo Aval from Colombia resulting in an \$0.08 after-tax gain in disc ops and we announced the sale of RV Marine and our Mexican mortgage business to Santander in the fourth quarter. That resulted in a \$0.02 loss in disc ops and those transactions also result in \$13 billion of ending net investment reductions. So a nice exit for the GE Capital team, some nonstrategic parts of the portfolio. Overall, a good quarter when you look at the continued restructuring and the long-tail risk reduction.

So let me shift now and I'll start with the businesses. I am going to start with GE Capital. Mike Neal and the team continue to demonstrate that Capital is getting stronger and stronger. Revenue of \$11.9 billion was down 4%. It was driven by lower assets and dispositions year-over-year. Pretax earnings of \$959 million, that was up \$1.8 billion over last year's fourth quarter and the net income of over \$1 billion was up over \$950 million versus last year. That is driven by lower credit costs. We see that across the portfolio, higher margins and that is partially offset by the lower assets and higher impairments that we had in the quarter.

We ended the year with \$477 billion of ending net investment. That is down 9% from January 1. If you remember, we added a bunch of assets as part of the consolidation from FAS 167 and the details of that are in the supplemental schedules that we published this morning.

We are ahead of our ending plan to get to \$440 billion by 2012. The team has done a great job executing that. And another highlight would be new volume in the quarter. Commercial volume was up over 50% over last year to \$17 billion, mostly driven by our CLL business at good strong margins. You can see the details here and overall, we did \$49 billion of volume with Consumer up 3%.

I am going to cover the asset quality metrics in a few pages, so here are some of the comments by business. First is Consumer. Consumer business finished the year with continued strong performance. They delivered \$574 million of net. It is up \$350 million over last year's fourth quarter, 156% up. And the earnings growth came from lower credit losses and higher margins, partially offset by lower tax benefits.

If you look, the main driver was the US retail business. We earned \$362 million. It is up over 700% from last year, driven by the portfolio quality improvements, which led to both lower credit costs and better margins. Our global banking business had a good quarter. They earned \$283



million. That is up 85%, driven by lower credit costs again and even in the UK -- the UK home lending business continued to be positive. It earned \$62 million in the quarter and our owned Real Estate portfolio was the lowest since the fourth quarter of '08. We are down to 733 properties and we continue to do better than our marks on the properties when we sell them. Our realization was 115% in the fourth quarter.

Commercial Real Estate, the next business, continues to be challenging as we expected. The business lost \$409 million of net income. That is \$183 million better though than last year and the income improvement was driven by lower credit losses on our debt book. That includes \$99 million of recoveries we had on previously reserved accounts. Excluding those recoveries during the fourth quarter, we had about \$60 million of after-tax credit losses and that is down \$119 million from the third quarter. So we saw improvement in the debt book.

While the credit costs on our debt book were better, the marks and impairments on our equity book were \$473 million after-tax in the quarter and that was up about \$158 million from third quarter, principally driven by some lower valuations we saw in Japan on some of our owned properties.

While the total losses in the business are still too high, we have seen some improvements here. Delinquencies and non-earnings and credit losses were down from third quarter. We reduced our assets by \$13.6 billion, or 16% since January 1 and the unrealized loss on our equity book went from about \$7 billion a year ago to about \$5 billion in the fourth quarter.

Next is Commercial Lending and Leasing. The team also had a strong quarter with earnings of \$567 million. They are up \$216 million, or 60%, versus last year. The results were driven by lower losses. Earnings growth was very broad-based. The Americas were up 39%. Europe and the Middle East and Africa was up 60% and Asia was up 22%. GECAS had a good quarter, earnings of \$432 million. They were up 50% over last year, driven principally by lower taxes. That was partially offset by about \$20 million of higher impairments for some 737 and A318 classics.

The portfolio remains in great shape. We ended the quarter, ended the year with one aircraft on the ground and that is in the process of being released.

And finally, Energy Financial Services also had a positive quarter with earnings of \$33 million, up 8%. So overall, a lot of strong execution by business and now I am going to cover asset quality.

On portfolio quality, as you can see in these charts, the measurements continue to improve and in the interest of time, I am just going to summarize a couple of points. For both CLL and Consumer, our delinquencies on our non-earning balances continue to get better. And the one thing I want to point out on the page, on the left side, we have expanded our Commercial delinquency reporting. We used to report delinquency for a subset of CLL. We called it equipment and then for simplicity and clarity, we are now reporting delinquency for all of CLL and the trends are the same on the old basis or this basis. So there is no difference in the lines really in where we are going, but it is a more complete reporting.

So on the left side, our Commercial delinquencies, you can see the percents of delinquency are down. The actual dollars were down over \$400 million from Q3 and our non-earning dollars were down \$100 million from Q3. The one piece of news here on the left is, on the bottom left, our Real Estate delinquencies declined by 133 basis points in the quarter. That is the first decline in Real Estate delinquencies in nine quarters.

On the right side, you can see the improvements in our Consumer metrics. Consumer delinquencies were down \$385 million from the third quarter and non-earnings were down \$185 million from the third quarter. So overall strong improvements in the asset quality continue.

Next is a little bit on the reserves. That asset quality improvement that we are seeing is impacting our reserve balance. The reserve balance declined by \$800 million you can see from Q3 to Q4. We put the reasons for the decline in the box at the top center of this page. The majority of the decline comes from write-offs exceeding our new loss provision. So we wrote off \$2.2 billion of receivables and we added \$1.6 billion of new provisions for losses for a net reduction of \$600 million.

We also had \$200 million of transaction recoveries against previously reserved accounts and reserve releases. You can see that split between Consumer and Commercial Real Estate. So in answer to the question how much of GE Capital income comes from reserve releases, it is about \$200 million pretax in the fourth quarter.

As you can see in the chart, we had about \$500 million of the reserve reductions were in Commercial and about \$300 million in Consumer and overall coverage was down slightly driven by the improvements we have in delinquencies and non-earnings.

So next, I will shift to the industrial businesses. I will start with NBC Universal. Jeff Zucker and the team had a great fourth quarter. Revenues of \$4.8 billion were up 12%. Segment profit of \$830 million is up 38% even if you adjust for the impact of the increased GE ownership. In our agreement with Vivendi, we purchased an additional 8% at the end of September. Excluding that impact, profit was still up 30%.



And the results were broad-based. Cable continues to deliver terrific performance. The revenues of \$1.5 billion were up 15% and segment profit of \$740 million was up 16% driven by great strength in the entertainment properties. Broadcast revenue of \$1.8 billion. That was up 11% and the segment profit was also positive, driven by a strong performance in local media, great performance in the NFL and news, partially offset by continued investments that the team is making in primetime programming. And film and parks had another strong quarter with revenues up 9, op profit up over 80%. The DVD units were up 15%, driven by the success of Despicable Me and the parks continued their strong performance, driven by both Potter and King Kong.

As you know, we received regulatory approval this week and the deal is scheduled to close next Friday. And as we go forward when we start in the first quarter, we are going to begin reporting our 49% stake in the new company on a one-line equity contribution basis.

So next is Energy Infrastructure. John Krenicki and the Energy team delivered revenues of \$10.9 billion. They were down 3%. Segment profit of \$2.2 billion, down 2%, in line with our expectations. You can see the business results on the bottom left and I will start with more details on energy.

Energy had orders of \$9.8 billion. They were up 1%. Equipment orders of \$4.7 billion were down 8%. If you go to the big pieces, thermal orders of \$1 billion were down about 41%, driven by some tough comparisons. We had orders for 29 gas turbines in the fourth quarter of '10 versus 40 in the fourth quarter of '09.

On the wind side, we had orders of \$1.3 billion. They were down 17%. We had orders for 477 units versus 729 units last year in the fourth quarter. On the positive side, orders for digital energy and industrial controls at \$1 billion, they were up 10% and aero orders of \$900 million were more than double last year. Service orders of \$5.1 billion were up 10%, driven by the strong growth in power gen services, up 17%.

