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EDITED TRANSCRIPT

GE - Q1 2012 General Electric Co. Earnings Conference Call

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OVERVIEW:

GE reported 1Q12 continuing operations revenues of $35.2b, operating earnings of $3.6b and operating EPS of $0.34.

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the General Electric first-quarter 2012 earnings conference call. At this time, all participants are in a listen-only mode. My name is Chanel and I will be your conference coordinator today. (Operator Instructions). As a reminder, this conference is being recorded.

I would now like to turn the program over to your host for today's conference, Trevor Schauenberg, Vice President of Investment Communications. Please proceed.

Trevor Schauenberg - ***General Electric Company - VP Investor Communications***

Thank you, Chanel. Good morning and welcome, everyone. We are pleased to host today's first-quarter 2012 earnings webcast. Regarding the materials for the webcast, we issued the press release earlier this morning and the presentation slides are available via the webcast. Slides are available for download and printing on our website, www.GE.com/investor.

As always, elements of the presentation are forward-looking and are based on our best view of the world and our businesses as we see them today. Those elements can change as the world changes. Please interpret them in that light.

For today's webcast, we have our Chairman and CEO, Jeff Immelt, and our Vice Chairman and CFO, Keith Sherin. Now I would now like to turn it over to our Chairman and CEO, Jeff Immelt.

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

Great, Trevor. Good morning, everybody. Thanks. This year we outlined two important catalysts for GE, double-digit earnings growth for Industrial and a dividend from GE capital, pending Fed review. In the first quarter, our Industrial businesses achieved a 10% earnings growth and GE Capital is exceeding our expectations, so we really had a good quarter.

Externally global markets are improving but volatility remains. Infrastructure demand is generally healthy and the US is better. We're watching Europe with caution. We had the strongest Industrial growth performance since the crisis, 20% orders growth, 11% organic revenue growth, and 16% expansion in growth markets. GE Capital grew by 27% excluding the impact of the Garanti gain.

Real estate turned positive in the quarter, which is a positive sign for the year, and we ended the quarter with lots of cash and strong cash flow. Our Tier 1 common ratio is 10.4%, a very healthy level, and we remain on track to hit our margin targets for the year. So everything we saw in the first quarter supports double-digit earnings growth.

Orders were robust off a very high base. Orders growth was broad-based. Equipment was up 29%, service was up 11%. Emerging markets grew by 24% and organic orders growth was up 14%.

We're benefiting from several macro themes -- global infrastructure investment, healthcare access, gas conversion, and favorable transportation in energy markets. Over the last two years, we redeployed capital from NBC to Oil and Gas. This is paying off with a 64% growth in Oil and Gas orders.

Orders pricing was positive, which is a great sign for the future. This is the highest first-quarter orders in history. It feels like we are outpacing the market and gaining share, and backlog ended at $201 billion, another record.

As I said, organic revenue growth was up 11% in the quarter, very strong. We had four or five businesses in six of nine growth regions with 10% plus organic growth. China grew by 18% on track with our expectations. Service growth was 11%, which is up 8% organically, and we are doing well in the marketplace.

Aviation is winning a lot of campaigns. The GEnx is doing very well. The LEAP-X with applications on the A320 NEO, 737 MAX, and C919 is also doing great. The Qantas win is big for our Aviation business.

We are launching 71 new products in Healthcare versus 50 last year. Our Energy product line is strong, supporting 39% orders growth. We're launching new products in our acquisitions, which on balance are outperforming their plans.

Appliances is beginning to launch its Mission 1 product in 2Q with a new water heater and refrigerator. Our investments in growth are really paying off.

We have always expected margins to ramp during the year. Healthcare and Transportation have already begun to turn. In the first quarter of '12, we had the negative impact of energy backlog pricing, acquisitions, and wind volume that moved from the second quarter to the first quarter. However, we see improvements in value gap acquisitions and easing R&D spending as the year progresses and we will continue to drive productivity and restructuring programs particularly in Europe.

Over the past five years, we have seen as much as a 200 basis point margin improvement from the first quarter to the total year so we see 50 basis points improvement as an important commitment for 2012 and 2013.

Cash from liquidity remained very strong. Our CFOA grew by 22% in the quarter behind improved earnings and working capital performance. We end the quarter with $84 billion of cash on the balance sheet. We are managing this CFOA growth despite having strong equipment shipments and we expect CFOA to be strong for the year.

Last thing on GE Capital. GE Capital had a very good quarter. Our balance sheet is strong. We have a 10.4% Tier 1 common ratio, up 50 basis points from the fourth quarter '11 and our non earnings are down $300 million. Our liquidity is safe and sound. Our commercial paper coverage is 2.5 times and we have $76 billion of cash on the GE Capital balance sheet. We are on track for our ENI goals. We should hit our $425 billion ENI target for 2012.

We're reducing red assets like the Irish mortgages and commercial real estate profitability in the quarter is really quite significant. Finally, we are able to originate profitable new business. We feel great about expanding our net interest margins. We are originating new business in excess of a 3% return on investment and our ongoing net income growing by 27% is a good sign. The business is executing well.

Now over to Keith for an update on financials.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Thanks, Jeff. I'm going to start with the first-quarter summary. As you can see, we had continuing operations revenues of $35.2 billion and that was reported down 8%. This is the last quarter we're going to have to compare to the impact from NBCU. So last year in the first quarter we owned NBCU for one month and we had that revenue and we had the $3.6 billion pretax gain from the sale. So if you adjust for NBC in the first quarter of last year, that would give you a 4% growth on the $35 billion of revenue.

Industrial sales of $23.7 million are up 7%. I think a better reflection of our growth is down on the right side of the chart. Without any impact from NBCU, you can see the Industrial segment revenues were up 14%.

GE Capital revenues of $11.4 billion were down 12%. If you look at Q1 last year, we had the Garanti Bank sale that was recorded in GE Capital. If you exclude the impact of Garanti last year, GE Capital revenues were down about 7% in line with the overall asset shrinkage.

Operating earnings of $3.6 billion were up 1%. Operating earnings per share of $0.34 were up 3% and continuing earnings per share includes the impact of a non-operating pension and net earnings per share includes the impact of discontinued operations, reflecting the $0.02 charge this year, which I will cover on the next page.

Cash at $2.1 billion for the quarter was very strong, as Jeff covered. On taxes, the consolidated rate for the first quarter was 16%. That was down slightly from 2011 excluding the impact of the high taxed NBCU gain.

