

Doug Harned: Well, thank you and good morning. I'm glad you could all join us. I'm Doug Harned, Bernstein's aerospace and defense analysts. I'm very happy today to have with us the Chairman and CEO of General Electric, Larry Culp back with us this year, unfortunately, not in person, but it's great to have him here.

I want to let everyone know you should ask questions as you have them through Pigeonhole. It's the link on the left side of your screen. And at the end of this, you should complete the [pre-census 00:00:35] poll, and you'll get some immediate results from that when we do it. So with that, I'm going to turn it over to Larry, who is going to have a short presentation.

Larry Culp: Doug, good morning and good morning everyone. Thanks for joining us. I will keep it short, Doug so we can get to those questions. We've got a couple of slides. If I can just jump in. I suspect many companies here over the last 90 days, we've been hyper-focused on the here and now. And for us, we really would frame that for you on three dimensions. First, that being safety.

I think we had an advantage coming into the year given that we have put a real priority on safety through the course of 2019. We started all of our operating reviews talking about safety, given the nature of what we do both in our factories and in the field. So, it was a quick pivot, if you will, when COVID presented itself to make sure we were doing all that we could for our team in our offices, but also in our facilities, in the field and the like to make sure that we were doing all that we could, complying with local regulation but more than that to keep our team safe.

That's been particularly important given that so much of what we do has been deemed essential really across the GE portfolio, which in turn goes to the second point in terms of just focusing on servicing our customers. We've been on the front lines of this and our healthcare business since Wuhan.

As you can imagine, customers in our businesses really need us in moments like these, and we've been very keen to make sure we were there whenever, however they needed us to be of service in that regard. And it's been challenging because so much of what we do that does take place in the field. And given travel challenges, border friction, just our customers attempts to limit visitors on job sites as part of their own COVID routine.

We've had to adopt digital technologies in the light to make sure that we were continuing to serve under more challenging circumstances. And then in terms of preserving the strength of our business clearly, liquidity has been a focal point for us. We were pleased to close the BioPharma sale in the first quarter. 20 billion of proceeds there allowed us to exit the first quarter with 47 billion of cash as we pay down our debt.

We've taken seven billion of industrial debt down for capital. We've enabled, through some liquidity enhancing leverage neutral moves, extend some of our near term maturities as well. All the while making sure that we're in a strong a position to weather this storm as we possibly can. That's really the way we think about the short term.

If I go to the next page, what you see is really the way we're trying to operate because it's not about getting through the next several months. This is really, I think, part of a multi-year

transformation of GE and making sure we're positioning GE for the long term. That's the operating mentality here.

Clearly, we break this down into three steps. The first, embracing our reality. We know that we've got challenges in aviation. Healthcare saw real pressure, this spring as well. We've seen parts of our power renewables businesses and their supply chains impacted.

We wish it were otherwise, but that is our reality. So, we've tried to get our arms around those near and medium term pressures as best we can. We're changing our operating cadences accordingly. I'll show you that in a moment. But we need to recognize that we're going to be without a lot of profitable revenue here in the short term.

That has triggered the cost actions that we've announced two billion of cost reductions, three billion of cash preservation actions. Doug, I think a third to half of that will be permanent in nature. If we just close the books on it today, we clearly want to push more of that to be permanent. Given that we know particularly with aviation, we're going to have a multi-year challenge here given the downturn in this space.

As we look at that three billion of cash conservation, that's going to help us withstand some of these pressures, but it won't nearly be enough. We, at this point, think in the second quarter, we're going to see our free cash flow number come in at a negative level, probably in the three and a half to four and a half billion dollar band as best we can tell today.

We think that gets better in the second half of the year, but I think 2020 is likely to be a negative free cash flow year for GE as we take those costs and cash actions and prepare for a recovery given what we see today for 2021 to be positive.

Redefining winning is making sure that even though we're coming off the plan we laid out for ourselves in January that we don't lose sight to the fact that in this changed environment, there are things we can continue to do to win, whether it be simply completing the next outage. Part of the world that may be hard to get to, let alone making sure we're taking these cost actions. The team sees progress through the second quarter through the second half as we work our way through the immediate challenges here.