Our overall equipment backlog at \$11.6 billion is up 6% versus the third quarter and the services backlog of \$7.4 billion was up 3% versus the third quarter. So a pretty good orders quarter. We are seeing a change in the pace of decline and that is positive and you can see that on a rolling orders basis. If you look at orders price for the quarter, it is down 3% across energy driven by power and water, which was down about 6% and services was flat.

In the quarter, revenues of \$8.8 billion, down 5%, driven by lower volume. We shipped 18 gas turbines versus 34 last year in the fourth quarter and we also had fewer steam turbines and generators. We also had \$400 million in lower balance of plant revenue, which, as you know, doesn't come with a lot of margin. It is mostly a pass-through, so that was down. And service revenues of \$4.2 billion were up 4% driven by the outage and upgrade activity that we saw in the quarter. Segment profit of \$1.8 billion, down 3% as the positive pricing and deflation was more than offset by the lower volume and higher investments in new products.

For Oil and Gas, Claudi Santiago and the team ended the year with strong orders. Orders of \$2.9 billion were up 15%, a quarterly record for the business. Equipment orders of \$1.7 billion were up 23%. That was driven by strong natural gas production orders in Saudi Arabia and Qatar. Service orders of \$1.2 billion were up 4%, driven by spares growth and the orders price index was down 1% in the quarter.

Revenues of \$2.4 billion were up 5%. Equipment revenues of \$1.4 billion were strong. They were up 10%, driven by growth in natural gas, LNG and drilling and production, pretty broad-based. And service revenues of \$1 billion were down 2%, up 5% ex-FX, so a little impact of the stronger dollar.

Segment profit of \$435 million was up 3%. That is driven by the higher volumes, which was partially offset by the stronger dollar and some investments in new products and service support as we opened two new service centers in Algeria and Qatar. So for the year, the team delivered \$7.3 billion of segment profit, up 2%. The segment margins of 19.4%, up 1.9 points.

Next is Tech Infrastructure. John Rice and his team delivered strong results in the fourth quarter and we entered 2011 with some pretty good momentum. Revenues of \$10.9 billion were up 9% and segment profit of \$1.9 billion was up 11%. If you start with Aviation, the aviation marketplace continues to improve. In 2010, revenue passenger miles were up 9%. Freight was up 22%. Parked aircraft declined by 5% to about 2300 units at the end of the year. And the team had very good orders. Orders of \$5.8 billion were up 32%.

The growth was pretty broad-based. Commercial engine orders of \$2 billion were up 117%, driven by CFM and small commercial and military orders of \$300 million were up two times over last year's fourth quarter. The equipment orders price index was up 6.5%. We ended the quarter with our major equipment backlog at \$20 billion, up 1% versus fourth quarter '09.



Service orders were down 4%. Commercial spare parts orders were \$25 million per day, which was reported up 2%. But again, if you adjust for the 2009 AVL order, it would have been up about 28%, similar to the Q3 growth.

Revenues of \$4.8 billion in the quarter were up 1%, driven by the higher commercial engine revenues, up 8%, partially offset by lower service revenues, down 4%. And segment profit in the quarter, \$821 million, was down 14%. It is slightly better than the third-quarter year-to-date run rate and results in the quarter were driven by the pressure from GENx units. We shipped about 26 GENx units in the quarter and accruals for cost overruns from some customer-driven engineering changes on a few systems contracts for the new products we are introducing. Those costs were partially offset by positive value gap with positive pricing and deflation and if you excluded the cost overruns, the results would have been approximately flat for aviation.

Healthcare had another great quarter. Orders of \$5.2 billion were up 2%. Equipment orders were up 1%, up 3% ex the impact of FX. If you go by region, the Americans were up 3%, EMEA -- Europe, Middle East and Africa -- was down 5%, up 1% if you adjust for FX. Asia-Pacific was up 3%, China was up 18%, India was up 14%. Service orders were up 2% and overall orders faced basically tougher comparisons since the fourth-quarter '09 orders were up 11%. We ended the year of equipment backlog at \$3.9 billion, up 6% versus the fourth quarter '09 and come into the year with a strong backlog.

The team really converted well. The revenue of \$5.1 billion was up 8%. We saw very broad-based growth. MR was up 25%. Ultrasound was up 17%, CT was up 5%, Life Sciences was up 2%. MDx was down 4%. And it is also nice to see growth in the HCS business in the US, which was up 18%. Segment profit of \$1 billion was up 10% and that was driven by the strong equipment volume growth.

Transportation continues to see improvements in the market. As Jeff said, they have got a very good outlook. The rail volume in the quarter for the industry was up 11%. Parked locomotives continued to decline. We had \$1.4 billion of orders, up 55%. Equipment orders were up 65% and service orders were up 41%, driven by both North American locomotives and mining equipment.

We ended the year with backlog of \$3.7 billion, up 50% over last year, so a strong year in orders. Revenues of \$1 billion were up 66%, driven by the equipment. We shipped 116 locomotives in the quarter versus 92 last year. We also shipped 186 locomotive kits internationally versus 78 last year. And service revenues of \$515 million were up 106%.

Segment profit of \$73 million was positive versus a loss in the fourth quarter '09, driven by the higher volumes and also easier comparisons in the service operations. So as we enter 2011, we continue to see strength in Healthcare. The transportation environment was tough in '10, but it is clearly improving. And Aviation is in line with expectations and we have expectations for about flat performance in profit for '11.

So the other thing in 2011, we will be reporting these three businesses separately now. With the direct connect to Jeff, there is no recast involved. It would just be completely reported separately as they exist today, so there is no recast as John Rice is now leading our global growth and operations team in Hong Kong. So we are excited to see John in that new role, and we will just keep this reporting directly connected and simple as we have been.

Finally, from a business perspective, Charlene Begley and the Home & Business Solutions team had a good quarter in the fourth quarter. Revenues at \$2.3 billion were up 5% and segment profit of \$139 million was up 6%. The appliance market in the quarter was up 6%. Retail was up 9% and contract channel continues to be tough, down 12%.

We saw a strong retail volume driven by Black Friday promotions. Lighting continues to realize savings from the restructuring and rationalization. Intelligent Platforms had a good quarter and the profit was up, driven by the volume and productivity partially offset by lower pricing in appliances.

With housing where it is, the market remains challenging outside of big sales events. We continue to see the shift in the business to more energy-efficient products and we are spending a lot more on new products. We are investing across the entire productline and for the year, we've received over \$200 million of ENERGY STAR tax credits, which more than offset the higher product costs that reduced the segment profit to make the appliances qualify for ENERGY STAR and those credits will continue in 2011. So for the year, Home & Business Solutions segment profit was up about 24%.

And finally, before I turn it back to Jeff, I just want to update one page from the December analyst meeting on pension and operating earnings. On the left side, we just updated this for our 2010 results. The pension team delivered 13.5%, which is good earnings performance in the pension fund. As we said in December, we lowered our long-term pension return from 8.5% down to 8%. The discount rate ended 2010 at 5.28%, a 50



basis point reduction and new salaried employees are going to join a new defined contribution plan. We have closed the pension plan for salaried employees going forward.

And going forward for GE financial reporting, we are going to report operating EPS, which means that we are going to include the service cost for our pension and operating results and it excludes the non-operating retirement-related costs like the amortization of prior gains and losses. We will not make a pension cash contribution in 2011. And on the right side is the financial impact. The blue bars are the total pension expense and the green bars are the operating costs for pension, the annual service cost for our employees that will be in operating results.

So for 2011 on an operating basis, the pension expense will be about flat at \$1.4 billion and versus our original plan, that would be a \$0.06 improvement to the 2011 outlook. So as you update your models, JoAnna and Trevor will work with you to answer or clarify any questions on this. We think this change provides better clarity to operating results and our measurement framework will be on the operating basis going forward. So with that, let me turn it back to Jeff.

Jeff Immelt - General Electric Company - Chairman & CEO

Great, thanks, Keith. I just want to close with a couple charts I went through at the December meeting. First, on the operating framework, I think 2011 will look a lot like the fourth quarter, positive growth in industrial, GE Capital earnings snapback. We will have the NBCU dilution less restructuring and pension, as Keith said, will be flat.