If you look at the pieces, the GE rate of 23% was 1 point higher than last year excluding the NBCU impact and we are forecasting a continuation of that low 20s rate for the rest of year for GE Industrial. The GE Capital rate of 9% is lower than the midteens range that we previously forecast. As the quarter unfolded, we identified additional international tax planning benefits and they're going to impact the GE Capital rate for the year. So right now our forecast is about a 10% rate for the full year for GECC.

On the right side of the segment results, Industrial revenues were up 14%. Industrial segment profit was up 10% driven by double-digit growth in Transportation and Energy and Healthcare. GE Capital earnings were reported at flat. However, they were up significantly excluding the impact of last year's Garanti gain and I'll show you how that affects GE Capital later on the GE Capital page.

So we'll go through each of the segments in more detail on a few -- page here. Before I get to the business results though, here's the summary of other items from the first quarter.

First, we realized a $0.01 after-tax gain from the formation of an Aviation JV, which we recorded that gain at corporate. We completed the JV formation with AVIC for future avionic products, and that resulted in $0.01 after tax.

We also had $0.01 after tax of restructuring and other charges in the quarter. The charge is primarily related to continued cost structure improvements at Energy, Healthcare, GE Capital. We also had one-time costs related to the acquisitions and other non-repeat items.

On the bottom of the page, we entered into an LOI to sell our Irish consumer mortgage assets and the operating platform in Ireland and as a result of that LOI, we recognized a charge this quarter. This is consistent with our strategy of reducing the red assets in the portfolio and although the final terms have not been negotiated and certainly not announced, we did recognize a loss in discontinued operations of $188 million after tax and this allows us to exit the most challenged mortgage book that we have, and that is going to be positive as we go forward.

Then one last item on this page. We thought just to try and clarify the reported results year-over-year, on the top right on the normalized earnings box, it shows you a walk of how we looked at normalized operating EPS adjusting for the gains and the one-time charges last year and this year. So if you look last year, our reported operating EPS was $0.33 but that included $0.01 net benefit from the combination of the NBCU gain which was partially offset by $0.03 of restructuring. Plus we had $0.03 from the Garanti sale gain last year that was reported in GE Capital.

So if you look at last year's first quarter normalized, it was $0.29 and this year we reported $0.34 with no net impact from the other items, so the normalized operating earnings performance is much stronger than the reported variance.

I will go to the businesses and start with Energy. Overall results were strong. We had revenue growth of 18%. We had double-digit profit growth and I will start with the details of the Energy business.

We continue to see strong orders growth, as Jeff showed you. Orders of $7.7 billion were up 21%. Equipment orders of $4.1 billion were up 29%. That was driven some by the acquisitions plus 12 points from organic growth. Renewable orders of $1.5 billion were up 59%. We had orders for 696 wind turbines versus 327 in the first quarter of last year.

Thermal orders of $700 million were down 7%. We had orders for 23 gas turbines versus 27 in the first quarter of '11. And overall, Energy orders pricing was a positive 0.2. Equipment orders pricing was down 0.2 and that was driven by thermal which was negative 1%, wind was negative 1.5% offset by positive equipment pricing and energy management.

If you look at the combined thermal and PowerGen service orders, the price impact there was also positive 0.7. So orders pricing is definitely abating and it turned in total for the Energy business.

Service orders of $3.6 billion were up 13% and revenues in the quarter of $8 billion were up 13%. That was driven by strong volume plus we had about 5 points of that growth from acquisitions, so good organic growth.

Equipment revenues of $4.5 billion were up 16%. We had a strong renewables quarter; revenues of $1.5 billion were up 30%. We shipped 611 wind turbines versus 366 last year and that was about 200 more than we planned in the quarter.

Thermal revenue at $1.8 billion was up 2%. We shipped 35 gas turbines versus 32 last year and aero revenue of $560 million was up 68% and service revenues of $3.5 billion were up 10%.

Segment profit of $1.2 billion was up 6%. That was driven by the higher volumes plus some benefit from the acquisitions partially offset by the lower pricing from the wind and thermal backlog deliveries.

Oil & Gas, they just continue to experience tremendous growth. Orders of $4.4 billion were up 47%. Even after adjusting for the acquisitions, orders were up 28% organically. Equipment orders of $2.3 billion were up 64% driven by strong subsea orders in Australia and Angola and service orders of $2 billion were up 31% driven by drilling and surface services.

The orders price index for Oil & Gas was up 1%. Revenue of $3.4 billion was up 34% and that was driven by strong equipment revenues, $1.6 billion, was up 26% or 16% organically. And service revenues of $1.8 billion were up 41% or 20% organically.

Segment profit of $400 million was up 31% driven by the acquisitions and the core growth. The acquisitions continued to deliver results ahead of our pro formas and the organic segment profit of Oil & Gas was up 12% driven by the strong volume partially offset by higher variable costs on some of their output. So a pretty good quarter overall in Energy. Great to have them at double digits.

Next we will go to Aviation. The Aviation team delivered another solid quarter in the first quarter. We took the JV gain out of the segment so the reported results exclude the gain that was reported in corporate. Orders of $5.6 billion were up 8%. Commercial engine orders of $1.6 billion were up 36%, driven by strong orders for GE-90, CFM 56, and CF-6 engines.

Military equipment orders of $500 million, they were down 20% driven by a few lower engines but also lower development from the JSF termination.

Service orders of $3 billion were up 6%. Commercial services were down 3% driven by lower spare parts. Our first-quarter average daily order rate was $23 million, which was down 10% as we saw some softness driven by Europe.

Total orders price index for the business was up 2.1%. Revenue of $4.9 billion was up 12% driven by strong equipment volume. We shipped 583 commercial engines versus 503 last year, up 16%. And service revenues were up 3%.

Segment profit of $862 million was up 2% as the benefits of that higher volume and positive price were partially offset by higher R&D investments and the impact of higher equipment versus services mix.

On the right side, Transportation, Transportation had another great quarter. Orders of $1.6 billion were up 67%. Equipment orders of $1 billion were up 131%, driven by North American and international locomotive orders. We also saw strong mining vehicle equipment orders. Service orders were up 13% and orders pricing was up 1%.

Revenue of $1.3 billion was up 41%, driven by the strong volume. We shipped 159 locomotives versus 70 in the first quarter last year and our mining equipment revenue was also up 40% in the quarter.

Service revenues of $550 million were up 7%, driven by the higher long-term service agreement and parts volume and segment profit of $232 million was up 48% driven by the higher volume and positive pricing.

