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EDITED TRANSCRIPT

GE - General Electric Global Growth Investor Meeting

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PRESENTATION

Trevor Schauenberg *- General Electric - IR*

Great. Good morning, everyone. Welcome to our GE Global Investor Growth Meeting. First I'd like to start by thanking all of the investors and analysts who made the long trip down here to beautiful Rio to be in person for the event. I think we have a great day-and-a-half, two days set for you, so I hope you enjoy the session.

Secondly, this meeting is being webcast right now and will be available for replay post the session. The information will be available on our website, as usual, www.ge.com/investors, so please look for it there.

A quick discussion about today. We're going to have about an hour, hour-and-a-half presentation from the leadership team. We'll have then -- followed by a Q&A, take a quick break, and then we'll have offline off the webcast one of the most successful men in all of Brazil, Eike Batista from the EBX Corporation will come up and give you an overview of what he does in Brazil, what he does with us, and his outlook on the economy here, which I think you'll find very, very interesting.

And then we'll have a plant tour up in Celma, which is one of the more -- most productive aircraft service shops in the entire world. So I think we have a nice full day packed for you here.

As I always say, elements of this presentation are forward-looking and based on the world as we see it today. Those elements can change, so please interpret them in that light.

And I'd like to introduce our host for today. We're very pleased to have our Vice Chairman and President and CEO of Global Growth and Operations, John Rice, and several members of his leadership team. So with that, I'd like to introduce John.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Thanks, Trevor. And let me add my welcome for those of you on the WebEx and also those of you in the room, welcome back. And I think you got a sense from the dinner last night and the discussion that you heard from the mayor and governor why we're so excited about places like Brazil. You saw two elected officials who stand shoulder to shoulder with the best elected officials that you see around the world.

And I know it sounded at times like a little bit of a GE commercial -- it wasn't intended to be that -- but it's a couple of great guys and one of the reasons that we're quite bullish about the prospects for this country.

So today's agenda, I'm going to go through an overview and a little discussion about our strategy and do a little bit, I hope, to connect the dots for you about trends that we see around the world. Then you're going to hear from five of our regional business team leaders and then I'll come back and do a summary and a total Company update. And, as Trevor mentioned, we'll have time for a Q&A after that.

The key messages you're going to hear today, look, we have been in these markets for a long time, when we talk about the growth markets, in some cases over 100 years. So we're not new at this, but we're learning new things and we're trying new things. And you're going to see a little bit more about how we're working to capture growth opportunities in the future in a way that's a little bit different than we might have done in the past.

We've got a pretty targeted and focused strategy; this isn't a random set of occurrences. We're really thinking about how we do this and what we do and where we do it. We're going to spend a lot of time talking about how we're trying to optimize global capabilities and build on these broad, strong global strengths and yet be local everywhere we need to be local in look, feel, and finish.

We're going to do this without compromising margins. Our margins globally are in line or ahead of our global averages. You'll see some cost out and cost redeployment opportunities. We can do this and maintain the right risk profile for this Company and protect our intellectual property, and we'll talk a little bit more about that.

And in a way, we think that we have been, when you look at the capital moves we've been making over the last 10 years, designing the Company for what the world needs today and tomorrow and on into the future, and we think you'll see that, too.

From a macro perspective, if you look at the last 20 years, the notable change is that Brazil and China have moved up in the pecking order and Russia and India have joined the list. But the other thing that's very notable about the macro view of this is that the growth markets, as we define them, are going to be 50% of the world's GDP by 2025.

And you all look at the world that I see today and GDP growth rates are down from what they were a year ago, the forecasts have been revised slightly and the new forecast in China as recently as this week, but we still look at the macro long-term trends. And a recent Pricewaterhouse study captured the last 15 years and the developing countries grew at a little bit -- a hair over 5%, and the forecast for the next 15 years is a hair under 5%.

So this thing, we think, has a long tail in spite of the revisions that have been made recently to global GDP rates. And one of the driving factors of that is that the world needs infrastructure, and as GDP rates get revised there's still a tremendous pressure on governments and countries to build out the infrastructure. And we believe that that's going to be the last thing that gets cut.

There have been a spate of announcements about significant infrastructure fundings -- $4 trillion on this chart. In a bunch of different places, it's an enormous number. We're going to break it down for you and show you by region how this looks and what is part of a current spending effort. So these are big numbers. In some cases they take place over three to five years and some cases they take place over the next 20 years. We'll show you what's being spent in the current period in the regions that we're going to talk in more detail about.

And the pressure is to increase standards of living and reduce the wealth disparity. And the thing that we see when we look at events in the Middle East in the last year and, really, around the world is extraordinary pressure on governments to make these kind of changes in the population in their countries that doesn't have access to the basics. And I'll show you more on that in a minute.

Just in the last six months, $18 billion of infrastructure wins in the growth markets. We could have put a lot more thumbtacks on this chart, but we didn't want to make it too complicated. There is real stuff happening every day.

We also look at another, really, 20 or 30 countries. We've captured 10 on this slide that are the next generation of growth markets. These are the places that you don't necessarily worry about or think about in the context of our Company because they may not be material today, but they will be material at some point in the future. And this is really the next phase of our growth.

Meeting the world's needs is what this is all about. There is close to 1.5 billion people around the world that don't have access to the basics -- healthcare, electricity, water. That leads us right down the path to distributed power solutions, lower cost healthcare, financing solutions, and we're going to talk in more detail about all of those.

Some 3 billion people will be added to the middle class over the next 20 years. That's 150 million a year, all of whom will have the same kind of demands in terms of basic living conditions and infrastructure that we have. They're going to want improved access to everything, so that takes us to aviation and transportation.

And today, there's roughly 70 billion tons of stuff that gets pulled out of the earth -- mining and oil and gas and the like -- and that's growing about 2 billion tons a year, which feeds right into the oil and gas, mining, obviously, and spaces like biofuel. So we think that this really does -- these problems aren't going to get solved in the next six months or 16 months, it's going to take a long time and it's going to drive a lot of demand.

As I said at the outset, this isn't a new thing for us. We've been doing this for a while and growth markets as a percent of our total industrial revenue now represents 37%. In revenue terms, that's as big as all of our industrial revenues were in the late 1980s.

And what we've done to get here, and what we'll do to continue from here, is rethink where we're making decisions and who's making them. We call is recentralizing decision-making, not decentralizing, because we're talking about putting bigger people closer to the point of contact in countries and regions so we facilitate a faster, more efficient decision-making process in the businesses, executing on the kind of partnerships that you've heard us talk about for a while now. And we'll quantify in a minute just exactly what that means.

Connecting capital to customers. So, if you want to be a great global infrastructure Company in today's world, you have to be great at connecting capital to those infrastructure projects. A small part of that will be our capital, not much. It hasn't been a lot over the last 10 years; it won't be a lot over the next 10 years. This is really more about third-party capital, export credit agencies, and we'll talk a little bit about what we're doing organizationally to make sure that we've got a world-class effort underway there.

Market-driven product development. We've talked in the past about in-country, for-country. How do we develop things in China, in India, in Brazil for those markets? It's really taking on another dimension. It's in-country, for-country, and beyond. Most of what we're doing now in these markets is satisfying a local need and now being exported to other markets. And I'll show you some examples of that in a minute, but as you'll see at the end, we think that within the next 10 years the growth markets will comprise 50% of the Company's industrial revenue.

And, of course, supply chain and local fulfillment capability, getting the footprint right. Being where you need to be, when you need to be there, with the right capabilities is a lot of what this is about.

In terms of the last five years, when you look at the growth markets, and we break them down, as you know, between resource rich and rising Asia, we've seen great growth at multiples of GDP.

We don't want to forget about the developed countries because there's growth there. We grew last year in places like Germany and Eastern Europe. It's a mistake to lump all of Europe into one definition. And Eastern Europe, from an infrastructure perspective, we see growth opportunities, so we're going to be working on those as well.

But clearly, the growth markets are going to outpace GDP over the next five to 10 to 15 years. And, as you can see there, we've doubled revenue in 27 countries in the last five years, and there's another list of 27 countries that we think we can double it in over the next five years.

In terms of what we see in 2012, continuing growth. This is consistent with what Jeff talked about at the end of last year, but the resource rich countries growing at 20% to 25%, Rising Asia growing at 10% to 15%. So no basic change and we're going to give you a lot more color and information about why we think this is going to continue to happen.

As I said at the beginning, we've been working hard to reallocate the actions that Jeff and the Board have taken over the last 10 years, have allowed us to allocate capital into market segments and businesses that count in the context of global infrastructure. This is just a few examples of how we've allocated $20 billion worth of industrial acquisitions since 2006.

We've expanded our footprint, almost two-thirds of the revenue from these deals is global in nature, and 20,000 employees in the global markets. And as you'll see, this is very meaningful to our customer base. Some of what we've done here in Brazil and the acquisitions that support Petrobras, very, very meaningful. And Steve Sargent and Reinaldo will connect some of those dots for you in more detail.

So our strategy is relatively simple at this level. We have to find the balance between these broad, global, deep domain business strengths -- so Aviation, Energy, Water, Healthcare -- and make them local everywhere they need to be local.

So as we look at 100 or 125 countries where we do business, the best global companies in the world will be the ones over the next 20, 30, 40 years that get this balance right -- take advantage of synergies; take advantage of efficiencies; build deep, strong domain competence; build on what we have, and whether it's David Joyce's Aviation business or John Krenicki's Energy business, John Dineen's Healthcare business, and make them local, look, feel, and touch, everywhere they need to be local. That will be the catalyst for accelerating global growth.

In terms of investing, we've done a lot. Dan Heintzelman, who runs the Oil and Gas business, now leads a team that has figured out how to localize here in Brazil, Angola, Australia, Indonesia, and China, where Mark Hutchinson and I were a couple of weeks ago meeting with the heads of Sinopec and CNPC PetroChina. And both of those business leaders talked about how our local capabilities -- what you see on this chart -- has contributed to incremental orders. They see this and they feel it and it makes a difference in terms of who wins and who loses.

So, this footprint is extremely important to us. We still want to have global technology, turbo machinery, compression, so we don't stop building those capabilities. And as all of you know, we went through the financial crisis and continued investing in research and development. It's now up over 5% of our revenue, and we're going to continue to do that big, strong, deep, global domain competence and creating local look, feel, and touch.

In aviation, one of our most global businesses when you look at the product suite and the customer suite. We have 2,000 customers in 85 countries. We've got 80 manufacturing and service facilities globally. And 75% of our $76 billion CSA backlog is outside the United States. 50% of our installed engines by 2016, or just under 50%, will be in the growth markets.

And Transportation. I knew a bunch of you when I ran the Transportation business 15 years ago and I could only dream about a chart that looked like this and a truly global footprint. Now, Lorenzo Simonelli and his team, they spend more time outside the US than in the US. It's not just about the Class I's in North America anymore. It's a very global footprint here in Brazil, where we've got thousands of locomotives in operation, our Transnet partnership in South Africa, and the long relationship we've had with the United Group in Australia, just examples of how we've created a big, global framework.

On the product side, you're familiar with the handheld ultrasound, the Vscan, 4,000 sold to date, 80% of this revenue coming from outside the US. This is a very important product. Because when you talk about healthcare access, this is kind of the poster child for that. Now you can go into any rural or remote village and give a pregnant woman a fetal scan. She would have never had a chance to have this in the past.

So this is meaningful technology, and just an example of the kind of products that are rolling through our Healthcare business under Tom Gentile's leadership that will make a difference for us globally.

FlexAero, I think many of you have heard about, but the attributes of this product, whether it's the 5-minute startup, being able to install it in just a little over two months, and eliminating the water requirement, very big when you talk about growth market opportunities.

And I got a comment on the oil and gas business. Two-and-a-half times increase in research and development over the last 10 years, but even more importantly than that, some world-class technical developments with some of the world's great national and global oil companies -- Statoil, Petrobras, and Chevron, Texaco -- firsts in those areas in terms of subsea compression, high pressure pumps, and the world's largest compressor. So a very big deal and part of the reason that those companies want to do business with us.

Healthcare, under John Dineen's leadership, is expanding the global footprint. So if you just look at the last five years, between 2005 and 2010, doubling down in terms of technical talent outside the US, the manufacturing capabilities, the number of factories, the sourcing buy, all leading to significant double-digit growth in the growth regions with more to come.