So we have a good outlook for 2011. Total operating earnings should be up nicely in 2011 as we look forward. So I think what you saw in the fourth quarter is a pretty good precursor to what you're going to see in 2011.

CFOA we talked about between \$12 billion and \$13 billion. We will continue to work on working capital improvements. And then from a revenue standpoint, industrial about 5% organic. Acquisitions will be on top of that. GE Capital will be down about 5% with continued management of ending net investment. And NBCU will be accounted for as an equity investment at corporate. So again, this outlook I think just was fortified as we closed fourth quarter, but no real change versus where we were in December.

Kind of the way we think about operating EPS going forward in '11 and '12, we have got a set of headwinds in 2011 as we shipped fewer energy equipment units, the NBCU dilution and the higher R&D spending, but a lot more tailwinds as we go into 2011 -- Transportation, Healthcare, strong GE Capital M&A -- and those will be the drivers to strong earnings improvement in 2011.

And then as we shift gears and look forward in 2012, we will have I think fewer headwinds. We see the backlog for heavy-duty gas turbines and wind continuing to improve, but that will play out over time. We will be spending at the higher run rate in R&D, but we should have earnings growth in both Aviation and Energy Infrastructure in '12, GE Capital continuing to move forward, Aviation and Transportation, retire the preferred stock. So we will have more tailwinds as you look at 2012 versus 2011. And again, this just confirms what we talked about in the December meeting.

And the last page, just a point of view on kind of how we think about ourselves from an operating goal standpoint. We want to continue to grow operating earnings in excess of the S&P 500, have organic growth in services and growth markets between 5% and 10%, keep GE Capital between 30% and 40% of total operating earnings, grow cash more than net income and as we restore the GE Capital dividend, that is still something that we are focused on to be prepared for in 2012, continue to increase our ROTC and maintain an industrial ROTC greater than 15% and just continue to drive an attractive dividend payout ratio. These are the things that we have as key internal operating goals that we want our investors to believe in.

And then just to conclude from an outlook standpoint, the best, most focused portfolio in memory committed to balance and disciplined capital allocation. I think really well-positioned for long-term organic growth. You saw some of that in the fourth quarter. I think a very valuable GE Capital business and our performance is accelerating. And I think our financial results showed that. So Trevor, with that, let me turn it over to you and let's take some questions.

Trevor Schauenberg - General Electric Company - VP, Investor Communications

Great. Thanks, Jeff, thanks, Keith. Michael, why don't we open the lines and go into the questions now?



QUESTION AND ANSWER

Operator

(Operator Instructions). Scott Davis, Morgan Stanley.

Scott Davis - Morgan Stanley - Analyst

Hi, good morning, everyone. Obviously, some high-quality issues here as far as your cash balance. I mean it looks like you are going to have about \$22 billion of cash on next Friday. What is the new normal, if you will? You used to keep about a \$10 million cash balance if memory serves me right, but clearly you have a fair amount of debt coming due in the next couple years, but what do you kind of think of as the new normal?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Scott, I think the \$10 billion historically would have included a balance of capital. So this balance we are talking about is just at the parent, as you know. So I think when you look with the forecast going forward, we are probably going to keep somewhere between \$8 billion and \$10 billion of cash for the near term anyway. I think over the longer term, as you reduce some of the longer tail risk, you may be able to even reduce that below that.

But probably somewhere around there would be a place where we would have the flexibility that if we ever needed, for whatever unforeseen risk that we could think of, to have some more cash to be a little safer, more secure, to maybe be opportunistic, those are the kind of amounts that we would think of today and from an enterprise risk perspective at the parent for the near term.

Scott Davis - Morgan Stanley - Analyst

Okay, makes sense. Guys, and maybe this is for you, Jeff, it sounds to me like your commentary a month after the December 14 meeting is substantially more positive. And I think results across the board on an operating basis, at least according to our models, came in pretty solid. What has changed, if you will? Are you seeing impact from maybe accelerated depreciation? Are your customers finally seeing some blue skies out there and opening up the checkbooks? What has kind of changed towards the end of December and the last month?

Jeff Immelt - General Electric Company - Chairman & CEO

Scott, I was pretty positive in December, you know me, but I would say, look, I take great -- I take comfort in two things. One is very strong orders momentum, which that -- in the types of businesses we are in, that always is what starts the momentum. So I think that is a real positive.

And then I would say just the across-the-board improvement in GE Capital. I think Keith went through the operating results, but there is just more liquidity out there. That is going to help Commercial Real Estate. Losses are lower, origination is strengthening. So there is just lots of clues along the way.

Now on the other side, what I want our investors to know is that we are running the place with intensity. I still want to make sure that we are focused on things like value gap, working capital turns because I think we want to make sure we run the place with great intensity at the same time. But we do see things that continue to be encouraging as we look at the broad economy.

Scott Davis - Morgan Stanley - Analyst

I will pass it on in one sec, but is there a change in geographic mix? Is it still mostly emerging markets or is there some -- has it expanded beyond really EM?

Jeff Immelt - General Electric Company - Chairman & CEO



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A lot of the orders, a lot of the long stock orders are still outside the US or still kind of emerging markets and stuff like that. But I think the number Keith showed that gives me -- the amount of volume in GE Capital in the quarter I think was above what we had expected and that is a good sign I think for the activity that is going on in the US.

Operator

Steve Tusa, JPMorgan.

Steve Tusa - JPMorgan - Analyst

Hi, good morning. Just on the gas turbines, did I hear the order number for gas turbines in the fourth quarter of 28 did you say for the fourth quarter?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Yes.

Steve Tusa - JPMorgan - Analyst

So what would that bring the year to? Around 95, 96?

Keith Sherin - General Electric Company - Vice Chairman & CFO

I don't know what the total number was. I can tell you for '11 what we are basically thinking. We delivered 114 in '10, Steve and for '11, we are planning somewhere around 103.

Steve Tusa - JPMorgan - Analyst

Okay. I guess if we just add up the numbers we have, we get to about 95, 96. So you guys should be obviously very well sold out for (multiple speakers)

Keith Sherin - General Electric Company - Vice Chairman & CFO

We have got a pretty good feel for the backlog relative to the estimated conversion.

Steve Tusa - JPMorgan - Analyst

So how far -- (multiple speakers)

Keith Sherin - General Electric Company - Vice Chairman & CFO

They have commitments that aren't in orders that we think will fill out the rest of the units for '11.

Steve Tusa - JPMorgan - Analyst

Sure, sure. So how much are you sold out for 2012? And obviously if this year is kind of like ground zero for turbine orders or maybe it is not, and maybe just that clarify that for next year, how far are you -- how much are you sold out for 2012 at this stage of the game?



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Jeff Immelt - General Electric Company - Chairman & CEO

I think, Steve, we still have excess capacity in 2012. What we do, and you have been through this before, we have pretty good commitments to order pipeline and so our commitment pipeline is building. Those convert to orders over time. So we have a pretty good line of sight for where the industry is going to go.

Steve Tusa - JPMorgan - Analyst

Do you think book-to-bill in '11 is going to be above 1?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Our estimate is that the Energy equipment orders will turn in (multiple speakers)

Jeff Immelt - General Electric Company - Chairman & CEO

That's positive.

Keith Sherin - General Electric Company - Vice Chairman & CFO

-- positive in -- (multiple speakers)

Jeff Immelt - General Electric Company - Chairman & CEO

That's my hunch, Steve.

Keith Sherin - General Electric Company - Vice Chairman & CFO

-- in '11, Steve.

Steve Tusa - JPMorgan - Analyst

Okay. And then just one more on GE Capital. The portfolio margin, I guess you said it was around 5% this year. That has actually come down a little bit from what you were saying in the beginning of the year. Are you already starting to see a little bit of that margin compression or should we continue to see high return business being written? How fast is kind of competition coming back there at GE Capital?

Keith Sherin - General Electric Company - Vice Chairman & CFO

The margins in the Capital business were pretty good in the quarter. In the third quarter, we had about 5.04% and in the fourth quarter, we were at 5.3%. So for the year, we ended -- Jeff Bornstein said at the December analyst meeting he thought it would be around 5%. We ended at 5.1% on margins for GE Capital for the total year.