Next is Healthcare. Healthcare had a strong first quarter, good orders, orders of $4.4 billion were up 6%. I will give you some details on the equipment orders. $2.4 billion, they were up 12%. It was driven by strong growth across the board. The US was up 15% on Equipment. Latin America was up 33%. China was up 31%. Eastern Europe and the Middle East were up 22%. Asia-Pacific was up 11% and Europe was the one soft spot, down 6%.

Service orders of $2 billion were flat and total orders price was down 1.4%. Revenue in quarter of $4.3 billion was up 5% driven by the growth markets which were up 17% in volume and revenue in the US was up 3% and in Europe, it was down 4%. Segment profit of $585 million was up 10% driven by volume and productivity, partially offset by the pricing.

On the right side, home and business solutions had another tough quarter but the level of decline has slowed significantly. Revenues of $2.1 billion were up 5%, driven by strong pricing. The domestic appliance market was down 10% in units and we gained core share. We also saw volume pressure from lighting in Europe; European markets were soft. Overall segment profit of $66 million was down 11% as the benefits of the higher pricing in appliances and lighting were more than offset by inflation and by our investments in the new product programs. We started shipping the hot water heater and will be shipping the bottom-mount refrigerator starting in the second quarter so they are making great progress on all their Mission 1 investments.

Next is GE Capital. Mike Neal and the team delivered another very positive quarter. Revenue of $11.4 billion was reported, down 12%; however as I said, if you exclude the Garanti impact, revenue was down 7%. Reported net income was flat but as you can see excluding Garanti, it was up 27%. So overall, it was another very strong quarter.

We ended the quarter with $436 billion of ending investment, already below our original $440 billion target and we are on the way to the [$425 billion] for the year and our net interest margin was 4.8%, up 38 basis points. There are more details on GE Capital and margins and asset quality in the supplemental deck that we posted this morning.

If you look over the right side you can see the asset quality metrics continue to be good. Delinquencies fell in the mortgage business. They fell in US retail. They were up slightly in Real Estate and CLL. A big highlight for the team was the commercial real estate delivering positive earnings. This is the first time in over three years and I will cover real estate in a minute.

We saw good volume at good margins and our other asset quality metrics remain strong.

So if you go by business, I will start with Consumer. Our consumer results were much better than the reported variance shows. We are comparing here to no repeat of the first-quarter '11 Garanti income. On a normalized basis, the first quarter '12 consumer results were up around 4%. That includes really strong performance in US. The US retail business had a great quarter, with net income of $641 million, up 18%, driven by lower losses and higher margins.

Our portfolio is in good shape. US retail delinquency of 4.4% was down 54 basis points from the fourth quarter and it is at the lowest level in nine years, which is the only reporting period we have on this current basis, so just a great asset quality and performance in the portfolio.

Europe had net income of $122 million, down year-over-year from Garanti. Our UK home lending business earned $57 million in the quarter and we exited our Greek bonds in the quarter. We took a $21 million after-tax loss. We have no remaining Greek bond exposure.

Real estate had positive earnings of $56 million in the quarter. This is a great improvement, as you know, up $414 million from the first quarter of '11, up $210 million from the fourth quarter of '11. In the quarter we had $25 million of after-tax credit costs and $30 million of after-tax margin impairments. During the quarter, we also sold 103 properties worth about $500 million for a $56 million after-tax gain.

We continue to see strong global liquidity. It has helped improve valuations and while we are pleased with these results, there will be a European portfolio valuation review in the second quarter but overall the Real Estate team has started the year ahead our expectations -- off to a great start.

Commercial lending and leasing business delivered strong results. While assets were down 4%, net income of $685 million was up 24%, driven by lower credit costs, lower marks and impairments, and core income growth. America is the big driver, net income of $542 million was up 18%. Europe net income of $59 million was down 35% mainly driven by lower assets year-over-year as well as higher provisions in Italy.

GECAS had a good quarter, earnings of $318 million were up 4%, driven by higher core margin partially offset by lower gains. We sold 22 aircraft in the quarter for a gain of $21 million and portfolio quality remains strong. We ended the quarter with one aircraft on the ground out of our portfolio of over 1500 aircraft.

Energy Financial Services earnings of $71 million were down 37%. That's driven by $45 million of lower gains. Last year's Q1 results included $50 million from our Caithness Wind Farm sale.

So GE Capital is off to a strong start for '12 and let me turn it back to Jeff.

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

Great, Keith. Thanks. Just to reflect on the 2012 operating framework, we really have no change to the 2012 operating framework. We still see solid double-digit growth in both Industrial and GE Capital. If anything, progress in commercial Real Estate, Energy, and Healthcare, make is even more confident. We will continue to do restructuring to lower our cost.

CFOA and revenues are better than our expectations in the first quarter. The year is progressing the way we thought in December and again we are confident in our operating framework for the year.

To summarize, I would just make several points. Our markets continue to be attractive. Investments have accelerated our organic growth and lead to a strong competitive position. Margin improvements will accelerate through the year. Healthcare and Transportation margin growth has begun. I am encouraged by the orders pricing trend and again, margins are important for the GE team.

The GE Capital is very strong. The turn of commercial Real Estate is important and makes us feel positive about the balance of 2012.

Our cash flow is solid. Our plan is to resume the GE Capital dividend subject to Fed review and our capital allocation will be balanced and investor-friendly.

We don't take the environment for granted. We continue to be vigilant in risk management in a volatile world and we have strong liquidity and we are prepared for a variety of different outcomes. Finally, I think we are very well-positioned again for double-digit earnings growth in both Industrial and GE Capital.

So with that, Trevor, let me turn it back over to you and let's take some questions.

Trevor Schauenberg - ***General Electric Company - VP Investor Communications***

Great. Thanks, Jeff. Thanks, Keith. Chanel, why don't we turn over to our questions. Let's go through them.

QUESTION AND ANSWER

Operator

(Operator Instructions). Scott Davis, Barclays.

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

Good morning, guys. Maybe, Jeff, just to start off if you could give us a little bit of a sense on how you expect the margin ramp through the year. And I know it may be hard to quantify it exactly but you're starting off in a little bit of a hole in Energy Infrastructure to get your 50 bps for the year. How do you kind of see the rest of the year playing out?

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

You know, Scott, I would first say that the first quarter is typically the low quarter. We've seen the expansion over the last five years anywhere from 80 to 200 basis points on the total year. I think what you're going to see in the rest of the year is a positive value gap. You are going to see reduction in R&D spending as a percentage of the total, improved acquisition performance in the run rate and I would say the impact of restructuring and productivity programs.

