

# THE ECONOMIC CLUB

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O F W A S H I N G T O N, D. C.

## **Signature Event**

**H. Lawrence Culp, Jr.**

### **Speaker**

**H. Lawrence Culp, Jr.**  
**Chairman and CEO**  
**GE Aerospace**

### **Moderator**

**David M. Rubenstein**  
**Chairman**  
**The Economic Club of Washington, D.C.**

**Washington, D.C.**  
**Wednesday, May 22, 2024**

DAVID M. RUBENSTEIN: We're very honored to have Larry Culp here. As many of you know, as I said earlier, Larry was an Economic Club of Washington member. For many years, he was the CEO of Danaher. He's now the CEO of GE Aerospace. And in between, he was CEO of GE. And as we'll talk about, the turnaround from GE, when he came over as CEO in October of '18, to the time that they ultimately split the company in three is one of the great American corporate turnarounds. I think, if I have the numbers right, at one point, GE market cap total went down as low as \$60 billion to now the total combined companies that he created are \$250 billion. So, it's gone up roughly five times. [Applause.] So, I wish I had invested, but – [laughter] – like everything.

So, to review for everybody what I was just talking about, we'll get back to your earlier career soon, but you were invited to go on the GE board. And you went on in April of '18. Is that right? Roughly around then?

H. LAWRENCE CULP, JR.: May of '18.

MR. RUBENSTEIN: May of '18, OK. So, you get on the board. And GE's a famous company. And I guess you were honored to be on the board of it. But when did you realize there were real problems there?

MR. CULP: Well, we only have, what, an hour? [Laughter.] David, first of all, thank you for the invitation. Good to be with you, as always. And good to be back in my hometown of Washington, D.C.

Just a quick voiceover, if I can, relative to the video you just saw, no one else has seen that outside of a small team at GE Aerospace. That is really our first post spin. We spun GE Aerospace seven weeks ago today. That's our new GE Aerospace commercial. We call it emotional launch. And what you basically see is the entire lifecycle of a jet engine, in this case the GENx,<sup>1</sup> which is under wing with the Z and the Boeing team's 787. And you really see what we refer to as the future of flight, from the conception to the invention, all the way through the testing, at our Peebles, Ohio, test facility, and then heading out on that 747.

And the beautiful thing about that video, every single person in it is a full-time employee at GE Aerospace. So, we're so proud of the team. And we're really proud of that video, and the opportunity to share that more publicly in the weeks ahead.

MR. RUBENSTEIN: How many full-time employees do you have now at GE Aerospace?

MR. CULP: We've got 52,000 employees somewhere around the world, largely a U.S. base.

MR. RUBENSTEIN: OK.

MR. CULP: And all of them are going to be shareholders later this year, David.

MR. RUBENSTEIN: OK.

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<sup>1</sup> GENx - General Electric Next-generation

MR. CULP: We have an opportunity, given the spin, to rethink how we bring the team together. And we recently announced what we call our takeoff grant, and all 52,000 of those GE Aerospace employees are going to receive GE Aerospace equity. So, we're excited about that. We're going to make them founders. We're going to make them shareholders. And just another way to bring the team together.

MR. RUBENSTEIN: Oh. OK. Are they going to make five times their money, like, people who invested in GE at the bottom? [Laughter.]

MR. CULP: Well, not everybody invested in GE at the bottom, David.

MR. RUBENSTEIN: I know. So, let's go back to that. You get on the board, and very prestigious company. Who started GE, by the way? Who was the founder?

MR. CULP: Well, we go back to the – I think the 1890s. And we really look at Thomas Edison as our spiritual founder. Three companies came together at that time to create what became known as the General Electric Company. And we highlighted that in the last annual report because with no small amount of irony that this corporate transformation that we announced three years ago resulted in three GE companies on a standalone basis.

MR. RUBENSTEIN: OK, so Thomas Edison started it, and had some legendary CEOs there – Reg Jones, Jack Welch, among others. When you get on the board do you say, maybe there's some challenges here? Or when did you realize the challenges are more than maybe you had thought there would be?

MR. CULP: Well, I think that a number of us joined the board early in 2018 because we knew it was challenging. As that year played out things became, I think, more difficult for the company. But I think one of the wonderful things about the GE board then and now was it was made up of people who ran toward the challenge, not away from it. They were attracted not only because of the company's storied history, but they knew we had some issues to work through.