So you see the volumes have pretty good returns across the portfolio. Consumer obviously continues to drive its returns up. Real Estate by having less losses has helped us improve returns and will continue to do that obviously as they turn around going forward. So I think we are still seeing good volume at good returns. We are being very disciplined on the pricing in GE Capital.

Steve Tusa - JPMorgan - Analyst

And you think the real estate turn is sustainable?



Keith Sherin - General Electric Company - Vice Chairman & CFO

We think that losses and impairments peaked in '10 and now we have got to see what kind of pace of recovery we would have. We obviously have some good indicators early on delinquencies and the fact that credit losses on the debt book have improved. We still had some impairments obviously in the equity book, so we have got to see what the pace of that is in terms of occupancy, rental growth and overall GDP. But I think it seems to us like the losses have certainly peaked in '10 and we would expect strong improvement in Real Estate in '11 and '12.

Steve Tusa - JPMorgan - Analyst

Great, thank you.

Operator

Julian Mitchell, Credit Suisse.

Julian Mitchell - Credit Suisse - Analyst

Yes, thanks. The first question just on the pricing in your Energy business, you mentioned overall orders price is down about 3%. So could you talk a little bit about what you are seeing differently in wind, as well as in gas? I guess if you are seeing any kind of stabilization yet in wind pricing.

Keith Sherin - General Electric Company - Vice Chairman & CFO

Sure. If you look -- I said the total in Energy was down 3%. If you look at the pieces of equipment, which were down 6%, thermal was down 11%, renewables were down 14%. So those are the two biggest. And I think we are still seeing globally a lot of competition. We have got strong competitors and we have got to compete with our products to win in the marketplace and that is what we have kind of factored into our 2011 planning in terms of the value gap, as Jeff said. So it is a tough competitive market out there, but I like the unit orders that we had in the fourth quarter and they are in line with what our expectations were for the '11 planning.

Julian Mitchell - Credit Suisse - Analyst

Great, thanks. And then a follow-up. In terms of the overall industrial business, could you talk a little bit about the headwinds from R&D and also what you are expecting on the value gap? So if you think about the net of R&D and the value gap shift in '11, how big of an effect do you think that will be on your earnings?

Jeff Immelt - General Electric Company - Chairman & CEO

Julian, what I would say is that the R&D is pretty much built into the run rate. It will be up a little bit year-over-year '11 to '10. And then I would say that we are counting on a value gap that is probably slightly negative in '11 and I will probably hold the internal teams to try to keep that flat. And it will be positive in aviation and healthcare and businesses like that and with a little bit more headwind in energy.

Julian Mitchell - Credit Suisse - Analyst

Great, thanks.

Operator

Terry Darling, Goldman Sachs.



Terry Darling - Goldman Sachs - Analyst

Thanks. A follow-up on GE Capital first. The loss rates continue to track better than what we have been looking for and a year ago, I think you guys were a little more specific about what you were expecting for a range in 2010. And as we have come out of the woods here, I am wondering if we might put a finer point on that specific number outlook for 2011.

Keith Sherin - General Electric Company - Vice Chairman & CFO

We haven't really given that out in terms of a forecast for loss rates. I think you have to say though, if you look at 2010, we are probably \$1.5 billion below what we had expected in terms of loss rates mostly driven by the credit side, the improvements in consumer, the improvements in CLL. We had higher impairments than we thought in 2010, but hopefully those are going to abate a little.

I think clearly the performance we are expecting in GE Capital when we look at 2011 is going to be driven by improved credit conditions as you see these delinquencies and non-earnings rollover. So I would expect that write-offs will exceed our provisioning by several hundred million dollars during the year and over time the provisions have to come down. We are at 2.5% coverage today. I don't know where they are going to get to over a normal cycle, but clearly we are still too high versus normal on both the Consumer side and the Commercial side.

So we are expecting GE Capital and the GE Capital team is even forecasting much improved performance driven a lot by the credit side, but also the margin side. The new business volumes that we are putting on versus the business that is rolling off continues to be attractive. And as we shrink places in red assets like mortgage or as Real Estate goes from a loss to a positive, that is going to be part of the earnings growth driver in 2011 as well. So we don't have a specific forecast that we have given for losses, but clearly they are going to be better.

Terry Darling - Goldman Sachs - Analyst

Okay, thanks. And then focus of restructuring in 2011, which businesses will see the majority of that restructuring?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Right now, what we have is we are probably going to have somewhere around \$0.01 a quarter as our normal run rate. You can see that in the core industrial. I think you see that we continue to do plant rationalization in H&BS, both in Lighting and Appliances. We have done a lot of service rationalization in the Energy business. We will continue that. We will continue some service rationalization in the Aviation business and we have had a lot of, in the past, total headcount downsizing in GE Capital. That will continue in some of the red asset businesses. But we are investing a lot in growth on the other side in the green asset businesses in GE Capital.

So I think, right now, it is pretty much going to be in the legacy industrial businesses where we continue to rationalize our footprint, the legacy service business where we can be more efficient would be probably the main places.

Jeff Immelt - General Electric Company - Chairman & CEO

And just to add to that, we see the volumes coming back and our footprint is pretty lean right now. So I think we have done a lot of good work on restructuring over the last two or three years. So it gives us some more flexibility I think when we look out for 2011.

Keith Sherin - General Electric Company - Vice Chairman & CFO

Plus we are looking at other things. Obviously, when we get NBC closed, we do expect a small after-tax gain. We are looking for opportunities there and that could continue to have more restructuring as well.

Terry Darling - Goldman Sachs - Analyst

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Okay. And then just one quick last one. I am wondering if you'd talk a little bit about the strategy behind the recent acquisition, the Power Quality acquisition. Obviously, it wasn't a large one and the valuation appeared reasonable, but when you look at the -- and the secular growth trends look great there as well. But also if you look at the competitive landscape, three pretty big players that are all global talking about customers increasingly going global. It doesn't look like a business you want to just stay small in if you get into it at all, which you have just done. Maybe talk about that strategy a little bit more.

Jeff Immelt - General Electric Company - Chairman & CEO

Terry, we have got, inside our Energy business, we have got a very big industrial footprint, both in terms of Smart Grid and kind of the core GE industrial business. We've played around data centers for a long time around the fringes. This puts us more in a central position there. It is actually quite good technology. And so I think, inorganically, now that we have got this base, inorganically, we know all the customers and I think this just gives us a great platform for good, inorganic growth and getting in at somewhere between 7.5 and 8 times EBITDA is a pretty good place.

In its day, this was one of the world-class platforms 5 or 10 years ago and it has got great -- it's primarily North America today. We have got a lot of opportunities to globalize it. So I would count on us using this like we did with wind as kind of -- it gets some seed planted and now we can scale it organically using our technology and distribution.

Terry Darling - Goldman Sachs - Analyst

Okay, and just to clarify, so your focus in it will from here be more organic than additional inorganic?

Jeff Immelt - General Electric Company - Chairman & CEO

Exactly, exactly, yes.

Terry Darling - Goldman Sachs - Analyst

Thank you very much.

Operator

Jeff Sprague, Vertical Research Partners.

Jeff Sprague - Vertical Research Partners - Analyst

Thank you, good morning, everyone. Just a couple items, just back on thermal and what's -- or maybe power overall and getting into price. Where are you at now on price on revenues? Has that now inflected negative?

Keith Sherin - General Electric Company - Vice Chairman & CFO

No, we had positive price in energy in the fourth quarter.

Jeff Sprague - Vertical Research Partners - Analyst

How positive? Can you give us some color on thermal and renewables?

Keith Sherin - General Electric Company - Vice Chairman & CFO



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I have the total as \$90 million of positive price in energy. I don't have the split between thermal and renewables.

Jeff Immelt - General Electric Company - Chairman & CEO

Jeff, I think when Keith said like the order price is down, what, 3% or something like that --

Keith Sherin - General Electric Company - Vice Chairman & CFO

In total, including service.