This is how global product development works now. And I think what's -- this is a small example, but if you look at our Company now, the innovation that takes place, and you go back 10 years and you look at the major products that we've introduced in any business, in any technology, it's all been done with innovation that takes place in multiple countries.

So this is now about engineers collaborating across borders to optimize and get it right. So you take deep product expertise in the US in ultrasound, the software capabilities that our team in Austria has, engineering talent at the Bangalore Center in India, combine that with capacity and supply chain capabilities in Korea, you introduce in two markets and you've lowered cycle time by 50% and taken 35% of your cost out. And there's hundreds, if not thousands, of other ways that we can do this over the next 10, 20 years. This is really the way product development has to work now and in the future.

Closer to home, in terms of supply chain and service, the energy team in Haiphong broke ground on a facility to produce wind turbine generators in 2009, started up in 2010. So in 18 months, they're starting up and producing 400 wind turbine generators, shipping in 2011, adding components, capacity up 50% this year in 2012. And the point of this is to capture not just the efficiencies -- the cost savings of 20% in the fast ramp-up -- but you've got in this facility access to world-class welding technology.

So this energy team would say, if they were here today, because of the shipbuilding industry that was part of Haiphong for a long time, you have the best welders in the world, in some cases, available to you in this facility. So it's not just chasing low cost. It's getting low cost but getting real capability and competency with that lower cost.

Steve Sargent is going to talk about what we're doing in Perth in the services business, so I won't get into detail on that, but John Flannery and the team in India, with our energy team, are working on a facility in Pune, which over the next 18 months is going to start up and by 2015 will have $1 billion of output in our oil and gas and control systems businesses.

This is going to be for local and global distribution. The design -- this is going to be a state-of-the-art facility that will ultimately house a series of different GE businesses. So we can get access to the Indian market and global markets that will lower cost base.

We talk a lot about in-country and for-country, and now we've added the and beyond part to this because it really is. We don't do very much now in one country for one country. It has a multiple-country or a global framework almost from the point of inception.

There are four examples on this chart. There are 42 product launches that the India team is going to do this year. We're spending about $40 million on this stuff, and it's going to generate about $1 billion in revenue opportunity by 2015. And one of the businesses, at the bottom of the chart, the Life Care Solutions business, this is anesthesia, ventilators, smaller pieces of equipment that are part of every healthcare, hospital, or clinic institution and critically important to get right as you think about rural and remote healthcare.

So having a suite of products that allow you to go into a regional hospital or a clinic in the middle of China or the middle of Brazil or the middle of Indonesia is increasingly important because that's the segment of the population that today has very little, if any, healthcare to take advantage of.

This discussion wouldn't be complete without a slide on global services capability where you can see the $150 billion backlog now is two-thirds global. So a big expansion of our global footprint over the last five years, very, very important to us. So as we think about the right global footprint, where we put the service shops, how we take advantage, as you'll see in Perth, of multi-business service opportunities so we can leverage that overhead and have a more efficient operation.

On the right-hand side, just a selection of the investments that we're going to make this year to continue building out this framework that the business teams have been working on for the last decade.

So this really does provide the product differentiation. Our oil and gas customers in Northwest Australia want this capability in Perth. They're willing to support us when we put it in. They need this. These are billion dollar installations. And ensuring that equipment operates all the time is critical to the efficiencies that they expect to get out of their investment in the ultimate output level that they can achieve.

In terms of building, around here it starts with the strong GE DNA. So when we look at our most senior three levels of leadership, the resources that have been added outside the United States total about 700 leaders over the last five years. So 36% of our Company's most senior leadership now is located outside the US, and that number continues to -- that percent continues to go up.

I've talked about recentralizing decision-making before. In addition to the group on the left, there have been 1,700 mid-management roles added in the growth regions, of which 96% are local. So it's developing local national capability and building the team for the future is exactly what this is all about.

It's a war for talent. You hear that from all of the companies that you invest in and follow, and the same is true for us. We've got a couple of things working in our favor in terms of reputation and brand and recruiting COEs that we now centralize across all of our businesses. So we create a one-stop shop in terms of finding and filling the resource needs that we have globally in all of our businesses. And leadership training, a long-term investment in people, very, very powerful everywhere in the world. And we'll talk a little bit about that in a minute.

This is a handful of the leaders that we've added over the last year, some of whom are with us today. This is just the -- these are the resources that we've added in the enabling functions, so this is finance and HR and legal, 300 years of GE experience. In some cases, people have joined us from other companies and significant experience in world-class companies that work in our domain. And over a third of them have corporate audit staff experience.

So when we think about risk and how you get into these countries where you get challenged in different ways, we feel very good about the experience that we have and the DNA that's part of this leadership team.

I talked a minute ago about the importance of connecting capital to customers. I've got a couple of examples on the left side of this slide, 500 megawatt wind farm in Mongolia that worked because we were able to provide financing and put a very small piece of equity in from ourselves. But this is going to be the first major renewables project in Mongolia, and when it's up and running later this year we'll produce 5% of the country's power requirement, just from this one project.

This is something that the president and the prime minister talked to Jeff and myself about last year, and it puts us kind of at the forefront of the people who are doing business there. There's billions of dollars being spent in Mongolia to develop mineral resources, and we're going to be right in the middle of that.

And in Kazakhstan, where we were able to put a deal together for GE locomotive kits, 196 locomotives, really transforming the Kazakhstan railroad. We've hired an experienced leader to lead this effort. We're quite excited about it.

As I said at the beginning, this is going to not require any more of our capital that it has been in the past. And that's a pretty small number because we think that there's lots s of pockets of capital out there that want to invest in infrastructure resources and they love it when we show up with a project that we know about because we bring domain expertise, we can connect it with their capital, and we think that that's going to help us accelerate our global growth.

In terms of leading, one of the things that's on everybody's mind is how do you expand in these global markets and manage risk? And that's as important to us as it is to you. We do this -- if you look at the left side of this slide -- with the basic things that we've done a long time. We really work hard to have an open reporting. We talk about things that concern us, our people. There's a number of avenues for any person in GE to talk about something that concerns them. We have a robust ombudsperson process.

One of the ways you manage risk is by working to reduce or eliminate smaller businesses that are in out-of-the-way places that might not get all the oversight that they need, focusing on being the preeminent person, team when it comes to regulatory initiatives. What's happening in every country of significance and how do we make sure that we stay ahead of the regulations, not behind.

Managing third parties and partners. So one of the things we've done is we've grown. In our Healthcare business in China, for example, is go direct more, reduce the number of distributors. That's helped accelerate our growth and given us a better way to manage our risk and communicating and responding. So we think we know how to do this and we think we know how to get it right.

Just an example, from Nigeria, where in 2005 as other companies were being escorted to the door because they had compliance issues, we were invited in by the former President Yar'Adua. And he brought us in -- I was in a meeting, he brought us in, and he sat us down with his full cabinet and he said, "I want to talk about infrastructure. I want to talk about power generation. I want to talk about healthcare. This is what we need and we want to do business with you." Okay?

It's in that meeting, just as a little anecdote, there was the minister of transportation, who was quite miffed that we hadn't been talking about rail opportunities. And we explained afterwards that the president set the agenda and we came in to talk about what he wanted to talk about, but we'd be happy to talk about rail. Well, that led to a 25-unit order and a 75-unit option that just came from that set of discussions.

Our reputation for integrity is now becoming an advantage because more and more country leaders have figured out that corruption, lack of transparency is the way that these problems -- when you think about infrastructure or social inequity or income inequality -- aren't going to get solved.

So, at the top, they're starting to get it and they want to do business with companies like ours. You still have to worry about the bureaucracy. We're not naive about this. There are still things to worry about, but it really does matter.

I also want to spend a second on intellectual property because I know that's on everybody's minds. And what do we do to protect it and how do we think about it? Well, there's no question that we think about it, we pay a lot of attention to it. In some respect, it's the keys to our kingdom, but it's also important that we partner around the world to get this -- to get leverage and to get these capabilities right.

So when we think about intellectual property in the form of a partnership, first of all, we don't do it with companies that we don't know. So you hear a lot of talk about Harbin in our Energy business in China and Avic in the Aviation business. These are companies that we've known for 10 or 15 years.

So step one is don't do it with people that you don't know, do it with people you do know. Step two is just put in what you have to put in, don't put in what you don't want to put in. And there's this view that we get forced to do things, and the fact of the matter is we don't. We're big enough to say no. And when we don't like the answer, we do say no.

The other piece of this is you can put together JV structures which afford you additional protection, so it's not just an open-ended license agreement. You do can this in a way which adds to your protection. And then the fourth thing I'd say is you keep investing. Right? So if you look at the technology that we've put into some of these relationships 10 years ago, we're on now version three or four of that technology.

So we think about it. You want us to think about it. We do think about it, but we think that we can do it in a way which affords us maximum protection and allows us to take advantage of these global opportunities, which the flip side of it is people ask me a lot about the risk of doing business in China. Look, there's risk in doing business in lots of places, but part of the answer to that question is what's the risk of not doing business in China?

If you're in the world's biggest -- if you want to be the world's best infrastructure company and you're looking at the economy, which is number two in size today and headed to number one, you have to find the right ways to be there. And that's really the moral of our story.

Growth through partnerships. We talk about partnerships a lot. On the left-hand side are six partnerships that we've had, in some cases, for the last 10 years. But if you put a number to the value of these partnerships, in 2007, we had about $1 billion worth of top-line from these activities. In 2011, the combination of orders and commitments totaled $11 billion.

And you're going to see other examples of how over the last five or 10 years things that used to be pretty small -- individually, these were activities that were $50 million or $100 million, not on your screen in 2007, on ours, and now they need to be on both of ours because they really do matter to them, to our partners, and to us.

We're attractive because we've got capability and we've got technology. We provide training and support and education. They like the GE DNA, and that counts. Localization, we talked about, in-country capability, and long-term mutual success. We both grow together.

So as you think about how we cracked the code globally, this is a big part of it. These are some in the next wave. You're familiar with most of these names. We're going to talk a little bit in more detail about the Russian JVs, but these six add up to maybe a little over $1 billion in top-line today and could be five times that by 2015. So we expect real benefits to come from the work that we're doing in these to create and develop these relationships.

Just to comment on Russia, we announced two JVs in the second half of last year in energy and healthcare, and both our energy and our healthcare teams worked long and hard to put these deals together. They were announced in September. They will assemble, sell, and service gas turbines in-country and produce diagnostic imaging equipment in-country, local assembly over the next couple of years.

We think long term over the next 10 years this is $10 billion to $15 billion of growth opportunity. We've already seen about $0.5 billion of orders that have come through these partnerships, and they haven't even been formed yet. So this is going to open up the Russian market to our healthcare and Energy businesses in a way that we have not had access to in the past, endorsed at the most senior levels in the country and a huge opportunity for these businesses.

One of the ties that bind across GE is our global research. And we think it's a distinct advantage because we have multi-disciplined businesses, but core material science and core technology create an opportunity for us that, frankly, few of our competitors have.

As you heard last night, those of you who are in the room here, we're opening our fifth global research center in Rio by 2013. We're quite excited about that. We didn't have to put it here. You heard last night some of the reasons why we are putting it here and why we really think it makes sense to have this as the fifth one.

Over 20,000 of our global -- of our engineers are in global roles, spending over $5 billion a year expanding patent applications. This is really the muscle behind what we do. And in the end, we have to have great technology. You want us to keep investing in this. We have invested through the good times and through the tough times and we're going to continue to do that because, as it says at the bottom of this slide, product innovation is everywhere.

And getting the plumbing and wiring right on this, transferring ideas, taking technical capabilities from two or three or four or five different countries to bring better products to market faster is what this is all about.

This is really an exciting slide because this is something that people don't always pay a lot of attention to, but we started in 1998 developing leadership training for our customers and partners and government officials in the countries where we do business. It started in China. After 15 years, we have 4,000 global alumni.

We do this now in just about every country. We offer this opportunity in just about every country that we do business in. It's an enormous opportunity for us to get closer to the people we do business with and for them to understand a little bit more about our Company. In the end, this work doesn't lead to an order. You've got to have the best technology and the best capability, but leads to a relationship that leads to orders.

This is a hugely powerful effort. I rarely meet with a senior leadership team in China anymore that doesn't have several people who are alumni of this. Genertec, one of the significant state-owned enterprises in China, had a meeting with them at the end of last year. There were three people in the meeting -- the chairman, the CEO, and one other senior person had been through this over the last five years in separate sessions. It's a very powerful way to connect with our customers and our partners.