MR. RUBENSTEIN: OK. So, around October, you became – of '18 – you became the CEO.

MR. CULP: It was quick, yes.

MR. RUBENSTEIN: And so presumably they invited you to do that before October of '18.

MR. CULP: Yes. [Laughter.]

MR. RUBENSTEIN: So, you get on around April/May. You're going to be a board member, you know, go to four meetings a year. And all of a sudden, somebody comes to you and says, how about being the CEO? Were you shocked that they wanted you to be the CEO? Or you were actually happy?

MR. CULP: The first two times I was, let's just say, reluctant. I didn't join the board to become a full-time executive when I retired from Danaher, back in the fall of '14. As some of you may

know, I was really happy. I'd been there 25 years, CEO for 14. I was done. But as things played out, through the course of the summer and into the fall, the board came back a third time. And that's when I said, all right.

MR. RUBENSTEIN: So, you agree to do it. You start in October of '18. And when you got in to be the CEO, did you realize the problems were even bigger than you had thought as a board member?

MR. CULP: I know you like baseball. [Laughter.] David, the way I think about it, take a 96-mile-an-hour fastball. I'm sure in the owner's box, it looks fast. When you're in the batter's box, it looks a lot faster. [Laughter.]

MR. RUBENSTEIN: I know.

MR. CULP: And that was, I think, the transition for me from the boardroom into the CEO role.

MR. RUBENSTEIN: All right. So, you got – transitioned. You didn't have – you didn't do three months of due diligence. You basically agreed to do it. So, when you got in and you're the CEO, did you have the choice of breaking up the company or keeping it together? And how did you ultimately come the decision to break it up into three pieces? Why did you do it that way?

MR. CULP: David, a lot of people think that that was the plan all along. And I can assure you that it wasn't. You go back to the fall of '18, we had over \$100 billion of debt that we were really anxious about continuing to service reliably and well. And the businesses – a couple of businesses were just not firing on all cylinders operationally. So, there was really little room for big strategic thoughts. It was really all about job one, the deleveraging and, job two, beginning the lean transformation, the operational turnaround of GE.

MR. RUBENSTEIN: OK. So, you began selling off things. And was it hard to sell off things that had been so historically connected to GE?

MR. CULP: For me, it wasn't particularly hard because I was brand new, right? And I didn't have necessarily all of that history. But a lot of excess debt focuses the mind. And I think that's really where we were. During the course of '18, we had made a public announcement that we were going to spin out our healthcare business. And that was ultimately what we did, of course. But we were not in a position to give up any earnings, any cash, to that order of magnitude.

So what we did through the course of that fall, and early into that next year, was quietly pivot away from the healthcare IPO to selling off a small but valuable piece of that business, in biopharma processing, to, ironically, my old friends at Danaher, for \$21 billion – a check that cleared a week before COVID put us all at home. If that hadn't happened, I probably wouldn't be here.

MR. RUBENSTEIN: Well, you wouldn't be telling this story at least. [Laughter.] But, OK. So let me ask you. During '06, '07, '08, during the Great Recession, before you were really involved, GE came this close to going under because GE Capital had, let's say, too much debt.

And did you ever get into the details of how close GE actually came to actually filing in that period of time?

MR. CULP: David, I have to admit, I'm a poor student of recent history. October 1, 2018 forward, that's really where I was wholly focused.

MR. RUBENSTEIN: OK. All right. So, when you start selling off companies, as you're the CEO, do people come to you and say, you can't sell this off because it's historically connected to GE? Did any former GE people come to you and say, you can't do this, you can't do that? Or you just did what you thought you had to do?

MR. CULP: David, I think I got advice from just about everybody above ground. [Laughter.] Whether they had worked for the company at one point or hadn't, on both sides. I think what the board and I, the senior leadership team, really wanted to do, again, was just work through the deleveraging, continue to drive the operational turnaround, and get to a place where we could have degrees of strategic freedom that we didn't enjoy back in '18 or '19.

MR. RUBENSTEIN: So, GE historically was in New York and then Connecticut. And then under one of your predecessors, he moved it to Boston. So that's where you were running GE, from Boston, is that right?