And then finally, with that redefinition winning in place, we simply need to execute. And if we go to the next slide, what you see here is an intentionally camouflage slide that comes straight out of a recent operating review we had with our healthcare business. We've gotten into a great level of discipline and rigor with all of the businesses.

The last two weeks have been in our second quarter operating reviews with everyone, and what you see here is really the way we are trying to execute the plan. There are a number of prioritized objectives that we have by business, safety, quality, delivery, service, productivity. Really covering that gamut.

And then we get in, and not lay that out simply to report on it, but to manage it and manage it actively and aggressively on a day to day basis even in a long cycle business. What you see in the chart there is simply the way we've been managing over the last year and a half. On-time

installation in healthcare. It's one thing to ship a new machine out of the factory on time, but what caregivers want is they want to be able to use it when they have planned it.

You can see that we're green through the first four months of this year. Hey, that's great. But more importantly, if you look at 16 months of sequential data, bit by bit, we've been using this aggressive action planning and problem solving routine to drive improvements and drive improvements that we think are sustainable. That's the approach that we're using with all the businesses all the more in the COVID moment here.

We go to the next page. What we thought we would do is update everybody on some of the data that we shared at earnings relative to what we're seeing in aviation. And more broadly, on the left side of the page, you see departures which for us more so than RPKs drive the aftermarket in the business here.

What we're seeing in May would suggest a little bit of improvement globally. We look daily at departures by region, by platform, and we have seen some sequential improvements over the last three or four weeks. China particularly has gone from being down over or close to 70% to being down now 30%. So, we are pleased to see that. But overall, we're still down 70% despite some of that sequential improvement.

We know that with 60% of our fleet parked and not having been active for the last couple of weeks, there's a long way to go here. We're not taking a view as to how long this is going to take, but we know it will take a while as we work our way through the recovery, particularly in the aftermarket, which is critical for us because the aftermarket is where we drive a lot of cash in this business, particularly with respect to narrow bodies that are north of 40% of our revenue in services.

If we look at aviation specifically though, bill rates have come down and are coming down. We're down 45% year on year. In the aftermarket shop, visits are down 60. As we look at it today, our CSA billing is a little less. Bit of an offset on the military side where things have continued to be strong.

Again, a lot of calls to action. In aviation, they're going to carry half of that \$2 billion of cost reductions that I talked about earlier for all of GE and they'll also be responsible for two of the three billion of cash conservation actions. So, a lot of activity there. Nearly a quarter of the workforce being reduced unfortunately, but again, in the spirit of embracing our reality, that's what we're doing.

One of the ways we're redefining winning in this business is to improve the 62% detrimental margin that we saw in the first quarter. I think as you look sequentially through the rest of the year, the team is well positioned to deliver that.

GECAS, not surprisingly seeing a good bit of pressure here relative to customer deferrals. We're also making sure that customer by customer, we've got line of sight on where we may have repossession or restructuring exposure. That's a customer by customer, week by week effort. We're going through with the team every Friday a detailed review as to where those customer

exposures may be in advance of the third quarter annual impairment test that we have done at GECAS on a regular basis.

But I think the team at GECAS, much like the team at GE Aviation has seen these sorts of industry pressures before. They're well prepared for it managing through this. I think that's part of the reason you see a different portfolio at GECAS. In fact, 85% of the fleet regarded as tier one tier and tier two. Much better fleet. A more diverse fleet than we had during the great financial crisis. A lot of pressure here, but we're working through it.

Back to aviation for a moment, one thing I failed to mention is that in part because of this pressure in the aftermarket, the reduced utilization levels, I think we're looking in the second quarter at a mark there on the CSA book, probably in the hundreds of millions of dollars. We had a modest right down in the first quarter that you're going to see again a bigger number here in the second quarter given what we know today.

So, that's aviation. If I move quickly to the other businesses. What we're seeing in healthcare is a bit more encouraging in fact. We certainly saw the downturn with respect to utilization of our scanners. What you see here, this chart is the scans that we get off our install base of our CT and MR machines. Again, like many businesses, a real decline in March, a trough in April and a nice spring back here in May.