Jeff Immelt - General Electric Company - Chairman & CEO

I think the pricing is going to be slightly negative when you look at 2011 and that is kind of how we built the plan for next year. So I think it is kind of into the expectations of the core run rate (multiple speakers).

Keith Sherin - General Electric Company - Vice Chairman & CFO

We still have a good margin, strong price in the backlog, especially in the wind backlog that we are still delivering on. So that is going to continue to mitigate some of this here, Jeff, for a period.

Jeff Sprague - Vertical Research Partners - Analyst

But with what you are doing on value gap, you think, even as these down price orders convert 12, 18 months from now, there is upward room in the margins in power?

Jeff Immelt - General Electric Company - Chairman & CEO

In Energy, look, I would say that, from an equipment standpoint, the margins will probably be under a little bit of pressure. From a service standpoint, I think there is upward momentum on service margins.

Keith Sherin - General Electric Company - Vice Chairman & CFO

We said overall for '11 we expect margins to be flat to down. I think we expect the value gap to be pressure on margins.

Jeff Sprague - Vertical Research Partners - Analyst

And I just want to understand to the extent that you can help us a little more, Keith, on tax, just kind of a twofold question. So understand the dynamic of NBC, but what is really the base we should be working off for industrial as we think about what the tax rate is for '11?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Sure. I would say let's take a look at the last two years. So if you do 2009, our industrial, our GE ex-GECS rate was 22%. If you do 2010 and you exclude the impact of the settlements, which we do not anticipate repeating and you exclude the impact of the incremental restructuring we did, high tax restructuring, which most of that was obviously the Hudson reserve, which we again don't anticipate repeating, you are probably around a 23% rate for 2010, Jeff. And I don't see anything going forward in 2011 that would change that ex the NBC thing, which is going to raise the tax rate somewhere between 15 and 20 points for the year. So I would model on a core somewhere in the low to mid 20% for the industrial tax rates.

Jeff Sprague - Vertical Research Partners - Analyst



And just to take that to the capital side also, the \$1.7 billion structural benefit you talk about, should we think of that as solely a benefit through deductions or is there an element of credit there? So maybe I will just leave it at that. Is it just deduction-based benefits or is there direct credits that come in?

Keith Sherin - General Electric Company - Vice Chairman & CFO

No, it is basically the fact that our global organization allows us to have very low taxed overseas earnings. So when I say a credit, I think you are going to be basically dealing with income that results in less than a 35% rate that gives you the equivalent of around somewhere between \$1.5 billion to \$2 billion of credit. And then the tax rate will depend upon how much pretax income we have. So take the pretax and grow it next year for the fact that you are going to have lower losses, lower credit losses, lower impairments and better margins. You offset it a little bit for the volume. We are going to continue to shrink the book and you put the 35% rate on that and then the \$1.5 billion to \$2 billion, somewhere around \$1.7 billion, is a good estimate for just planning. It gives you an estimate of what the GE Capital tax rate would be.

I mean the tax rate is a lot of volatility. I think the fact that we are saying for guidance keep the benefits somewhere around \$1.7 billion is the best guidepost for you. And it is split pretty evenly around the quarter. If you look at the fourth quarter, we had about \$450 million of credit tax benefits from the global financing structures.

Jeff Sprague - Vertical Research Partners - Analyst

Thank you. Just one last comment if I could. What are you planning on NBC in terms of reporting? I mean will we see that as a separate line or is it going to just be kind of glommed into Corporate?

Keith Sherin - General Electric Company - Vice Chairman & CFO

It is going to be in Corporate. It will be a one-line reporting, but it is going to be -- we have moved it into Corporate for next year and it will be a minority interest net income. And we will tell you what it is every quarter. But right now, we've basically said we expect about \$0.05 of dilution versus this year. And if you look at the total year results that we have, which we've published today, on pretax and you work that into about \$0.05 dilution, you can get the estimate for what 2011 will be.

Jeff Immelt - General Electric Company - Chairman & CEO

Our plan is to show it --

Keith Sherin - General Electric Company - Vice Chairman & CFO

One line.

Jeff Immelt - General Electric Company - Chairman & CEO

But show it as an item, right?

Keith Sherin - General Electric Company - Vice Chairman & CFO

It will be in Corporate and we will tell what the item is, yes.

Jeff Immelt - General Electric Company - Chairman & CEO

So you will know what it is.



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Jeff Sprague - Vertical Research Partners - Analyst

Great. Thank you very much.

Operator

Bob Cornell, Barclays Capital.

Bob Cornell - Barclays Capital - Analyst

You covered a lot of ground. Keith, can you just go back over the reserve reduction and talk about the reserves of -- the write-off [really] of reserve accounts, the whole reduction reserve and the implications for your view of credit quality going forward?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Sure. Basically, as we continue to see delinquencies and non-earnings improve, Bob, basically, we are not going to be required to continue to put up as much new provision as the book improves. So in 2009, we had about \$10.6 billion of credit costs related to the debt portfolio. In 2010, we had \$7.2 billion of credit cost losses. So I don't know what the exact pace of acceleration of continued improvement is. We have seen an awful lot of improvement in the Consumer book. I think there is more improvement to come in the Commercial book and certainly more improvement to come in the Real Estate book. But we expect to continue to see that provision go down and we expect to have write-offs greater than the new provision, which will result in lower reserves going forward and we expect to have very good solid earnings growth in GE Capital obviously in '11.

Bob Cornell - Barclays Capital - Analyst

Yes, clearly. You have been asked this question a couple of times, and you just alluded to it earlier. I mean in terms of reserve coverage, obviously, you guys used to use the 2.63 metric for years and years and now you are at 2.47 and you alluded to that going down. Where is a normal run rate for GE? Where should we expect that to go in the next couple years?

Keith Sherin - General Electric Company - Vice Chairman & CFO

As I said, I don't have a specific number on it. I think the 2.63 was a long time ago and was a number that doesn't reflect the current mix of our business at all today.

Bob Cornell - Barclays Capital - Analyst

I know, but in terms of -- I understand that. But in terms of a range of where the 2.47 could go.

Keith Sherin - General Electric Company - Vice Chairman & CFO

It is going to be lower, Bob.

Bob Cornell - Barclays Capital - Analyst

Thanks.

Keith Sherin - General Electric Company - Vice Chairman & CFO



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I think you've got to -- we can model out the Commercial losses. They are less than 1% today. I think that is going to continue to improve. I think on the Consumer side it is going to depend upon what unemployment does as to how low it goes and how quickly it goes. And I think you have got a sticky unemployment situation, so we have got to watch that.

We have got not a great housing situation, but we have definite improvements in our book based on the underwriting changes we have made and the performance of the retail portfolio we have. So I think it is going to be lower. I think you are going to have to take your own stab at how far to go with it.

Bob Cornell - Barclays Capital - Analyst

You mentioned earlier, you said Real Estate going from a loss to a profit. I think that was --.

Keith Sherin - General Electric Company - Vice Chairman & CFO

No, it's going from a big loss to a lower loss.

Bob Cornell - Barclays Capital - Analyst

Right. One other question, in the Aviation business you talked about the quarter impacted by R&D and product development costs. Are some of the headwinds that we were previously anticipating for '11, did that come into the fourth quarter?

Jeff Immelt - General Electric Company - Chairman & CEO

Yes. I mean, I would say, Bob, we talked about the GENx, and I think some of the things Keith talked about were one-time impacts in the fourth quarter. And kind of what we said at the December meeting, which was Aviation segment profit should be about flat in '11 versus '10. I think that is still a good outlook for the business.

Bob Cornell - Barclays Capital - Analyst

Okay, thanks, you guys.

Operator

Deane Dray, Citi Investment Research.

Deane Dray - Citi Investment Research - Analyst

Thank you, good morning everyone. Hey, you've covered a lot of ground about the quarter and the outlook, but I would be very interested, Jeff, hearing about your new role in Washington. You have been pretty outspoken, and my guess is you are coming in with a little bit of -- a couple agenda items, maybe tax and energy policy. But just give us a sense of what the role is, what expectations are and how we see that playing out.