MR. CULP: Correct. And I wouldn't have joined the board, frankly, if they hadn't moved to Boston, because I was – I was teaching at HBS,<sup>2</sup> I was doing a little bit of private equity with a different firm, and I was beginning to forge a Boston life. And I thought I could just go down to the office every once in a while and help. [Laughter.]

MR. RUBENSTEIN: A different firm? [Laughter.] OK. So, OK, so you're in Boston. You're teaching at HBS, and so forth. How long did you think it would take to effectuate the turnaround? The turnaround, which has now been completed. You've exited a lot of business, and you have three different companies. How did you decide what the three companies were going to be, and who was going to run each of them? And why did you decide you want to be the CEO of GE Aerospace? And why not just retire, having accomplished all the things you accomplished? A lot of questions.

MR. CULP: Well, there's a lot there. David, I think when we went in – when I became CEO, it was probably three, maybe four years. We made a lot of progress. We sold biopharma to Danaher. One thing leads to another, the pandemic hits, right? So just as we were beginning, I think, to show progress on both fronts. And that took us through '20 and '21. But it was in '21 when we knew we were going to close on the merger, and thus exit, of our aircraft leasing business. We took our GECAS business, merged it with a company called AerCap. We were going to own 46 percent, put the debt with AerCap that we could see the deleveraging was going to be, by and large, complete. And we really liked what we were seeing in terms of the operational turnaround.

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<sup>2</sup> Harvard Business School

That's when the board began in earnest, three years ago, to think about what we want to do when we grow up. What do we want to do with this degree of strategic freedom? So much of what we had been doing operationally was geared toward decentralizing the businesses, moving away from a focus on synergies. A focus more on the companies, the businesses, the customers. So, when it came time to think about divide by two, divide by three, it was, frankly, easy. We saw the operational benefit of focus. We also knew the capital markets were far keener to own these businesses individually than together.

MR. RUBENSTEIN: All right. So, you have three companies you're going to spin off. And then there's no more GE. Why did you keep the name GE in all three of these companies?

MR. CULP: Well, there were, again, a lot of smart people who said, leave that history behind. This is your moment. You're going to spin two companies. You're going to launch aerospace as the go forward GE. Here, let's create some new names. We went through that exercise. And time and time again, the market feedback was GE matters. We still trust GE. We still love GE, the world over. So, when we got down to it, it was actually very easy because all three businesses wanted to use the GE name, and all three do today. GE Healthcare, GE Vernova, GE Aerospace.

MR. RUBENSTEIN: But did you ever think, if the name GE was so great they wouldn't have had these problems? It can't be that great, because look at the problems they got into, right? [Laughter.] Nobody mentioned that?

MR. CULP: So, we're doing that. OK.

MR. RUBENSTEIN: OK. All right. OK. All right. So, the three companies are GE Healthcare – what is GE Healthcare?

MR. CULP: Think primarily diagnostic imaging of every modality in a healthcare delivery system, right? We take those images, and increasingly are using software, AI, to read those images and determine the best care pathway for patients.

MR. RUBENSTEIN: So, like you do the CAT scan machines, or is that –

MR. CULP: You bet. You bet. Ultrasound, scanners.

MR. RUBENSTEIN: Those things, I noticed from my own experience, are noisy. Why are they so noisy? They have this big noise all the time. Can't you make them quieter? [Laughter.]

MR. CULP: We do. So, if you tell me where you go, we can go sell them an upgrade and it will be a far quieter, far more pleasant experience, I promise you.

MR. RUBENSTEIN: OK. So, they have mufflers for the CAT scan. OK. All right. So that's what they do. Then there's GE Vernova. What is that?

MR. CULP: GE Vernova is the American leader at scale in the energy transition. You think about electrification, think about decarbonization. GE Vernova has the broadest array of power generation and grid technologies that are going to be invaluable.

MR. RUBENSTEIN: What is the word, “vernova?” I didn’t know that word. What does that mean?

MR. CULP: I didn’t know it either. [Laughter.] We have some investors who call it GE Villanova. [Laughter.] But it’s one of those new age words – “ver” for green, “nova” for new. And, given that we’re leading the energy transition, we thought it captured the imagination well.

MR. RUBENSTEIN: So, did you pay a consultant a lot of money to get that name, or something? [Laughter.]

MR. CULP: Next question. [Laughter.]

MR. RUBENSTEIN: So, I want to talk about GE Aerospace for a moment. Before we do that, let’s go back to your background. Where were you born?