So I would see as the year goes on Healthcare, Transportation solidly growing margin rates through the year. Aviation, we are expecting Aviation to be up 50 basis points on the year. Again we had some unusually high R&D in Q1.

Then on Energy, I always break down Energy into subcomponents. I think service margins will be up. I think Oil & Gas has a good shot to have positive operating profit leverage on the year. I think equipment margins will be down and I think our gas turbine equipment margins will be down based on what's on the backlog. And I would say wind is just a wild card given how much volume could actually take place in 2012 just based on the strength of the market.

So what I would say, Scott, is our costs are on plan. Our pricing performance is on plan. We have got lots of activities going to increase margins as the year goes on and that is kind of how I would --.

What I don't always control is the amount of revenue that any one individual product is having but we have tried to build in a little bit of buffer for negative mix and that's kind of how I handicap the year.

So I would say Aviation up, Transportation up, Healthcare up, Energy could swing anywhere from up slightly to down slightly and that's kind of the plan for the year. But the execution, the underlying execution is happening about the way we thought and the orders pricing and the pricing on new commitments I think bodes well for the rest of '12 and '13. So that's the way I would triangulate.

Scott Davis *- Barclays Capital - Analyst*

Okay, that's helpful. And, Jeff, as a follow-up, your old business, Healthcare, I was -- I think there was a lot of concerns in the quarter that Europe could really fall apart and it didn't really. You were only down 4%. What -- how do you look at or how do you think about that business for the rest of the year particularly in Europe?

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

Scott, I think it's a great question. I think Europe is -- we had planned on a tough year in Europe in Healthcare and it is kind of coming in to be about what we had thought. I would say the US activity is a little bit better than we had thought. And then there's places we don't talk a lot about like Japan, where the healthcare market is very strong It both in a relative basis compared to last year and also in total.

So I saw probably -- we probably saw higher orders activity in Q1 than we expected and I would say in general, not just in Healthcare in Europe but in general, it's kind of hanging in there per our expectations.

Scott Davis *- Barclays Capital - Analyst*

Thank you, guys. (multiple speakers)

Keith Sherin *- General Electric Company - Vice Chairman and CFO*

Scott, one interesting point about Europe for healthcare is that Germany, the Netherlands, the UK, and the Nordic had pretty good orders performance and Southern Europe is in a lot tougher shape. So there's a real split going on there in terms of the economic activity. That helped us a bit.

Scott Davis *- Barclays Capital - Analyst*

Interesting, okay. Thank you.

Operator

Steve Tusa, JPMorgan.

Steve Tusa - ***JPMorgan - Analyst***

Good morning. Sorry if you already answered this, but the down I guess on the gas turbine order side first of all, I think you said it was down from last year but also the price there was only down a percent I think is what you said. How do we think about that trajectory on both those data points throughout the course of the year?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

First of all on the volume side, we said that we expected to deliver about 137 gas turbines this year so that will be up. There's no change to that outlook. We are seeing some good discussions globally for equipment volume. And so I think from a volume perspective we have a pretty good outlook and consistent with our framework.

From a pricing, this is really encouraging I would say. If you look at thermal, last year it was down 6% in the first quarter, 10% in the second quarter, 7.5%, 12.5% in the fourth quarter. To go to 1.1% down and to be positive including the service business I think that shows that we have been saying that the discussions around commitments on gas turbines have been healthy, that pricing was stabilizing, and so it's the start of a turn for us and I am reasonably encouraged by it.

Steve Tusa - ***JPMorgan - Analyst***

So there's nothing unusual? You think you can get -- if it's down 1% today and the environment is still getting better, you think you can get to positive at some point this year?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

I think down in the analyst meeting we talked about by the end of the year showing this thing go positive and we are hoping that that can be what happens with us. We've got pretty good discussions going on commercially with customers. There's still an overhang of supply versus demand but globally there is order activity. We're going to have a good volume growth this year and this first quarter is indicative of where pricing is in the commitment world and where it's going, we think.

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

I think commitments are positive, Steve. That's usually a pretty good indication and my hunch by -- this is going to bode well or should bode well for '13 if you think about just the gas turbine margins. So I don't see any change to that. To Keith's point earlier, I think we see a lot of activity on gas turbine demand, let's say, in a lot of different parts of the world.

Steve Tusa - ***JPMorgan - Analyst***

Right, then just on the GE Capital front, you guys talked about -- I don't know if that was a change in language talking about return of capital throughout 2012 as opposed to by the end of 2012. Is there a potential for maybe some more measured return of capital but through several time periods throughout the course of the year? Is that a purposeful change in language or how do we read that?

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

I don't know. I don't think there's any purposeful change there. Our intent is to have a dividend as a percent of GE Capital's earnings that we pay to the parent and we are -- our overall objective is to return excess capital above the capital levels required by the regulatory standards and all the stress tests back to the parent as well, so there's no real change on that.

We're working constructively with the regulator. We've got a ton of activity going on with them and they are working very professionally with us, so our objective is unchanged and as soon as we get news we will give it to you.

Steve Tusa - ***JPMorgan - Analyst***

Okay, great. Thanks a lot.

Operator

Jeff Sprague, Vertical Research.

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

Thank you. Good morning, everyone. Just a little more color on price and gas turbines, if we could. Are all those price order price numbers you are giving year-over-year changes?

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

Yes.

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

They are, they are not sequential. I'm also just wondering, Keith, as you noted things clearly look like they are getting better but you're seven, eight, nine quarters of negative price. Has your sales price caught up, sales price in revenue caught up with your order price? Can you give us some color on what gas turbine pricing and deliveries was in the quarter?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Well, sure, we're working through that backlog. Overall, sales price in the quarter for the whole company was 0.6 positive on the Industrial side. For Energy Infrastructure, it was 0.4 negative. For Thermal, it was down 2.5. For renewables, it was down 4. So we are eating through that backlog that we've got. But overall for the Company, including the strength in Aviation, the strength in Transportation, the strength in Oil & Gas, pretty good on pricing overall. But we are going to work our way through that backlog this year.

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

I'd say the other piece of that, Jeff, is the value gap is positive in the quarter, which is a little bit better than plan. So we are seeing a little bit of break on commodity pricing, which is good, and that is -- I think bodes well for margins in the rest of the year.

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

On wind, those 200 units in Q1, is that additional units relative to what you expected for the year, or is that just some shift between the quarters?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

From Q2. We saw tremendous orders in wind. I think we're going to have a very good year in wind this year. The US market is very robust, as you know. The production tax credits end by the end of the year, and we are taking a really good share in the marketplace and we're going to have a terrific performance. So they had some additional units versus what we thought in the first quarter, but so far it's from the second quarter.

