

MR. HOCHBERG: Good morning. Welcome to the 2010 annual conference, Exports Live, powering jobs, sales, and profits through exports. We began a series in eight cities around the country last fall. We're continuing it. This year we've already had three, and this is our annual conference. I'm going to be very short on an introduction.

We have a very full day, and you didn't come here to listen to introductions. We're going to start the morning with Jeff Immelt, the Chairman and CEO of General Electric, and if there is one company that understands exporting, understands the global marketplace, in a range of products, it's Jeff Immelt and his company. So let me not take any more time. Let me ask Jeff to come out on stage.

We're going to have a conversation. If you have questions, you can put them on cards and we will send them up here, and then we we'll continue the program. So Jeff.

MR. IMMETL: Thanks, Fred.

MR. HOCHBERG: Thank you.

MR. IMMELT: Good morning.

MR. HOCHBERG: First off, tell me, what's your view of the economy? How is the economy going from your perspective at this point.

MR. IMMELT: So I would say in the US, things are definitely getting better. You can read every day about the credit markets are much improved. You know, most indicators are firming or heading up, but there's a long road ahead. Unemployment is still relatively high. There is some big structural issues in the economy, but I would say the momentum and the mood is definitely improving.

Europe and Japan are, you know, kind of in the same boat, maybe a little bit behind from the standpoint of just slow economic growth, and then if you go to the emerging world, it's kind of like what, what recession, and they're quite robust, and we see that continuing.

MR. HOCHBERG: And where is -- how is GE doing in this or that? Is it, do you think doing better than the US economy as a whole right now, or what areas?

MR. IMMELT: So, Fred, I think if you look at our industrial business, you know, we are probably the

world's biggest infrastructure company, and we've been able to power through the downturn, you know, very well, because we're very diversified. Sixty percent of our revenues are outside of the United States, and in financial services, you know, we've had losses on loans and things like that like everybody else, but again, we see, you know, kind of losses abating and the biggest challenge right now is just low demand for credit.

You know, so people -- we need to be building confidence so that people are investing and building factories and things like that again.

MR. HOCHBERG: Have you been able to add employment in this period, in the last 6 to 8 months?

MR. IMMELT: So what I would say it is early on in the recession we had to restructure our company like everybody else did, and employment in 2009 was down versus 2008. In the last few months we've added back. We've launched new businesses and added back employment, manufacturing jobs in the US. We're still below where we were pre-crisis, but again, we're quite optimistic about the way our products are positioned, and most importantly about our ability to globalize the

company, and capitalize on some of these big global trends.

MR. HOCHBERG: One of the things that we're going to be talking about over the next two days here is the president's goal of doubling exports in five years. When you -- well, one, did you know he was going to say that at the speech?

MR. IMMELT: No.

[Laughing]

MR. HOCHBERG: I know [indiscernible].

MR. IMMELT: But I've long been a provocateur about exports, about the sense that they're quite important for the country.

MR. HOCHBERG: What's going to be the hard part about meeting that goal?

MR. IMMELT: So, I mean let's just take a step back. You know, I think if you look back over 25 or 30 years of the US economy, this has been an economy since the -- probably the late 70s recession that's been powered by the US consumer, and that's driven lots of income, not just in the US, but globally. And you can reach your own conclusions as to whether or not the

consumer needs to save more, where unemployment is going to go, but it's unlikely that the US consumer is going to be a singular engine of growth, if you look forward 10 or 20 years.

At the same time, you have a billion consumers in the emerging world that are going to join the middle class probably in the next decade. So if you're in an economy like the US, you have to have as your destiny being a bigger export country. So I think what -- if that's your goal, and you want to double your exports over the next five years, it's basically what GE did.

In 2004 we had about \$8 billion in exports. In 2009 we had something like 18 1/2 billion dollars in exports. So we basically doubled over the last five years. You're going to have to get more investment in R&D, high-tech products. You're going to have to be a country that knows how to make things, since about 70% of exports are manufactured goods.

So you're going to have to have a sense capability. You're going to have to be in the right spaces, whether it's energy products, transportation products, life sciences, things like that, and you're

going to have to have the ability to compete toe to toe from a sales and service and financing standpoint, with probably, you know, if you think about the US as a company, but maybe the toughest competitor we've ever seen in China.

And we, and our companies, and our government, is going to have to go toe to toe with some of our toughest competitors in Europe and Africa and Brazil, and Indonesia, and every place around the world. And so competitiveness, technology, capability, financing, all those things have to come together. But I'm glad the president has set that kind of goal, and that is very aspirational.

It's something people can rally behind. It's bipartisan, and we ought to go get it done.

MR. HOCHBERG: Are there areas of your business that seems a little easier to get to doubling your exports, and what areas may be a little tougher to do, for GE and the economy?