We can't do all of this without having a little bit of complexity, and, frankly, I think this is a good news story. As we've made acquisitions and we've expanded operations into a bunch of countries and developed the information technology and the capabilities that go with that, we've got an opportunity to get some costs out. And, frankly, we're pretty excited about it. The organization that we have, or that I lead, is another way we can look at this cost and cut across, really, horizontally.

So in a city like Rio or Sao Paulo in a country like Brazil, we can connect the dots on the back room stuff in a way that was harder to do before by business. So, as you'll see, when we talk about margin improvement, margin rate improvement and cost out, this is one of the ways we're going to play our role in this. And we'll use the same tools that you all are very familiar with -- Lean and Six Sigma. We want to maximize our scale. We want to minimize our duplication. We want to reduce SG&A, obviously, and share costs.

We've got a regional group of CIOs, chief information officers, now, six of whom share responsibilities with different businesses. That's not necessarily a natural act, and the organization that we put together last year allows us to do that in a much easier way. So we're very much focused on continuing the work to simplify the structure. We've got a three-year roadmap. We've targeted about $1 billion of cost out over these three years. We've got opportunities, as you know, we showed on the last chart.

We've made a bunch of acquisitions in the last few years. We've got opportunities to continue the integration of those, what will be a world-class functional alignment, some IT consolidation. And we're going to free up some of these resources to get costs out and we're going to free up some of these resources to redeploy so that we can continue seeding the right people into the markets where we want to grow.

And it's all about driving profitability, right? You've heard Keith and Jeff talk about the 50 basis points per year of improvement in margin rate that we've targeted through 2013. We've got a role to play in that.

So as we think about keep ensuring that global margins are -- that the margins in the growth markets are in line with the global markets, how we localize supply chain and manufacturing in getting the maximum bang for the buck, being able to stick multiple businesses under one roof, this is all part of how we do that. Making sure that we have the right service mix, so that backlog at 75% global is very important to this process, driving simplification and focusing on cost out in the way that you as long-term investors and followers of us would expect us to do.

So we think we're positioned to win and optimize global and local capabilities. If you think about how we connect the dots, right? We've talked a little bit about distributed power, mining, and oil and gas, rural and remote healthcare, transportation, and partnerships.

If you take the top four categories, today we have about $20 billion of revenue that is tied to this effort. So when we talk about distributed power, it's already meaningful. Or mining and oil and gas, it's meaningful today. And we think that these segments, because of the population demographics and some of the things that we've discussed can grow at rates which exceed the growth rates that we expect to see in the resource rich and rising Asia markets, in our growth regions because the grid is not going to get everywhere it needs to go in the next five or 10 years.

So that 1.5 billion population that doesn't have access to power, half of whom live in Africa or on the African continent, they're not going to see the grid anytime soon. The only way to solve that problem is to take smaller power unit sizes and go on the other side of the grid, if you will, and put them into smaller cities and villages. And at 100 megawatts and below, we've got the most complete product line, all the way down to a 300 kilowatt Jenbacher product. We've got the best product line.

In mining and oil and gas, there's going to be huge opportunities as the world works to continue to monetize what's in the ground. Rural and remote healthcare, the Life Care Solutions business, low-end CT and MR, that business is probably the smallest part of the $20 billion, but one with the greatest growth potential. It's less than $1 billion today, but enormous growth potential as governments have to figure out how to get basic healthcare to the people that need it. And again, we talked about the partnerships, so this is really about leveraging global strengths and providing local solutions and local capability.

We've got a great leadership team assembled today to talk you through some of the specifics by region, so I'll introduce Reinaldo Garcia and he'll kick it off in Latin America and I'll be back at the end for a wrap and some Q&A.

Reinaldo Garcia - *General Electric - President, CEO - GE Latin America*

Thanks, John. So, I think after 24 hours in Brazil you probably are already experts in Latin America, but take a few pages here to walk you through.

So, it's a large continent with 34 countries and $6.5 trillion economy. It's about half of the size of the United States and with twice the population, so really a lot of opportunities for continuing to grow the GDP per capita. Countries like Brazil, that represent about a third of the continent's economy, and Mexico, but it's also Chile, Peru, Colombia, a lot of areas, a lot of countries in Latin America that are having a very poor economic performance.

If you think about in the last 20 years, what has been very important for this continent is political stability that gave the opportunity for economic stability, for over 20 years. So now you've got this kind of growth rate of around 4% or 5%, which has been the last two years, and we expect this to continue.

GE in Latin America, the industrial revenues in 2011 were $6.6 billion, and it's twice what it was five years ago. And again, in the background, a very solid economic performance of the region. 2011, in particular, was a very great and very strong year. We grew organically more than 20%. And today, just in 2011, Brazil alone is the size of what all of Latin America was in 2006.

We look at 2012 with optimism. The pipeline of projects is very good. They are under execution, so we expect the continuation of the performance. And as John mentioned, we really believe in the region; that's why we decided to put the Global Research Center, the fifth one, in Brazil and specifically here in Rio.

John showed you a page that had a bunch of projects, $4 trillion worth of projects around the world. I have here the subset for Latin America. It's not an exhaustive list, but it's six important ones.

And I'll walk you through the first one there, the biggest one. In oil and gas, just one customer, Petrobras, and the CapEx that is planned for the next four years is $225 billion. In the first year alone, this is 2012 now, we're looking at a $45 billion CapEx for Petrobras.

Now, when you look at all of these various projects and you add up the total CapEx, you've got $0.5 trillion on the page, which that represents about a $50 billion opportunity for GE in projects that are ongoing, things that are in motion. So it feels good in terms of where to hunt and the size of the pie.

So I'm going to walk you through these projects, or these sectors. Oil and gas, the region is very rich in oil and gas. It's easy to think about it in Brazil, where we're here now, but it's not only about Brazil. It's about Mexico, about Venezuela, Colombia, Argentina, and a few other ones that are not even on the page like Peru and Bolivia.

If we look at in the bottom left of this page, the oil and gas situation in Brazil, okay? In 2011, last year, the country pumped out 2.6 million barrels of oil per day. Now, this is going to triple in the next eight years. In 2011, the majority of that was done by Petrobras. But as you go forward, you see this light blue, it's a company called OGX. OGX is part of the EBX Group. We're going to listen from the CEO, the chairman, the main investor later on today, Eike Batista.

But this company, that's already beginning to pump oil in the last few months, has big expectations that this is going to grow into a pretty significant way. So you see the kind of things that are happening. This is one country; there are other ones in the same kind of situation.

The acquisitions we made in this business, Dan Heintzelman's business, have really helped in a big way position ourselves in Latin America, in Brazil. Wellstream, which is a few miles away from this hotel, is a very important acquisition for us. It positions us very well to address the needs that this company, Petrobras, and the other players in the market have for the kind of production goals that they have.

We are very bullish here. We are investing in the Global Research Center. One of the pillars will be dedicated to oil and gas. But it's also the facility in terms of services, adding capacity for the flexible risers and Christmas trees, so we look at what we are doing here -- in 2011, we were $1.7 billion in this space. We expect to be twice as big by 2016. We feel the competitive advantage we have is a strong one.

We are localized. It's very important to be local in this industry. And we have a very strong footprint here that we already had. We're building it organically. The acquisitions enhanced the significant development of that. And having the service capability right here with robustness really positions us very well for this, really, a super cycle that we're looking into and actually in in the beginning of it.

Latin America is not only rich in oil and gas, it's also rich in minerals. It's the -- 27% of the mineral exploration is done right here in the continent. It's about Brazil, Colombia, Peru and Chile, iron ore, nickel, silver, and copper. And this is a segment that spends a lot of money in CapEx, but it has pretty significant consumption of power, has significant challenges in terms of water.

So this is really the sweet spot of GE in terms of power generation, water purification, but also it moves a lot of stuff. It moves in locomotives, it moves with off-highway vehicles, so here is one segment in one continent a $7 billion opportunity for the next four years. So we're very excited about this and we think we have a great opportunity in front of us.

I will talk to you about a project in a country that you probably don't easily think about, Peru. And here's one project. There's a lot of gas in the country. On the Northeast in the jungle, has to go to the coast. It's has to go up the mountains, down the mountains. It needs separation plants. It needs pipelines. It needs refineries, fractionation plant, and all the stuff that GE makes.

So we're early in this project and this is not the first one. There was another one done already similar to this, and this is the second one. So here is a beautiful opportunity in a country with the kind of technologies exactly the sweet spot of what we have. So it's, again, a very good opportunity in the region.

Biofuel. I don't know if you are aware of this, but more than half of the cars on the street, they run on 100% ethanol, okay? And that keeps growing -- that ratio. This was an industry that was mostly done -- run by small, fragmented companies. And now, the big ones -- Shell, BP, Raizen -- they are all getting into this space. Why? Because the demand is going to double in the next five years and it's going to outstrip supply. So there's really a great opportunity for investments, for money to be made here.

GE plays in this space, but what is exciting is new technology allows us to participate in a much bigger way. It will quadruple our penetration into this space. Today, the opportunity is about the steam turbines and is about water purification.

But as you make ethanol, there is two types of waste. There's the solid waste, which is the fibers from the sugar cane, and there is the vinasse, which is the liquid waste. So the fiber from the sugar cane that you burn in the steam turbine and you make it a crystalline, you can actually go directly to gasification and generate gas and now you can burn in Jenbacher machines.

The vinasse is an exciting one. For every one liter of ethanol, there's nine to 12 liters of vinasse. Vinasse is a water that has a lot of potassium. Water, you can put it back into -- you've got to do something with it, right? There's a lot of this type of water. You can put it back into the earth, into the land for the sugar cane. But if you put too much, you start polluting the water table.

With this kind of demand increase and where the levels are already of potassium in the soil, they cannot do that anymore. So regulation is going to put a pretty big constraint on this development, which cannot stop, right? The beautiful thing here is there's a technical solution for us. You can gasify this vinasse to biodigestion and create methane. And methane, again, you burn into the Jenbacher machine. So here is a beautiful segment. It's a nascent segment that we already participate in, but with this new technologies it will quadruple our penetration.

We talked about localization, and the teams of GE have done a real great job in localizing locomotives. Lorenzo's business -- Lorenzo Simonelli has done a terrific job here with Guilherne Mello, the leader of Transportation Latin America.

We've been making locomotives for a long time, but four years ago we actually achieved more than 50% localization. And because of that, the Brazilian National Development Bank finances now customer projects because we're very localized. So it's a great story, not only by localizing, reduce the cost, you get faster to your customer in terms of response, but you get access to funds.

And you're going to see the facility this afternoon, the aviation facility, but in that same city a few months ago, we inaugurated a facility for repair of aeroderivatives. Steve Bolze and Darryl Wilson's business has opened this up, and this positions us very well because now you have, right here in Brazil, the capability to service aeroderivatives, which is extremely important for customers. When we opened this, Petrobras was very, very pleased to see this kind of capability.

And John Dineen's business is doing the same thing, localizing the manufacturing of CT and ultrasound and x-ray. So again, making us very local in terms of being able to respond to customers with speed.

So, we feel very good about this space, about the footprint that we have, the product line that addresses the kind of needs. Basically, we make what the country needs. And the talent that we have been injecting into the business has been really terrific. And there were already great leaders here; a new wave of more leaders have been added recently and we feel that we are very well positioned to capitalize in this space, in these countries that have such a terrific market opportunity with the capabilities of GE.

So, look, we had a great year in 2011; expect a strong year in 2012. And when you add a little bit -- this is industrial revenues of $6.6 billion. When you add the GE Capital component, we expect to be a $10 billion business in 2012 in Latin America. So it's something that -- and it's not only a 2012 story. We expect this to persist and remain over the next five to seven years.

It's now it's a pleasure to introduce my Chinese colleague, Mark Hutchinson.

Mark Hutchinson - *General Electric - President, CEO - GE China*

Thank you, Reinaldo. As John mentioned, China's is powering ahead to become the biggest economy in the world, although their growth rate is slowing down and Wenjiabao announced the other day that it's going to come down to 7.5%; 7.5% is still a very strong growth.