We don't want to pound the table here either, but I think we're encouraged by what this says with respect to a return to a more normal conditions sooner in healthcare. We've certainly saw good demand in a number of the COVID related products that we offer. Ventilators, patient monitors, mobile x-rays and the like. But the larger capital equipment and even some of our consumables exposed to electric procedures have seen real pressure.

Sequentially, we'll be softer in healthcare than we were in the first quarter, but I think the data and the chart suggests, in addition to other market intelligence, that we should see a recovery sooner here. In our power business where we've been undergoing a turnaround, that turnaround continues. I think you see the momentum there in so many ways.

We were with the businesses last week. I continue to be encouraged by the traction that they're generating. But they're doing it now in the face of a decline in utilization given overall electricity demand. Utilization of our gas turbine and installed base, we think that's probably going to be down somewhere in the 10% range for the full year. So, a meaningful adjustment.

New orders are in some cases sliding just given the pressure that we see in certain parts of the world. And our outages, again, this is where in this business, we deliver most of our profit in cash. We're seeing some of that business move to the right. Some of it tied to travel restrictions, in part customer practices.

That said, while we're working through some supply chain issues, we think our shipment expectation for the year, 45 to 50 turbines should hold. But it's a lot of work not only in our factories, but with our suppliers who have been working really around the world with their own COVID challenges.

Power is on a growth business, but our onshore wind business and renewables sure is. And it's been a different supply chain challenge, particularly here in North America where we've been trying to keep pace with an aggressive schedule for shipments and installations this year. We'll be up here in the second quarter in North America, in onshore. I call at 20%. A lot of work to do at a time when the country is just coming back online.

Similar supply chain challenges here. We make many of our own blades to go with the turbines working through some of those challenges given we're in some geographies that have been particularly pressured of late. We're at 50% capacity in certain facilities but coming back online. Really haven't seen much of a slowdown here in terms of new projects fortunately. A little bit of noise here and there but demand and plans remain strong. Same thing holds in our offshore wind business, which is really an investment right now in our new 14 gigawatt wind turbine.

And then with respect to the turnarounds in renewables, our grid and hydro businesses, those turnarounds continue. The grid leadership team has been top rated here. This year, that team is coming together, operating with similar discipline that I showed on a prior slide. They need time, but I think given what we see in both grid and hydro, we're encouraged by the opportunities to improve the performance of those businesses.

If we go to the next slide, I would really just wrap up here, Doug, and remind folks that what we're trying to do is make sure here in the short term, we really do build and really protect the underlying strengths of GE, our team, our technology leadership and certainly the strong global customer relationships the company enjoys. We'll get through the COVID period. I'm absolutely convinced to that. We will do so accelerating the transformation of this business.

And ultimately, what that will mean, it will mean many things to different people. I think we'll see a stronger culture on the inside. Customers are going to see better value, better quality, better service. I think shareholders are going to see a company driving profitable growth with high single digit cash flow yields. We're going to do that mindful of our near term challenges for sure, but trying to build outstanding performance that's sustainable and advantage to GE given our portfolio over in the long haul.

So hopefully, that gives you a little bit of a sense as to what we're seeing here right in the middle of the second quarter, but also what we're playing for longer term, and it's a balance to challenge, but this battle tested team at GE is very much up for that challenge.

Doug Harned:

Well, thanks Larry. Yeah, that was great. First, I want to I want to just think back to a year ago when we were in New York, you had just been at GE for as little as six months. Now, it's been 18 months. I remember asking a little bit about if you saw a lot of surprises in your first six months. But can you comment now? It's been longer. If I put COVID aside, what have you found to be the hardest here or the biggest challenges? And perhaps what do you see as a bigger opportunities that you might have not expected originally?

Larry Culp:

Yeah. Well, Doug, I had the advantage I think when I came in over a year and a half ago of not only having been on the board for a few months, but having studied the company for really my entire professional life. I think I had a feel for the company, its history, its assets, and some of the current challenges.

I think the surprises and what's been difficult, it's really been those things that have come from the outside in addition to COVID. As we talked about, everything with respect to the Max was something that we were not anticipating, tragedies, and that continues to be something we're working through with our friends at Boeing.