MR. IMMELT: No, Fred, I think if you look at the infrastructure side, you know, we're in health care. We're in transportation, aviation, locomotive. We're

in energy products. We're in water, we're in oil and gas. I don't see one of those businesses that couldn't double in the next five years from a standpoint of being able to export and being able to grow. You know, we have countries like Angola that will be one or two billion dollars in revenue this year.

You know, when I became CEO of the company, you couldn't even find Angola on the map. So the world is just -- you know, Australia with its oil finds, Canada, really every place in every corner there's going to be new opportunities, but it's not going to be right under your nose. It's not going to be necessarily in London. It's not going to be necessarily in Tokyo.

So if you've got these big distribution networks, we find that there is ways to -- ways to go, and if you can provide solutions. I mean the ability to do financing in a lot of these regions is very important for competitiveness.

MR. HOCHBERG: And you mentioned Angola. Are there -- probably not the kind of countries people often think about as being opportunities. Where else,

perhaps some unusual places that you have found opportunities?

MR. IMMELT: So we segment the world, you know, probably 10 years ago, or eight years ago, I would talk about Europe, Japan, US, rest of the world. Now, we tend to think of the world as really people rich countries, really China and India and then resource rich countries, so Canada, Australia, Africa, Russia, the Middle East, Latin America, and these resource rich areas because, you know, it's our point of view that raw material prices are going to stay relatively high for a period of time.

There's going to be some -- in the next decade, there is going to be some incredible growth and transformation in those regions. You know, China is a story everybody knows. The first time I went to China was 1984. China is not really a surprise over the last decade. Anybody that's been going there could figure it out. The surprise in the last decade in my mind has been Brazil. Nobody would have picked 10 years ago the kind of vibrance and transformation that's gone on in Brazil. So the question is what's going to be the

Brazil of the next decade. Is it going to be Indonesia? You know, is it going to be in Nigeria. Is it going to be some other places -- that's where I think businesspeople have to be, you know, exploring and looking.

UNIDENTIFIED SPEAKER: And what [indiscernible] of the appetite for foreign buyers for US-made goods right now?

MR. IMMELT: People still like the US. I mean, you know, there still is a reputation. There's a set of business principles. I think people -- people everywhere in the world still like American goods and feel like we can compete and want to buy. It's just when you go to Mozambique or Angola, the street signs are in Banderin. You know, so it's not like people are waiting for us just saying, okay, I'm not going to buy until an American company shows up.

You know, so we've got to be out there moving fast and moving with solutions and, you know, I can control GE and see where we go, but as a country, we've got -- we've got competitors, more competitors today than we've ever had and they're big and they're strong and

they move fast. And so that's why I think it's so important for us to be aggressive.

Look, nobody -- when the president says we're going to double exports and that we really think we're going to go out there, people outside the US in France and Japan, nobody believes us. Nobody believes us. I think for so long we've just kind of said it just doesn't matter. You know, let whatever happens happen and the notion that the US could actually have that kind of will and focus is quite surprising.

In Germany, you know, I've competed with Germans for my whole career, right. When they all get together with Chancellor Merkel, they talk about going out and kicking everybody's rear. You know, that's what the dinner conversation is like. It's not like, you know, whatever happens happens. We've got to go out, we've got to export. We've got to be -- we've got to hang together.

She takes 20 of them to Beijing and says buy from these guys. You know, we were competing as a company in Abu Dhabi for a nuclear project. I go in after

President Sarkozy, the president of Korea and then me, you know.

[Laughing]

I'm not bad, but I don't rule anything really, you know.

MR. HOCHBERG: You don't have an army.

MR. IMMELT: I don't have an army.

MR. HOCHBERG: No tanks, no air --

MR. IMMELT: I can't trade planes and stuff like that so --

MR. HOCHBERG: Well, you probably have airplanes.

MR. IMMELT: I think it's this notion that we really -- we really want to do it. Now, from GE's standpoint, I can say, look, we're in 120 companies, this is our destiny. We're going to invest. We're going to go. You know, we're going to work with EX-IM wherever we can and go, but it's quite exciting to think that we actually would say something like that and then do it. Quite exciting.

MR. HOCHBERG: Are there places where because of that you have found it much harder to do business than it might otherwise have been because we don't have the

same kind of national interest that you see in Germany and you see in Italy. Many countries, the government takes a much more direct hand in promoting exports.

MR. IMMELT: You know, Fred, our company is big enough that we can never use that as an excuse. You know, in other words, GE should never use as an excuse that we couldn't go someplace because the government wasn't there. So we can fight our own way by and large, but for the thousands of small businesses who also want to be global players, a big umbrella of the US is quite powerful and necessary.

And really it's just the presence of -- you know, I remember about five or six years ago when we were a relatively small business and we were growing quickly, and I would go to the lobby in the hotel in Sampowlo and there would be 30 Chinese in this delegation, right. That's when you knew we ought to be investing more. Really something is going on. And so the ability of a small business person to get to Brazil, or to get to Angola, or to get to Kazakhstan without -- or Indonesia, without some kind of umbrella, is quite difficult.