Jeff Immelt - General Electric Company - Chairman & CEO

The first thing I would say, Deane, is that all you guys know my commitment to GE and my leadership at GE, and that doesn't change. This is my passion. I am committed. I am a hard worker. So I am focused on the Company, but at the same time I am honored to be able to work on something I think has importance in a broader economic context.

And I think the focus is going to be exactly what it said, competitiveness and jobs, and a focus on exports, global tax policy, regulatory, manufacturing jobs, energy, things like that. So I just think it is a broader context and I am honored to serve.



Deane Dray - Citi Investment Research - Analyst

Just given the reach of GE's business across the economy, it is hard to fathom that there is going to be any topic that comes up that doesn't have a direct impact on GE. Just how do you expect to manage those conflicts?

Jeff Immelt - General Electric Company - Chairman & CEO

Look, again, with great transparency. In other words, I would say -- on one hand, I know a lot because I see a lot, and that is the strength of GE. But at the same time, I think both as a company and individually, I have always understood context and where we fit, and I think I will manage that with great transparency.

Deane Dray - Citi Investment Research - Analyst

Sure, and congratulations on that. A quick question for Keith. It doesn't sound like Shinsei came up at all. So how did that play out for the quarter in terms of expectations?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Sure. When you take a look at Shinsei, we made no adjustments in the quarter. As you know, we ended the third quarter with about \$1.7 billion of reserves. At the end of the fourth quarter, the reserve balance is down to \$1.5 billion. So we settled a number of claims through the quarter, about \$200 million in the last three months. And we continue to see as new claims come in, they were higher in September, October, November.

They've started to turn back over and go down again, but the bankruptcy clearly -- the Takefuji bankruptcy has clearly created a bubble of claims here. We believe that the court is not going to complete its work with Takefuji claimants until sometime in the first quarter. And we are going to just have to watch those claims as they go down.

So we have got a senior leader dedicated to this task with a big team in Japan. We are continuing to work with Shinsei on all the process around claim management, litigation management. And at the end of the day, we think we are still adequately reserved for the liability that we have in Japan.

Deane Dray - Citi Investment Research - Analyst

Great, thank you.

Operator

Jason Feldman, UBS.

Jason Feldman - UBS - Analyst

Good morning. So could you give us a little bit more color maybe on what you're seeing in the aerospace aftermarket? In prior quarters you have mentioned deferrals of overhauls. And it was a little bit tough to interpret the decline in service orders this quarter, given the comps that you mentioned, the big order a year ago.

Keith Sherin - General Electric Company - Vice Chairman & CFO

I think a couple of dynamics going on there. It's a good question. We did see good spare parts orders ex the Aviall. So we had the one-time big order with Aviall last year. But ex that, we are seeing a lot of good incoming orders. Again, we have a price increase that we put in at the end of the year that is effective for this year. So some of that is orders before that takes effect. That was about 5% for 2011, but with the average daily order rate coming in at 25% up, that \$25 million a day and up significantly, that felt pretty good.



If you look at overhauls, we saw overhauls, trying to just find the number for you here, they were up about 8% in the quarter. They had a little lower job scope, so there wasn't a big revenue increase there. And then in terms of total service margins, we had some pressure in utilization from some of our customers that affected -- that offset some of those order rates in the spare parts. We had some people flying the planes a lot less than what they had originally -- than what we had originally anticipated. So some of that offset some of the spares orders. But in terms of the outlook, we feel pretty good about the (inaudible) -- the order rate.

Jeff Immelt - General Electric Company - Chairman & CEO

And the spares orders in the first couple of weeks in January are also very strong. So I think the year is starting off in a good way.

Jason Feldman - UBS - Analyst

Okay. So it sounds like the activity is kind of catching up a little bit to the underlying flight hour growth? (multiple speakers)

Keith Sherin - General Electric Company - Vice Chairman & CFO

Saw a little of that in the third quarter. You saw a little more in the fourth quarter. We are feeling pretty good about that outlook, yes.

Jason Feldman - UBS - Analyst

Okay. GECAS, on a sequential basis, was actually one of the strongest areas of growth within Capital Finance. Is that just because of the timing of the annual impairment review? Or is there something else going on there?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Sure, we, as you know, we do the impairments in the third quarter. That was one of the biggest events. The other thing, they also had some tax benefits in the fourth quarter that don't repeat that were -- they were offset in Capital Corporate with some tax charges, but at the end of the day, it was part of the increase in GECAS results. It would have been closer to flat with last year without some of the lower taxes I would say.

Jason Feldman - UBS - Analyst

Got it. And then last thing real quick, a couple of quarters ago, you mentioned a couple of supply constraints in various areas and I think particularly in Healthcare. Have there been any issues anywhere across the business with respect to (multiple speakers)?

Jeff Immelt - General Electric Company - Chairman & CEO

That's actually --

Keith Sherin - General Electric Company - Vice Chairman & CFO

Much improved.

Jeff Immelt - General Electric Company - Chairman & CEO

That has actually improved and I think that is good for Healthcare because we have got a nice big backlog going into this year and the supply chain seems to have worked its way out.

Jason Feldman - UBS - Analyst



Thank you very much.

Operator

Nigel Coe, Deutsche Bank.

Nigel Coe - Deutsche Bank - Analyst

Thank you very much. Good morning. I hate to return to the Energy pricing, but I would be interested to know, if you look at it on a Q-over-Q basis, is price (inaudible) stabilized or will we still see some pressure from 3Q to 4Q?

Keith Sherin - General Electric Company - Vice Chairman & CFO

I think pricing on both thermal and wind was a little worse in fourth quarter than third quarter. I don't remember exactly what the numbers are. We can go back to the script. We said it in the third quarter and we can get it to you through Trevor and JoAnna, but it is a little worse on the equipment side.

Nigel Coe - Deutsche Bank - Analyst

Okay. And then looking at 2012, you still have gas and also wind as it drags to the 2012 (inaudible) growth. And I am just trying to reconcile that with some of the positive commentary we are hearing from some of your peers like Alstom, etc. Do you think there is upside to their outlook? I know it is 2012, but you are seeing commitments coming through and do you think that maybe there is room for that to turn positive in 2012?

Jeff Immelt - General Electric Company - Chairman & CEO

Look, I think you have got volume getting better, so volume -- I think we have seen interest commitments in volume getting better. Volume is going to continue to get better during 2011, so it is a long cycle business. And I think it is all about productivity and things like that in terms of how will we execute on those sites. But you are going to see volume improvements as you go from 2011 to 2012.

Now what I would say, Nigel, is, again, just as a backdrop, when you think about our Energy business, it is a very big business, so I would divide it into kind of four parts. You have got heavy-duty gas turbines and wind. Then you have got all of the distributed energy products, aero derivatives, Jenbacher, things like that. You have got service and then you have got oil and gas. So you have got a lot of the components of energy that are going to be positive in 2011 and positive in 2012 and that is why we like the business is that it is a diversified portfolio.

So could there be upside? Gosh, I hope so, but I think it is kind of the ebb and flow of the market. And look, we have half the heavy-duty gas turbine market and our share is very strong and will remain strong and our wind marketshare -- we had just put out their results yesterday. Our wind marketshare in the US is up 10 points. So we are going to have as good an outlook as any of our competitors as we go through the next couple years.

Nigel Coe - Deutsche Bank - Analyst

Okay, got it. And then a quick one for Keith on the reserves. Now we have seen the divergence between non-earners and delinquencies, the CLL and I'm assuming that we are going to start to see the non-earners starting to bend down towards the delinquencies curve. Would that be a trigger for further reserve releases or do the reserves reflect more the delinquencies rather than non-earners right now?

Keith Sherin - General Electric Company - Vice Chairman & CFO

It is more on the delinquencies has been generally, but I think the other factor that may come in is if we continue to have recoveries that exceed what our position was. I mean we had \$100 million of recoveries on things that we fully reserved in the Real Estate business and that results just



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like -- that comes into the P&L just like a reserve release. So the fact that we reserved it 100%, someone paid us off, we may continue to see some more of that in the Real Estate business and maybe some of that in CLL.

Nigel Coe - Deutsche Bank - Analyst

That's great. Thanks very much.