We have some legacy exposures that are interest rate sensitive, particularly our long term care business. That has been something that's been more challenging in this situation. But I think by and large, the opportunity to see these important global businesses, particularly given the nature of the aftermarket revenue streams and the customer relationships to deliver better and more consistently for customers and in turn, do the same for shareholders was something I had conviction in from day one.

If that opportunity didn't exist, I don't think I would have ever accepted the board's invitation to join as CEO and chairman. And in turn, there's really nothing that I've seen in 18, 19 months here to suggest that we can't indeed fulfill that vision. We just are going to need a little bit more time given COVID.

Doug Harned: Well, one of the things that we talked about before was how you think about GE as a multi-industry business. Having an aviation business, a healthcare business, a power business is also perhaps not surprisingly as I look at the questions that are being submitted. Overwhelmingly, the number one question is in five years, why should aviation, power and healthcare be in the same company? How do you think about this as a multi-industry business today?

Larry Culp: Yeah. I understand the question and I think it's a good and fair question is we think about value creation over time. I'm well aware of the market's bias and perceptions that multi-industry companies, diverse portfolios really have to prove their worth.

That said, I spent 25 years in another company that had a successful run, continues to be successful with a portfolio that, in some respects, was even more broad than GE is today. My mindset here, Doug is actually fairly straightforward.

Regardless of whether you love that model or don't, value starts at the [stall 00:21:57] phase where the businesses operate and serve customers. And what we're trying to do at GE is make sure we don't wake up thinking about corporate, thinking about the center, first and foremost.

We really want to make sure we're running GE business by business by business. That aviation, healthcare, power, renewables right on down the line that those businesses are strong in and of themselves on their own bottoms. And over time, as we work through some of our balance sheet issues and the like, if different arrangements, different structures are going to serve the businesses well over time, I think we're going to be open to that.

But that said, there's a lot that the businesses shared today in terms of talent and technology that helps and you see that today. So, I don't think we're going to be necessarily wed to any one philosophy other than starting each day with the businesses and making the businesses stronger are our overarching objective.

Doug Harned: Now, one aspect of that would be the role of GE Capital. Can you comment there? We got quite a few questions coming in on how you think about GE Capital. Do you foresee corporate injections into it? Given the pressures that are there, how are you viewing that today?

Larry Culp: Right. Well, I don't think that we view GE Capital materially differently than we did at the beginning of the year. I think we knew that we had, over the last several years, shrunk the size of GE Capital. We have really gotten into it to a point where GE Capital is made up of, if you will, two ends of a barbell. Our GECAS business, which while under pressure is a longtime leader in aviation leasing. A strong performer. A very good business, and our legacy long term care insurance obligations.

In between, we've got a number of smaller capital businesses, some of which support and serve our industrial businesses. But it's not the GE Capital that folks will remember from three or four or five, let alone 10, 15 years ago.

I think over time, again, we want to make sure that we are continuing to strengthen the businesses, GECAS being the core, insurance really a run off play. Do that in a way that continues to bring our leverage levels down. We've got a nice job of that at capital, but not necessarily have that be a consumer of cash.

We know that we'll see a lower but still meaningful level of parents who are here in 2020, principally in line with our permitted practice obligations around insurance to the Kansas Insurance Department. But other than that, we'll see how things play out here in the wake of COVID, but we don't want to have that be a consumer of cash force longer term.

Doug Harned: I want to turn to aviation for a bit. You talked about the decline you've seen in shop visits. Obviously, we're seeing that across the board for engine suppliers. How do you plan basically now when you look out over the next year or two? We're clearly in a period of uncertainty. We're likely to see a lot of older fleet types come out of the installed base. How are you planning the aviation business around this with clearly some real aftermarket pressure that's likely to continue for some time?

Larry Culp: Right. Doug, I would say that part of the planning is done, if you will, with an ax, more directional in nature. Other parts of it, if you will, are more precise, perhaps with a scalpel. What do I mean by that? Again, I think we know that we've seen a significant downdraft in the market. It's likely to be a slow grind from here. We can fine tune the edges in terms of how that's going to play out, what it means for us given our relatively younger fleet.