So I don't think I can use it as an excuse. It's quite helpful when we do have EX-IM, I mean on a big railroad campaign where we're competing against the Chinese [indiscernible] enterprise. That's quite helpful, but there's thousands of companies that don't have the size and mass of GE that need that kind of umbrella.

MR. HOCHBERG: Right. Do you see -- do you see any change in our exports or your exports, or our exports in the last 24 months in terms of type of product or demand area --

MR. IMMELT: I would say, Fred, it's just more important. You know, in other words, these countries just never flinched through this crisis. Something quite interesting happened in this financial crisis, and I would say not only -- not only did these powerful trends of demographics and raw material prices help countries like Saudi Arabia and China, things like that, just power through, but the other thing is that because their financial systems had dealt with such volatility over the past 20 or 30 years, they dealt with the financial perturbation better. They had

better shock absorbers in some ways than we did, so they have come through this crisis with a lot more self-confidence than anything else.

So look, in many ways our exports -- our exports grew '08 to '09 by \$3 billion, from \$16-\$18 billion and, you know, the demand for electricity, the demand for healthcare, is even more relevant today. You know, the demand for healthcare products outside the United States has never been more robust than it is right now. So big thirst for infrastructure.

MR. HOCHBERG: In healthcare, who is the major competition you have? Is it Siemens?

MR. IMMELT: So we compete with Siemens and we compete with Philips. We compete with a couple of Japanese manufacturers like Toshiba and Hitachi and then, you know, when we're in China there will be local Chinese companies that we compete with as well, but you know, it's another place where financing, if you think about the entire like Saudi Arabia as a country, they're going to build 40 new hospitals across all of northern Africa. There is probably 300 hospitals under construction.

So in many ways, if you're faster than your competition into some of these regions, and you have the ability to finance at times, it does put you at a great competitive advantage.

MR. HOCHBERG: Well, and that's certainly where I see the need for the value that we add at the bank, and that is when a company like yours, or a small company we have two or three today that are going to get acknowledged, we can provide the financing package so that's not a stumbling block.

MR. IMMELT: Well, Fred, I think the EX-IM is key. You know, in many ways you guys ought to tell the president when he was here today we ought to double your budget or something, you know. In other words --

MR. HOCHBERG: No, you tell him.

MR. IMMELT: When you look at -- when you look at Hermes in Germany versus -- you know, it's probably 30 billion and you might be 20, 21 billion, something like that. It's a \$3 trillion economy. Ours is a \$14 trillion economy. The Germans, you know, have really had the first wave of Eastern Europe in the stands. Mainly all finance by Hermes. A hundred percent, so

it's just -- it's just -- we've just been too timid about it and it's one of those things that if we set our destiny as exports, if we think we've got to have a bigger industrial base, if we know our customers, are going to be elsewhere in the world, I think it's up to companies like GE to provide the leadership, build the distribution, work with suppliers.

You know, like I said, our gas turbines, right, probably have 250 suppliers in 25 states, small businesses. But it does help when people think EX-IM in play. You know, and that you support it. It's more than just financing. It's the validity of integrity, compliance, and in a place like Indonesia, that's really critical, Kazakhstan, really critical for us.

MR. HOCHBERG: Well, as you know, the president is going to Indonesia next week and actually we're following -- a month from now going to be in Indonesia and Vietnam.

MR. IMMELT: 250 locomotives, Indonesia. Tell the president.

MR. HOCHBERG: Right here. Got it right on my forehead. Actually I already --

MR. IMMELT: There's a ticket. Sell hard.

MR. HOCHBERG: I already told him. I already told him last week that's what we need to work on, and some locomotives in Pakistan, too. You've said in other interviews that it's really important to keep your American core of manufacturing. Now, there's got to be a lot of pressure from other countries that would like you to move more of your manufacturing there. How do you negotiate that?

MR. IMMELT: So, my premise is that --

MR. HOCHBERG: Why is it so important to keep it here?

MR. IMMELT: My premise has been that, you know, we're about almost 60% outside of the United States. Our employment more or less matches, about 50/50 US and outside the United States, and we build factories in every corner of the world. Don't get me wrong. We've got factories in China and India and Kazakhstan, so we globalized with it. The comments I've made has been one of even global CEOs whose destiny is outside the United States, American companies, have to remember that we also have a responsibility to create jobs in

our own country, and that really if we want to be integrated, we can't just think about everywhere else.

We have to think a little bit about what we do here. And so that's one premise that I've got, that ultimate globalization -- look, I would say in the last five years globalization has moved backwards, not forwards. You know, there's more protectionism today than there was five years ago, even while the economy -- so in some ways we have to earn the right to globalize and we have to do it by having a sense of how do you make money in a country and for our country, around the world.