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

You know, Jeff, wind could run hot for the year, I think. We've got a good product. Our market shares are high, and there's a ton of activity there right now.

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

Then just finally on the Irish ops that went to discontinued ops, do you guys have any guarantees or make goods or anything attached to that where we might be concerned about some kind of discontinued tail on that?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

We do not. That will be a complete exit.

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

Thank you.

Operator

Steve Winoker, Sanford Bernstein.

Steve Winoker - ***Sanford Bernstein - Analyst***

Good morning, guys. Just first question on GE Capital. Just looking at I guess the reserve ratios on page 9 of the supplemental, can you just a little color about how you were thinking about -- I guess they have come down to 1.99 sequentially from last quarter to 2.1, so just the steady trend down, improvement in the environment, how you're thinking about that on the provisioning and reserve basis?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Well, I think we continue to see stabilization across on the financing receivables side and with loss provisions and write-offs; stabilization across almost all the portfolios of GE Capital. So I would expect you are going to continue to see a little bit of a decline as we worked our way through the write-offs for existing provided losses. But the new provisions that we are laying on today are representative of a pretty good run rate I would say, a very healthy run rate based on a good backdrop.

The main change that we have seen is the decline in the marks and the write-offs in the equity book in real estate specifically, so the run rates for new provisions for financing receivables are pretty good rates and at historically low levels I would say, Steve.

Steve Winoker - ***Sanford Bernstein - Analyst***

Okay, so we are pretty close to what you expect for a run-rate reserve ratio.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

On the provision for losses. We are going to continue to have the write-offs on prior provided losses that will probably be a little higher than new provisions.

Steve Winoker - ***Sanford Bernstein - Analyst***

Okay, then on that real estate point you mentioned, I guess it was -- you said $0.5 billion for 56 transactions or I think it was -- sorry -- $56 million, right? Did I hear that correctly for profit?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

That's right. We had a gain. We sold about $500 million, a little over 100 properties, $500 million of fair market value for a $56 million after-tax gain.

Steve Winoker - ***Sanford Bernstein - Analyst***

Does that mean --? So it would have been I guess net zero on segment profit roughly for the quarter without those. Is the debt business getting better too?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

The debt business made money. The debt business made about $30 million after tax in the quarter.

Steve Winoker - ***Sanford Bernstein - Analyst***

Okay, all right, great. And then just a question on the Industrial (multiple speakers)

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Hold on, sorry, the debt business made $86 million. The debt business had a pretty good quarter and we lost some money on the equity business.

Steve Winoker - ***Sanford Bernstein - Analyst***

Great. So I think you guys covered the whole Energy pricing pretty well. Just let me -- on the Aviation side, I know you mentioned you've got higher R&D driving it but could you provide a little color on that margin degradation? Was it all that? To what extent is pricing a factor there? Are you seeing any degradation in pricing spares, things like that?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Sure, pricing was pretty good. Overall the margins were down in the quarter of 170 basis points in Aviation; positive value gap was a full point. We had positive price and then we had negative mix basically. We had a lot more equipment revenue than services revenue as we continued to deliver a lot of commercial activity. And then we had about $50 million from higher R&D investment.

And as Jeff said, that's going to abate through the year. We are kind of at the run rate and if you compare to last year we already had reached that run rate in the second half in Aviation, so that won't be a drag going forward that you saw in the first quarter but pricing continues to be very strong in both spares and in equipment in Aviation.

Steve Winoker - ***Sanford Bernstein - Analyst***

Right and that mix, you anticipate continuing to be negative for the rest of the year but no worse?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

We're going to ship a lot of equipment. We have got a big backlog and Boeing and Airbus have increased their run rates and we've got a good share position. So we're going to ship a lot of equipment but what we would like to see through the year, as Jeff said, is the spares to grow a little bit as a percent of the total as we go through the year.

Spares, as we said, the orders were down a little bit. The shipments were down about 2% in the quarter and our expectation is that those will grow relative to last year as we go through that year, so that should get a little better as we go through the year for Aviation.

Steve Winoker - ***Sanford Bernstein - Analyst***

Right, and given your mix of orders that you are talking about on that, does that mean when I look at that backlog not changing from 2011 year-end to first quarter on that second or third slide, should we expect sort of a stable backlog or do you expect that to start coming up now a little bit more strongly in the following quarters on equipment?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Well, we will have to see. I don't really have a forecast of orders versus the deliveries on the total -- I don't really forecast the backlog. We've got good, good global growth. We've got good equipment growth that we have had. As you know, the Aviation orders can be a little lumpy but we have got a tremendous backlog. We're in great shape here. I don't that's going to be an issue for us as we go through the year.

Steve Winoker - ***Sanford Bernstein - Analyst***

Great. Thanks, everybody.

Operator

Julian Mitchell, Credit Suisse.

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

Thanks a lot. I guess on Energy, the equipment side I guess has been sort of fairly well discussed. In terms of the aftermarket in service and Energy, the growth rate on service orders was about the same year-on-year as it was in Q4. If you look at the US market, the electricity produced by gas powered equipment is up year on year even though overall electricity demand is down. So I guess are you seeing any kind of effect from that in terms of driving aftermarket business for gas turbines in the US or is it going to be something like nuclear in Japan, where there are a lot of [hopes] that that would spur a nuclear service boom, which for some reason even though there was a nuclear accident that never actually happened.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

We had a pretty good activity in gas turbines in Japan. Look, I think it's all good. When you look at the power plants that are running in the US and the proportion of the power that's being generated from gas and how that has increased, that is a good news item for us. A lot of the outages for these customers are scheduled a year or more in advance, so those are kind of in place. But the fact that these gas turbines are running and they are running more and they are being dispatched -- that the rates that they are being dispatched is all good. I think it's going to be positive into '13 and '14 and beyond. We are not seeing a short-term pickup right now in PGS from that because most of the stuff as we have said is scheduled, but this is all good news.

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

Okay, but your service order growth rates in the Energy theoretically should accelerate from the six or seven recent run rate?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

I think over time you are going to get the benefit of the dispatching that we are seeing, absolutely. But again, these are long cycle assets and I think you're going to see that over time. I don't think you're going to see that as an April-May pickup just because they're dispatching the way they are. I think they are going to run these. They're going to burn a lot of metal parts and it's going to be good long-term for us.