MR. CULP: Right down on Washington Circle, the old GW hospital.

MR. RUBENSTEIN: OK. And your parents, were they in the GE Aerospace world or not?

MR. CULP: No. I don’t think when I was born my parents had even been in an airplane.

MR. RUBENSTEIN: Really? What did your father do? Your mother do?

MR. CULP: My grandfather founded a small welding and machine shop in Silver Spring, back in 1938. So that was a business that my father and my mother ran.

MR. RUBENSTEIN: OK. And where did you go to school in the Washington area?

MR. CULP: I went to Colonel Zadok Magruder’s Preparatory School for Boys. You probably think, you know, Magruder High School in Rockville, Maryland, right? We used to call it Colonel Zadok Magruder’s Preparatory School.

MR. RUBENSTEIN: All right. Were you the head of the, you know, junior achievement, or something like that? Were you involved in business in those days, or?

MR. CULP: No, no.

MR. RUBENSTEIN: And were you a star athlete as well, or not?

MR. CULP: I played basketball, ran a little track, but I wouldn’t say star.

MR. RUBENSTEIN: OK. And so where did you go to college?

MR. CULP: Washington College, over on the Eastern Shore.

MR. RUBENSTEIN: And why did you pick Washington College? An excellent school. I got an honorary degree there from –

MR. CULP: Yes.

MR. RUBENSTEIN: When you were the chair of the board. [Laughter.] So, it's an excellent school. But I'm just curious how you happened to pick that.

MR. CULP: Paybacks are hell. [Laughter.] David, I wanted to stay relatively close to home. I grew up in Rockville. Wanted to go to a small liberal arts college. Love the Eastern Shore. Grew up with my grandfather and my father on the – on the bay, over on the shore fishing, hunting, all sorts of things. And they wanted me to play basketball.

MR. RUBENSTEIN: OK. Did you play basketball?

MR. CULP: I didn't.

MR. RUBENSTEIN: Oh. [Laughter.]

MR. CULP: I didn't. I realized, during the summer of '81, it might be time to study a little bit more.

MR. RUBENSTEIN: So, you presumably did pretty well there, I assume.

MR. CULP: I graduated.

MR. RUBENSTEIN: OK. And then what did you do after you graduated?

MR. CULP: Sixteenth and K Street, Arthur Andersen and Company.

MR. RUBENSTEIN: Arthur Andersen.

MR. CULP: So, any Arthur alumni here? We're allowed to acknowledge ourselves. [Laughter.] And that was back when Arthur was still a big eight firm but beginning to get into IT consulting. So, I was in the management information consulting.

MR. RUBENSTEIN: It was a big, gigantic firm at one point, obviously. And I'll tell you my Arthur Andersen story. I went to meet with somebody once, A.N. Pritzker, who was the head of the Pritzker family. And I said, you're a lawyer. How did you get into business? And he said, well, one of my clients had a company. It went under. And I thought it was good. I wanted to buy it out of bankruptcy. But I didn't know anything about accounting. So, I went down and figured I'd get an accountant to help me. And I went and got Arthur Andersen. I said, really? How big was the firm then? And he said, no, it was just Arthur Andersen himself. [Laughter.]



It was a one-man firm then. But, obviously, it turned out to be a pretty big firm later. All right. So, you did Arthur Andersen for a couple years. And then what did you do?

MR. CULP: I went to business school.

MR. RUBENSTEIN: All right. So, you went to Harvard Business School. So, you must have done pretty well in college and good on your boards.

MR. CULP: Well, remember, back in '88, there was really only one business school that didn't require the GMAT. That was HBS.

MR. RUBENSTEIN: Oh, I see. [Laughter.] OK.

MR. CULP: I'll let you draw your own conclusions.

MR. RUBENSTEIN: OK. All right. [Laughter.] So, you got in there. And so, when you get in there, did you just say, these people are smarter than I thought, or not as smart as I thought?

MR. CULP: Both.

MR. RUBENSTEIN: OK. [Laughter.] And so, you must have done reasonably well there. I assume. You graduated with honors or something?

MR. CULP: I graduated.

MR. RUBENSTEIN: Graduated, OK. [Laughter.] So, what did you do after you had your HBS degree?