So that's one premise. My second premise is just more clinical, and that is if exports are our destiny, and if 60 or 70% of all exports are manufactured goods, we have to make things here. We have to know how to make things. It's kind of night follows day. So one piece of it is just the philosophy of globalization. The other piece of it is just very pragmatic to say, you know, how does -- how does it go forward. You know, the third piece is always a romantic one about, you know, a manufacturing job versus a financial

service job. That's for other people than me to decide, but I do know in a lot of towns throughout this country, they're not going to be call centers. They're are not going to be finance centers.

Their option is to be a manufacturing center of some kind. And so I just think we've had a generation where manufacturing was undernourished in the US. Now, look, Germany is not a low cost country. Germany is not a low cost country, guys. But Germany has been a big export, a big manufacturing base. So some of this is just will. Some of it is just eliminating laziness and just force of will to recapture some of these spaces.

MR. HOCHBERG: What else do you think we need to do to sort of reinvigorate that. The president is going to talk about the national exporting initiatives today. In other words, his cabinet members are going to be here to talk about it, but if you were to add one or two things, what would that be to sort of really kick start our --

MR. IMMELT: You know, the short-term. I divide it up into short-term and long-term. You know, short-

term I think we've got to have incredible publicity and public will around the fact that actually -- the president can use his bully pulpit to drive that. Two, we ought to increase EX-IM budgets. Not just the substance of it but the symbolism of walking in one day and saying, you know, not only are we going to do this -- look, I would say do it for small business. We will benefit from the notion as much as -- don't get me wrong, I like -- but the -- so I would do a couple symbolic moves of funding, of talking, having Sec. Clinton talk more about how the state department can get involved, and then you've got to -- we've just got to get back on the trade agreement.

You know, we've got to have clarity around the trade agreements. We have to really thoroughly review what is protected in terms of what we can export, and what we can't export, and just have a nice open dialogue about do we restrict ourselves artificially. So there's about six or seven things you can do right away. You know, I don't think it would be a bad thing for the -- and the president is in a tough spot because he does want to play favorites, but leading a trade

mission to China, really. I think people's jaws would hit the ground.

If an American president ever thought that was part of their role, the way that Sarkozy and Merkel and the Japanese prime minister and the Korean prime minister do, I think things like that. So that's the short term. Long-term, you've got to have better education. You've got to have more engineers. You got to hire tech stuff and you've got to own the right stuff. You've got to own energy, healthcare, information -- you got to pick the industry if you're going to be the big driver.

So there is an immediate play, and there's a longer-term play, and if you want to grow, if you want to double in five years, which is 15% of growth a year, you're going to have to be doing all of them with great will. And you've got to create natural consortiums of big and small business. I mean people want to pit us against each other all the time, and I would say that by and large our interests are totally aligned, vis-à-vis, and I have great sympathy, and I fully support EX-IM doing a lot for small business because in the end,

Fred, I'm going to go where I need to go and I'll do it all myself if I have to, right?

We've got that kind of resource base, but in the end our destinies are aligned between big business and small business. I think there is ways to drive that as well. But just actually taking his vision and putting it into a real concrete plan with the people in this room, that really is huge, and I just think that some day the travels will, it's quite important. It's quite important. This is where the growth is going to be.

For us to rejuvenate this economy we have to be tapping into the Chinese consumer, the Indian consumer, the petrodollars that get recycled on a global basis, and also encourage some of those companies to invest in the US so that they can be exporters from here as well.

MR. HOCHBERG: One way you can learn is to learn from mistakes and missteps. Do you have a sense of some missteps we have taken as a country in this regard that we need to correct?

MR. IMMELT: Well, look, I think there's a macro misstep that has taken place over probably 25 or 30 years and that is that this could go gently from being

a technology and manufacturing-based economy to a service-based economy, and that we could run \$1 trillion trade deficit and nobody fundamentally cared. So I think that's actually been quite a big misstep.

But that's one you can't put back in the bottle easily, right? I just think it's picking our spots on engagement. You know, I for one don't think it sends a good signal when we can't sign a trade agreement with Colombia. I think it says to the rest of the world we don't have enough confidence to sign a trade agreement with Colombia, which is probably one of the friendliest countries we have, well led, doing all the things we ask it to do.

MR. HOCHBERG: And wants to do business with us?

MR. IMMELT: And wants to do business with us, and that doesn't really -- that's like a neon sign that says we're not open for business. So that's -- there are big things and there are small things, but all of that can be -- all of that can be put in the rearview mirror. This is a productive, high tech country that people like. I'm an old salesman. I can do that. In other words, I'll take that and work with it.

MR. HOCHBERG: Sometimes business leaders have complained about our tax structure and other things that hinder American companies, hinder exports. Do you have any perspective on that?