But nonetheless, we need to take dramatic action on the cost side to deal with that, which is why in turn you've seen us reduce over nearly 25% of our headcount in that business. But that doesn't finish the work that needs to be done here. Given all the decisions, the carriers and the lessors are still going to make about those fleets as they, in some cases, retire to simplify, and other cases retire and replace simply to simplify what they're flying and how.

We're in daily conversations with all of our customers, getting those inputs where we understand better how they're thinking about their future fleets. In turn, what does that mean for us in terms of capacity. Not only how much but where, so we can continue to support what's

out there and what is to come particularly given the fact that we have refreshed both our narrow body and wide body platforms here of late. The future is very much ahead of us. It's just going to play out differently over the next several years as we had thought when we came into 2020.

Doug Harned: Well, if you look at the next 12 to 18 months, I know you highlighted this on your Q1 call and other engine OEMs and in fact the airframe OEMs as well. There are clearly some significant working capital issues right now. You got to make sure that your supply chain is healthy. How are you dealing with the management of working capital as you're looking at customers that are cash strapped in terms of making progress payments? You're looking at suppliers that need some volume to stay healthy. How are you working with this whole chain?

Larry Culp: Yeah. It's a great topic and focal point for us on a day to day basis in aviation. Clearly with the way the demand changed here, largely in the aftermarket, Doug, but as you know, in new build as well. We've really had to pump the brakes on inventory. We couldn't do that nearly as quickly as we would have liked in the first quarter, which is why we finished the quarter and came into this one with more inventory than we wanted to.

We need to continue to adjust those signals and those calls on our supply base to bring our inventory levels down. Certainly on payables, in an environment where there's less volume. We don't get as much help there either, receivables by the same measure. It's going to be a little bit more challenging as customers to push past dues and the like, take root.

We weren't really planning on receivables. Fortunately, we do get a little bit of a tailwind there given the Boeing commitment that we announced back in March. Progress, as you point out, will be lower. We really weren't looking for much progress this year anyway. So, I think that's less of an issue for us in 2020. It's a daily operational challenge as we adjust. But at the same time, work to move some of our capacity over to our military business.

Doug Harned: Well. One area I would think potential savings. If you're looking at aviation and CapEx and R&D, we've seen the NMA get shelved. I mean, at one point, I know that you, Safran, Pratt & Whitney, everyone was looking toward offerings potentially for that product. Now, we don't have any new airplane on the horizon really. How do you think about R&D and CapEx in that environment in aviation?

Larry Culp: Well, we were coming into this moment, Doug, anyway having refreshed both the narrow body and the wide body platforms recognizing that we could take a little bit of gas off the engineering engine. I think this year, you're going to see us probably spend, I'll call it several hundred million dollars less in engineering overall as we adjust to this environment. But that said, we really want to protect.

This is why these other moves are so important. We really want to protect the underlying future technology bets that have always defined GE Aviation and driven our industry leadership. That's still important. None of us know exactly how the future is going to play out, but there will be a need for new technologies, next gen engine platforms. We want to make sure that we're there.

From a capital perspective, we're probably going to be down at this rate, call it 25%. Just, again, in light of the cash pressures, the overall reductions in volume in the business. If we can cut a little bit more, we will do that. Part of what we're doing from a lean perspective gives us an opportunity to be a little bit more discriminating, a little bit more disciplined as we think about how to support capital projects going forward. That's basically the zone that we're looking at this year.

Doug Harned: And then connecting back to GECAS. In this environment, people are looking to lessors for help. How is GECAS working with customers in terms of enabling the financing of a lot of the deliveries that are sort of halfway there? Progress payments have come through in part. How is that going?

Larry Culp: Again, it's as active and as fluid an aspect of the business as the supply chain is over at aviation. 85% of our customers, Doug, at this point have stepped forward looking for at least a deferral of some sort. We haven't granted every one of those, but we're trying to do all we can to work and support our customers.

Deferrals are, as you know, just that where we'll take a little bit of a rent holiday but put it back into the next 12 months or so, put it back into the contract in a way so that we continue to be compensated for the fleet that is out there.

