THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

GE - General Electric Co Offers $13.5 Billion Enterprise Value to Acquire Alstom Thermal, Renewables, and Grid Businesses Conference Call

EVENT DATE/TIME: APRIL 30, 2014 / 12:30PM GMT

OVERVIEW:

GE announced that it will be acquiring Alstom's power and grid businesses for an enterprise value of $13.5b.

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; potential market disruptions or other impacts arising in the United States or Europe from developments in sovereign debt situations; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation’s (GECC) funding and on our ability to reduce GECC’s asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; pending and future mortgage securitization claims and litigation in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC’s ability to pay dividends to GE at the planned level; our ability to convert pre-order commitments/wins into orders; the price we realize on orders since commitments/wins are stated at list prices; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, power generation, oil and gas production, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in completing announced transactions and integrating acquired businesses; our ability to complete the staged exit from our North American Retail Finance business or the acquisition of the Thermal, Renewables and Grid businesses of Alstom as planned; the impact of potential information technology or data security breaches; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

GE’s Investor Relations website at www.ge.com/investor and our corporate blog at www.gereports.com, as well as GE’s Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

CORPORATE PARTICIPANTS

Matt Cribbins *General Electric Company - VP of Investor Communications*

Jeff Immelt *General Electric Company - Chairman & CEO*

John Flannery *General Electric Company - SVP, Business Development*

Steve Bolze *General Electric Company - SVP, Power & Water*

Jeff Bornstein *General Electric Company - SVP & CFO*

CONFERENCE CALL PARTICIPANTS

Scott Davis *Barclays Capital - Analyst*

Steven Winoker *Sanford C. Bernstein & Company, Inc. - Analyst*

Drew Pierson *JPMorgan - Analyst*

Jeff Sprague *Vertical Research Partners - Analyst*

John Inch *Deutsche Bank - Analyst*

Nigel Coe *Morgan Stanley - Analyst*

Deane Dray *Citigroup - Analyst*

Julian Mitchell *Credit Suisse - Analyst*

Shannon O'Callaghan *Nomura Securities Intl - Analyst*

Brian Langenberg *Langenberg and Company - Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the April 30 General Electric investor conference call.

(Operator Instructions)

My name is Ellen and I will be your coordinator for today.

(Operator Instructions)

As a reminder, this conference is being recorded. I would now like to turn the program over to your host for today's conference, Matt Cribbins, Vice President of Investor Communications. Please proceed.

Matt Cribbins - ***General Electric Company - VP of Investor Communications***

Thank you, Ellen. Hello, and welcome, everyone. We are pleased to host today's webcast to discuss an exciting update for our Company. Regarding the materials for this webcast, we issued the press release this morning and the presentation slides are available via the webcast. The slides are also available for download and printing on our website at www.ge.com/Investor.

As always, elements of this presentation are forward-looking and are based on our best view of the world and our businesses as we see them today. Those elements can change, as the world changes. Please interpret them in that light. For today's webcast, we have our Chairman and CEO, Jeff Immelt; our Senior Vice President and

CFO, Jeff Bornstein; our Senior Vice President, Business Development, John Flannery; and our Senior Vice President, Power & Water, Steve Bolze. Now I would like to turn it over to our Chairman and CEO, Jeff Immelt.

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

Hey, thanks, Matt. Good morning, everyone. The announcement we're making this morning allows us to further our strategy for GE. This transaction reinforces our position as the most competitive infrastructure company, with a specialty finance division. Alstom brings technology, global capability, and a large installed base to the company. We know the Alstom team and businesses well and believe they will add to the company's skill set. They have great talent that we can leverage broadly throughout the company.

GE can add a lot of value to Alstom businesses as it plays to our strengths. We can leverage our technology, while Alstom adds some unique elements in grid project integration, steam, gas, and renewables. Alstom brings $13 billion of growth-market revenue, allowing us to build even more scale in these important regions. Alstom adds 35% to our installed base, and they can fully benefit from our investment in analytics. We believe there are opportunities to capitalize on supply chain and simplification initiatives to improve margins.

Importantly, the transaction is financially attractive. We believe this deal will add $0.08 to $0.10 of earnings per share by 2016 based on a conservative roll-up of synergies. This is unique opportunity for GE because it complements our business. The returns for GE investors are attractive and we end up with 75% of our earnings from industrial segments, consistent with our strategy.

While Alstom's markets are largely outside of Europe and France, it does have operating assets in the region. GE has substantial experience and an excellent track record of operating European businesses. In France, CFM is perhaps the world's most successful industrial joint venture in aviation.

We have an equally strong track record in France with our Healthcare business and Power Conversion is just beginning. EGT, which we acquired out of Alstom, was acquired in 1999, and is today a world-class power generation facility. So our experience in France has been excellent. We come at this with a ton of experience.

Across Europe, we've had similar success. Nuovo Pignone is the foundation of our global Oil and Gas business. Avio is off to a fantastic start. Similarly, the company has led globally competitive high-tech businesses in Germany, the UK, and the Nordics. So investors should know that we tackle this investment with a great deal of experience. We know how to innovate, drive productivity, and compete in our European-based operations. Now I'll go to John Flannery to describe the deal.

John Flannery - ***General Electric Company - SVP, Business Development***

Thanks, Jeff. I would like to use the next couple of slides to give you a summary of the transaction and its rationale, and then walk you through a high-level view of the assets we're acquiring. Alstom today is a public company operating in three sectors -- power generation, which includes thermal and renewables; an electrical grid business; and a transportation unit. In this transaction, GE will be acquiring the Alstom power and grid businesses only.

The purchase price is based upon an enterprise value of $13.5 billion. This price represents 7.9 times pro-forma EBITDA for the 12 months ended September 2013. Adjusting for synergies we expect to realize in this transaction, the purchase price is 4.6 times EBITDA. Alstom will remain as a public company and will continue to operate its transportation business. We expect the transaction to close in 2015 after receiving the necessary regulatory and shareholder approvals.