MR. IMMELT: Again, we will globalize no matter what. We think there does over time need to be some international tax reform that basically takes a look at here's what Germany does with Siemens. Here's what Japan does with Toshiba. Here's what the Chinese do with their -- China South Whale, the standard enterprises, and really from a macro standpoint says okay, we've got a revenue issue, we all know. We've got a deficit issue, we all know. But in the end, let's look at this as a global competitiveness map and let's figure out what is the right set of policies to make sure that IBM and GE and Caterpillar and you name it, small business, can go in any corner of the world and be competitive. And that's -- I think, Fred, in the end, if that's what happens, then all of us would be happy. I don't think anybody is looking for a differential edge.

What we want is a general way to reinvest, and know that if we reinvest here that we can play. And then, you know, I think there's all these complexities around things like deferral that would allow us to repatriate capital and reinvest it back in the United States, that go with it. But all that being said, as a CEO, if we have to be in Kazakhstan, we're going to be in Kazakhstan.

If we have to be in Riyadh, we're going to be in Riyadh. We have no choice for our companies other than to globalize, and globalize quickly.

MR. HOCHBERG: We do a lot of business with General Electric. In fact, there's no company in the country that uses more of our products in greater breadth and services than General Electric. Some of the areas we do a lot of business with is aircraft and aircraft leasing and engines. How is that business going? Can you talk about that business more?

MR. IMMELT: So the aircraft -- so we've done -- one of the things that I like about what Fred has done is just continue to be creative during the crisis and trying to open up, particularly in areas like when

liquidity dried up for aircraft leasing and things like that, the EX-IM has been able to step in and really be helpful, but the worst year in aviation history was last year in terms of revenue passenger miles and freight shipments, but we already see that kind of getting better.

You know, in other words, again mainly globally, Middle East, China, Eastern Europe. So we're actually quite encouraged by what we've seen in the aviation industry. Even the US has done a little bit better, is bouncing back. Yields are improving a little bit. So that's been a good one. Probably the biggest relationship we have, GE's biggest customer is probably Saudi Electric Corp., and EX-IM has helped us -- we make about 130 heavy-duty gas turbines in Greenville, South Carolina. Six went to the US last year. The rest went outside of the United States.

So having EX-IM is extremely helpful. And then we've got a big -- the US freight locomotive business which is a big GE business. North America was just eviscerated last year, but we've again been able to work on getting 100 units in South Africa. We've got

big tenders underway in Indonesia, Egypt, Kazakhstan, Pakistan. So, you know, we're just filling our factory with as many global deals as we possibly can, and probably in three out of four of those, EX-IM has been very, very helpful.

MR. HOCHBERG: And is that [indiscernible]. Most of the locomotives, most of them generally gone overseas or more of a domestic market in the past?

MR. IMMELT: So historically this has been 90% domestic. I would say in '10, '11, '12, it will be 50% global, 50% global. So it's just we're taking the businesses where they need to go and that's where the demand is. But financing really in all of these places has been tremendously helpful. Either we do it through GE Capital, or working with EX-IM has been fantastically helpful.

MR. HOCHBERG: What about you talk about financing, General Electric Credit Corporation, how is that -- what's your relationship with their customers, mostly demand, and their access to capital so that they can -- you're a key player for a lot of meeting and small-business efforts --

MR. IMMELT: Yeah, no, I would say that the liquidity has definitely improved for people in financial services. Losses have been high, but have started to peak. The demand for credit is just not as robust and basically we're a midmarket lender. We're primarily North America and we're a big midmarket lender. We see credit probably first quarter versus fourth quarter growing 10 or 15%, so it's slowly getting better, but the demand hasn't been as robust, and I think if you talk to many of the big banks, you would hear that as well but, you know, we see it as being a big opportunity.

And the advantage we have as a financial service company is we've got 10,000 originators globally. Our finance people drive a Taurus, go to small factories and do inventory finance and things like that. And so that's really the sweet spot. Better liquidity, lower demand.

MR. HOCHBERG: We've been looking at things such as supply chain and factoring. How have -- you know, the people who supply to GE and then you export, how are they getting credit in this market place?

MR. IMMELT: So, I would say 18 months ago, big crisis. We had to work with a lot of our suppliers on financing. Factoring is actually a very important business, and it's something that's again EX-IM has done a great job of stepping into, but other governments around the world do the same thing. Again, you know, we're slowly seeing the supply chain getting healthier, getting more access to capital, but I think having a backstop with EX-IM in factoring is quite important.

But, you know, it's just people aren't quite as confident to make these big step function investments that are really going to create employment and drive future growth, and that's what we have to get just more confidence into the system right now.

MR. HOCHBERG: What about are there any things that you find in the [indiscernible] in the world -- oh, we've got some questions from the floor. Thank you. As you're finding that perhaps other countries are specifically helping their companies compete that we don't do?

MR. IMMELT: Well, China pays all the bills.

