



Press Release

GE  
Transportation

**GE Reports Second Quarter 2008 EPS of \$.54; Revenues of \$46.9 billion, up 11%; Global Revenues of \$25 billion, up 24%; Orders of \$27 billion, up 8%; Infrastructure Segment Profit of \$3.2 billion, up 24%**

**GE Transportation Reports \$1.2 billion in Revenues and 11% Increase in Segment Profit  
GE Transportation Defies Boom and Bust Cycle of North American Rail Industry**

**2Q 2008 Highlights (Continuing Operations)**

- Earnings per share (EPS) of \$.54, flat year-over-year
- Revenues of \$46.9 billion, up 11%; organic revenue growth of 5%;
- Financial Services earnings of \$2.8 billion, up 15%
- Global revenues of \$25 billion, up 24%; emerging markets revenues of \$10 billion, up 20%
- Services orders of \$9.5 billion, up 19%; major equipment orders of \$13.7 billion, up 4%, outpacing shipments 1.3x; total orders of \$26.9 billion, up 8%
- Major equipment backlog of \$55 billion, up 25%; customer service agreements (CSA) backlog of \$113 billion, up 17%
- Return on average total capital (ROTC) of 17.6%
- Industrial cash flow from operating activities growth of 5%
- Stock repurchase \$2.5 billion YTD; \$1.4 billion for second quarter
- Reaffirming 2008 full-year continuing EPS guidance of \$2.20 – 2.30, up 0-5%

**Erie, Penn., July 11, 2008** – GE announced today second quarter 2008 earnings from continuing operations of \$5.4 billion with \$.54 per share, which was flat year-over-year from second quarter 2007. Second quarter revenues from continuing operations were \$46.9 billion, up 11%. "Led by double-digit segment profit growth in our industrial businesses and a strong relative performance in our financial services businesses, we delivered a solid quarter in a volatile environment," GE Chairman and CEO Jeff Immelt said.

"Many markets and industries remain healthy, while the U.S. economy is challenged," Immelt said. "Opportunities in emerging markets, infrastructure, commodities and global healthcare are creating demand for our businesses, while we fight through the difficulties of a burdened U.S. consumer, a tough housing market, inflation and volatile capital markets. Even with all this uncertainty, we still see growth opportunities ahead."

Total Company orders were \$26.9 billion, up 8%. Major equipment orders grew 4% to \$13.7 billion. Major equipment backlog was at \$55 billion, an increase of 25%. Services orders were up 19%, and CSA backlog stood at \$113 billion, an increase of 17% year-over-year.

GE delivered total organic revenue growth of 5%, including Industrial organic revenue growth of 9%, generated by broad-based services and global market demand. Service revenues were up 18% and global revenues grew 24%, with emerging market growth of 20%, and 26% in developed countries outside the U.S.

"Infrastructure continued to drive the Company's performance with 24% segment profit growth," Immelt said. "Energy, Oil & Gas, Transportation and Aviation all generated double-digit segment profit growth, as strong global demand for both products and services continued.

"Our financial services businesses are executing well in a tough market. We have a sound and differentiated business model with high quality, senior secured credit; diversification; and deep domain expertise. We are advantaged by a self-funded Triple-A-rating," Immelt said. "Commercial Finance reported segment profit growth of 7%, ahead of expectations, with Real Estate, Capital Solutions and Corporate Financial Services all posting earnings growth. We will continue pursuing high-quality asset growth opportunities using our strong balance sheet," Immelt said.

"GE Money came in ahead of our projections, posting a profit decline of 9%. Results included a \$222 million increase in the loan loss provision and a decrease of \$109 million of securitization in the quarter. We have reached an agreement to sell GE Money Japan, including Lake (\$8 billion of assets), and we have recorded an additional \$233 million after-tax loss in discontinued operations this quarter associated with this sale. This transaction will allow us to redeploy our resources to faster growth and higher return opportunities," Immelt said.

"Healthcare had a much improved quarter with 8% segment profit growth. We had strong global equipment and services growth, and we benefited from the resumed delivery of over 700 units from our OEC surgical business. The U.S. diagnostic imaging equipment market is still challenging, but it is improving," Immelt said. "NBC Universal had its seventh straight quarter of segment profit growth with an increase of 1%. A strong Cable performance offset weakness in local media. We have a successful slate of movies that will benefit us in the second half of the year for which we have already incurred marketing costs. The Olympics are on track to generate \$1 billion in advertising revenue and \$700 million of GE industrial sales," Immelt said.

"We continue to take actions to improve the Company," Immelt said. "As announced yesterday, and consistent with our focus on a higher growth portfolio, we are reviewing strategic options for the Consumer & Industrial (C&I) business. While we are exploring several options, we are now considering a spin-off to our shareholders as the best way to maximize value."