There's a lot of discussion around is there going to be a hard landing in China? We think that's unlikely for two reasons. Xi Jinping, the heir apparent to President Hu, recently said in the US that China's going to maintain its growth. And also, they just have so many levers to pull that we think, particularly in a transformational year, that's going to be unlikely.

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If you look at GE in China, we've been around China for about 100 years. We have a team of 17,000 employees, really doing everything that GE does across the various businesses. And we generated revenue of about $6 billion last year at a good, healthy double-digit growth.

The beautiful thing about China is that it has a five-year plan. And as we look at the five-year plan they announced last year, it really fits very well into what we do. They're really focusing on three major areas. The first is energy.

They're looking to expand the energy capacity by 100 gigawatts a year. And just to put that in perspective, the actual installed capacity in the whole of UK is 70 gigawatts. So these guys are doing 100 gigawatts in addition a year over the next five years. They're also looking to increase the energy efficiency of what they have by 16%, which is a very lofty goal, but that fits in extremely well with what we do with our Energy business.

The second area is really infrastructure. They're having huge investment in infrastructure, just one area in aviation. They're looking to have over 250 airports around China. And the third area is really healthcare. And it's so important that there's stability in China. There's a big focus on healthcare to make sure that really the other 700 million to 800 million people in China have adequate care and access to healthcare. So as we look at the current 12 -- five-year plan, we think it fits in very, very well to what we do and it's almost as though it's been written for us.

We actually see about $90 billion of opportunity over the next five years in these three core areas. So let me talk a bit about each of those areas.

The first area is energy, and let's just focus on gas. The gas supply in China will be doubled, really, over the next five to 10 years, could be tripled, actually, as they build out 20,000 kilometers of pipeline. And that doesn't take into account the unconventional gas, which they've found huge reserves in China and will be developed at some point over the next 10 to 20 years.

So what does that mean? It means that there will be a 30 to 40 gigawatt increase in gas turbine capacity. That, we see, is a $7 billion opportunity over the next five years, which is huge.

So, how does that look for GE? Well, we look at our installed base in China. We have about 180 gas turbines in China, which is about a 50% share. The gas market really came back at the end of last year and this year, and we're maintaining that share. And that should result in a good $1 billion of [oils] for us on the gas side and the service side as we look into 2011, 2012.

So, gas is very exciting for us. It's just one part of our Energy business. John talked about oil and gas; there's other stuff that we do in China, and so we're seeing very healthy growth in our Energy business in China.

Likewise, on aviation. With 250 airports, there's a huge need for aircraft. And just to put this in perspective for a bit, in the United States there's about 6,000 commercial airlines; there's about another 2,000 on order. Now, China has 2,000 commercial airlines, so it's not within the realms of possibility to see that China would have the same capacity of the US, so we see a lot of growth on the Aviation side over the next few years.

In fact, within the five-year plan, they have an order for 1,000 aircraft. And again, as we look at our business in China, David Joyce and his team has built up a great business with nearly -- over 3,000 engines. We have a very healthy share. And with the order book in place, we've got about a 60% to 70% share when we include CFM. So a great business for us in China.

And overlaying that is then also the relationship we're developing with COMAC. COMAC is developing the C919, scheduled to come onstream in 2016. We are exclusive on that airline, with the lead picks. They envisage that they will manufacture 3,000 of those airplanes over time, so we believe that that fits very well into maintaining our share in the Chinese market. So the aviation market also is something we're very excited about and we have a great business.

The third area is healthcare, and healthcare is kind of an interesting market. We deal in really the top tier of the market, which is the top 2,000 hospitals. And John Dineen and his team has built a business -- a $1.5 billion business really out of focusing on those hospitals. And we have, again, a healthy share. We're the market leader in most modalities. We have a 25% share in the marketplace.

But really, we're -- the other part of the market is the value. There's over 80,000 hospitals in China and the Chinese government is very focused on really kind of getting out to that rural population. So we're doing two things to really kind of go after that value segment.

The first thing is to really focus on creating products in China for China. And we've put a lot of investment into that. We actually will open an innovation center in [Chengdu] over the next few months, which will have 600 engineers and product managers, very much focused on designing and building products for the value segment. And we're finding that we're maintaining our margins there consistent with what we do globally.

The second part of it is actually the distribution side. And we've actually put 500 sales people to go direct out into the western part of China, and that's already paying dividends.

So again, as we look at the three core markets -- on energy and aviation and on healthcare -- we feel very comfortable about where we're at and also very excited about the opportunities for growth in China.

So, what about the adjacent businesses? We think it's important that we develop partnerships with some of the more strategic state-run enterprises. And there's really two reasons we do this. The first is really access to the Chinese market and the second reason is to build scale to grow globally. And we believe that's a real win-win for GE and also for China.

But these relationships are really built over time. And the example John used earlier was actually Harbin. That goes back to the bundled buy in 2003. It's developed into a relationship where we work on thermal turbines together. And now also we have some JVs on the wind side. So it's a long-term relationship that we've built up over time.

We're also doing JVs at the moment with the likes of State Grid on the energy side, Huadian on the distributed power side, Avic, which John mentioned on the avionics side, and also with Shenhua on gasification. We believe this is the right strategy. John talked about IT. It's important to us. It's at the top of our mind as we do these JVs, but these relationships go back a long, long way and we think that this gives us a great opportunity for over $10 billion of opportunities over the next five years.

So, as we look at China, we feel pretty good at where we're at. We have about $6 billion of revenue; that's going to grow at double-digit over the forthcoming future. Margins are consistent with what we see globally, which is great. And really, we're focusing on three major areas. The first is a strong execution, really making sure we have a China face with our employees and with our customers, and the most important thing is building capability in China. So, China for us is a great long-term, long-cycle business for us and we feel very comfortable with where we're at.

So with that, I'd like to pass over to Steve Sargent, who's from Australia.

Steve Sargent - *General Electric - President and CEO - GE Australia & New Zealand*

Thanks, Mark, I appreciate that. Australia and New Zealand has been a terrific market for GE for a long period of time. We've been there since 1896, and today we have 5,700 employees, generating almost $3 billion of industrial revenues. And then in terms of GE Capital, it's about another $3 billion of revenues there for Capital.

The Australian economy has actually been performing very well for the last couple of decades, but I think it's important to view Australia through the context of its relationship with broader Asia.

As you see rapid urbanization, rapid development in developing Asia, that is driving a need for more commodities and for more energy. And Australia is viewed as a stable and secure source of energy, mineral commodities, and agricultural commodities. And as a result of that, you see Asia is really going to be the growth engine of the world for the remainder of this century and Australia is the fuel for that engine. So we feel really good about the long-term growth of the country.

There are four main themes that are driving GE's business growth in this region. First of all, it's the rapid urbanization in the developing world. John mentioned earlier that we have around about 100 million people a year transitioning from a subsistence lifestyle to a rural lifestyle to an urban

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lifestyle. And, of course, that is driving a huge need for coal, iron ore, copper, aluminum, gas. These are all commodities that Australia has in abundance.

And our customers are investing very, very heavily to be able to increase their production so they can meet the demands placed upon them. That means more locomotive sales for us, more power generation, more water treatment, and it really is panning out well for us.

The second main theme driving the growth in our business here is environmental regulation. Australia is one of a few countries in the world today that has forward momentum with regard to climate change legislation. We have a price on carbon that's going to transition to an emissions trading scheme. We have a mandate to have 20% renewables by 2020. Just the renewable mandate will mean that we need -- the country needs to invest $16 billion in wind farms between now and the end of the decade. That is a huge opportunity for us.

The government is also funding the retirement of two gigawatts of brown coal-fired power stations and will be building two gas-fired power stations to replace them. So again, another significant opportunity. And similarly, Australia has some of the world's leading water treatment regulations in the mine dewatering segment and in the coal seam methane space, which we'll talk about in a minute.

The third area of growth for our businesses in Australia, and you might be surprised about this, but Australia has one of the fastest growing populations in the world in percentage terms. So that's putting an enormous strain on our social infrastructure.

The country has a chronic housing shortage. We just can't build houses fast enough. We need highways. We need hospitals. We need more ports. We need all the things that really are targeted to the GE sweet spot. So it's great for our Aviation business, great for our Transportation business, great for our Healthcare business, great for our Financial Services business.

Finally, you've got, actually, an excellent financial services market there. The GE Capital team, Mike Neal and the team we have in Australia, have done a fantastic job over the years. And Australia is actually doing our second largest business outside the United States for about the last seven or eight years, and it continues to perform very well.

But what we've seen over recent years is that a lot of foreign banks are exiting the market, they need to reallocate their capital back home, and so that really is driving a lot more opportunities for our businesses there. So we feel really good about the sustainability of the growth that we have here.

Let's talk a little bit about the LNG market and the coal seam methane. As we sit here today, there are $200 billion worth of projects currently under construction in the LNG and the coal seam gas market. That will make Australia the world's largest exporter of LNG by 2017.

To Dan Heintzelman and his team's credit, we have GE equipment on every one of these projects. In some of these projects, they are very expensive and we have a lot of equipment; and in others we have a more limited participation. But to the fact that we have the technology and capability to be on every one of these is really quite significant.

On the West Coast of Australia, near the Northwest, that's more traditional LNG, offshore LNG. And then on the East Coast here is onshore coal seam methane, which I'll explain about.

In terms of coal seam methane, what our customers do here is simply they drill 1,000 to 2,000 wells. And they only go about 500 meters deep and they go and tap into the coal seam. The gas comes out of that well, along with water that's naturally occurring. The water has a high degree of solidity, so we need to be able to treat that water, take the salt out of it, and then be able to put it back to the community so they can use it for irrigation.

So what this means for our oil and gas business is that we're able to play in many segments of these fairly complicated projects. There are three projects underway at the moment, each about $15 billion to $20 billion in size. And again, we're participating in every one of them.

You have the more traditional LNG facilities, the compression, the power generation that we typically do across most of these types of projects, but we also play well with the wellheads. So with the Wood Group acquisition, they will put a couple of thousand wellheads on each of these projects and it really is a great opportunity for us.

In terms of water treatment, a typical coal seam methane project will generate about 200 million liters of water a day, massive amounts of water. And so because of the government regulations, we need to treat that water, take out the salt, and then be able to transport that back to the community for use either in community water or in agricultural irrigation.

Our customers, up here on the top right, what they're looking for is speed and quality execution. All these projects have been underwritten by long-term contracts with the Koreans, with China, with Taiwan, with Indonesia, with India, and they need to deliver quickly. And so when they can partner with a Company like GE, where we can work with them from wellhead to the LNG terminal to the water treatment, it gives me an awful lot of confidence and ability to be able to meet their commitments for their customers.

Let's talk a little bit about our more conventional LNG facilities. This is a project called Ichthys. It's off the Northwest Coast of Western Australia. This is being developed by one of our customers, a Japanese company called Inpex, a large oil and gas investor. They're co-developing this project with Total, the French oil and gas company. They're going to spend $34 billion in developing this project, and it's been underwritten with a $70 billion, 20-year contract through to the Japanese government because they need the gas.

And again, in this type of project, we do all the subsea equipment, do the wellheads, do the Christmas trees, do the manifolds like we typically do here, but then we also do the power generation on the platform and also necessary where the LNG terminals are. We do the turbine machinery to be able to drive the compression, to turn the gas into a liquid for transportation, and we do all the measurement and control.

The pipeline here is 900 kilometers long. It's a subsea pipeline, a huge project. And that will have an awful lot of our measurement and control products and capability, some of which we've gotten from the Dresser acquisition that we did just recently. And over time, we will negotiate long-term service contracts on all of these projects.

So, Dan Heintzelman and his oil and gas team have really done an amazing job in making sure we get on every one of these projects in some way. And this is now, our oil and business, their number one market in the world.

We talk a lot about bringing service locally, and I think Reinaldo really explained that. A lot of our customers, a lot of these projects we have, are in some of the most remote places in the world. So in terms of the remoteness of our mining customers and sort of the remoteness of a lot of these LNG and coal seam gas facilities.

If they're down for a day or two, that is millions and millions of dollars a day in lost revenue. So what they want, they want us to be there for the long-term. They want us to be there for the duration of these projects.

We're seeing our installed price go rapidly over recent years, but when you look at our service revenue as a percentage of total industrial revenue, it's only about 25%. If we look at the service revenue as a percentage of total revenue for the Company globally, it's about 40% to 45%. So we have a significant opportunity here to increase our service capability in each of these segments.