[Laughing]

MR. IMMELT: So it says how about zero interest loans, you know, stuff like that. So you see one extreme, but that's very real and very important. Again, Germany is -- Germany is the model. You know, Germany has a -- from the minute you get up until the time you go to bed, 100% focus on exports. Hermes is active. They are in all the right places. They're in Moscow and Russia and places like that. The companies whelm as a pack. They stick together. The government supports the companies to be exporters and it is the metric, as the entire economy looks at all the time. So that's one point.

Japan, incredible [indiscernible] factor. I mean JBIC (phonetic) and -- you know, Japan is probably -- Fred is maybe 21 billion, Japan is probably more than 100 billion of government funding. So Japan hangs with their industry all the time and they've been affective particularly in opening up Southeast Asia, a little bit of Latin America, and things like that. Canada has quite an effective government sponsorship program.

MR. HOCHBERG: Yeah, four times our size.

MR. IMMELT: Four times your size, you know, so --

MR. HOCHBERG: And last I checked, they're a little smaller country.

MR. IMMELT: But Canada has -- it's a -- so there's a lot of countries that have more juice than we do in terms of being government and business working as a pack, but I think for the President's initiative, something for all of us in this room to think about is just this notion of Germany, which is a high cost labor country, gotten better over recent times, but has probably 35 or 40% of the GDP is exports.

MR. HOCHBERG: 47%.

MR. IMMELT: So what's hours, seven or something like that?

MR. HOCHBERG: we're at the 10, 10 1/2.

MR. IMMELT: Ten. So it's just a step function difference. Not that we should want to be at 40 because that says other things are going on, but this initiative by the President -- again, you're hearing just one narrow opinion.

MR. HOCHBERG: You're going to hear a lot of opinions in the next --

MR. IMMELT: Is as important as anything he's done because in some ways it's a repurposing thing. It can be a call to arms. In my view, he's 100% right and it's hard. This is not going to be easy. We are going to have to -- we are going to have to try real change in order to make it happen.

MR. HOCHBERG: This is a question from the floor. It says as an export and a financial services company, how do you view the actions taken by this and prior administrations? So how has that changed? How do you think that's changed?

MR. IMMELT: Again, we've always appreciated the fact that EX-IM has existed. I would say there's been two changes I've seen in the last 10 years. One is started under President Bush and continued under President Obama, is that the State Department is much more active to help us sell globally. So number one, I think that is very important, and that's a real cultural and spiritual change.

The second thing, and in many ways it was driven -
- it existed before, but has been driven by the crisis,
is that EX-IM wants to play and win, versus being kind
of an afterthought when times are good. The crisis has
really made EX-IM, you know, more viewed as a catalyst
for growth. I think Fred is driving that, and there
can be even more done around that, but this notion that
we have to fight and compete and win is just part of
the spirit that we've got to -- we've got to have.

So those are two changes I would see.

MR. HOCHBERG: One of the other questions I got
was what do export agencies provide that the
traditional capital markets don't?

MR. IMMELT: I think it's a longer-term view,
willingness to take meaningful -- not foolish risk but
risk that financial institutions might not be willing
to take, that they can bridge time gaps and things like
that, and I would say competitive rates over a long
period of time. And so if you're somebody like GE
that's bidding on an infrastructure, a locomotive deal
in Indonesia, EX-IM can step in and provide a backstop
on financing where it might take two or three years for

the economics to really materialize for the lessor or whoever is doing the bidding.

And that is quite important, particularly in the emerging markets that are growing today.

MR. HOCHBERG: Let me just -- I know Jeff is going to -- came down and is flying back to New York for his board meeting, so I'm going to try and wrap up with a couple of questions. Early in your tenure, your predecessor was kind of vocal at times about the company and everything else. How is it with you and Jack Welch at this point. How has that relationship evolved over time?

[Laughing]

MR. IMMELT: Look, I've been around a long time. You know, Jack Welch is the best CEO I've seen. I loved working for him and with him and, you know, I think relationships between predecessors and successors are always best talked about in private.

[Laughing]

MR. IMMELT: But I loved working with the guy and he's just one of the great people that's made GE such a great company.

MR. HOCHBERG: Well, that's good. I've got more -
- I've got easier ones on the floor. How important is
green technology to your export growth?

MR. IMMELT: So when I talk about green
technologies, when we talk about eco-imagination, we
really have a pretty broad -- there is 90 products in
there, so we include highly efficient gas turbines, jet
engines that are 25% more fuel efficient, wind
turbines. So we have a broad array. Of the \$18
billion in -- we do again about \$19 billion in this
green technology.

There are a couple of billion dollars of our
exports, probably a third of our exports are in these
green technologies. It's quite -- it's quite
interesting because most countries view their clean
technology as a jewel. So it is harder to -- you know,
to purely export in some places because they have local
continent restrictions and things like that. I mean
China for one, some of the European countries. So
that's -- you know, that's something that most people
consider to be a jewel that they have. So probably a
third of our exports are clean tech, but we've also had

to build a complete wind supply chain for instance in China, in order to have any way ultimately to play.