MR. CULP: HBS was hard, by the way. So, I'm proud of that graduation. I was really very keen, David, not to take the path that so many other people were taking back then. That wasn't easy, given that in 1990 we were in a deep recession. And I learned about this company called Danaher. They had just hired George Sherman from Black and Decker. Black and Decker was a company that I knew. And I just thought to myself, drop George a letter – back when you would actually mail people letters, right? And I wrote George this letter. And three days later, he called me and said: Come down. I'd like to meet you. I was the first person he hired.

MR. RUBENSTEIN: All right. And so, it must have worked out. What year was that?

MR. CULP: That was 1990.

MR. RUBENSTEIN: All right. And so, you started in 1990. And what year did you become the CEO?

MR. CULP: 2001.

MR. RUBENSTEIN: All right. So, 11 years later. So, what are you doing the interim 11 years?

MR. CULP: Went to Connecticut. Worked for a company called Veeder-Root, which was one of the businesses that Danaher had bought back in the late '80s. They basically make a range of environmental instrumentation for retail petroleum stations. And that was a business on the back of some EPA regulations that we grew, compounded almost 20 percent, took it global, and just continues to be outstanding business today.

MR. RUBENSTEIN: So, what was the market capitalization of Danaher when you joined?

MR. CULP: Oh, gosh. We –

MR. RUBENSTEIN: Small? Was it public then?

MR. CULP: Oh, it was public. I think we didn't – I think we did less than \$800 million of revenue back then.

MR. RUBENSTEIN: When you became the CEO, what was the market cap?

MR. CULP: I think it was just under four.

MR. RUBENSTEIN: Four billion [dollars]?

MR. CULP: Yeah.

MR. RUBENSTEIN: And a lot higher now. When you left?

MR. CULP: Yeah. When I left it was just over \$20 [billion].

MR. RUBENSTEIN: So, five times.

MR. CULP: Yes.

MR. RUBENSTEIN: So, you liked the five times increase always? [Laughter.] Right?

MR. CULP: It took longer then. [Laughs.]

MR. RUBENSTEIN: OK. All right. So, you ran as the CEO. Danaher, as people may not know, is a very accomplished company, started by Mitch and Steve Rales. And you were the CEO. You quit in 2014 or retired. How old were you when you retired?

MR. CULP: Was I 51? Yeah.

MR. RUBENSTEIN: How old?

MR. CULP: Fifty-one.

MR. RUBENSTEIN: Fifty-one!

MR. CULP: Yeah.

MR. RUBENSTEIN: Fifty-one?

MR. CULP: I had been – David, I had been CEO for 14 years.

MR. RUBENSTEIN: I know. It's so young. I mean, you're 30 years away from being able to be president of the United States at that time. [Laughter, applause.] All right. So, 51. All right. So, your wife says, you know, can you get a job or something after – you're retired at 51. Does your wife really want you at home at 51? [Laughter.]

MR. CULP: Well, let's not go there. [Laughter.] No, I think we were ready after 25 intense years, right, 14 years as CEO, two or three times the average tenure, to figure out what was next.

MR. RUBENSTEIN: OK. So, what did you do, after you retired at 51?

MR. CULP: [Laughs.] Well, I, again, went up to Boston to begin to teach in the MBA program at Harvard.

MR. RUBENSTEIN: Right.

MR. CULP: Was working with Bain Capital. I was on the T. Rowe board up in Baltimore. And I was skiing a lot in Colorado and, frankly, catching a lot of Marlin down in Costa Rica. Loving life.

MR. RUBENSTEIN: OK, Wow. OK. So, you were intending to not go back. And when you get on the GE board, and they ultimately ask you to be the CEO, what did you say to your wife?

MR. CULP: Well, I think she knew before I knew that this was going to happen.

MR. RUBENSTEIN: Oh.

MR. CULP: Because I remember vividly, I think it was August of '18, I went to go make my first site visit to a GE operation down in Atlanta. And when we were flying back, I probably said out loud, this is all fixable. This is on us. We can do this. And she probably saw something in my eye that I didn't fully appreciate at that time.

MR. RUBENSTEIN: So, when you were negotiating your employment agreement, I assume you didn't say it was fixable then. You probably said, hey, this is going to be a tough turnaround, right? [Laughter.]

MR. CULP: Well, I think the board was fully aware at that point what we were up for.