The thing we're doing differently here, though, is we're building one multi-business, multi-modal service and maintenance center. So under the same rooftop, we will have our subsea oil and gas service and maintenance team, we'll have our compressor service and maintenance team, we'll have our energy services maintenance team, we'll have our transportation engineers. So what this does, it gives us a significant scale, efficiency, and, importantly, able to level out some of the work as we move engineers from project to project.

Our customers view this as very, very important because they can't be down for too long at all. And we have been able to get at least $3 billion of orders by making sure we have been committed to the local market to be able to support them.

I want to talk to you a little bit about the wind opportunity here and about how we have changed the way we have commercialized to be able to get the benefits of the opportunity. I mentioned before on one of the earlier pages that there's going to be about $16 billion of investment going to the wind energy market in Australia between now and the remainder of this decade.

Now, traditionally what our customers want here is they actually want renewable megawatts. So we have to understand how our customers buy and why they buy the way they do. That's different than if we developed a project in the United States. For example, if Duke Energy wanted a wind farm, they would work with a developer, they'd contact Bechtel. Bechtel would come to us and say, "GE, can you -- we want to bid on a wind turbine and we want to bid on some rotors." And that's it.

In Australia, the way the market works is our customers just want renewable megawatts. So that means we need to be able to identify these projects, get control of them at a much earlier phase, further up the value chain, be able to develop these projects, negotiate agreements with -- offtake agreements with the retailers, with the generators, and then be able to build these projects on a turnkey basis, where we prime the contract, we subcontract that out.

We're typically about 85% of the cost of the wind farm and there's also -- we get to sell our equipment at better margins because we're exclusive on these projects we get to control. And then secondly, we're able to bring in all of the balance of plans. One of the nuances that is each of these markets we go into, we really need to understand how our customers buy and then how do we change our commercialization processes to make sure we do it in a way our customers want in these markets? Because it's in these nuances where you get significant incremental value.

Finally, just to wrap up here, look, Australia and New Zealand is just a great GE market. We had a very strong year last year with industrial revenues up 57%. GE Capital -- sorry, 67% --. GE Capital earnings were up 57% last year. And we feel good about the sustainability of this market and we feel good about how we're developing our capabilities to be even more successful in this region going forward.

With that, I'm going to hand over to Khozema Shipchandler, who's going to talk to you about Middle East, North Africa, and Turkey.

Khozema Shipchandler - *General Electric - CFO -- MENAT*

Thanks, Steve. Good morning. My name is Khozema Shipchandler. I'm actually the CFO of the Middle East, North Africa, and Turkey. I'm covering for our CEO of the region, Nabil Habayeb, who has been with the Company over 30 years and is a real veteran of that region. He had to return to Dubai for a personal emergency, so I'm here to cover for him. And having done most of the charts myself anyway, I think it should be okay.

Just in terms of the region, the Middle East, North Africa, and Turkey, when we think about the region, we're talking about Morocco on the West Coast all the way over to Pakistan on the East Coast. We're talking about $5.1 trillion of economic activity, growing at a 4% annual clip.

We like it because of very, very significant hydrocarbon users, but at the same time, and importantly, very, very significant hydrocarbon users. When we look at the map on the left-hand side of the chart, one of the things that you'll notice is that we're not just flag planters in this region, okay? We've been investing in facilities like factories; we've been investing in joint ventures; we've been investing in partnerships; and we've been investing in thousands of people to develop local capability on the ground.

And when you look at the financial returns that that kind of an investment has generated, it's been pretty good. If you look at the chart, you see 11% over the last five years and growing, and we've done that by investing in local capabilities, as I mentioned earlier, particularly in leadership. Ten years ago, we had one executive band employee in this region. Today, we have over 100 at the EB level and above.

We've also done it by growing our services backlog. We've grown our overall backlog 2x. But most importantly, high calorie services dollars are at $27 billion; we haven't booked one dollar of those revenues yet. And at the same time, we're going to grow and partnership. We've already got some great ones; we'll talk to a little bit more about those. And that's going to set us up nicely as we look at some new emerging areas like Libya and South Sudan.

Now, the economics that support the overall business case for us are on this page. What you see is about $1.7 trillion of economic activity that's going to happen just in the next few years. And the good thing about this region is that the governments, when they announce that they're going to do something, generally speaking they make good on those commitments.

And so when you think about the first four that are on the page there, ranging from Saudi Arabia down to Algeria, you're talking about countries and regions that are very hydrocarbon rich. So generating the spending is simply a matter of pumping more oil and gas out of the ground to generate the dollars that are going to be spent in different projects.

Take Iraq as an example, okay? $200 billion of economic activity. Now, we all read the same newspapers and we know what a difficult and complex place Iraq can be to do business in. And we have to take precautions to be sure, but when you go and you visit Iraq and you see the enormity of the opportunity that exists in that country, you really see that business case come to life right in front of your eyes.

When we think about Turkey, we think about the world's fifteenth largest economy. They have aspirations to become the tenth largest economy in the world. They grew GDP last year at 9%. They've allocated $60 billion, and the good news for Turkey is it's going to be a combination of both public funding as well as private funding.

And even Egypt, with all of the instability that they've experienced over the last 18 months or so and they continue to experience it, this is a market in which GE grew last year, we plan to grow this year, and we actually feel pretty good about the $50 billion that's been allocated in their budget plan.

In terms of some of the specific projects, on the right-hand side of the page, they actually align very, very nicely with what GE's capabilities are, what our technologies are, and where the governments want to spend their money.

Just to pick a couple of examples, in Saudi Arabia, they're talking about adding 21 gigawatts. We plan to supplement that with our already market-leading position in gas turbines. When we think about the Gulf, they have, as you know, some of the world's leading airlines. We plan to supplement that with additional purchases with our engines on A320neos and 737 MAXs. And when you think about a place like Turkey that needs to build its healthcare infrastructure, we're talking about 22 new healthcare campuses, which should afford us a pretty incredible opportunity.

Now, in terms of the way that we've translated that opportunity historically, if you look at where we are today, you can see that in Saudi Arabia, in Turkey, and in the Gulf we've already created multi-billion dollar companies. And the way that we've done that is actually relatively simple. We've invested in people very, very heavily, we've invested in factories, facilities and joint ventures, and most importantly, we've developed relationships with some of the leading organizations in the world.

So in Saudi Arabia, for example, we're talking about the Saudi Electric Company. In Turkey, we're talking about Tulomsas. Where in the Gulf we're talking about Emirates Airlines in the UAE. Our goal now is to take what's worked successfully in the past and run that exact same play in some of these emerging areas. Because as we think about places that we've already been for a little while like Iraq and Egypt, we've grown at a 13% clip over the last five years, but we've not even started in a place like Libya or South Sudan.

So we believe that that 13% growth rate has more to come and we can do a lot more. We've actually already been to Libya, we've already been in South Sudan, and those market economies have started to open up a little bit and we think that there's a lot more growth, especially given some of the hydrocarbon riches that's there.

In terms of the products and the technologies that we've been able to bring to some of these markets, yes, there's a commonly held misconception that these countries in the regions tend to buy older or retired technologies. In fact, it's exactly the opposite. The fact is that these economies have money to spend and so they tend to buy the best.

And so for us, what that means is that in our Energy business we think about gas turbines and we think about powering 75% of the installed base of gas turbines in Saudi Arabia. We think about LNG super-trains in Qatar powering the entirety of the liquefied natural gas that comes through the world's largest producer today.

When we think about a business like aviation, they've been very fortunate to be able to introduce leading-edge technologies like the GEnx and the GE90 engines among the world's leading airlines, people like Emirates, people like Etihad. Emirates just ordered the largest wide-body order in aviation history. Etihad is one of the largest companies in not just the Middle East, but in the broader context of the world. And also importantly, what's come along with that is a $16 billion services backlog, which again, we've haven't started to book even quite yet.

And then when we think about our Healthcare business, the Optima machines, we actually have the world's largest installed base in Saudi Arabia, not any other place in the world. We have healthcare IT capabilities that we've been able to bring to the fore where we've actually taken software and we've been able to translate it into Arabic and so this is going to be a leading technology for some of the Arab nations in that region. And most recently, we struck up an important relationship with the Ministry of Health in Saudi Arabia, which we'll talk about more in a moment.

In just over a year, we've actually been able to take in about $200 million of orders by developing a new relationship with the Ministry of Health. And the way that this relationship works is basically think first about what it is that the customer wants, and what the customer really needs and wants is more efficiency in a hospital. And we're talking about reducing costs and reducing complexities.

A very acute need in Saudi Arabia is the focus on women's health. And so that's an area where we've partnered with them, for example, on awareness campaigns. They want us to introduce our newest and our best products in Saudi Arabian hospitals, so we're doing that.

As we get this thing right in Saudi Arabia, what we're now doing is taking that exact same playbook and exporting what's worked to places like Turkey, Russia, and Africa. And we've think that the combination of partnerships and solutions technologies is going to serve us quite well.

So just to kind of wrap it up, over the last five years or so we've grown very nicely at about 11% over that timeframe. The last year or so, our growth slowed down a little bit, to be sure. The reality is, and we just lived through the most unprecedented level of volatility that this region has seen in the last 50 years. And in spite of that, we still grew.

As we look at '11 as a launch point for 2012, we actually think that we're going to grow double digits very, very nicely, and the reason that we're going to be able to do that is on the right-hand side of the page. $1.7 trillion has been allocated to ensure that economic levels get back to where we think they should be.

We're going to be overleveraging in our reputation and our integrity. We've already got great products, technologies, and solutions. And if we continue to localize, we continue to strike up the right partnerships, we believe that this is a place that we're going to win for very, very long time.

And with that, I'll turn it over to Jay Ireland, who's going to talk about Sub-Saharan Africa.

Jay Ireland - *General Electric - President, CEO - GE Africa*

Thanks, Khozema. I know you all came down to Brazil to hear about Africa, so I'm here to tell you about it.

Sub-Saharan Africa is about 48 countries, really rough infrastructure, hard to get (technical difficulty). So, you can see we've been there for a long time over 100 years. (technical difficulty) we really haven't grown and (technical difficulty) and we're focused on the oil and gas industry in the last couple of decades.

Overall, we're in 22 countries, mostly in Nigeria (technical difficulty) you can see (technical difficulty) again, across everywhere -- rail, air, et cetera. So for us, it's a real big opportunity and I think this infrastructure -- hold on a sec -- they didn't get that mic from Africa, I guess.

So, anyway, there's a great potential for infrastructure. The key to all of this happening is going to be financing, and I think I'll talk a little bit about that later and you heard John talk about it as well.

Flag planting is a process that we've done historically. You can see the countries on the left didn't really have a lot to begin with. We put in flag planters and now you can see that it's about $3.5 billion businesses out of those countries.

And what we do is we go in with a few people, scout out what's out there, and eventually you put in an investment and more people, resources, facilities, and really become part of the local infrastructure. And really, you think about it from developing our Company into their country.

So, our next steps are going to be across these six countries you see on the right. We're probably maybe $100 million now, but we've got tremendous potential. Some of the more exciting ones, Mozambique, big, big gas finds in the last -- across all East Africa actually, within the last year or so. You see big population in Ethiopia, one of the largest growing populations in the world. And again, some more opportunities in Rwanda, Zambia, and Cameroon.

A big area which John talked about earlier was distributed power. This chart here shows you the population without access to the grid. That's half of the people that he talked about in his chart, of 1.4 billion people. Even if you do have access to the grid, it's weak, you need emergency capability a lot. I can tell you from experience, living in Nairobi, my generator is on at least two days a week for a full day. So this is not an issue that is just at the lower levels of the socioeconomic strata.

You see the installed base that we have from the standpoint of distributed power. This is going to be a big growth area, as John mentioned. On the right-hand side, you see the products. We're across all fuel types. Fuel is a key differentiator on what kind of power can be put into a country, whether it's natural gas, heavy fuel oil, diesel, etc. These products fit very well across all those fuel types and also across all different sizes of capability, so we feel very good about it.

Now, one of the things, though, is to go into the marketplace a little differently. As I said earlier, financing is the key. You need to have a package that's available for quick deployment, so that includes financing, you need limited customization and development, and then you want to deploy it as quickly as possible. Power is the key to all of these governments remaining successful. They are all focused on it. It's the biggest thing in every one of the country leaders' minds.