We've had to have a complete supply chain. So, you know, this is -- if it's [indiscernible] the US is. And if we want to grow, we've got to be a big, clean tech player. You know, this has to be one of the big industries that we nurture, and for all the conversation that goes on about let's say nuclear power in this country, fundamentally nothing is happening. You know, I mean fundamentally we are in the process of giving that industry to some -- as a country, giving it to somebody else.

And so one of the things that -- you know, there's a phrase that we had inside GE for my whole career is in order to do something, you have to do something, you know. It's just one of these fundamentals of business, and I think that should be echoing in your ears as you sit here the next two days that it's one thing to write an editorial about nuclear power industry. It's one thing to talk about it, give a speech, you know, or talk about it, but in order to actually lead a nuclear

power you have to have five or 10 plants under construction here in the next year or so.

If you're not doing that, if there's 52 plants under construction around the world and none are being built in the US, you're not going to own the supply chain. You're not going to create manufacturing jobs. That's going to leave you in the dust. So in some of these areas, we just have to -- we just have to get off our rear and go.

MR. HOCHBERG: Speaking of getting off your rear and going, question here. What do you think that GE -- from your experience, what can you teach some of the people in this room. You know, what would be the one or two things that might be surprising that they ought to think about as they try and do more exporting?

MR. IMMELT: Try to do more exporting?

MR. HOCHBERG: Yeah.

MR. IMMELT: I think persistence. Persistence and learning. You know, it's -- as you go around the world, you're going to make mistakes. You're going to -- you're going to learn 1000 different things about your company, about what it takes to be successful. If

I look at our experience in a country like India, we went to India in the early 90s because we thought the market would be big.

You know, we believed in this image that there was going to be hundreds of millions of people in the middle class in the 90s, and so we built a lot of factories to support the consumers in India. Horrible failure. Incredible failure. 50 years of failure, but what we discovered was that technology was good there, backroom centers were great there. We completely repurposed the company over the subsequent decade, and we just hung around.

You know, we had staying power. The first thrust didn't work. It took the second and third effort to finally get us there. So learning, persistence, and I would say the last thing, Fred, is really partnerships. You know, we always want to be a company that people trust. We want to be a company that has good local partners. We want to be -- we want to be a company that governments admire. We want to be clean and compliant and I think it's this notion that persistence and partnerships and learning, and for somebody like me

that basically grew up in Cincinnati, had never been outside the United States until I came to work for GE, the biggest -- I guess the biggest lessons in my life have been about globalization, and the most fun, and the biggest lessons, and that things that changed me as an individual have just been the ability to meet other people in other cultures, and try to win.

You know, try to take the company, compete and win in every corner of the world, and not back down to anybody. That's been rewarding.

MR. HOCHBERG: In that area, someone asked the question, what was your toughest export product that failed? What do you think was the toughest one that you've got?

MR. IMMELT: The toughest export product to sell?

MR. HOCHBERG: Or just toughest transaction that just sort of ultimately and hopefully won?

MR. IMMELT: Look, I think that China -- China is a tough place. You know, it's a -- there's a group called the NDRC in China, and it's kind of like the department that does infrastructure, and the person who leads it -- I remember in 2003 going over there. The

person who leads it is basically the equivalent of the Secretary of Energy, and healthcare, transportation all rolled into one.

And the guy became a friend over the years, but we were sitting down and having a meeting and he says, you know, I'm kind of thinking this is going to be when people fall, kind of ceremonial, blah, blah, blah, and he says, you know, Mr. Immelt, your gas turbine pricing is way too high. I'm thinking, you know, imagine having that conversation with Sec. Chu. Let me tell you what you need to do on aircraft engines.

This is the -- you know, here's what the quality has to be and things like that. And so what you see in China is this incredible unanimity of purpose from top to bottom. I would say in my lifetime you learn to distinguish the difference between being tough and tough-minded. Toughness has a connotation of unfairness, but they're tough-minded. They're demanding but fair. And this focus, you know, when you break through it, you establish a mutual trust and a foundation on which to do business, but it's not for the weak. You know, it just doesn't come -- your first

couple of trips are never that rewarding, you know, but I would say the other one that I'd say as a company we have been trying to play catch up over the last 10 years has been in South America.

You know, I think that's a place where in the 90s and 80s, there was so much financial volatility, everybody missed what was really growing in Brazil, which was this incredible entrepreneurial industrial base. We've caught up now, but that's a place that I would say we were late to the party. That's why I'm so keen in making sure that in Africa we don't get left behind, that we've got to plant flags there early and often. Be willing to make a few mistakes, but take it forward.