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

Okay, thanks. Just a follow up on Aviation. Some discussion around the mix of [OE] and service. I guess it was my understanding that GEnx shipments in Q1 were fairly light and so does that not mean that you have a very steep sequential ramp of GEnx shipments through the year and that's going to weigh on your aviation margins even in subsequent quarters?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

I think if you look at the total year, we are in decent shape. We had a pretty good run rate of GEnx's in the second half and in the second quarter we are going to ramp up. We shipped 13 units in the first quarter of '12. That was about flat to last year. For the second quarter, we are going to be up to 25 or 30 units and last year in the second quarter we had four.

But when you get to the second half, if we're shipping 25 to 30 units in the third and fourth quarter, that's about the run rate we had last year. That's why I think that's going to be helpful as you look at the aviation margin impact going into the second half.

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

GEnx continues to come down the learning curve and like Keith said, we had $50 million more in R&D in Q1 versus last year and that normalizes as well. So I would say Aviation is -- there's always puts and takes with any one of our businesses, but it's about where we thought we would be.

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

Okay, thank you.

Operator

Nigel Coe, Morgan Stanley.

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

Thanks, good morning. So the sale of the Irish business, what does that tell us about the risk appetite for buyers in the financial world? I can't imagine it was a particularly easy business to sell. Does this raise the probability of seeing some further exits on some of these red line assets?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

We will see. I think for us, it was just sort of -- when you do have a chance to take a look at a portfolio that has the dynamics this one had and you get a buyer and we came to the point where you got we think a good economic return for shareholders, we will pursue it. There's not a lot of other parts of the portfolio that are like that but as you say, as liquidity has come back into the market, this is a particularly challenging one and it was a unique buyer I would say.

But there are signs of improved liquidity across a lot of our asset classes and you see the valuation improvements that we see in real estate. We will pursue opportunities as the bid and the ask gaps close here.

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

Okay, and what were the operating losses for that business? I'm sure it wasn't $0.02 a quarter.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Last year we lost $150 million after tax. We expected it to improve some this year, but we will see.

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

Okay, and then switching to Industrial, again going back to the gas NOC in the U.S., do you have a sense on where the utilization rates for your turbines are right now because there's been a 5 point mix shift year-over-year in gas production.

And do you think -- obviously the service benefit is clear down the road, but with the high utilization, does that spur orders quicker than maybe the amount of [thoughts] in 2012?

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

You mean, Nigel, orders for new units?

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

Exactly.

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

You know, look, I think just macro, the good news is almost everywhere in the world people are moving through it -- to gas. So the macro is -- the macro scene is very good. Our products are being used at a higher level. That should bode well for services not just this year but next. And again, I think -- when does the next US heavy equipment orders start? It's still hard to tell but just given growth in electricity and reserve rates and stuff like reserve margins and stuff like that, but it will come and it's going to be gas.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

All roads lead to guess, Jeff.

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

That's the bottom line I would give you. I would say China, the penetration of gas in China is growing. The penetration of gas in Japan is growing. The penetration of gas everywhere else in the world is growing. So in that we have relatively high market share there, we think every aspect I could give you is encouraging for the long-term. I just can't predict if it's going to be second quarter or third quarter, but it's coming.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

I think one point on the thermal business that is helpful, we have diversified the business so much today that the thermal contribution from a profit perspective is less than 10% of the total profit on the energy infrastructure business. So the upside is in the front of us here.

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

Okay, just one more. We've seen Mitsubishi selling a couple of J-Series turbines and I think Siemens got an H-Series last month. What is your strategy with your H-Frame turbine? It seems that you talk a lot about the FlexEfficiency turbine but the H-Series seems to -- you don't seem to talk much about that but what sort of demand do you see out there for your H-Frame in the next couple of years?

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

We're going to have a big block in the next few years and I think we will be able to cover all of those areas I think and a lot of our customers like the Flex. We still think that's a good place to own but we will also have a big block.

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

Okay, thanks.

Operator

Terry Darling, Goldman Sachs.

Terry Darling - ***Goldman Sachs - Analyst***

Good morning, guys. I guess listening to all the comment on GE Capital and the lower tax rate, I guess I'm wondering why the operating framework for GE Capital hasn't moved up here. What's holding you back? What are you still concerned about there relative to the very strong 1Q and kind of the lower delinquency trends and all the other trends you see out there?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Look, I think we have to see how the year plays out. It's a pretty good quarter. I think you're right, we've got some positives. I think tax is a positive. I think commercial real estate is off to a good start. It's a positive. I think if you look, we are cautious on Europe. I think so far so good, but we are cautious on it. I think low natural gas prices, we are cautious on that in the energy financial services portfolio. But overall, these guys are off to a good start and the outlook in the market place is pretty good.

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

Terry, you know, double is double plus and we're not trying to be cute, but there's nothing in the first quarter that makes us discouraged about how GE Capital should perform this year.

Terry Darling - ***Goldman Sachs - Analyst***

Okay. Keith, for the good in welfare, any items you want to call out with regards to comps or any other items in the second quarter that we all just ought to be refreshed on?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

There's nothing on 2012 that I'm aware of. If you go -- I think one thing I mentioned, we are going to have more GEnx shipments, but we mentioned that. That's in Aviation. I think if you look at last year's other items page, we will have to see how we compare to some of those things. There were small gains in Aviation that don't repeat and a gain in corporate, but there's nothing significant and 2012 that I'm aware of right now.

Terry Darling - ***Goldman Sachs - Analyst***

Okay, and I appreciate we're not going to get things nailed down here from you on Fed timing. But I'm wondering if you can explain -- it has taken longer than initially expected. That was -- the decks were cleared on that point last quarter. Since last quarter, has the process proceeded at a similar pace as what you had seen before? Has it been slower? Has it been faster? Any color there at all for us?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Yes, I would say it has proceeded at a similar pace. I can tell you that both the GE Capital team and the team from the Fed are working incredibly hard. You have to appreciate how much work the Fed has to go through here to try and learn a business as global as diverse as GE Capital in the timeframe that they really just started.

And I think they are working incredibly hard and incredibly professionally and we are, too. I think the process proceeded in the first quarter the same way it was going at the end of the year and we continue to make progress together.

Terry Darling - ***Goldman Sachs - Analyst***

Maybe just lastly, Jeff, on bolt-on acquisitions, it's been a little quiet here of late. Can you update us on what's in the pipeline and potential for some smaller bolt-ons here through the course of 2012?

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

Terry, we may do some smaller bolt-ons, but we've got a lot on our plate. I really want to get all the Energy acquisitions nailed. I just don't want to do a big deal this year. I just -- again, we never say never but I just don't want to do a big deal this year. I really -- we've got 11% organic growth, 20% orders growth. We've got game right now and I think our focus is on good execution and delivering big backlogs. That's really the focus of the leadership team.