Operator

Christopher Glynn, Oppenheimer.

Christopher Glynn - Oppenheimer & Co. - Analyst

Thanks, good morning. Just wondering about the total CRE impairments in 2010. It seems like it might have come in a little bit above the forecasted 2.2-ish that we have talked about and if maybe you got aggressive to end the year there and help out in 2011.

Keith Sherin - General Electric Company - Vice Chairman & CFO

Well, we booked what we thought we had to obviously. I think that 2010, you are right, came in at \$2.3 billion on the impairments line in Real Estate. And we have seen some improvements. If you look, declines in rental have abated, increases in occupancy have improved in many markets. I think these were a little bit unusual because a lot of them were concentrated in Japan and some in Europe, but in many parts of the equity book, we have seen the pressure from impairments abate and we have some early positive signs.

Just how good will it get and how fast will it get, I hope you are right, but 2010 was a little higher -- it was higher than we thought. It was probably about \$1 billion of impairments higher than we originally anticipated.

Christopher Glynn - Oppenheimer & Co. - Analyst

Okay, and then just following up on Nigel's track on the gas turbines and heavy duty, with maybe some signs of significant cycle and extraction of natural gas, and I think your power bubble supply glut is now absorbed, could we see a pretty strong US cycle start to emerge, do you think, which we really haven't had for a decade or so?

Jeff Immelt - General Electric Company - Chairman & CEO

No, look, it's a great question. I think if you -- I just looked at this a little while ago, but I think if you look at the US in the last decade, let's say between 2000 and 2010, we sold somewhere between 40 and 50 heavy-duty gas turbines in the whole decade. So we still think the US is going to be a gas and wind market with the price of natural gas where it is. When we talk to our utility customers, it is the prevalent commentary in terms of what they are interested in.

So I think that is out there somewhere. We are not counting on it for 2011, we don't -- but that has a very high likelihood of happening at some point based on reserve margins and --

Keith Sherin - General Electric Company - Vice Chairman & CFO

And the realities of the environmental constraints around coal, the challenges around nuclear, the timing, the approvals, the costs. I think that ultimately when we have the demand generation here, we are going to be sitting in a pretty good spot.

Jeff Immelt - General Electric Company - Chairman & CEO



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I will give you a factoid. Keith talked about it earlier, but kind of before people buy heavy-duty gas turbines, they buy aerox because they are quick to cite and they fit in around the edges. I think our aerox orders were 2X in Q4, something like that, so that is not a bad sign.

Christopher Glynn - Oppenheimer & Co. - Analyst

Great, thanks for the color.

Operator

Steven Winoker, Sanford Bernstein.

Steven Winoker - Sanford Bernstein - Analyst

Good morning. Thanks for taking the call. First question, just to follow up on Chris's question around gas in the US. If you were to believe that utilities have to meet this 2015 deadline for coal to gas conversion, would you likely to start seeing those orders assuming you win them in share in sort of the 2012 timeframe or do you think it would be later?

Jeff Immelt - General Electric Company - Chairman & CEO

I think it is 2012, Steve, yes.

Steven Winoker - Sanford Bernstein - Analyst

And just so I have clarification without harping on the pricing thing there, but if you look at the breakout geographically a little bit and I sort of look at the Virginia loss to Mitsubishi, is pricing -- are you seeing it worse in the US than you are elsewhere?

Jeff Immelt - General Electric Company - Chairman & CEO

Not necessarily. I think it is -- not necessarily.

Steven Winoker - Sanford Bernstein - Analyst

All right. And then just on the dividend discussion, you are planning for 2012 for GE Capital again to GE and I keep thinking, my numbers, it should be earlier. And I am just trying to understand, is it still the Fed that you are waiting on there or just something different?

Keith Sherin - General Electric Company - Vice Chairman & CFO

We are obviously making great progress in GE Capital. If you look at -- you see the Tier 1 ratios for GE Capital Corp, GE Capital Services, the fact that we are shrinking the book faster, the fact that we have continued to pay down our debt and prepay or pre-issue debt so that we are ready to pay down future maturities. Everything in the place feels better to us.

I think the change that we have got to get to is we are committed to being well-capitalized under whatever regulatory regime and whatever the measurements are that people are going to have and be accountable to. We have an idea of that, but we don't have a formal agreement on that with the Fed. The Fed is going to become a regulator sometime in the first half of this year as part of the Dodd-Frank. We are going to transition from the OTS. We have got to engage in those discussions, Steve. I think we're well prepared for it. I think we have been planning on it for 18 months now. I think Mike and the team have staffed up. We have changed processes. We have got better policies, rigor, reporting, everything in place, but we have got to go through that process.

I feel great about the progress in GE Capital and with the discussions that you read about that are going on with the banks about dividends relative to different capital ratios, we are going to have to see. Our plan doesn't assume anything in '11. Our plan assumes that, in '12, we will get

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a dividend as part of their earnings and going forward past '12, our plan assumes that we are going to get some excess capital out of Capital as we shrink the book and have additional capital in excess of even being well-capitalized under any metric that we can see today.

Steven Winoker - Sanford Bernstein - Analyst

And Keith, there was nothing on WMC this quarter, correct?

Keith Sherin - General Electric Company - Vice Chairman & CFO

WMC in the quarter, we didn't change anything in our reserves. We had about \$250 million of backlog of claims at the end of third quarter with \$100 million of reserves. At the end of the year, we end the year with about \$350 million of claims. We left the reserves at \$100 million because we had very favorable experience against claim settlement rates versus what we had anticipated.

So we feel like we have got a very solid reserve against the claims that are out there and we feel very good about the business position on the ability for people to make claims based on the strength of the work the team did in WMC. So we ended the year at \$350 million of claims and \$100 million of reserves and we feel very good about it.

Steven Winoker - Sanford Bernstein - Analyst

Great. And finally, Jeff, in light of your comments and continuing to be very, very substantially more positive, as I think Scott led off with, also over time. In light of that, when you think about your M&A strategy and the comments you made in December and this sort of \$5.5 billion or so that we have heard about in sort of the larger acquisitions, that kind of \$3 billion and under number still stands as far as you are concerned or are you starting to think in light of things moving much more positively that you'd consider more?

Jeff Immelt - General Electric Company - Chairman & CEO

Look, I think, Steve, what I said in December and what I really believe is that we should be investing in our core franchise in a way that our investors get the benefits of our ability to assemble acquisitions. And so if you think about what we have done in energy, if you think about what we have done in oil and gas, we create value for you by staying disciplined in that range and giving our investors the benefits of the accumulation value. And so I like what we have done. I think they have been well indicative of the kinds of deal -- if you look at the four deals we have done, I think they are very indicative of the kinds of deals we are going to do and we want to be balanced and disciplined. I think we like the dividend, we think buybacks are going to be important and I think this notion of balance and discipline is important for GE.

Steven Winoker - Sanford Bernstein - Analyst

Okay, thank you.

Operator

Shannon O'Callaghan, Nomura.

Shannon O'Callaghan - Nomura Securities - Analyst

Good morning. First, on Real Estate, I mean how do we think about -- I mean can you first talk about what the, other than the Japan issue, what the underlying valuation declines are, what the liquidity is like in the market and how do we think about how the unrealized loss could move forward from here? Can it go away and it accelerate either through asset sales or improving valuation assumptions or how could that evolve?

Keith Sherin - General Electric Company - Vice Chairman & CFO



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Well, we are going to continue to have depreciation of around \$1 billion a year. We will have to see what happens with valuation. In the portfolio, in Real Estate, in the total portfolio in the fourth quarter, we went from 5% to 6% type of valuation declines third quarter year-to-date down to 0% to 1% in the fourth quarter, so that was an improvement. And for our properties where we have a specific reserve, we were in the teens in the third quarter year-to-date. We went down 3% to 4% on specific properties.

So we do continue to see improvements. We had improvements in occupancy in our own properties. We went up to a little over 80% I think the number was and we have seen obviously an abatement of declines associated with rental growth in many of the regions.

So if you have got a valuation turn here, you are going to have an ability to eat into that unrealized loss much quicker, but right now, we would plan on eating into it in an orderly way. We think we would get down somewhere around 0% at the end of '13, something like that.