In the second quarter, GE recorded \$0.4 billion of restructuring and other charges to improve operations and lower its cost structure. The Company's consolidated tax rate was 16%, consistent with the first quarter of 2008 and in line with expectations.

## Second Quarter 2008 Financial Highlights:

**Earnings from continuing operations** were \$5.4 billion, down 4% from \$5.6 billion in the second quarter of 2007. EPS from continuing operations were \$.54, unchanged from last year. Segment profit rose 7%, led by GE Infrastructure's strong double-digit growth of 24% in the quarter.

Including the effects of discontinued operations, second quarter net earnings were \$5.1 billion (\$.51 per share) in 2008 and \$5.4 billion (\$.52 per share) in the second quarter of 2007.

**Revenues** grew 11% to \$46.9 billion. GE Capital Services' (GECS) revenues grew 11% over last year to \$19.1 billion. Industrial sales were \$27.8 billion, an increase of 15% from the second quarter of 2007.

**Cash** generated from GE operating activities in the first six months of 2008 totaled \$9.3 billion, down 20% from \$11.6 billion last year, reflecting a \$2.7 billion decrease in GECS' dividends due to the non-repeat of a special \$2.7 billion dividend related to proceeds from the sale of Swiss Re common stock and GE Life in the first half of 2007. The Company had solid Industrial cash flow from operating activities of \$7.3 billion, an increase of 5%, for the first six months of 2008.

"Our business fundamentals remain strong. We have a significant equipment backlog and growing, high margin service revenues. Our products and services help make our customers more productive in times of high energy costs. We have solid cash flow to reinvest in the businesses, pay an attractive dividend and execute a stock buyback program. We are positioned for long-term growth. For the third quarter 2008, we are forecasting EPS from continuing operations of \$.50-.54, up 0-8% over comparable 2007 earnings, and reaffirming guidance of \$2.20-2.30, up 0-5% for the full year," Immelt said.

GE Transportation reported \$1.2 billion in second-quarter revenues, up 9% year-over-year. Segment profits for the same period were \$241 million, up 11% year-over-year. GE's transportation business received \$1.3 billion of orders in the second quarter. Currently, the company maintains a backlog of more than 1,900 locomotives.

GE Transportation's performance was driven by international locomotive orders and wins in adjacent markets, including signaling, mining, marine, stationary power engines and wind gearboxes. Capitalizing on global infrastructure growth, revenue generated by electric motorized wheels for mining trucks was up 50%.

"In the face of a tough U.S. market, GE Transportation is seeing the benefits of the globalization and diversification of its product portfolio," said John Dineen, President and CEO of GE Transportation. "We have grown beyond our core rail business in North America and have increased our international locomotive production five fold year-over-year."

Added Dineen: "For the first time in our business' more than 100-year history, we have defied the traditional boom and bust cycle of the North American rail industry. At any other time, we would be forced to lay-off workers. We are not. Instead, GE Transportation booked large wins in signaling and has seen dramatic growth in the mining, marine, stationary power and wind

industries. These wins coupled with globalization have offset a slowing U.S. rail market. We are hiring and expanding our business in both the U.S. and overseas.”

GE will discuss preliminary second quarter 2008 results on a conference call and Webcast at 8:30 a.m. ET today. Call information is available at [www.ge.com/investor](http://www.ge.com/investor), and related charts will be posted there prior to the call.

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#### **About GE**

GE (NYSE: GE) is Imagination at Work -- a diversified technology, media and financial services company focused on solving some of the world's toughest problems. With products and services ranging from aircraft engines, power generation, water processing and security technology to medical imaging, business and consumer financing, and media content, GE serves customers in more than 100 countries and employs more than 300,000 people worldwide. For more information, visit the Company's Web site at [www.ge.com](http://www.ge.com).

#### **About GE Transportation**

Established more than 100 years ago, GE Transportation, a unit of General Electric Company (NYSE: GE), is a global technology leader and supplier to the railroad, marine, drilling, mining and wind industries. GE provides freight and passenger locomotives, railway signaling and communications systems, information technology solutions, marine engines, motorized drive systems for mining trucks and drills, high-quality replacement parts and value added services. With sales in excess of \$4.5 billion, GE Transportation is headquartered in Erie, PA, and employs approximately 10,000 employees worldwide. For more information visit [www.getransportation.com](http://www.getransportation.com).

#### *Caution Concerning Forward-Looking Statements:*

*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 often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest and exchange rates and commodity and equity prices; the commercial and consumer credit environment; the impact of regulation and regulatory, investigative and legal actions; strategic actions, including acquisitions and dispositions; future integration of acquired businesses; future financial performance of major industries which we serve, including, without limitation, the air and rail transportation, energy generation, media, real estate and healthcare industries; 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.*

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