Terry Darling - ***Goldman Sachs - Analyst***

All right. Thanks very much. Good luck.

Operator

Christopher Glynn, Oppenheimer.

Christopher Glynn - ***Oppenheimer & Co. - Analyst***

Thanks, good morning. On the 11% Industrial organic growth does fare pretty well against guidance. Would you expect that is a high watermark for the year? Or maybe just offer some color on how you see backlog flowing through during the year.

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

My hunch is that we don't have any plans to continue at that rate for the year. I think, Chris, we said 5% to 10% in the December meeting. I think we're going to be safely in that range and again, we just see pretty good -- big backlogs, big orders and we are in some good places right now. So I think that's -- but 11 is high.

Christopher Glynn - ***Oppenheimer & Co. - Analyst***

Got you. And then on the second-quarter review of European CRE portfolio review, do you have a taste you could offer on the outcomes you might be anticipating that is in the context of the overall valuation improvement?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

We will have to see. We've continued to mark our equity book where we have values that put the cash flows at less than our current book value, so I think we've got a pretty good mark on it today but you'll have to see how the assumptions play out.

Overall, we feel pretty good about Real Estate. I think we're going to be cautious. We'll look, we've got about $8 billion of equity in real estate in Europe, so we have to go through the valuation review, take it incredibly seriously, but I think overall you'll feel good about the dynamics globally.

Christopher Glynn - ***Oppenheimer & Co. - Analyst***

Great, thanks a lot.

Operator

Deane Dray, Citigroup.

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

Good morning, everyone. On the Moody's recent recalibration of their methodology for ratings finance companies, have you seen any change in your funding costs?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

We haven't really. We've tracked it obviously from the day we were put on notice and the day that the action was taken. Our spreads continue to trade relative to banks who are higher rated and banks who are lower rated than us right in line and over the last 10 days, the first couple days we saw an increase in spreads in line sort of with the market and then the last 10 days, we've seen a compression of the spreads back again.

Overall as you know, all the actions that we have taken in GE Capital, the strength in liquidity, lower the short-term funding risk, raise the capital, improve the risk profile of the portfolio, I think those have been pretty well recognized by the market and the fact that the Moody's methodology just has a fundamental change in how they feel about fin cos and ultimately they're going to do the same thing on banks as you've read a lot about recently.

I think that the market is looking at what is the core business and underlying strength of the cash flows and the protection for the bondholders of the business? I think the actions that we've taken in GE Capital have been recognized by the market and have helped us to perform through a period where we were downgraded.

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

Yes, and we agree when we looked at how the bonds initially acted at the time of the announcement was, it was very minor. It was like maybe between 5 and 10 basis points and then that seemed to have tightened subsequently, so it's fair to say that was a non-event.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

We agree.

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

And then over on the resumption of the dividend from Capital to the parent, one of the scenarios we were talking about in December was the idea that you could be in the position to make that dividend retroactive going back to January. Is that still a possibility or how are you looking at that today?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Look, our objective is to have a dividend of a percentage of GE Capital's earnings that is equivalent to what we pay to our investors on the overall company stock. And it would be for the year and the timing of the reviews and everything that we have should not change that. But again, we are going to have to wait until we get feedback and information from the Fed on that.

Our objective hasn't changed. Our objective was to pay a 45% dividend on GE Capital's earnings for the entire year and to return excess capital above the regulatory standards including the stress cases. And it's something that over several years we feel really good about the excess capital we have in financial services.

But again, we've got to work through this exercise and we're doing it constructively and professionally and as you saw the results in GE Capital in the first quarter continued to strengthen. So we have to see how that all goes.

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

THOMSON REUTERS

And what is the expectation on the stress test and talk a bit about the preparation that you are going through.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Well, we do our own stress cases a couple times a year and we are not publicizing those results. But you can expect that an enterprise like GE Capital would go through exercises similar to what you saw other large financial institutions go through but we do it in our own way with the Fed sort of uniquely as opposed to being part and lumped together with the banks.

So we're doing a lot of work. We have stress cases. We have portfolio reviews. We have reserve reviews. We have all the things that you would expect a financial institution to have and just we're doing it one-on-one with the Fed and it won't be disclosed.

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

Thank you.

Operator

Shannon O'Callaghan, Nomura.

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

I am trying to figure out if we should be expecting ENI to go lower at GE Capital. The problem with Real Estate getting so good now is you had real estate turn positive in the quarter. You got the GE Capital tax rate going down 5 points with Industrial staying about where it was and you have capital like 50% of earnings. I'm trying to figure out how we get -- it doesn't seem like anything is getting worse at Capital, everything is getting better, so how do we get that percentage down if we are not sort of doing I guess some larger asset exits?

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

Look, I would always say that GE Capital's percentage of earnings in the first quarter are always high and we haven't changed our long-term outlook on where we want the split to be. And then I -- again, we continue to execute on a plan that would get us lower than where we finished the first quarter in ENI. And we see opportunities to do that by exiting red assets and we still have opportunities there and that's what I would expect.

But at the same time, look, our net interest margin is growing. Our returns on new business, our ROI on new business was higher in the first quarter than it was in the fourth quarter so there's lots of other elements in the business that are good even as we shrink ENI.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

I think it's a good point on -- it is one other point on ENI, when you look at total year, we are continuing to shrink. So that is one of the things that does reduce earning assets obviously in earnings. And on tax, I don't think it's a straight 5 points. I think it's a couple of points in the range of what we had as midteens to around 10. And there's a lot of uncertainty of that, as you know, when you get to the end of the year so that obviously is another item that could move as you go into the end of 2012 and into 2013.

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

Okay, yes, I understand the point on the seasonality with some industrial stuff strong later in the year but in terms of the ENI, does 425 still feel like the right number or --?

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

Shannon, again, I think that is kind of -- again these are big numbers. They are always hard to predict to a single point. My preference and the way we are trying to run the place is to get to 425 by the end of the year.

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

Okay, just on the capital allocation, can you just fill out I guess this investor friendly comment a little bit in terms of when you do -- or assuming you do and when you do get the dividend back from capital, is buyback still sort of the priority use? How should we -- maybe just frame some thoughts around how you think about ramping that once you get the green light?

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

Again this is something that we will go through with the Board when it takes place, but I would say we love growing the dividend in line with earnings. We think that's great. We do -- we might do a few small bolt-on acquisitions in businesses we are already in. And if we get the opportunity, we would still like to do a buyback, so I think there will be some mixture but we certainly think buybacks are attractive to our investors and that's what it means to be investor-friendly.