We also have plenty of opportunities across our other businesses. One of the things that we want to do is replicate what we've done in other areas of the world in healthcare, focus on DI centers and, of course, hospital development. This is the key thing. But one thing different in Africa is we're going at it from two ways.

One is using Healthymagination, more or less to really do a branding type of impact from -- impacting the bottom of the pyramid. We've got a big piece of the GE Foundation efforts that have been going on in Africa the last 10 years, putting a lot of money and training into hospitals. It's a key thing, as you heard earlier, as far as rural capability and rural health. So we think that we have a real capability to hit it on both ends -- the higher end of hospital development as well as some of the -- using Vscans for prenatal care out in rural villages, etc.

Transportation, we have a Transnet, which is the rail and port provider in South Africa. We've got an assembly joint venture with them. We're manufacturing 143 locomotives. We think we're going to take that partnership -- Lorenzo Simonelli is there today speaking and talking about taking that partnership broadly more -- broadly across Africa.

It's an aging fleet in Africa. The average age of the fleet is 25 years old and there's a huge refurb opportunities for our business as well as new fleets, and we think the partnership can really help us leverage that as we go forward.

In the Aviation business, you're seeing a real increase and almost a feeding frenzy about Africa, and the key is the intra-Africa travel. You've got three key airlines within Africa -- Ethiopian, Kenya, and Arik, which is out of Nigeria. We roughly have an installed base of 200 engines already for a good service annuity and they're adding 50 aircraft a year. And of that, so far we've got 120 engines secured as we look forward. And, of course, there's always fleet renewal and growth and it's a big opportunity for our GECAS business as well.

Oil and gas really has been the mother lode, if you will, for our operations in Africa. So we've been expanding, which I've talked about, into other areas, but we've got a pretty large installed base of gas turbines and we go in with support for the international oil companies and the national oil companies. We've been well established on the West Coast, so we're now looking and very excitedly looking at the East Coast with these gas finds and some oil finds as well inland in Uganda, etc.

And so you're going to see this oil production double to 9.5 million barrels a day around the continent, which is around where Brazil will be as well. So it's a big opportunity for us.

So as we look forward, we're very excited about the opportunity. And the way we're going to get there is what I've talked about -- partnerships is key. You have to be local. We're not going to be naive enough to think that we're going to be able to go in and be local right away. We need to develop partnerships with great companies that are there and with some local entrepreneurs.

We need to focus on really impacting the Company to countries. You saw the discussion that John had about Nigeria. Jeff and I went to meet with President Goodluck Jonathan earlier -- the beginning of February and we basically put a Company to country strategic alignment together across all of our businesses, and we hope you'll see some announcements of those MOUs in the next week or so.

And then I talked about flag planting, and, most importantly, down on the lower right, is putting together a financing package so we can go to these governments and really give them solutions. Because that's one thing that can differentiate us versus our other competitors, is bring the whole package that they can basically buy an integrated solution right off the so-called shelf.

So with that, I'll turn it over to John to wrap up.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Thanks, Jay. So, I think you get a sense for why we're enthusiastic about what we're doing in the growth markets around the world. From a total Company perspective, we see things about as we saw them in December when you heard from Jeff. Certainly, in the growth markets and across the board, we're focused on this performance across all of our industrial businesses and the capital businesses.

We think you'll see that reflected in the first quarter results and we're targeting this 50 basis points of margin expansion. And as you can see, I think the thing that ought to be encouraging is we even see opportunities to help that into growth markets where we might be a net investor, but we're finding resources that can be freed up and reallocated to other opportunities. So this is the picture as we saw it in December, and that's how we see the year unfolding.

Global growth across all of our business segments. And this effort is hand-in-glove with all of the business leaders and their teams because, really, that's where the effort is going to take place. We feel great about it in each of the major business segments.

In terms of 2012 and 2013, the resource rich companies, the rising Asia countries -- the resource rich countries, the rising Asia countries are going to continue to grow with significant double-digit rates. And again, we expect to see some more modest growth in the developed countries contributing to the overall growth of the Company's top-line, and we think we can do this work in the growth markets at margins which equal or exceed our global margin rates.

Over the next 10 years or so, 50% of our revenue is going to come from these markets, a very, very important market for us. And I think we made a strong case for the fact that we're worrying about the stuff that counts today. We're also worrying about the stuff that may not count today, but it will count tomorrow or in 2015 or in 2020. And that's what you expect us to do. We have to do this by combining local competencies with global strengths.

We've got to make sure we're investing and building and leading every day. We have to optimize these big, strong, deep, global competencies. The margins, we talked about. The cost out and redeployment, we talked about. Risk profile and intellectual property, we think we can protect. And as I said before, we've been building this Company for what the world needs today and tomorrow. The demand for this will continue. You can debate a quarter, a business, a country, but this stuff has to happen and we're going to be right in the middle of it.

So now we're going to --.

Trevor Schauenberg - *General Electric - IR*

Yes, John. Just a quick reminder since we have a webcast. We're going to do the Q&A now, so if you'd raise your hand we'll bring you a microphone and we'll go through all of the questions.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Julian.

QUESTIONS AND ANSWERS

Julian Mitchell - *Credit Suisse - Analyst*

Thanks a lot. Yes, I guess looking at your margin targets, you've got SG&A, maybe a point coming out of that as a percentage of sales in three years. You've got 50 bps of sort of annual margin growth for the whole Company. So you have maybe another 50 basis points coming from, I guess, the gross margin, something like that.

How much is that based on R&D that you've put in already that will push up prices? How much is based on general assumption about pricing conditions changing in gas turbines or healthcare? So how much is going to self-generate versus the competitive landscape?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well, I'd say there's a pretty good piece of that that's going to come from cost. We do expect that as capacity fills out in some of the product areas that have been challenged over the last year in Energy, that we'll see prices start to firm over this period.

But we've targeted a fair amount of that on the cost side of the ledger because we think there are some opportunities in developed markets and in, as I said today, in some of the growth regions to go get that from the cost side.

Julian Mitchell - *Credit Suisse - Analyst*

Just a follow-up perhaps on the cost maybe on Chinese gas turbines?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Sure.

Julian Mitchell - *Credit Suisse - Analyst*

I guess there's a good opportunity there. The main barrier seems to be pricing in terms of gas is still seen as a very expensive way of generating electricity in China. So you need more of maybe reforms around coal tariffs, that the electricity distributors before gas is a big deal. Do you think that's true or do you think that even with the current tariff structure gas can still be very big?

Mark Hutchinson - *General Electric - President, CEO - GE China*

We believe gas is going to be big, regardless, because you look at about what they have to do and 100 to go up to a year is a lot. And at the same time, they've got to make their installed base more efficient, that they have to do more renewables, more gas. Coal is still going to be the lion's share of it, but we just believe -- and as I look at their five-year plan, it's stated out that they're going to grow this from probably three gigawatts a year to eight by the end of five years. So we're very confident that that's going to happen.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

I think that's a very interesting point for us because the Chinese understand that they can't keep building a coal plant a week ad infinitum. They're going to do some nuclear, they've done some renewables, but this 3x increase in the size of the gas market, which in the past has been very, very good for us, is going to get even better over the next five to 10 years as that capacity gets built out.

Cliff and then Dean. Oh, you've got the mic. All right, Dean and then Cliff.

Deane Dray - *Citi - Analyst*

Okay. Is this on? The question is on Russia. I know you had one slide on Russia, but we did not get a country presenting this morning. If you'd just give us the next layer of detail framed the same way the other presentations were, what the opportunity for GE is in what particular businesses?

And then, you touched on some of the risks regarding some of the corruption GE has been able to sidestep a lot of -- nearly all, from our perspective -- the issues that some of your peers have struggled with. Has that set you back in terms of lost business over the last several years? And do you have to play catch up?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Okay. Thanks for those questions. A comment on Russia. We see double-digit growth in Russia. And the thing that's exciting, kind of the context to these JVs, is I think recognition at the senior levels in Russia, that to build out the infrastructure in that country they're going to need partners. And that hasn't always, from my perspective, been the case. It's always been a complicated place to do business. We think there's lots of growth potential, but we've been careful about how we go after it.

Now you have, in energy and healthcare, recognition at the highest levels that a Company like GE can help build out this infrastructure in a country with the declining life span. Healthcare is hugely important. We also see that in transportation. So those three businesses -- in addition to aviation, which has been successful with the Russian airlines -- the major Russian airlines -- for a while. Those three businesses are going to play a big role in that double-digit growth.

From a compliance perspective, I would say -- look, I've been around this for 34 years, and I have seen an evolution in the last 20. I think our view -- the way we approach compliance was probably a disadvantage in the '80s and '90s, and we didn't get invited to some parties because of our reputation for not doing that stuff.

Today, I see a different dynamic. I see governments that really do at the senior levels get it. And the little vignette that I talked about in Nigeria happened exactly the way it was described. We were called and asked to come in, given an audience with the president and all of his cabinet, to talk about infrastructure requirements.

Now, at the end, that doesn't get you the deal. You've still got to show up with the best deal. There's going to be a competitive bidding process. So there's no guarantee, but there's no question that the reputation for integrity counts in your favor today like it maybe hasn't over the last 20 years.

Cliff, and then Scott.

Cliff Ransom - *Ransom Associates, Inc. - Analyst*

Thanks. Can you go into a little bit more detail with respect to your facilitation of the finance? I know that a lot of these wins are absolutely integral that you can help them afford it. And you've said you've had, by and large, small participations by GE. Is there a standard template that you use, or does it vary greatly region by region?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Cliff, I would say it varies region by region and customer by customers. So we -- and part of what we referred to in terms of this capital markets effort is building out the capability locally. So we used to do -- we used to take care of Sub-Saharan Africa from Dubai; we're not going to do that anymore. We're putting people in regions to develop the relationships with the financial institutions, understand our customers.

So the customer base that Jay referred to are going to be companies that these people know so that we can be better at connecting the dots and facilitating the flow of capital to these projects. And I've probably met in the last six months with the leaders of 20 different global -- 30 different global financial institutions, and they all have pools of capital that are looking for the right infrastructure projects to invest in.

And they see us as a credible conduit to get to those projects with confidence because we're involved at the ground level. And then you've got all of the world's export credit agencies, like Ex-Im and COFACE and Export Development Bank in Canada, and we have relations with each one of them.

Cliff Ransom - *Ransom Associates, Inc. - Analyst*

(inaudible - microphone inaccessible).

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

I'm sorry, can you just grab the mic back and make sure the --.

Cliff Ransom - *Ransom Associates, Inc. - Analyst*

This is a quick follow-up. Is there sort of a general model for what the private institutions look like? When you say financial institutions, who and what are they? You don't have to name them, but describe them.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well, I'll name a couple. DBJ, Development Bank of Japan, which is a quasi-private institution. All of the major global banks have arms that do this, and so --. And you know another source of capital are the sovereign wealth funds. As they think about how to invest capital and allocate capital around the world, they like infrastructure projects, too.

So it's the big banks. It's the government -- the banks that are effectively arms of governments. It's export credit agencies, which occupy another tranche. And it's sovereign wealth funds, so we have established relationships with all of the major sovereign wealth funds to do this. Scott

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Scott Davis - *Barclays - Analyst*

When you think about risk management and Emerson ran into some problems with Thailand with the flooding and having supply chain that was maybe a little bit too tight. Are there lessons for GE from that? Are there things that you are challenged with when you think about putting supply chains in areas like -- you mentioned Haiphong, for example? And if you lost that region for one reason or another, for whether it be political issues or weather-related or something, how do you think about risk controls as it relates to that, I suppose?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

You have to be locked in on all of the stuff that you only have one place. We only have one place to do it or you have once source. And you've got to really be thinking about whether it's how you think inventory or what you can do to build a little belt and suspenders into it.

Because in the end to say that you're going to have multiple sources for every single thing you do is not realistic. But you try to have that flexibility for as much of it as possible and then you've got to work other forms of an insurance policy so that you can respond because you can't --. And if effectively is like insurance. You don't maybe pay -- it's not an insurance bill, but it might be a little more inventory that you carry to give you the flexibility to maneuver if there's a 15 or 30-day outage.

And each of our supply chains -- and honestly, we think -- when you look at our aviation and our energy and our healthcare supply chains, we think we do this as well as anybody, which is why when these problems occur you don't typically read about us in the newspapers because we're pretty good at managing it.