MR. RUBENSTEIN: All right. So, for those people that aren't experts in jet engines, how – a jet engine, when were the jet engine really invented? Did GE invent it? Or how did GE get into the aerospace business of making jet engines?

MR. CULP: Gosh, I'm probably not the person to go back all the way with the –

MR. RUBENSTEIN: But was it an acquisition, or the GE just, de novo, start making engines?

MR. CULP: I think the engine business really came out of the gas turbine business. Again, because of that core combustion technology back.

MR. RUBENSTEIN: So right now, you have how many employees there doing it?

MR. CULP: Fifty-two thousand.

MR. RUBENSTEIN: Fifty-two thousand.

MR. CULP: Soon to be 53,000. We're in the process of bringing on 900 new engineers in 2024. And we're really excited about this, because when you think about everything that goes into the future of flight – not just the NX, but everything that we're doing in the next generation narrowbody space. And you may have seen our RISE engine as you walked in. That's a next generation engine technology that will come to market in 2035. Everything that we're doing in the wide body space, we've got a – Z's got a great new plane called the 777X, which is going to have our 9X engine on that. And in addition, everything we do for the Pentagon. We need all of the best engineers possible at GE Aerospace. And we'll get 900 more. So, we'll get close to 53[,000] by the end of the year.

MR. RUBENSTEIN: All right. OK. So why is GE Aerospace in Cincinnati? I'm sure it's a good reason, but what is the reason?

MR. CULP: Well, I think the business grew up really just north of Boston, in Lynn, Massachusetts. I think when they were looking to broaden the footprint, given the strong aerospace history in southern Ohio – think the Wright brothers, think Neil Armstrong – Cincinnati was a good place to go.

MR. RUBENSTEIN: All right. So moved to Cincinnati. And you now live in Cincinnati, more or less?

MR. CULP: Yes.

MR. RUBENSTEIN: OK. So, explain to me, I always think that jet engines are noisy when they're flying overhead. Why can't you put a muffler on them, the way you can on a car, and make it quieter?

MR. CULP: [Laughs.] We probably could, David. But what you're really trying to trade off in the design of a jet engine – and, frankly, the engine and the plane, are a host of things. Not the

least of which is efficiency, right? The heavier the engine, the more drag there is. If you were to put a muffler of some sort, I think the combination the weight would make the plane heavier, and thus less efficient.

MR. RUBENSTEIN: So, what plane that's commercial that you can talk about has the biggest engine? Who has the biggest engines? Is it an Airbus – gigantic Airbus? Or biggest – Boeing, or what?

MR. CULP: Well, I think the biggest engine that we would look to today is the GE90, which would be on a wide body platform. Most of the engines that you would see, be it ours or a competitor's, on a narrow body plane, they're more or less the same physical size.

MR. RUBENSTEIN: Who are the principal competitors to you in making jet engines?

MR. CULP: Pratt and Whitney here in the U.S., and Rolls-Royce in the U.K.

MR. RUBENSTEIN: OK. And whose engines are better? [Laughter.]

MR. CULP: Well, I think we all know the answer to that question. I don't want to offend anybody. But, David, think about this. There are probably 900,000 people in the air as we speak with GE technology under wing. So, we power two-thirds of the commercial aircraft in the world. Probably in that same zone with respect to military aircraft, both jets and rotorcraft. So, this is a business that has led technically for decades in both sectors.

MR. RUBENSTEIN: And the metal – where do you get the metal? Is made in the United States? Or where do you get the metal for the engines?

MR. CULP: Well, it's a very – there are a whole host of metals. And they are sophisticated, highly engineered metals that are sourced effectively all over the world.

MR. RUBENSTEIN: And it's metal. It's steel, or is it some other kind of metal?

MR. CULP: Oh, every metal possible is probably somewhere on that an engine or that aircraft.

MR. RUBENSTEIN: All right. There is a private plane called a Falcon. When they – for a lot of times, they would advertise they have three engines. And they would say, if you fly across the ocean and one of them breaks down, you still have two engines left. The implication is if you have two engines and one of them breaks down you have some problems. Can you fly across the ocean with just one engine?

MR. CULP: Yes.

MR. RUBENSTEIN: So, you don't really need three engines, or?

MR. CULP: You don't see too many planes with three engines today.