MR. HOCHBERG: I think you're definitely right about Latin America. We see a lot of opportunity there. We see a lot of opportunity in [indiscernible] Africa, and the Chinese are very formidable in both those places.

MR. IMMELT: Extremely.

MR. HOCHBERG: One of the questions we got here was about the whole issue of intellectual property in

China and the difficulty of bringing technology in and opening plants there. How have you found that because I hear that --

MR. IMMELT: We manage it very carefully in terms of what goes, and some of the stuff we have is regulated by the US government so it's constricted. It's something you have to work all the time to decide what goes there, what doesn't go there, which generation of technology you keep outside of China, where you ultimately go. We've done joint ventures in China where we've actually found places in avionics where they have intellectual property that is scalable and equal to ours, so we can do partnerships.

But that's something that really gets decided in the chairman's office at GE. It's not something I delegate to the team. It's something we hold very, very closely. I don't now, for those of you that run businesses out there, what I've had to distinguish running a company is that intellectual property sometimes your own team can be code to say they really don't want to go.

You know, in other words, I would urge all the CEOs in the room, you have to have in your own gut for intellectual property, don't let your teen copout because it's too hard and use intellectual property as a crutch. And then ultimately the hope is that there is enough new designs in China that they have as much to lose as they have to gain, and that day will come.

MR. HOCHBERG: I've got a couple of questions on the dollar, in terms of the importance of the dollar in terms of how it helps exports and what happens if it begins to depreciate. What's going on with the euro? What's your sense? I'm not allowed to talk about the dollar --

MR. IMMELT: No, look, I'm -- I got a B in macroeconomics in college, so I'm not an expert. In the 80s, you know, my predecessor, you know, basically started globalizing the company and I have continued that. So we don't spend a lot of time modeling currency as a company because we're just so global. So we don't -- we don't as a company think so highly to study it. There's no doubt a weak dollar is better for exports. There's just no doubt that a weak dollar is

better for exports, and I think what's hard about the global economy today is it's hard to decide why any currency would be strong right now.

You know, it's hard to decide. I can understand why the euro is weak. I can understand why the dollar is strong, or vice versa, the yen. So it's a hard thing to really -- to really peg right now. I think for those of you that run billion-dollar plus type companies, or several billion-dollar plus type companies, you have to create your own natural hedge over time, but for a small business, and even for a lot of big businesses, a weak dollar helps for sure, but you can't count on it because it's out of your control.

And what we've tried to do over time is just try to hedge ourselves.

MR. HOCHBERG: If there are one or two worries that keep you up at night, what would they be at this point?

MR. IMMELT: Well, having lived through the last 18 months or two years, man, you know -- I saw some of the things that keep you awake. I think it has to do with regulation and how governments -- where does

globalization go. You know, we try to create a company where -- if you think about the business GE is in, the risk of really near term [indiscernible] is really low, really low. You know, we see what our competitors are doing.

We've globalized. We've spent a lot on R&D. We may get beat sometimes, but we can catch up in a period of time that we can control. I really worry about globalizations losing as a concept, and there's more regulation, not just in Washington, but in Brussels and -- you know, there is no sense that, you know, while we're working on financial reform in the US, that there's any harmonization with Brussels or Tokyo, or anyplace else, and those are all things really when you run a company, are really out of your control.

And so that's why, Fred, I've been more vocal about, you know, that companies have to try to help constructively that globalization is not a bad thing. And you know, in some ways, I think if I put myself in President Obama shoes, right, his job is to try to create growth, and we advocate for exports, GE and people like that, but he has every right to look back

at us and say, well, you know, my job is to create jobs in the United States.

MR. HOCHBERG: Right.

MR. IMMELT: You know, and so -- and so guys, if you align with me on a few things, I can align with you on a few things, but don't forget that my job isn't necessarily to see GE or IBM or Caterpillar just grow without creating jobs in the US.

MR. HOCHBERG: Right. Right.

MR. IMMELT: And so I think that's something that maybe that our philosophies aren't exactly the same, but we have to understand that that point of view is very important. So what keeps me up at night is where do an angry, developed -- where does an angry, developed world population force -- with 10% unemployment and big structural issues, force their governments to go in a world where my destiny has to globalization. So that's -- I'll let you think about that for a day or two.

MR. HOCHBERG: And then on a positive note, what makes you most optimistic right now?

MR. IMMELT: Oh, the world. I mean it's just -- it's just happening. It's so exciting. It is just so exciting. You know, a billion new consumers out there. That's pretty good.

[Laughing]

MR. IMMELT: So the technology -- you know, the technology that we have, the ability to access all segments of the population, and if you like business, and you're excited about change, just the next decade is going to be wild, but it's not for the faint of heart, and you're going to have to travel to get there, I think. That's what I would say.

MR. HOCHBERG: Well, let's give Jeff a round of applause. Thank you for coming down.

MR. IMMELT: Thank you.