Scott Davis - *Barclays - Analyst*

As a follow-up, I think since you're located in Hong Kong now, I think it's an appropriate question to ask about China. And over the 10 years or so I've been going to China, it seems like it's become a really tough place to do business. There are more opportunities, but it's become -- the field has been tilted more towards local players now than ever before and there's more collective bargaining and more rights of employees and wage inflation and things that are making it more difficult on Western companies even versus the local guys.

How does the Chinese government think about the fact that you guys have other places to go now, that China's not the only real growth area of the world anymore? It was just five or six years ago, it's was kind of China and maybe India. And then, if we're lucky, Brazil and Poland and some of these other areas. But now, it's really become obvious that other areas are taking a leadership stage in the world. How does the Chinese government think about that?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well, I think, quite frankly, it makes them even more responsive when we talk about intellectual property. We talk about indigenous innovation, which, as you know, was promulgated five or six years ago and now has subsequently been clarified a number of times, partly because companies like ours went in and said, "Hey, this just isn't the way the world works and you can't do it this way." And as Chinese companies go global, they want the same protections in these global markets that we're looking for in China.

So the circle gets completed, right, over time. And so I find that at the senior levels of the Chinese government, and I'll let Mark comment in a second, but if you talk to the NDRC, MOFCOM, and we know the heads of those organizations very well. They understand exactly what we're talking about.

It's a complicated problem to solve, right? You've got the state level, you've got the provincial level, you've got the local level. And so making it all happen is not as easy as we, kind of sitting in Western countries, would like to believe. But they're totally attuned to what we're looking for.

And understand that foreign -- that FDI can flow, right? The Brazilians understand it, the Chinese understand it, the Indians understand it. This stuff is going to go where shareholders -- where investors get the best risk-adjusted rates of return. And that's exactly what we talk to them about.

Mark, do you want to add to that?

Mark Hutchinson - *General Electric - President, CEO - GE China*

We have a big platform in China, which has been there for a while. And I think we have deep relationships [right way through government, through the SOEs, and part of that, as John mentioned earlier, was the CEO program, those kind of things feed into that, which is really important, actually, from a relationship perspective.

So I think as we look at China, we're seen there as yes, we're a multi-national and a global Company and they like that, but also as a local, and I think that's important.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

We can go ahead and close the door and have a very frank discussion with these leaders, partly because we've been there for a long time, we're credible. We don't do it in the newspapers because that's not the way to solve the problem. We don't think that it should be passing laws in other countries about currency reform. That's not the right way to do it. But you can have very candid discussions and there's total receptivity on the other side. Steve?

Steve Tusa - *JPMorgan Chase - Analyst*

There's really a lot of demand in the gas turbine side globally. You kind of are the GE gas turbine business given there's not a ton of demand in the U.S. as of yet. Is there enough demand over the next -- obviously, orders are picking up -- up to build above one, pricing is a big concern.

Is there enough activity in the pipe now to kind of think about flat pricing at some point in the order book this year, perhaps by fourth quarter? Or is that more of a -- it's so competitive internationally that you have to see the U.S. pick up in order to start to think that way? And then I've got a follow-up.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

We think there's enough demand that by the end of the year you ought to be able to see that. And the U.S. market -- you and I were talking about this last night -- the U.S. market will come back. We're not counting on a big bounce this year. It will take a while for that reserve margins to normalize and demand there, but it will come back. And the excess capacity is going to be alleviated and we think we'll get back to pricing levels that you guys have seen in the past.

Steve Tusa - *JPMorgan Chase - Analyst*

Right. So it's a shot for flat orders pricing by the fourth quarter in gas turbines.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Yes, yes.

Steve Tusa - *JPMorgan Chase - Analyst*

Then just a follow-up on I guess not really a follow-up but unrelated on the -- you guys have won a couple of big subsea orders recently globally. And it's my understanding those were kind of big deals relative to you're the competition that you guys won those.

How are you winning these deals and would you characterize them as like really competitive as you try to kind of build your footprint there or is there another dynamic that it's a synergy of GE owning these assets that you're actually seeing the interest?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

I think it's a real synergy. If you go back to Steve Sargent's chart on the Ichthus project that had a big subsidy component. And there is without a doubt no question that our ability to offer the combination of capabilities, some of which we've grown organically the turbo machinery and compression stuff that you've been hearing about from us for a long time, and then the subsea stuff that we have developed inorganically over the last five or six years is why those the partners in that project want to do business with us. That is these are huge bets.

And so these companies want to know who they're doing business with. If there's a problem they want to know who to call. It is millions of dollars every day of lost production if the project execution is delayed or if the equipment comes offline unexpectedly. And it's an advantage.

And if you talk to the CEOs as you do of these major oil and gas companies they want to do business with people which who can offer a combination of capabilities. And they know who to call whether it's Jeff Immelt, or John Rice, or John Krenicki or Dan Heintzelman if there's a problem.

Trevor Schauenberg - *General Electric - IR*

I've said one thing the last year, Steve, or is price in oil and gas for new equipment was actually up in several of the quarters, modestly but it was actually up so that would indicate that we're doing okay, yes.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

The other point just as and Dan Heintzelman runs the oil and the gas business, one of our best operating leaders with a lot of discipline. And we're not going to chase orders that it doesn't make sense for us to have.

John Sini - *Douglas C. Lane & Associates, Inc. - Analyst*

Last week Cliff asked a question on safety and what drove this economy and the I guess the governor talked about liberty. As you reflect on Africa and some of these other emerging markets or newly emerging markets how far behind do you think we are from a political standpoint, geopolitical risk in those markets, at least some of them getting their acts together and realizing that point to drive growth?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Yes. I think it's going to take a while and it's going to be complicated. I don't want to guild the lily. I think that there are as Jay said 45 or 50 countries in all with all sorts of governance structures and leaders change. And we started out the journey in Nigeria with President Yar'Adua. And now it's good luck Jonathan. Jeff showed up in Nigeria in the middle of some of the toughest times that that country has had for a while.

Don't underestimate the impression that made on the Nigerians that he was there with the president talking about what we could do together. It's complicated, but if I learned anything from the Arab Spring last year it's that if you try to anticipate or forecast this stuff you're crazy because the best intelligence in the world didn't predict that Mubarak's card was going to get pulled in Egypt when it did.

So our focus is on safety and security of our people and our assets, and the ability to respond quickly and have the first plane on the tarmac to get out of Dodge if we need to, but keep the plow on the ground. These places remember who's around when the tough times are occurring. The governments remember who the long-term partners are, so our kind of institutional bias is to stay the course.

And as Khozema mentioned in Egypt with all of that turmoil we grew last year. We're going to grow this year. In the end no matter who's in charge they got to do this infrastructure stuff or the new government isn't going to be around very long.

John Sini - *Douglas C. Lane & Associates, Inc. - Analyst*

Just to follow up on that what gives you the confidence that you're going to see that reacceleration? Is it largely driven by Egypt and that's in the Middle East I'm speaking of because you still have sparks flying.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well, sure. And I don't, look, I as long as you have a group of people in these countries that are so far away from what they would consider to be a normal living standard. And they have the ability today like they didn't 15 years ago to compare. So all of the stuff that we take for granted in terms of digital communication they have to.

And you go to the poorest sections of town and you see satellite TV dishes and people walking around with cell phones. That creates an extraordinary pressure on governments to fulfill on their obligations and commitments to build out the infrastructure. So the sparks will fly. There will be governments that don't make it. As we look at the world if you're operating in 100 or 125 countries there's going to be number at any point in time that are going this way or that way, but it doesn't change how we see the whole, not one bit.

Jay Ireland - *General Electric - President, CEO - GE Africa*

Hey, John, can I --

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Jay, you want to --

Jay Ireland - *General Electric - President, CEO - GE Africa*

Yes. One of the things about political stability is and I think a great example is what John highlighted with Nigeria. When you start to see some of these countries they change administrations yet they continue with the agreements that were done with prior administrations. That's really the change. And when you look at the countries that we're focusing on that's one of the key things we look at in Kenya and now in Nigeria.

So we're seeing it. When you have one administration come in and they throw out everything in the prior administration and start over again, contracts, et cetera, that's not really where you're going to really invest. And the problem -- and they're starting to see that the investors, the capital that will follow these projects aren't going to follow projects in countries that aren't politically stable.

So it -- there's kind of a full circle around it and you're seeing a big change in some of the ways that governments are letting businesses and the economy run, even though you have all the political instability above it.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

And I don't worry about potholes or speed bumps. I worry about dead ends. And I don't see a lot of those anywhere. Yes, John?

You started out by talking about margins being consistent in international and particularly in the growth markets as it is in regular developed markets, but that has two categories to it, right? It's got the original equipment plus the service contract and razor, razor blade model. So where is the GE model for that transferring while with this good attachment rates around the world?

I would imagine Aviation is probably fine, but I'm wondering in Oil and Gas, and in Energy and in Healthcare, et cetera where that well you might have, you might make okay money on the products, but the service attachment is not great. And how do you see that as a long-term challenge or as a long-term opportunity for the Company?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well I think it's an opportunity. I think we see similar attachment rates. Of course when you talk about the global footprint you can find markets where it's better, markets where it's a little bit less, but if I generalize by business for the global for the growth markets we see similar attachment rates.

Some of our customers want to use their labor. We're happy to supervise and provide parts and do all the other stuff that adds to the service equation that you guys like to see and we like to see. And it's not one size fits all, but that's part of the opportunity here is to continue to be able to customize and approach that makes sense because [Ama] used to be the CFO of our Aviation Services business before he assumed this responsibility.

So he understands exactly how these deals get put together and we have an even better opportunity in the Middle East, North Africa and Turkey region to make that something that improves over time. Yes, Martin, and then we'll go back to --

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Martin Sankey - *Neuberger Berman - Analyst*

You've spent a lot of time today talking about the tremendous opportunities in the aviation infrastructure, energy, oil and gas, but GE also has a plethora of other industrial businesses. How do you as and the team as CEOs try to kind of get move these businesses into the emerging regions?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well let me use the example of lighting. So lighting is a global business, but doesn't have a lot of scale in global markets. So Renaldo and the team here in Brazil as the Brazilians get ready for the Olympics the model that worked for us in Beijing is working for us now in London will, has come here. And so the stadiums that are going to be built, the team that is going to work on that, application engineers and support will come from four or five different countries.

We'll link in with the teams in the US, with the teams in Europe to be able to bid, and quote and win those projects without a huge amount of resources on the ground here in Brazil. And that's what the value that we think we can provide for some of the smaller businesses that also want to operate in a bunch of different countries, but don't necessarily have the resources to do that.

And we don't necessarily want them to have the resources because that's a role that Renaldo and the team here in Brazil and can play, not just in this country, but in a bunch of countries. I don't know, Reinaldo, if you want to comment on that.

Reinaldo Garcia - *General Electric - President, CEO - GE Latin America*

I'll say in the case of Latin America these other industrial businesses are doing very well. The Transportation business is one of the large businesses in Latin America. Lighting has had a very substantial growth so all of them are present, all of them growing at double digit and I think now with this more regional footprint it clearly gives an advantage to help some of them that might be sub-scaled in some regions.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Hal?

Three distinct questions. First, are most of the JVs that you are signing in emerging countries allowing you to have 51%, or is there a pattern of percentage ownership of the JVs?

Second question would be on currency do you try to denominate your contracts in the major currencies? Or do you have to go to local currencies and hedge that, which is difficult? And the third thing there is an emerging oil and gas business in Israel. I've not heard about GE and Israel. I'm interested in that.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Okay. In terms of partnerships most of our partnerships are 51%. We would own 51%, but we have some that are 50/50 and somewhere for the right strategic reasons we have elected to take a minority share. So we have a version of all of those and we look at them all very strategically in terms of what we would want to get. We're not going to take minority share positions in companies just to park capital there. There has to be a very strategic reason for us to do that and something that we think we can gain in order to make that something that we would want to do, but we do do it in some cases.

In terms of a currency we denominate most of our contracts in US dollars. We are fortunate to be large enough that when you look at what we sell and what we buy there's a lot of natural hedges that kind of flow out of that. So we think about currency obviously, but it's not something that ends up being a significant aspect of our operating results typically in a given quarter.

And I agree with your comment about Israel. We have a pretty good footprint in Israel, mostly in our Healthcare business and some of the technology work that we do. I'm going there in a couple of months and we think it's an opportunity where we can do more. It's a place -- it's a small market, a small country obviously from a population perspective, but a lot of thought leadership that comes out of there that we can take to other places. So it's a market that's very interesting for us. Anything else? Great, John, you have another one, one mic.