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

Okay, so sort of balanced buyback acquisitions?

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

Again, I hate to predict anything. But I think we believe that buybacks are investor-friendly but I always go back to dividends, small bolt-on acquisitions and buybacks, we will pull all three levers I think as we have surplus cash.

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

Okay. Thanks a lot.

Operator

Jason Feldman, UBS.

Jason Feldman - ***UBS - Analyst***

Good morning. First, Jeff, I think you mentioned earlier when discussing orders that you thought you were gaining share in certain markets and feeling pretty good about that. Can you elaborate on where you see the most substantial market share gains?

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

You know, we never know those numbers ahead of time, so each industry has its own cadence. It's just a high level versus what anybody would predict for the industries we are in. So I think we need to see [NEMA] data and other stuff as we go through the close of the quarter and get a chance to look at some of our competitors' results.

Jason Feldman - ***UBS - Analyst***

Okay. And then lastly, can you give us an update on the 737 MAX program and the engine development, how it's going there? I think there's been some concerns about how that was going given the size constraints on the 737, whether you would be able to have an engine that was competitive enough with the A320 (multiple speakers)

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

I think we like where we are. We see some additional fuel burn opportunities that we want to execute on. I just was reviewing the program a couple of weeks ago out in Cincinnati. I think we have able to take a lot of technology off the GEnx and put it into LEAP. I would say if you sat back and said you've got the 737 MAX, you've got the C919 and our share of the A320 NEO is probably greater than 50%, we like how the engine is positioned. And so we feel pretty good about both the technology and the commercial process on that particular -- on the narrowbody space.

Jason Feldman - ***UBS - Analyst***

Great, thank you.

Operator

Brian Langenberg, Langenberg & Company.

Brian Langenberg - ***Langenberg & Company - Analyst***

Thanks, guys. Just two questions. Talk about Energy and Healthcare, first on Energy. Great news on the pricing. It almost defies logic not in terms of the direction and what we're looking for being bullish on your stock but just how quickly. How much of this is customers and talk a little bit by region going hey, we do need this capacity. We may have to back off a little bit to get a deal signed. And how much of this if any is your teams being a little bit more selective in saying there is just some business that maybe we let somebody else win? Then I have a brief question on Healthcare.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Look, I don't think -- we are trying to compete globally everywhere, Brian, and we are -- we've got good, strong competitors especially in that thermal space and we've got a great product in the Flex 50. We've got a great product in our heavy-duty gas turbine product line and so I don't think anybody is backing off anywhere. I think we are competing globally.

One of the things that you may see relative to the historic trend is you ended up with some higher priced capacity that has had price erosion over the last 12 to 18 months and now we are getting to kind of a market clearing price level. So it's not so much either walking away or supply and demand has tightened dramatically. I think you have really just had the pricing get to a level where it's probably more realistic for the main competitors in the marketplace based on the demand we see. I hope that helps a little bit.

Brian Langenberg - ***Langenberg & Company - Analyst***

It does. It sounds a little bit like new normal. Then on the Healthcare side, certainly some decent performance there especially with all the noise that's going on. Did you -- have you observed or did your team there observe any kind of a change in texture as the Healthcare Reform is going to the Supreme Court, arguments, anything you guys saw blip-wise up or down in terms of margin propensity to buy through the quarter or your conversations now?

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

Really none. Again, I think the US seems to have normalized. My hunch is the market is probably single digit, low single digit up. That would be my expectation and, Brian, we really didn't see any change after the Supreme Court or anything like that. (multiple speakers)

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

Orders on equipment were really strong in the US as we setup the 15 and that is -- that says that there's good technology and customers have capital and they need to continue to improve their capability and so I think overall, it was a very encouraging quarter.

Brian Langenberg - ***Langenberg & Company - Analyst***

And that plus 15 was a fairly steady plus 15?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

We have a few -- if you want some products, CT was up 10, MRI was up 9, (multiple speakers)

Brian Langenberg - ***Langenberg & Company - Analyst***

I mean through the quarter. I'm sorry, through the quarter.

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

No real change. Pretty steady.

Brian Langenberg - ***Langenberg & Company - Analyst***

All right, thank you.

Operator

Steve Tusa, JPMorgan.

Steve Tusa - ***JPMorgan - Analyst***

Sorry, I don't know if the question was answered but I just wanted to get a little bit more info on this utilities continue to come out and talk about the high utilization of their plants from a gas perspective. How does that translate over the next 12 to 18 months from a services perspective? Because it's kind of unclear to me -- there's a lot of moving parts with which plants are being used, the starts and stops, whether that's more profitable for your services business. Maybe you could just give a little bit of color on how that actually impacts the services business at Energy.

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

What I would say, Steve, is that if you look over let's say 18 months and as this performance continues, this should be good for our Energy PowerGen services business, because again, they run them higher. They're going to consume more parts, things like that. Now this all gets balanced between who has got shutdowns, when are the shutdowns, where are they on a CSA? There's a whole bunch of -- there's like 10 other Xs that are in that equation but the macro point is positive. That's why -- I don't think we're trying to be vague. It's just hard to call a quarter, but the macro trend is good.

Steve Tusa - ***JPMorgan - Analyst***

So was it something that can add instead of it growing 5% just on installed base, could it add a couple percentage points to that growth rate? Is it something that meaningful or is it -- it will all kind of blend in and kind of support the kind of mid-single digit services growth?

Keith Sherin - ***General Electric Company - Vice Chairman and CFO***

I think what it could do is over time add to the growth rate, but again, I do believe that so I just think it's just hard to predict exactly when.

Steve Tusa - ***JPMorgan - Analyst***

Well, it's certainly not going to hurt the growth rate. Okay, that's good. Thanks.

Trevor Schauenberg - ***General Electric Company - VP Investor Communications***

Great, Chanel. I think we are wrapped up now. Is that correct?

Operator

That is correct, there are no further questions.

Trevor Schauenberg - ***General Electric Company - VP Investor Communications***

Thank you, everyone, for today. The replay of today's webcast will be available this afternoon on our website. We will be disturbing our quarterly supplemental data scheduled for GE Capital later today.

Just a few quick announcements regarding upcoming events. Next week on Wednesday is our 2012 annual shareholders meeting in Detroit. I hope to see you there. On May 23rd, Jeff will be presenting at the 2012 EPG conference. And then finally, our second-quarter 2012 earnings webcast will be held on Friday, July 20th. As always, we will be available to take questions today. Thank you, everyone.

Operator

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