In terms of rationale, this is a highly strategic acquisition for GE. The power sector is core to GE's future and it has excellent long-term growth prospects. We have an experienced team that knows how to execute the business integration. While many of the Alstom businesses are complementary to GE, we see the integration process generating $1.2 billion in annual synergies by year five. This transaction provides immediate accretion in the range of $0.04 to $0.06 per share net of costs in the first year.

In summary, this is a highly strategic acquisition in our core industrial portfolio. It generates $4 billion of incremental net income in the first three years and delivers attractive returns for our shareholders. We have a strong proposal here and we expect to reach the finish line with it. In that context, I wanted to elaborate a little bit further on the transaction.

In summary, I'd say we have concluded a comprehensive deal negotiation with Alstom and have submitted a binding offer on that basis. Given that the power and grid businesses represent 70% of the company, the transaction replicates a French public company bid. We're pleased to have the unanimous recommendation from the

Alstom Board and a written undertaking from the largest shareholder, Bouygues, not to share their shares and to vote their shares in accordance with the Board of Director's recommendations.

Alstom has formed a special committee of independent directors to review the transaction and incorporate feedback from all stakeholders. Alstom is prohibited from soliciting additional proposals, but its Board may consider unsolicited proposals for the power and grid businesses together or Alstom as a whole. This is customary for a French public company transaction. We believe we've made a compelling offer here and we're confident of bringing this transaction, as announced, to close in 2015.

This is a little more detail on what we are buying. These are good assets featuring complementary technologies and a large installed base across the globe. In some cases, Alstom has lacked the scale necessary to take full advantage of these assets. If you look in the lower left, the power business constitutes about $15 billion or 75% of the revenues and it consists of a core thermal business and a growing renewables arm.

The thermal business is anchored by the services flow off the large installed base; this is about 50% of the revenue with good visibility, and it is recurring in nature. The company also has a solid position in coal and nuclear steam and a small position in gas turbines. The renewables business features a leading, profitable position in hydro and an onshore and offshore wind business. The grid business accounts for the other 25%, with revenues of $5 billion.

This business offers a wide range of transmission and distribution products and solutions to support the build-out of the grid in emerging economies and the replacement of aging electrical infrastructure. Approximately 75% of the grid business is focused on AC technology solutions and services, with the remaining 25% focused in fast-growing HVDC power electronics and grid automation solutions.

The numbers on the right give some insight into the diversity and stability of Alstom's revenue. There's significant geographic diversity, over 85% of the revenues come from outside North America and over 80% of total revenues come from outside of Western Europe. The sizable service revenue stream and $38 billion backlog provide support for future revenues. Employment is also diversified, with about 65,000 total employees, about 14% of whom are based in France. Overall, these are businesses we know well, with very good diversification. I will turn it over to Steve Bolze.

Steve Bolze - ***General Electric Company - SVP, Power & Water***

As Jeff and John said, we really like this business. It complements us in both geography and technology. It's a broad power generation and infrastructure company in spaces we know well. When we look at the power sector, everyone in the world needs accessible, affordable, and sustainable power. Alstom is a strong platform that will help us meet the needs of our customers even better.

There are many things that we like about Alstom and I want to touch on 10 of them on this page and then discuss how Alstom complements and improves our business. First, Alstom has a broad service business, with a substantial installed base, including 350 gigawatts of thermal installed base.

Second, Alstom has $38 billion of backlog, with a large portion being services. This gives us significant visibility on revenues. Alstom has a strong customer set of relationships and JV partners around the world that complement our regional strengths.

Fourth, it has leading steam turbine and balance of plant technology that is broadly recognized as world-class. This will make our combined cycle power plant offerings better, converting fuel to electricity more efficiently. These technologies will also allow us to address the global fossil and nuclear steam segments, where we are largely absent today.

Alstom also offers us complementary renewables platforms. At GE, we talk about Renewables -- when we talk about that, we really focus on Wind. Alstom brings a leading EUR1.4 billion global hydro player, and their wind business, including offshore, complements ours. Alstom also has a broad high-voltage grid business with complementary AC and DC technology solutions, offshore transmission expertise, and grid management solutions that will allows us to be more competitive with market leaders, including Siemens and ABB.

Seven, Alstom brings total combined cycle plant design and project execution capability. Alstom has demonstrated strong project execution capability for both power and grid. Alstom has over $10 billion of revenue in emerging markets, with many established local facilities and capabilities.

Nine, we really like Alstom's leadership team. They are a team that we have competed against in some areas and who have impressed us during this process. We will be excited to have them join GE when the acquisition is completed. Finally, there are opportunities to improve our combined performance by selectively addressing overlapping global structure and redeploying resources to increase efficiency.

Overall, there are many things we like about Alstom, but most of all, we like Alstom's fit with our strategy to serve the world's power needs. Electricity demand is expected to grow 50% by 2030 and 65% of that power comes from centralized generation with additional investment in grid infrastructure required. This is why we like Alstom.

Now, let me talk about how we're better together and how this deal will improve our Power & Water franchise. First, Alstom improves our combined services capability, bringing expanded scope to the installed base. Again, it increases our thermal installed base by 35% around the world. GE's investments in analytics and service technology will expand the customer offering and improve customer outcomes with more output, efficiency, and lower and extended lifecycle costs for existing assets.

Second, we will improve our gas turbine competitiveness through optimized overall plant performance. There is a global customer trend now to offer full project solutions. This transaction will allow us to match GE's gas capabilities with Alstom's steam and balance of plants capabilities. This combined approach will allow us to provide customers with better solutions for cost and efficiency.

Third, Alstom will expand our Renewables footprint by adding a leading hydro business and a complementary wind business. When teamed with GE's business, we will have a broad set of renewables technology to meet the ongoing demand in the world. Fourth, Alstom will enhance our emerging market capabilities, as we have complementary geographies. It will add over $10 billion of revenue in growth markets, including India, China, Brazil, and the Middle East.