Customer by customer, we're trying to figure out a dialogue with them and others how do we best support their aspirations and their plans going forward. Some are going to be more challenged than others. Clearly, we may look at repossessions in that regard.

The GECAS team has a tremendous amount of experience in that from past crises. But at the same time, be it a restructuring or an extended deferral, there are other ways in which we think we can support our customers continue to build a thriving business at GECAS, but there will be no doubt turbulence here over the next year or so as we work our way through that. But given the experience the team has, let alone the quality and the diversity of the fleet, we think we're well positioned to weather that turbulence.

Doug Harned: So, my assumption here is that what you're seeing is that you have probably a pretty broad set of your customer base that still very much plans to be taking new deliveries. It's just we're likely to see those stretched out over a longer time period, and GECAS is basically working with them to facilitate that. Is that a fair characterization?

Larry Culp: I think that fundamentally is fair, Doug. Sure. But that's not the only sleeve of work we have with our customers as we work through not only their skylines and ours, but also what they're doing with existing fleets, how they're thinking about resetting those fleets, again, either to reduce the size or merely to simplify what they're flying.

Doug Harned: I want to switch over to power for a moment, because I know a year ago or so, one of your prime goals was to fix power. Now, we've got a number of people have asked the question here as well. How do you think about this market today? Are the issues with power, are they a cyclical issue or a structural issue today?

Larry Culp: Well, I think that as we dove into power a year and a half ago, I think we were mindful of some of the challenges created by the energy transition. But that said, I think we knew that we were not managing these businesses as effectively as we could. That really drove the back to basics let alone the restructuring efforts that we've undertaken in this business, particularly in our gas power business, Doug.

This is a business that we think has an important role to play in the energy transition. In the near term here, we have seen better than anticipated demand for new units. But that said, we're now seeing demand push to the right given some of the questions around new project financing.

But I think that is more temporary than permanent. For us, what we really need to do is make sure that we're working closely with customers where it's been most fluid has been around maintaining and supporting the equipment that's in the field.

We had a number of planned outages here in the first half that had been pushed to the second half, largely because of that border friction that we talked about, and customers desire not to complicate their own COVID programs. That said, ultimately, we need to have power, particularly gas power be a positive cash generator for us, which is why this restructuring effort has been so important where we've taken out 10% of our fixed cost.

We had another 500 employees leave in the first quarter of this year. We're probably going to see a light number here in the second quarter. So, there's a lot of costs coming out. In addition to the installation of the operating discipline that we referenced earlier, such that we think we're going to have a little bit more of a headwind here this year than we anticipated, but the multi year recovery, the path to a positive free cash flow for power will be realized. It's going to take us a little bit longer than we might have thought previously.

Doug Harned: If you look at renewables, this is a growth area, but can you talk about the path for margins here? How does this become an attractive margin business over time? What kind of timeframe are you thinking about?

Larry Culp: Doug, there's no question that we came into this year saying if 2019 was the year of power, 2020 is going to be the year of renewables for a host of reasons. Despite the growth in onshore wind, we need to run a similar playbook here.

I think to get to those high single digit margins, to get to positive free cash, Doug, you really have to break renewables down. I think about renewables as a situation where we're fundamentally playing three hands. I think about our onshore wind business where we're seeing the remarkable growth right now. Being a business that is well positioned to capture that growth, we just need to deliver better margins. And that entails capturing value up front when we write new orders.

We need to be aggressive with respect to how we think about cost in that business. Not only in terms of what we procure, but also how we support the projects, the installations in the field. There are a host of things that we're doing there that I think will allow the onshore wind business to be a stronger performer in line with competition.

The second hand is our offshore wind business, which today really is a sizable R&D bet. We've announced our Haliade-X 14 gigawatt offshore product, five gigawatts of orders in hand. Lots of customer interest here. That's going to take several years for those as indications of interest to become profitable revenues, but that's a bet GE can and should be making.