MR. RUBENSTEIN: Do planes ever have engines that actually break down when they're flying across the ocean, or something like that? That doesn't –

MR. CULP: Sure. And that's why you have two engines, right? Even though flight is the safest mode of transportation – we've heard the FAA administrator say that just recently, again, just to make sure everyone is comfortable with that. The reason you've got two engines is so that in the event – the unlikely event – something happens, you're still good to go.

MR. RUBENSTEIN: Sometimes, I've read that birds get into engines, and they mess up the engine. Is that a big problem?

MR. CULP: It's an issue. We call it a bird strike. And it's not uncommon to see an ingestion of a bird. And typically, when the engine is engineered, the engine is tested so that it can continue to run in that instance. But I think most pilots tend to bring that plane back safely to the ground.

MR. RUBENSTEIN: OK. So, in terms of fuel efficiency, engines are, I guess, now reasonably fuel efficient. But people say, why don't you make them environmentally safer? What are you doing to make them environmentally safer or better?

MR. CULP: Well, just – when everybody walks out, you're going to see our RISE open fan engine. That's really what you're going to see, in our view, on the next generation narrow body, single aisle planes. That engine will drive a 20 percent improvement in fuel efficiency and emissions reductions. So, we can – we've done this generation after generation. We'll continue to do that.

In addition, the industry is highly committed to the deployment of sustainable aviation fuels, or what you might hear referred to as SAF. So that's using basically blends that will allow us to use existing propulsion, existing engine technology, to lower the overall emission footprint.

MR. RUBENSTEIN: So, for major aircraft – civilian aircraft, you basically only have in the world two manufacturers. There's a third, you could argue, Embraer, and maybe Bombardier. But in terms of major jets, it's Airbus and Boeing.

MR. CULP: And there's one in China, so they would have – they would have a slightly – they'd want to be mentioned there.

MR. RUBENSTEIN: OK. OK. But why do you think it is that there's only two major aircraft manufacturers in a world as big as ours? Would you not think that there'd be more? And there are only three major aircraft engine manufacturers. Is that surprising you, there's so few, relatively speaking? Or it's just so hard to build that business and it's expensive to get it underway?

MR. CULP: Well, I – again, I'm not sure I have a command of all the history, David. But the barriers to entry here are enormous. You think about the capital required, the product development life cycles, the risks that are taken on – be it in an aircraft, be it an engine. This is not for the faint of heart. I think one reason that GE Aerospace is recognized as an industry

leader is that we have been able to build that cumulative experience and that expertise over multiple product platforms. And that's just – that's hard to replicate.

MR. RUBENSTEIN: Now, recently I saw a picture on television of a covering, I guess it's called a nacelle, of an engine that kind of blew off a little bit. Do you make the nacelles attached to the engines? Or is that not your business?

MR. CULP: We typically don't put into the nacelle around it.

MR. RUBENSTEIN: So, you just make the engine part?

MR. CULP: Yes.

MR. RUBENSTEIN: And you make – how many engines a year can you make? I mean how – what kind of facilities you have to make – you make 100,000 or 50,000, 20,000 engines a year?

MR. CULP: No. It's a low thousands number.

MR. RUBENSTEIN: OK.

MR. CULP: These are not – these are not high-volume products; in the way a typical manufacturer would think about.

MR. RUBENSTEIN: So, if I wanted to buy an engine for a 747 I wanted to buy, what does it actually cost to buy an engine? Is it cheap? Or you have discounts? Or what? [Laughter.]

MR. CULP: Well, I like the fact you're thinking big. We need to put you in a more modern platform than the 747. Z will set you up maybe with a 777. But if you were to buy a commercial airplane today, you're probably looking at 2030, 2031 as to the earliest delivery.

MR. RUBENSTEIN: Really? You can't get them, new ones sooner?

MR. CULP: You might be able to. But I don't think I could. [Laughter.]

MR. RUBENSTEIN: OK. So that's how the demand is still pretty – backlog is pretty good.

MR. CULP: We have – it really is a golden moment for the industry. You think about the airlines coming out of the pandemic. Just a couple of years ago, we were basically at zero. And we've got people traveling all over the world. Departures today are 6 percent up over last year. So, we're well past the 2019 level. And there is – there's barely an airline in the world, David, that isn't looking to expand their fleets and modernize them, again, with efficiency and emissions very much in mind. So that's why you have this tremendous backlog.