Lastly, we see clear synergies from improving the cost structure. We will be able to optimize our businesses to maximize efficiencies in supply chain, sourcing, and SG&A. We will be able to redeploy R&D more effectively. As a result, we will be able to create a more valuable enterprise that offers customers greater value through better product solutions and services.

Now, let's talk about two areas of value creation starting with services. As you know, service growth is a core GE strategy. GE Power & Water has $25 billion of total revenue in 2013, of which about one-half is from services with attractive margins. We have 1,000 gigawatts of installed base and over one-half of which is gas and a service backlog of $40 billion. So why do we win today?

As many of you know, the key to the ongoing service growth starts with winning products that drive installed base growth. Then you need to have local capabilities to support customers, which we do through our broad service network today. We deliver the best customer outcomes through our Service 2.0 model that builds on our strong CSA model, our strengths in materials science, and our investment in software and analytics.

Alstom will allow us to expand our service offering and create more value for customers globally. Alstom has a broad service business with 350 gigawatts of thermal installed base spread all over the world. Their mix is more towards steam than gas, but still with attractive margins and opportunities for improvements and upgrades. Alstom has a good footprint, both for servicing its own equipment and that for other OEMs.

We see exciting opportunities to apply our CSA model to their customer base and deploy our software and analytics investment across their installed base to improve customer efficiency. In addition, with the global footprint of services infrastructure, there will be opportunities for combined scale for productivity. In sum, Alstom's $14 billion of services backlog provides a clear opportunity to apply GE's service model to improve customer outcomes and generate value.

The second big area of opportunity is the expanded power plant scope. By combining GE's gas turbine technology with Alstom's steam turbine and balance of plant technologies, we will able to help customers achieve more performance from their existing and new power plants. More efficiency in converting fuel to electricity in large centralized power plants enables more accessible, affordable, and sustainable power for people everywhere.

As I mentioned earlier, there is a global customer trend now to offer full project solutions. Over 70% of future gas turbine purchases will be part of a combined cycle power plant. By optimizing the total cycle, we can continue to improve total plant performance and our cost competitiveness. Also, additional scope, like heat recovery steam generators and more steam turbines drive incremental revenues and margins, and provide more service scope potential. Overall, this improves our competitiveness and provides better solutions and more value for our customers.

Let's now look at the new Power & Water once the acquisition is completed. We will be a $43 billion pro-forma revenue business with clear global competitive advantages. Alstom enhances our technology position; its large installed base provides a tremendous opportunity to extend our service model and deliver better customer outcomes; it expands our global reach and deepens our presence in emerging markets; and finally, the attractive synergies in this deal position us for double-digit profit growth.

We will have a Thermal business with $24 billion of revenues. We will have a broad portfolio in Renewables with $10 billion of revenues spread across Hydro and Wind, including offshore. Distributed Power remains $6 billion and Nuclear and Water would be about $3 billion. Across these global platforms, there would be $19 billion of embedded services. This transaction enhances a great business with attractive returns that we are very excited about. I'll turn it back to John Flannery.

John Flannery - ***General Electric Company - SVP, Business Development***

Thank you, Steve. Alstom grid is a business that we know well, having looked at this back in 2009. On the left-hand side here, you have a look at the combination of Alstom's Grid business with the Digital Energy business we have inside of our Energy Management segment. Alstom brings a full portfolio of high-voltage products and solutions, as well as leading substation automation, network management, and power electronics smart grid solutions.

As we mentioned earlier, it's a $5 billion business, with approximately 18,000 employees. Alstom Grid greatly enhances the scale of our Digital Energy offering, and the combined business quadruples the size of our Digital Energy business with a much broader global footprint. On the right, there is clear potential for value creation in this combination. While GE and Alstom businesses earn single-digit op profit margins on a standalone basis, the leaders in the industry earn solid double-digit margins.

Alstom has a broader product portfolio and significant project management skills, while GE has a strong industrial market channel and good data analytics capability. Our focus will be to combine the strengths of the two entities to create a business with better scale and synergies. With good execution, we see meaningful upside here from our current position. Now I would like to turn it over to our CFO, Jeff Bornstein.

Jeff Bornstein - ***General Electric Company - SVP & CFO***

I will walk through our view of synergies. We think it's balanced, relatively conservative in its cost focus. We see about $300 million in year one of synergies, growing to about $1.2 billion in year five, and we expect to realize 80% of the $1.2 billion in synergies by the third year.

On the right side of the page, we see four main categories that drive our synergies. The first is optimizing the manufacturing and service footprints. The combined businesses have 16 major manufacturing sites and many more feeder sites and about 70 service sites across the globe. We estimate roughly $400 million of savings here over the period.

Second, leveraging the combined sourcing buy to increase productivity, we have approximately $5 billion in common spend that we believe we can realize about 5% savings on. This is very consistent with our experience when we bought EGT from Alstom in 1999.

The third area is combining our R&D efforts across the product lines. We would optimize GE's gas turbine programs and Alstom's steam expertise to deliver $300 million in synergies between us. Then lastly, by consolidating supporting functions across SG&A, we'd see the ability to get about 10% synergy across the combined businesses.

We expect to spend approximately $900 million over the first five years to realize the $1.2 billion of cost savings. Beyond the $1.2 billion, we have modest revenues synergies assumed with the potential for much more upside. We will run a highly disciplined process to ensure synergy realization and the team that's executing this is highly experienced and we have a track record of driving competitiveness and realizing synergies in Europe. This will be a significant focus of mine and we will provide investors with regular updates on our progress.