The third hand is really the two turnarounds. Our grid and hydro businesses. Businesses we acquired from Alstom are in need of work. Hydro is a little further ahead than grid. We just reset the grid leadership team here this year, but they're going to do what we're doing and onshore wind. They're going to do what we're doing in power to make sure that we're not writing business that we shouldn't. They were doing as good a job as we can on cost in our facilities and in the field as we possibly can. I think over time, we should expect similar progress.

None of this is necessarily easy. COVID is a bit of a speed bump here for sure. But I think by breaking down renewables, we'll be able to build it back up to be a contributor for GE in the years to come.

Doug Harned: We don't have a lot of time left, but I wanted a couple questions here related to COVID. I think they're more about the long term path with GE, because one is that when you now see ... GE was sort of in a reset mode over the last year. If you want to switch that to a growth mode, what's the target when you really see this is back into being a growth company? Perhaps COVID-19 has delayed this, but what's the path to get there?

Larry Culp: Doug, I really think it is a delay rather than a redirection. But that said, I think one reason we took guidance down back in April and earnings is that the near term visibility that we have and what it implies for the medium and long term just isn't there for us to put that stake in the ground.

But that said, I do think the fundamental strengths of these businesses will be intact on the other side. I really do believe that we will accelerate the transformation of who we are and how we run these businesses.

When we talk about the future GE being a high single digit cash generator, being stronger and more sustainable, I have as much conviction in that being possible despite all the challenges and long days of the last several months. It's just going to take a little bit longer.

I don't think we can really say that, that's six months or two years or any real specific time period. But as this year plays out, particularly as we get more clarity around aviation back to some of the variables you highlighted, I think we'll be able to frame that more specifically for investors, but no one should doubt my resolve or this team's resolve to complete that mission.

Doug Harned: Now, when you talk about cash, I just wanted to mention it, because it's come up a few times here. Can you speak about the recent bond offerings? You raise capital in the beginning of March, then started to do a Eurobond and pulled it. What's happening there?

Larry Culp: Yeah. I think what you saw us do, Doug, there in a minute or so is simply consistent with our focus on maximizing liquidity given the uncertainties of the moment. We had an opportunity

admits the \$11 billion of debt reduction to also extend a number of the near term maturities. Again, simply to protect our liquidity position in light of what we know and what we don't know.

I don't think that there's really much more to read into that. They were leveraged neutral, liquidity enhancing moves the market offered up that we thought we would take advantage of. Really, that's simple.

Doug Harned: Yeah. I guess also, since we're in a low interest rate environment, have you changed your assumptions around pension and how you're approaching that in this environment?

Larry Culp: Not really. Clearly, the rates that we've seen here late don't help us in that regard. That's part of the leverage dynamic that we acknowledged on the earnings call. But in terms of what that means in terms of actions for us, I think we're going to continue to consider really any and all options we have to bring the pension liabilities down in concert with, obviously, all the rules around doing so.

But as we go forward, we were as committed as we've ever been to our leverage reduction targets, including pension. But like the other aspects of the business we've been talking about, we know it's just going to take us a little bit longer to hit those targets, but we will.

Doug Harned: Well, to wrap up, I just wanted to ask you, as we go through this pandemic and when we come out the other side, how do you see GE operating differently because of what's happening? I mean that in terms of how would you think about cost cutting, about where investment priorities might be. What do you see happening in the other side of this?

Larry Culp: I think we were on a path and we're still on a path that will have us on the other side of COVID as operating in a more decentralized way. We're going to move the center of gravity to the businesses. I think the businesses are going to be more focused. I think they're going to be more customer centric, and lean will be much more a part of our DNA than merely an annual objective.

You put all that together, I think it's going to be a more valuable company. I think it's going to be a more robust culture, and one that should yield better results for shareholders. I think we were on that path. Again, I think there are opportunities here we're going to take advantage of to make sure that when the dust settles, that's where we are.

Doug Harned: Well, with that, I want to wrap it up, but I want to thank you Larry very much for joining us. Hopefully next year, it's in person, but this has been great. I also want to encourage the audience to complete the poll at the end here. I think that will be useful and you get immediate feedback. Anyway, Larry, thank you. And we'll wrap it up here.

Great. Thanks for having us. Stay well be safe. And let's do it in person next year for sure. Yeah.

Great. Thank you. All right.