Shannon O'Callaghan - Nomura Securities - Analyst

As you -- let's say the market continues to improve in that fashion, I mean the next time you do your sort of update, is there an adjustment for current market conditions that could significantly change that faster than 2013?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Well, sure. It is not on the books obviously. It is an unrealized loss in the equity portfolio. So that could get better and we will obviously communicate the changes in that as we go forward. We are doing that kind of twice a year now.

Shannon O'Callaghan - Nomura Securities - Analyst

Okay. And then just on the Consumer piece, I mean the write-offs still were up sequentially. It seems like that should be turning pretty soon. I mean can you just talk a little bit about the different maybe pieces of dynamics of why write-offs are still going up there?

Keith Sherin - General Electric Company - Vice Chairman & CFO

I have got to take a look at that for you. If I look at Consumer in the quarter on write-offs?

Shannon O'Callaghan - Nomura Securities - Analyst

Yes.

Keith Sherin - General Electric Company - Vice Chairman & CFO

Yes, we will continue to clean out delinquent accounts. We have a formula. I mean basically, at 180 days on an open end, we write that thing off on a closed end. It is written off by -- I think it is 360, it is completely written off. It is all formulaic based on delinquency.

Shannon O'Callaghan - Nomura Securities - Analyst

Right. What I meant is sort of looking at the US business versus other pieces, I mean -- (multiple speakers)

Keith Sherin - General Electric Company - Vice Chairman & CFO

The majority of the consumers -- (multiple speakers)

Shannon O'Callaghan - Nomura Securities - Analyst



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Even on that formula, you should see some of that stuff having gone down already. I don't know if there is one piece that is still keeping it up.

Keith Sherin - General Electric Company - Vice Chairman & CFO

No, it is mostly US, right? There is the credit card and then there is the retail sales support that we have and I think they both are performing about the same pace.

Shannon O'Callaghan - Nomura Securities - Analyst

Okay. And just lastly just a quick clarification. The provision was like \$1.35 billion or something. Did you mention \$1.6 billion? Could you just reconcile what the difference is?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Provision in the fourth quarter is \$1.355 billion. What I said was we had -- the total would have been 200 higher except for those (multiple speakers) the original provision was higher, but it declined by 200 for those two events I had -- the recoveries in Real Estate, as well as the release of the reserve in the Consumer business.

Shannon O'Callaghan - Nomura Securities - Analyst

Right. So that gets netted in the (multiple speakers)

Keith Sherin - General Electric Company - Vice Chairman & CFO

That is the difference. Exactly, Shannon.

Shannon O'Callaghan - Nomura Securities - Analyst

Okay, great. Thanks.

Trevor Schauenberg - General Electric Company - VP, Investor Communications

Michael, we are running against our time limit here. Why don't we take one more question?

Operator

John Inch, Merrill Lynch.

John Inch - Merrill Lynch - Analyst

Thank you. Good morning. Let me start with the Corporate items. So the \$0.10 of restructuring and other charges, why was the Corporate item sequentially up \$1.75 billion? Could you maybe, Keith or Jeff, give a little color as to what was in that number?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Well, the Corporate items year-over-year were \$1 billion worse, right?

John Inch - Merrill Lynch - Analyst



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\$1.1 billion, yes.

Keith Sherin - General Electric Company - Vice Chairman & CFO

And about \$400 million of that is the incremental restructuring versus last year. So we had more restructuring in the fourth quarter of '10 than we had in '09. That was about \$400 million pretax. Last year, we had a gain in Corporate and we also had the operations of security, the earnings in security while it was held for sale. The total of that was about \$300 million of credits in corporate that didn't repeat. And then we had about \$100 million of higher R&D this year and the pension plan was a couple hundred million higher as you know. So those four pieces I think would account for the delta year-over-year in Corporate.

John Inch - Merrill Lynch - Analyst

And the full \$0.10 is in Corporate, right?

Keith Sherin - General Electric Company - Vice Chairman & CFO

Well, \$0.01 is in Corporate Capital. The other \$0.09 after-tax is in Corporate Corporate, yes.

John Inch - Merrill Lynch - Analyst

So your thoughts, Keith -- I know it is hard to predict -- but your thoughts about how to think about the corporate line for 2011?

Keith Sherin - General Electric Company - Vice Chairman & CFO

We have in the framework, as Jeff said, we think it is going to be a little bit negative versus 2010. I think obviously there will be less restructuring, but we are going to have the dilution of NBC included in that line. We are going to have some restructuring and we will have whatever restructuring we do offsetting the NBC gain in that line. And overall, when you put those pieces together, we think it will probably still be just slightly negative.

John Inch - Merrill Lynch - Analyst

The \$200 million --

Keith Sherin - General Electric Company - Vice Chairman & CFO

The biggest piece of the dilution of NBC obviously, John.

John Inch - Merrill Lynch - Analyst

Right, no, I understand. The \$200 million of reserve releases, I kind of had the impression coming out of the Capital meeting that you guys did not expect really reserve releases. Is there something that really changed and does that imply if you look at the trend that there could be more reserve releases in 2011? I am just trying to understand sort of --

Keith Sherin - General Electric Company - Vice Chairman & CFO

Yes, I think I am trying to walk a world where we think of our reserves, provisions and write-offs a little differently than banks, but people report the banks as a complete release of reserves and we are trying to make sure the distinction. Most of our decline in reserves comes from writing off actual receivables, but then we want, just for clarity, to say, okay, we had \$100 million of recoveries against previously reserved items. Is that a



reserve release or is that that we were favorable in our collections activity versus what we ultimately thought the loss was going to be. We are just giving you transparency on it. We didn't plan on having reserve releases, but we did have benefits versus our positions.

On the Consumer side, we had a subjective reserve. As delinquencies got worse, we put up some additional reserves in 2009 and early '10 and obviously, as the delinquencies have improved, we just couldn't justify keeping them there. So that was about \$100 million. So we don't have big numbers like that. I think we could have some, \$200 million out of the whole quarter is probably not a lot, but we could have some more in 2011 as we go forward. If we can get recoveries in excess of previously reserved accounts, that would be great.

But I think the main thing that is going to happen is our provisions are going to have to be less going forward as the delinquencies and the non-earnings improve. That is going to be the main driver as we go into '11, John.

John Inch - Merrill Lynch - Analyst

Just lastly, I think you even said the year-to-date industrial tax rate around sort of the 23% ex settlements. I think we calculated that for the fourth quarter. What do you think the industrial tax rate is for the first quarter? In the comments, Jeff, you suggested it was going to be higher.

Keith Sherin - General Electric Company - Vice Chairman & CFO

It is going to be really high. I think if you look at that NBC page that Jeff showed you, we are going to have a pretax gain of somewhere around \$3 billion. We are going to have a tax charge of somewhere less than that, around \$3 billion resulting in a net gain in the quarter. But that \$3 billion of taxes is kind of locked in and it is going to just -- it is going to create 15 to 20 points for the year. I do not know what it's going to do for the first quarter. It is going to be a lot. We are going to have a very high rate in the quarter driven by that event.

Jeff Immelt - General Electric Company - Chairman & CEO

But again, John, it doesn't impact framework, the EPS. In other words, that's --

Keith Sherin - General Electric Company - Vice Chairman & CFO

Changes the rate, but not --

Jeff Immelt - General Electric Company - Chairman & CEO

Changes the rate, but not the EPS.

Keith Sherin - General Electric Company - Vice Chairman & CFO

Yes.

John Inch - Merrill Lynch - Analyst

Thanks, guys.

Trevor Schauenberg - General Electric Company - VP, Investor Communications

Great, well, thank you, everyone, for joining our webcast today. The replay of today's webcast will be available this afternoon. We will also be distributing our quarterly supplemental data schedule for GE Capital later today, so take a look for that. Our first-quarter 2011 earnings webcast is scheduled for April 21 and finally, as always, JoAnna and I will be here and available for questions today. Thank you, everyone, for joining.

Operator

This concludes your conference call. Thank you for your participation today. You may now disconnect.

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