If we flip to the next page, I will walk through the deal assumptions and funding, some of which John covered. Starting on the top left, the enterprise value of the transaction is $13.5 billion, $17 billion headline price less of $3.4 billion of cash. That equates to 7.9 times trailing 12-month EBITDA multiple for the period ended September 2013. On a fully synergized basis, the EBITDA multiple was 4.6 times.

The transaction is very attractive to us financially, with a high-teens IRR, well in excess of cost of capital. We expect to achieve our hurdle rate in year three. The valuation is built on modest revenue growth, conservative working capital assumptions, and cost synergies that we believe are highly achievable.

On the right side of the page is how we will fund the transaction. We will fund $9.5 billion from cash, and we'll borrow $4 billion. The new debt will paid down over five years and we'll assume $3.4 billion of operating cash and have a lockbox structure in place effective April 1 of this year through closing, so no cash will leave the business over that period of time. Again, we think the quality of the assets and the available synergy is driving very attractive return profile for investors.

THOMSON REUTERS

On the next page, I will walk through the implications on capital allocations. To start, there is no change to the capital allocation strategy we've shared for you. Dividends remain our number one priority for investors going forward and we expect them to continue to grow in line with earnings. The transaction does effectively complete the allocation we've made for 2014 and 2015 for M&A.

We do expect on buyback for 2014 to 2015 that we will limit the buy back to employee plan dilution and we still believe that the retail finance split-off achieves our buyback goals that we've shared with investors of 9 billion to 9.5 billion shares in 2015. We will have $4 billion increase in leverage; we think that's more than supported by the Alstom cash flows, and that will be paid down, as I said, on the previous page over five years, we will delever that back.

Then we'll be very aggressively working on nonstrategic pieces of our portfolio. We shared with you on the earnings call that we're targeting $4 billion-plus of dispositions, and we will run after that quite aggressively. So, in total, the strategy is unchanged, capital allocation financial policy is unchanged, and we're increasingly focusing on shareholder value. With that, I'll turn it back to Jeff.

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

Thanks. Let me close with a few thoughts. This transaction is in line with our strategy for businesses we know and like, and really leverages GE's strengths. This is always tough execution but we think it really is playing to our strengths. It improves our position in both the power and grid businesses.

We really believe that we have the capability to achieve the synergies and manage the business for the long-term. The investment will achieve a good return and increase the Company's growth rate and we plan to put our best people on the execution. So we view this as a strategic opportunity for GE. I would also say that you've got a very established leadership team and experienced leadership team in terms of dealing with the M&A market in Europe and how to operate in Europe, and so we bring a ton of experience as we begin this journey.

Lastly, I would say that we announce this transaction at a time when the company is executing extremely well. We feel good about our organic growth and margin targets and how we are positioned to deliver for investors in 2014 and beyond. So we think on that strong foundation, we're adding this acquisition to add even more momentum to the Company. So Matt, let's turn it right over to you and take some questions.

Matt Cribbins - ***General Electric Company - VP of Investor Communications***

Thanks, Jeff, Jeff, John, and Steve. Ellen, why don't we open it up for questions?

QUESTION AND ANSWER

Operator

(Operator Instructions)

Scott Davis with Barclays.

Scott Davis - ***Barclays Capital - Analyst***

Hi, good morning, guys. I know this hasn't -- you're not over the goal line, but congrats, at least preliminarily on getting this going. It looks interesting. But guys, I want to address the piece of pushback we're going to get on this is that you are essentially getting back into some businesses that you had strategically exited over the last 10-plus years. Help us understand if there's a -- part of the question is, is there a plan to potentially down the road, sell some of those things off and stick to that, or you've had a bit of a change of thought that some of those businesses like Hydro, for example, are things that it actually make sense for you to be in?

Steve Bolze - ***General Electric Company - SVP, Power & Water***

Scott, this is Steve. When you think about the Hydro business, the one we exited was sub-scale, and these guys' business is really world-class. They are number one in the space and when you think about the steam coal plants space, that's -- you look at power generation in the world today, coal-fired power is one of the major ones and will be for many, many years and this is a business area that we have focused more of our investment in the gas turbine. With us together, you're going to have a better combined cycle plant business, but also with those coal plants, it still is a very big business going forward, as well as very strong service potential. As we look at it, it really allows us to broaden out and to make both assets better.

Scott Davis *- Barclays Capital - Analyst*

Okay.

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

Scott, I'd add, just a way to think about it in my mind, just from a risk management standpoint, the installed base is extremely attractive and stuff we know how to do. I would always start with that -- I would say that's one of the company's core competencies for sure. The growth market aspect to this -- this makes GE almost a $60 billion player in growth markets and that scale is extraordinary and very helpful. I'm going from here to India. The Alstom presence in India is quite compelling and we can build on that.

And then I would say the equipment is all stuff we know and we think the combination will make stronger. Over time, my expectation is still very disciplined around the margin expectations we have for all of our businesses. We are going to be very discerning to see that we can achieve the kind of expectations in these products that we're buying that we expect for the company, but the installed base gives it a great foundation.

Scott Davis *- Barclays Capital - Analyst*

Understand. And I just wanted to, Jeff, go back to slide 2. Your first bullet says transaction enhances GE's position as the most competitive infrastructure Company with a specialty financial services business. I've never actually heard GE talk about GE Capital as a specialty finance business in that it almost implies substantially smaller, more niche. Can you clarify what you mean by that?

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

Scott, I've used that phraseology pretty generally over time. Look, our focus on GE Capital remains to be tough-minded about the businesses that we should be in, that we can generate great returns and build competitive advantage in. You've seen what we've done in retail finance and we'll continue to be focused on the places in financial services where we can generate a good return.

Scott Davis *- Barclays Capital - Analyst*

I'm not sure -- would you define a specially finance business as one that is as broad as you have?

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

Again, it's just semantics, Scott, for right now.

Scott Davis *- Barclays Capital - Analyst*

Okay.