Just a quick question. Middle East had a great slide talking about $1.7 trillion opportunity. Yet it only grew 3% '10, '11. What happened and what's going to change that going forward?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well I'll let Khozema answer that and then I'll jump in.

Khozema Shipchandler - *General Electric - CFO -- MENAT*

Yes. I would say in two words the Arab Spring, right? I think it dramatically slowed down a lot of economic activity and as they've been able to work through most of what transpired there you can't imagine a scenario that is the same this year as it was last. It should pick up pretty dramatically.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

And we anticipate significant double-digit growth this year. And you know when you kind of look at the CAGR over the last five and this is one year, and I think as you look at this framework going forward, and we've given you a bunch of information about the growth markets in a way that you probably haven't seen it in the past, you're always going to be able to find one market or one business that isn't growing at double-digit rates for a quarter or two quarters. That's not the way you should judge this.

We expect to see that. Some of our business is lumpy and you do a big long cycle order in one quarter, and you don't repeat it the next year in the same quarter so you might see a growth number that's less than 10%, but the legs on this are long. And when you look at year over the CAGRs over multiple year periods we see this with a lot of stamina. Reed?

John, if it's fair to ask a question about the US on the slide where you broke down the services backlog and the US has grown from $46 billion five years ago to $50 billion now. Is that telling us that that installed base has really been fully penetrated five years ago, or is there something going on beneath the numbers and there's more opportunity for growth from here?

Trevor Schauenberg - *General Electric - IR*

I --

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Go ahead.

Trevor Schauenberg - *General Electric - IR*

I was just going to say I think that you haven't seen the reordering cycle for the airlines, which is one upcoming service contract increase that you'll see. The big increase we saw over the last decade was the gas turbines that were delivered ten years ago, right? And so you're now and in the sweet spot of a lot of those contracts. The backlog hasn't grown. It was set up several years ago, but you still have a big wave coming for the aviation side. I don't know, John, anything else you want to --?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

No. Those are the two. You've got America you've got some airlines that are starting to order. You'll see that number over the next couple of years start to grow. And as the turbine business comes back you'll see continued expansion there. So yes, Melissa?

Melissa Cook - - *Analyst*

With respect to Africa you have CEOs and other companies saying Africa is too dangerous, it's too early, which obviously you don't agree with. If you were in a position of giving advice to some of these people or talking to investors who think that Africa can come maybe in the next decade, how have you gotten comfort with the increased level of senior management and capital commitment to the continent? And what would you say to some of the other companies that think they can wait?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well if you're going to be a global player you are going to do business in some places that aren't like living in suburban Chicago, right? And I have always believed this, not just since I took on this role, but I've always believed that we have to find the right way to do business in the hard places. And if you're going to sit back and then show up when everything is nice, and cozy and comfortable, you're not going to be number one in line.

And so when we think about this it is about figuring out the right equation in the hard places. And let me tell you, when you go to Rwanda, which is a very small country, just the fact that we can lease them two older 737s, when you deliver those planes the prime minister shows up to take the keys because it's a big deal for Rwanda to have two 737s that we're happy to reposition there and continue flying, and that the power of that is enormous.

So the fact that we've got multiple ways to go in and multiple businesses, so wherever the priority is if it's based like infrastructure we can help, gives us a huge advantage over maybe some of the countries or companies that you talk about. Just about everything we sell on the infrastructure side matters in these places, right?

So is it dangerous? Do you have to worry about security? Do you have to worry about corruption? Do you have to worry about government overthrow? Yes, we're not naive about it and I'll ask Jay to chime in, but we're there for all the right reasons.

Jay Ireland - *General Electric - President, CEO - GE Africa*

Well, the experience that I gained living in Schenectady, Pittsfield and some of the other garden spots are helping me cope, but seriously I think it gets back to the aspect of how you view risk and where you're going to go and invest. And there is security issues everywhere. You need to be aware of them, but you can operate as long as you do it and with the right frame of mind. So there is the political stability. There is the crime, corruption, et cetera, and I think as you look at there's 48 countries in Sub-Saharan Africa. That's why we are not in 48. We are in 10.

And we will expand it as things improve in some and we keep very wary of where we are at. We pay attention to our employee's security pretty dramatically. It is important for us and so it's all about how you and John mentioned going in at the times when times are tough.

I had one anecdote where I was in Lagos, Nigeria. The embassy had just put out a -- they had some bombings from Boko Haram and they had just put out don't stay in this hotel. And don't go to Abuja, which I was going to. And in Kenya we had at the (inaudible) with the Somalians where we had grenade attacks and the embassy put out don't go to Kenya.

So I was in this meeting with a bunch of bankers and this Nigerian banker who said geez I'm going to Kenya. Should I go? I go well I'm going to Abuja, so should we trade places? So I think it's just a matter of making sure that you take care of the risk and really think it of it that way.

Melissa Cook - - *Analyst*

And that's why their 737s were flying full.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Oh excuse me.

Melissa Cook - - *Analyst*

Those 737s are flying full every flight so --

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Yes. And if you take a traditional risk view of that you would say well I am not going to put a couple planes Rwanda, but when you look at our aviation leasing business and the way they understand the market that's not only a great decision from a leasing perspective, but it gives us an (inaudible) tour in that country that would be hard to replicate any other way.

Deane Dray - *Citi - Analyst*

Thanks. John, I'd like you to for a moment to just to reflect on what your role has been as the growth markets are because this was new for GE and I would be curious about how your success is being measured, maybe a little bit of light with the low lying fruit has been but what the tougher aspects of the job are and how are you apportioning your time. I doubt you're just doing a travelogue country to country visits, but how -- is there triage? How are you focused specifically because you're one person and you get stretched pretty thin?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well we got a great team. You have seen a handful of them here. It's very global and beneath that people like Khozema and his colleagues, Jose Garcia, the CFO in Latin America some of you met last night came from our Energy business.

So what we are assembling is a strong team of people to complement what the businesses have and what the businesses are building. So this is our goal is to make this inclusive in every way, shape or form. We don't operate outside the sphere of the businesses and if I have one advantage in this role it's because I have been around long enough to have hung out in all of the industrial businesses at one point or another.

So most of the people that run them now have worked with me in the past and they understand that I am doing this because I believe it's in the best interest of this Company long term. I don't have to be doing it. I am not running for office and I am doing it because I think it makes it's the right strategy for us.

So in the end there will always be getting everybody on the same page will always be an opportunity for us, but we are totally aligned and we are measured on what the businesses are measured on. So orders, revenue, profit, by business we break that down by region. It all comes from the businesses.

The people that we've put in these roles since we started last year all have operating experience. They all have global experience. And for me that was a requirement.

I want people who have had the opportunity to run things and understand what it's like. I want CFOs who have been in the businesses so they can help us connect the dots whether it's aviation, or energy or any one of the other businesses because our goal is very simple in the end to accelerate profitable growth. At the end of the day if we don't continue to grow in the growth markets and grow faster in the future than we have in the past then we will not say that this has been successful.

Trevor Schauenberg - *General Electric - IR*

One or two more, seems like we're slowing down a little bit, or not. Any last questions? Scott?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Scott and then we flushed out our two, Scott and John.

Scott Davis - *Barclays - Analyst*

John, maybe a little bit of a big picture question on GE overall just as your role as Vice Chairman. It's been a company that's been accident prone I guess in some of its Financial Services, some of its other things.

But how do you look back at the last ten years of performance and maybe execution and think about the next two or three years and the sense of urgency that maybe your management team should be feeling, or tell me if they're not feeling a sense of urgency to find the prove out that the long-term strategies that are in place are actually going to finally bear fruit for investors because I think one of the complaints that a GE shareholder could have is that you all are so long-term focused in looking at these markets, and I can't criticize you for this necessarily, but you could say this so long-term focused that sometimes forget about near term one to two year --

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Yes.

Scott Davis - *Barclays - Analyst*

-- performance. So how do you reconcile the differences, the sense of urgency that people feel is that the sense of urgency that your management team looks at an $18 stock and says, okay, well we're not making money for shareholders so we may be entering all these markets and doing well, but it's not resonating with shareholders and it's not turning into earnings growth, so maybe a big picture comment?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well and a fair question. We have to show it. So the challenge for us as it is with the leaders in the other companies that you follow or invest in is to balance short term and long term. And we never lose sight of that.

And there's no question you've heard us talk about things that we would have done differently over the last ten years. While there are cases there's true I also think that the work that was done to reposition this portfolio that happened over five or ten years, but it's reinsurance, and plastics and NBC Universal has allowed us to reallocate capital into the right stuff for now, and in a way, and I really mean when I go to a Iraq or when I go to Algeria, when I go to the 35 or 40 countries that I get to in a year I really feel like we've been building GE for this time.

Okay, the proof is in the pudding and we have to prove that both over the next couple of quarters and the next ten years. And everybody on the team, the business teams, this team understands that the bar has gone up that our board has invested. We've put capital where it needs to be. We've invested in research and development. We've taken that number up during the toughest financial circumstance that certainly existed in my business career. And we're accountable for those results. There's no mistake. It's very clear. John?

And how much is GE willing to invest over the next five years on this growth initiatives? And maybe you could help us prioritize where the money will be spent over the period.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Well I won't answer on behalf of the Board, but I can tell you that their question to me tends to be are we spending enough. So as we have laid this out and, look, I've grown up in this place and I think I'm pretty careful about how we spend money, so I tend to not want to waste stuff. I haven't asked for things that I don't think we need.

But they're willing to continue investing to support this because they believe as much as Jeff, and I and the rest of the leadership team believes that getting this right, building out this framework, establishing the local footprints we need in the most efficient way possible is the key to the long-term growth effort here. So that's a hard question to answer because it's going to be different in every business and in every country.

We're now thinking about countries like Pakistan who you saw Pakistan on the chart. We don't do a lot there. We've got a little Aviation business there. We've had some rail stuff. We're working on some other opportunities. Healthcare is an opportunity, very complicated place.

How should we think about it? The day is over that you can kind of fly in, book an order, leave and expect to grow your business. You have to balance those local capabilities with global strengths. And so there's not really a limit per se, but the reason there's not a limit is because we're expected to be thoughtful and specific about how we invest and where we invest.

Trevor Schauenberg - *General Electric - IR*

You got one last one?

Steve Tusa - *JPMorgan Chase - Analyst*

Okay, one last minute to clarify something on the China opportunity saying it's going to be 3x over the next several years.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

The gas.

Steve Tusa - *JPMorgan Chase - Analyst*

Yes, the gas opportunity. Is it as simple as to think about I think you took like ten gas turbines orders there last year? Is it as simple as to think that that could go from ten to a range of around 30 just assuming the market goes 3x and you guys maintain your shares? Is that the simple math or is there something kind of more to it?

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Mark?

Mark Hutchinson - *General Electric - President, CEO - GE China*

I think as we look at really the market came back last year and this year. So we -- the orders we've seen we are getting our share, right, 50% share, which is great. And we are seeing the opportunity of other bids that this year is going to be probably bigger than last year, right?

So I think in line with what we said with the increase in the gas supply we are seeing that that's increasing as well. So you can correlate the two. And what the number will be that's going to time will tell, right, but we are confident that that's going to be an important market for us going forward.

Steve Tusa - *JPMorgan Chase - Analyst*

Right, back into ten is the kind of base to think about as a -- the starting point, the platform.

Mark Hutchinson - *General Electric - President, CEO - GE China*

We actually we took ten orders last year, so that's a good place to start.

John Rice - *General Electric - Vice Chairman, President, CEO - GE Global Growth & Operations*

Yes. You remember during the bundle buy -- you, many of you were in the room when we were working on that. That was a big kind of combined cycle group of purchases that the Chinese government negotiated with us and some of the other players. And we won our share and maybe a little bit more, but while we were doing that and that was getting all the attention we were picking off dozens of 9Es that were being put in kind of all around the place to facilitate the demand for energy.

And I don't know that a similar situation won't happen again this time around. So we're not sure exactly what the number is going to be, but it clearly gas is going to be working to our favor in China.

Trevor Schauenberg - *General Electric - IR*

Great. So we can conclude the webcast. I would just like to thank John and the leadership team for their time today. Thank you very much.