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

I really would. I'm not meaning to signal anything that is internally moving --

Scott Davis - ***Barclays Capital - Analyst***

No, I'm not trying to -- I'm just trying to pick at how you get to that 25%. Even with this accretion I still have it at higher than that, so I'm trying to figure out how you get there. But anyway, it doesn't matter, we can cover that offline. I'll pass it onto the next guy.

Operator

Steven Winoker with Sanford Bernstein.

Steven Winoker - ***Sanford C. Bernstein & Company, Inc. - Analyst***

Good morning. One minor technical thing, the Alstom presentation on page 7, their presentation this morning listed an enterprise value of EUR11.4 billion and on my math at $1.39 that's $15.8 billion. It's March 31 timing and you guys are at $13.5 billion. Just help me bridge those?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

Yes, Steve. Two things. One is they've sold the business, called their Preheater business, that's contractually sold and will settle for cash here shortly. We include that in our $3.4 billion of cash, because that's what we'll close on. They also included in their enterprise value the pension deficit, among other items that they tend to talk about in Europe. Ours is very simply, what the change in cash is going to be. Our cash is going to -- our checking account will go down by $13.5 billion, theirs will go up by $13.5 billion at closing.

Steven Winoker - ***Sanford C. Bernstein & Company, Inc. - Analyst***

Okay. And you absorb their pension and all of that, though, right?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

Yes we do.

Steven Winoker - ***Sanford C. Bernstein & Company, Inc. - Analyst***

And what about -- I'd heard previously about something like $3 billion of customer advances. Maybe just talk through the reps warranties, how you are thinking about that, and some of their risks they've identified previously, whether it's fines and just accounting. I know you guys are -- it sounds like you are well through some of the diligence. Just give us a comfort level about the absorption of risks here?

John Flannery - ***General Electric Company - SVP, Business Development***

This is John Flannery. We did due diligence on the company over the last several weeks, a heavy due diligence. The structure of the transaction that we'd said earlier is a public company-type structure. So it's a fixed price effective essentially April 1 of 2014. Jeff referenced the lockbox earlier. We have the totality of the business from April 1, 2014, going forward. We've analyzed some of those risks that you mentioned, the working capital and other liability positions and have incorporated that into our modeling of the transaction.

Steven Winoker - ***Sanford C. Bernstein & Company, Inc. - Analyst***

Okay. And, on the service side if we look at that business and the installed base and just where you might take that margin on that business, do you think this can get to -- would you expect to approach, if not the GE margin levels and service -- 10%, 15%, how -- what's the ambition there in this time frame, as part of your calculations?

Steve Bolze - ***General Electric Company - SVP, Power & Water***

What I'd say -- is this is Steve -- what I would -- as I mentioned earlier, their installed base adds about 35% to ours. As you grow a service business, the number one thing you need is installed base. As we look at their margin rates versus ours, they are comparatively lower. Some of that's because it's more toward the steam mix shift, but what I'd say is we've modeled some of that accretion going forward in applying our CSA model in some of the scope synergies we have, but I'd say we have a moderate assumption for that in our synergy model.

Steven Winoker - ***Sanford C. Bernstein & Company, Inc. - Analyst***

But would you assume -- is it -- the ROS on that service business would be double-digit?

Steve Bolze - ***General Electric Company - SVP, Power & Water***

Yes.

Steven Winoker - ***Sanford C. Bernstein & Company, Inc. - Analyst***

Okay. And sorry, I just -- a couple of more here, just because this is so huge. On the cost synergy front also, you've walked through the elements. The French -- have you -- are there a set of constraints that have already been placed on you in the deal that have -- are guiding that synergy? In other words, how are you achieving the plant and operational synergy? Is it all--?

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

Steve, this is not our first deal in France or our first deal in Europe. So as we modeled synergies, we had a pretty good perspective on what we had to do. That's point number one. Point number two is, look, these guys have a massive global footprint that is primarily outside of France so there's a ton of things that can be done really around the world as we look at it and, as Jeff said, we have a funnel of synergy opportunities that's far in excess of what we have on this page. So we have additional opportunities that we're not counting on as we drive towards execution, so we've pretty well underwritten how we view this synergy case.

Steven Winoker - ***Sanford C. Bernstein & Company, Inc. - Analyst***

Okay, maybe I'll get back to you. Thanks, Jeff.

Operator

Steve Tusa with JPMorgan.

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

Hey, Steve.

Drew Pierson - ***JPMorgan - Analyst***

Good morning, it's Drew Pierson on for Steve. Just I wanted to start with a quick clarification on slide 13. There is a $900 million number by year five. Is that a restructuring investment type of number to drive the cost synergy or is that a cost-out number?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

No. That's a cost to achieve the synergy number. That's an investment -- [construction] investment.

Drew Pierson - ***JPMorgan - Analyst***

Okay. Great. Thanks for that. Then lastly, so Alstom has an internal productivity plan they've talked about, something well north of EUR1 billion. When you think about your opportunities, is that something that would be incremental to that? How do you think about absorbing their best practices and their internal plans in addition to yours?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

We've, as part of this underwriting, we've gone through and looked at how they thought about things and now how we're thinking about things. They don't necessarily completely overlap because we're playing with a much bigger pie now, when we think about our footprint plus their footprint. We're going to emphasize things that maybe they wouldn't, we're going to invest in areas that may be slightly different than how they would have thought about it, so there's not a complete overlap there. But we feel very good about the achievability of our synergy assumptions and the time frame in which we can realize it.

John Flannery - ***General Electric Company - SVP, Business Development***

Some of these synergies are going to be on the GE side as well.

Drew Pierson - ***JPMorgan - Analyst***

Okay, great. Thanks for the detail. I appreciate it.

Operator

Jeff Sprague with Vertical Research.

Jeff Sprague - ***Vertical Research Partners - Analyst***

Thank you. Good morning.

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

Hey, Jeff. How are you?

Jeff Sprague - ***Vertical Research Partners - Analyst***

I'm doing great. Thanks. Hey, just a couple of other questions that maybe put a finer point on some of these other items. The cash that is included, that's coming in with the deal, how much of that is customer deposits or maybe somehow restricted in a sense?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

We don't -- Jeff, we don't think there is a big content of restrictors. Some -- a small amount of this cash that's in JVs in many places around the world, but for the most part, we don't think that much of this cash is encumbered. They are in operating entities and subsidiaries, like our cash in many cases is, for a lot of these businesses to run in the geographies they're in.

Jeff Sprague *- Vertical Research Partners - Analyst*

And the pension according to the Alstom slides looks like you're taking about EUR1.2 billion. Is there anything else on the liabilities that come across?

Jeff Bornstein *- General Electric Company - SVP & CFO*

No, that's the only liability of substance that comes across, beyond our underwriting of some of the compliance [verse] that were asked about earlier.

Jeff Sprague *- Vertical Research Partners - Analyst*

Right, you have a placeholder on those? You must, assuming--?

Jeff Bornstein *- General Electric Company - SVP & CFO*

Yes. So Jeff, we've underwritten those compliance items, taking a look at what we think they value themselves at. We've built that into the model and they're reflected in the returns, and the EPS numbers that you see.

Jeff Sprague *- Vertical Research Partners - Analyst*

So if you take those, those would go through the P&L and not be excluded as one-off items?

Jeff Bornstein *- General Electric Company - SVP & CFO*

I don't know. They are in the economics and everything we've shown you. We've not pulled these apart and said this piece will show up in Corporate, this one will show up in the business. What you still right now are the full standalone economics and earnings associated with this acquisition.

Jeff Sprague *- Vertical Research Partners - Analyst*

And then just finally, just on your backlog, obviously you've spent some time going through that also. Should we expect any backlog revaluation or anything upon close? Your price to them doesn't change, but is there a change in how the backlog gets about with this type of a deal account?

Steve Bolze *- General Electric Company - SVP, Power & Water*

Jeff, we took a hard look at the backlog, as you would expect, as we went through due diligence. A sizeable charge chunk of that was services and we also looked at their experience on the margins on the backlog. At this point, we have -- we're pretty comfortable with it and we have again those assumptions built into the model so those are captured with the financials you see here.

Jeff Bornstein *- General Electric Company - SVP & CFO*

I would just say, in our work going through the backlog, the margins in the backlog are consistent with what Alstom has been producing.

Jeff Sprague *- Vertical Research Partners - Analyst*

Okay. Great, thank you. Good luck.

Operator

The next question from John Inch with Deutsche Bank.

John Inch - ***Deutsche Bank - Analyst***

Thank you. Good morning, everyone.

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

Hey, John.

John Inch - ***Deutsche Bank - Analyst***

Morning. Steve, you mentioned you've been doing diligence for several weeks on Alstom. Presumably, you've been looking at this transaction or the prospects of this before. Is there something that prompted this that maybe seems obvious that I'm missing here? In terms of what was the genesis of ultimately beginning to pursue this, presuming you could speak to them upfront?

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

John, we had a dialogue with the leadership team probably in Mid-February to express interest. The diligence took place over the last three weeks or so I would say at most. Alstom viewed their world as not being an immediate issue but the thinking inside Alstom was over the medium- and long-term, did they really have the scale and reach to do all of the things that you had to do to be successful in the global energy business. It's a company that we've known well for a long time.

They reached out to us in mid-February, let's say, and we did diligence in the last three or four weeks. Again, it's just -- those pieces fit together and it's - a classic case of R&D services, the things we can do, it allows us to add value to the platform that they already have in place.

Steve Bolze - ***General Electric Company - SVP, Power & Water***

The only thing I would add, John, is it's clearly been -- we've been tracking this for a long time. We always assess the marketplace. What I would say back to what I said earlier, it's complementary technology and complementary geography, particularly technology with some areas that we -- steam, total power plant, balance of plant, with strength in our combined cycle, plus [that's] very big in coal plants, and as far as the installed base, it's really a big opportunity to expand and the opportunity was right.

John Inch - ***Deutsche Bank - Analyst***

Yes and cyclically, certainly, the timing seems really good.

Steve Bolze - ***General Electric Company - SVP, Power & Water***

You're exactly right there, in terms of the time. This is a long-cycle business. It goes through its cycles and we're at a good point in the cycle for this kind of investment.

John Inch - ***Deutsche Bank - Analyst***

If I look at Alstom's historical financials, returns certainly at the operating profit level have been single-digit, really for many years. What, given the fact that there is a complementary versus overlapping nature of the assets, how soon do you think -- Steve, you mentioned you thought the grid businesses could become double-digits margins. What is the timing of this if all of this works to begin to drive these margins higher -- to the double-digit level? And how confident really are you that, that can be achieved, that there won't be other things that structurally maybe prevent that?

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

Well, again, I would start, John, with service, and in service, this is -- the technology is complementary but the framework is common. The things you can do with repair technology and structure in the field, training. So that's probably the most straightforward thing to do and you can get there the fastest. Then on the product side, it's really loaded into the synergies, the ability to drive a leaner cost structure, less SG&A, those things build over the five years and start relatively quickly.

Jeff Bornstein - ***General Electric Company - SVP & CFO***

I would just add, when you think about that, they can be complementary and still get a lot of synergy. So we don't need to invest at the same levels we have historically in steam technology. They have got great steam technology. They don't need to invest at the levels they've been investing at in gas turbine, because that's where our center of excellence is.

Jeff mentioned the SG&A and the footprint. So I mentioned earlier, there are 16 major manufacturing sites across the globe. Many, many more times that are feeder plants. We're in 70 service sites across -- all those are available to put together and do on a smarter basis, more cost-effective basis. So I wouldn't read into the facts that the product or market are complementary in any way, shape or form limits our ability to realize synergies in value.

John Flannery - ***General Electric Company - SVP, Business Development***

I would also say on the grid standpoint, John, in grid, I would say, that's a place where one plus one can equal three. You've got Siemens and ABB that are leaders in that market and the combination of Alstom and GE allows us to operate at more of our scale base to those guys versus what either one of us have been able to do on their own.

Steve Bolze - ***General Electric Company - SVP, Power & Water***

Just one other one I'd reinforce, and Jeff Bornstein mentioned earlier, sourcing. A big part of the cost structure is sourcing. Over $5 billion of common buy and our experience from the European gas turbine Alstom acquisition into GE, we got real benefits fairly quickly, so those are some areas we'll dig into.

John Inch - ***Deutsche Bank - Analyst***

And then just lastly, of Alstom's 65,000 employees, 14,000 in France, just over 9,000. How many employees are in Europe and what portion of the asset base of the company would be French or in Europe?

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

Just, John, just one correction. The 14,000 includes transport.

John Inch - ***Deutsche Bank - Analyst***

Okay.

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

So if you just look at the businesses that we're doing it's 9,000-ish, that number.

John Inch - ***Deutsche Bank - Analyst***

Right.

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

And in Europe, I don't know if we know that number. Do we, guys?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

Yes. About 27,000 employees Europe-wide, 9,000 in France, as you said, of the 65,000 total employees.

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

I would go back to, though, John, Nuovo Pignone, Avio, the original deals we've done in Europe, these all had asset bases in Europe that over time, we have been able to make highly competitive on a global basis and our expectation is that we can do the same thing here, based on a lot of experience.

Operator

(Operator Instructions)

Nigel Coe with Morgan Stanley.

Nigel Coe - ***Morgan Stanley - Analyst***

Good morning.

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

Hey, Nigel.

Nigel Coe - ***Morgan Stanley - Analyst***

I only get one question? (Laughter)

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

Yes. Nice try.

Nigel Coe - ***Morgan Stanley - Analyst***

Okay. I thought the deal point of spending extend gas turbines will be part of a wider solution. I'm wondering how prevalent is that trend today. I'm wondering, have you lost out on contracts because you don't have the EPC capability or the transmission capability and how important is the grid business in that equation?

Steve Bolze - ***General Electric Company - SVP, Power & Water***

Nigel, let me start with the first one. I mentioned 70% of the total combined cycle power plant purchase is going forward. Customers are looking at it at a total power plant level. Today, we, GE, haven't been losing parts of that. We work in partnership with, let's say, some of the boiler providers, HRSG, and other EPC partners.

The opportunity with Alstom is to bring that capability in-house so not only do we have more scope, more margin potential, more service potential, but Nigel, as we look at it, as you look at the total power plant cycle -- let's say you want to combine cycle power plant north of 60% efficient, you have got to be able to work on all elements of the cycle. So we can tweak and improve that total cycle.

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

And I would say, just to add to what Steve said, the lack of what I would call a broadly competitive grid capability in many cases has been an undersold opportunity for GE and we think that's an easy one. The last thing is just the -- as Steve grows gas turbine business, the bottoming cycle capability, just having a little bit more of that capability is good for margins and give us even more of a technology advantage in the marketplace. I view that as helping our combined cycle operation, as well.

Nigel Coe - ***Morgan Stanley - Analyst***

Okay. A quick follow-on. You currently have JVs with XD and Prolec in the transmissions business right now. How do those JVs fit in with this proposal to acquire Alstom. Do you see them as complementary or is it too early to decide?

John Flannery - ***General Electric Company - SVP, Business Development***

This is John. We view those as complementary. The XD joint venture was founded on a vision to broaden the global capability in transmission and distribution and we think this accelerates that basic thesis.

Operator

Deane Dray with Citi.

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

Hey, Deane.

Deane Dray - ***Citigroup - Analyst***

Good morning, everyone. You put together this morning a pretty compelling case on this transaction, both strategically and for accretion. What I would like to do is shift the conversation a bit to see how this deal fits into the current GE playbook and framework and I'll start with the 75%/25% mix. The target had been 70%/30%. You overshoot a bit. Does that change what you consider to be optimal mix or does this give you some flexibility with some potential divestitures that you have also signaled here this morning?

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

Deane, here's what I would say. Over time, I want Industrial to be bigger, and I would say this gives us an opportunity to reset the bar at 75%/25%. When we think about GE Capital, we've got good opportunities for growth there, but we always are going to look at that on our own terms, in terms of how we look at the financial service portfolio. But this gives us a chance to reset the bar and do it in a very profitable way.

THOMSON REUTERS

Deane Dray - ***Citigroup - Analyst***

And then just related to this, the simplification initiatives and the combination of buybacks were to offset the dilution for the consumer finance bin. Now you are pulling back on what might be discretionary buybacks. Does that change any of the target of having all of the consumer finance dilution offset for next year?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

No. No change in the framework that we shared with you. There is a very marginal impact on how we would think about EPS as a result of just sticking with employee dilution, but we're -- in no way changes materially how we think about the framework that we've given you for 2014 or 2015.

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

But again, Deane, this thing has to go through a process. As John Flannery said earlier, we're thinking 2015 close or something like that. But our EPS should be higher in 2015 and 2016 as we complete this transaction. That's clear.

Operator

Julian Mitchell with Credit Suisse.

Julian Mitchell - ***Credit Suisse - Analyst***

Hi, thank you. In the past, you've sounded fairly reticent about making a big push into steam turbine manufacturing or balance of plant work because of the competitive landscape. So I wondered when you're looking at Alstom's business in those areas, the company today has a gross margin of just under 20%. Outside of cost synergies, what is it you think you can bring that's different in terms of maybe a project discipline and those sorts of factors that you think can make actually that business attractive from a margin and competitive standpoint?

Steve Bolze - ***General Electric Company - SVP, Power & Water***

Julian, I want to go back to one of the big opportunities we see is they do start with a very large steam installed base around the world, which can be expanded and we obviously have one too, but how do we -- we've modeled out how we do that going forward and apply the GE model. The other side is, as we've mentioned earlier, as you have steam capability, which is bottoming cycle on a combined cycle plant and balance of plant, that's going to allow us to now look more at optimizing the whole cycle -- as you mentioned earlier -- go to above 60% -- and that's an opportunity we really see going forward and it is going to allow us to pick up more scope, win more, and the service potential is just the long-term serviceability, which we know how to model in.

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

The nuclear steam business, Julian, is also pretty high margin and pretty attractive. When Steve and I looked at this, you've got the opportunities for combined cycle, you have got the nuclear steam turbine business, which is pretty attractive, and then the opportunity to drive global reach in technology where we can and where we need to in a competitive steam turbine business, but one where Alstom has a good competitive position.

Julian Mitchell - ***Credit Suisse - Analyst***

Thanks and then on slide 14, you talk about modest revenue growth expectations. Could you give any detail on that and any big shift in terms of within the Alstom portfolio, Grid versus Hydro versus Nuclear Steam or whatever, where you think the most attractive growth should come?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

THOMSON REUTERS

Well, as I said earlier, our growth expectations on the revenue line are pretty modest. We're really underwriting this transaction on the ability to get cost and technology. We do see some growth in both the Renewables portfolio, as you'd expect; that's been growing at reasonably clip globally and we see growth in the grid book as well, and some modest growth in the steam business. But again, we've tried to really underwrite the economics here by focusing on what we control and what we execute and not relying on a big bet on revenue or market growth.

Operator

Shannon O'Callaghan with Nomura Securities.

Shannon O'Callaghan - ***Nomura Securities Intl - Analyst***

Good morning, guys.

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

Hey, Shannon.

Shannon O'Callaghan - ***Nomura Securities Intl - Analyst***

Are there any particular areas within Alstom that you think were undergrowing because of lack of investment? Just also maybe on that topic, what do you think of their gas turbine technology in terms of what it can bring to what you already do there?

Steve Bolze - ***General Electric Company - SVP, Power & Water***

What I would say is that it's a broad portfolio. They have some good gas turbine technology -- by the way, one of which is they have some very good things in the combustion area, but I'd say is, GE is clearly much bigger there and together we can take that more to scale. They have invested more on steam turbine side. We look at total combined cycle power plant, that's something that, Shannon, we can do much more better together. So when I say complementary technology, that's one that makes very clear and we model that in our plans for growth.

John Flannery - ***General Electric Company - SVP, Business Development***

Again, I go back to service. The [dollars] from installed base, the ability to add analytics and controls, upgrades, there is a ton that we can bring as it pertains to a service. And then geography. Positioned Middle East and some of the other parts of the world, that's going to give us a very strong combined competitive edge.

Shannon O'Callaghan - ***Nomura Securities Intl - Analyst***

Okay. And then just, overall, for the GE balance sheet, so this -- it looks like you've reached your comfort level of what leverage you are willing to take on. Is that pretty hard and fast or is there flex in that?

Jeff Bornstein - ***General Electric Company - SVP & CFO***

Yes, I'd say that based on what we did earlier in the first quarter and what we anticipate doing as part of this acquisition in closing, where we'd probably ought to be from a leverage perspective. I don't expect us to add any leverage from this point.

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

The thing I would add to what Jeff just said is this is one big acquisition but with a lot of pieces that over time add additional strategic optionality as time goes on.

Matt Cribbins - ***General Electric Company - VP of Investor Communications***

Why don't we take one more question, please?

Operator

Brian Langenberg with Langenberg and Company.

Brian Langenberg - ***Langenberg and Company - Analyst***

Good morning, gentleman.

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

Good morning.

Brian Langenberg - ***Langenberg and Company - Analyst***

You've been having a great time shopping. Hey, listen, just want to bore into Europe a little bit. 14% of the employment base is in France and about 30% of the installed base is Europe. Can we split that European installed base between France, Germany, Italy, and everything else? And then I have a couple of small follow-ups on this.

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

I'm not sure that we can split it that finely. Can we get back to you on that one and you can follow-up and let you ask other questions on that one? Okay, Brian?

Brian Langenberg - ***Langenberg and Company - Analyst***

That's perfect. I'll follow up after. And then just is the CSA model as prevalent in the trade in Europe as it is in the rest of the world?

Steve Bolze - ***General Electric Company - SVP, Power & Water***

I would say the answer to that one, Brian, is yes. I would say it's more prevalent in the gas side than the steam side, but I would say is, if you broaden it up to not just contractual, but in multi-year agreement-like, that applies globally. So you can apply that to existing installed base, as well as new power plant purchases.

Brian Langenberg - ***Langenberg and Company - Analyst***

Okay -- go ahead, sorry.

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

No, go ahead, Brian. I'm sorry.

Brian Langenberg - ***Langenberg and Company - Analyst***

No. Go ahead. I'd like to hear what you were going to say, please.

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

I was going to say -- look, we have no assumption in doing this deal that the European power market is going to get markedly better than where it is today. This continues to be a tough market, but we're still quite encouraged by the power markets in North America, we feel like is getting better; Africa, Middle East continues to be strong. We see good prospects still in Africa, not just for our business but for the Alstom business as well. I just wanted to give you a little context. We're not assuming that magically, the European power market gets markedly better in the short-term.

Operator

Mr. Cribbins, do you have any additional remarks?

Matt Cribbins - *General Electric Company - VP of Investor Communications*

A couple of quick announcements. The replay of today's webcast will be available later today on our website. As a reminder, on Wednesday, May 21, Jeff Immelt will present at the 2014 EPG Conference. Also, our second-quarter 2014 earnings webcast will be on Friday, July 18. As always, we'll be available today to take questions. Thank you.

Operator

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