MR. RUBENSTEIN: Well, if an engine that goes on, let's say, a 737 or 767 or 777, how long do you keep that engine on before you rotate it off and get another engine? Or is it – it's there for the body of – the lifetime of the plane?

MR. CULP: Well, people will swap those engines out. But, by and large, those engines can operate 20-plus years.

MR. RUBENSTEIN: Oh, really?

MR. CULP: Yes. And we – part of the beauty of our business – fun fact. I mean, 70 percent of our revenue comes in the aftermarket. So, we will – we will stay close to the product, we'll stay close to the customer 15, 20, 25 years, making sure that engine is not only operating safely and well, but we'll inject new technologies to allow that that engine to perform.

MR. RUBENSTEIN: OK. So right now, what is the most important issue when people buy jet engines? Is it safety, cost, or fuel efficiency?

MR. CULP: Safety, safety, safety. And that's really the way it has been. Because, again, the engines make the mission, in our view. I see Jon Blank here from GE Aerospace. Jon runs – helps us run our safety management system, which is really the way that we make sure that what we do delivers a safe product to the airlines every time out.

And we had our own challenge back in the late '80s with United 232, where we had a plane that had an engine problem that didn't make all the way safely to the airport. And that was really an incident that galvanized our commitment to safety, David, so that we ended up being the first company that designs and/or manufactures jet engines to be recognized by the FAA for its safety management system. So you'll hear a lot of talk about that today. This is something we've been doing for decades.

MR. RUBENSTEIN: So, when you say, "didn't get all the way to the airport," what does that mean?

MR. CULP: It means it landed in a cornfield.

MR. RUBENSTEIN: But it did land safely.

MR. CULP: And not everybody got out safely.

MR. RUBENSTEIN: Oh, OK. So today do engines ever catch on fire, or is that not a big issue?

MR. CULP: It can happen, but it happens infrequently.

MR. RUBENSTEIN: So as the CEO of a large, publicly traded company, with a market cap today – your market cap is roughly \$100 billion today?

MR. CULP: I think we're well north of that, as GE Aerospace today.

MR. RUBENSTEIN: GE Aerospace. But, I mean, GE Aerospace's market cap is over \$100 billion.



MR. CULP: Yeah.

MR. RUBENSTEIN: So, you must get concerns about, and get questions about, the economy. Is your view on the U.S. economy that it's in reasonably good shape? Are you worried about interest rates staying higher for much longer? Or what are your biggest concerns about the economy?

MR. CULP: Well, I think, like most CEOs, between the pressure on the economy from the rate hikes and just the geopolitical environment, we're concerned about that, of course. But again, back to demand on the airlines currently around the world being strong, and these backlogs that we have not only from the airlines themselves but with the military, we're going to be busy for the rest of this decade.

MR. RUBENSTEIN: How do you deal with DEI? How do you deal with those issues? Do you have a DEI program of some type? And are you – you have a fair number of women and minorities on your employee force?

MR. CULP: We do. And one of the – we talk a lot about GE's history. One of the things that I have come to really appreciate, David, is how strong GE has been as a leader in this regard, you know, well before the last – the last few years. I think about our employee resource groups, for example, I think we've got almost a dozen of them now, that really serve to make sure that wherever you come from you feel at home at GE. And that's really something that we want to make sure that we continue as we go from 52-to-53,000 and beyond. We want to make sure that we are attractive as a place to work for engineers and others.

MR. RUBENSTEIN: Now, the acronym ESG<sup>3</sup> is in some disfavor in some corporate circles. How do you look at ESG? And what is your ESG activity?

MR. CULP: Well, I think that people are looking at that acronym, right, for what it is. It's a broad umbrella over a whole host of things. I think, for us, sustainability has always been central to what we do, right after safety. Every jet engine that we put forward has to deliver a step function improvement in efficiency, and thus emissions. So ESG, you could argue, very much at the core of our strategy. I'd also say, from a governance perspective, you've got to give the GE board real credit. The people I have had the opportunity to serve with really do, I think, deserve the recognition for what we've been able to do. And now we have three boards that are stock full of people who are committed to the mission, understand the governance role well, and are making sure they represent shareholders.

MR. RUBENSTEIN: Now, are your engines safer than the engines on private planes, do you think?

MR. CULP: Depends what private plane you're flying on, David. No, I'm just joking.

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<sup>3</sup> Environmental, social, and governance, is a set of aspects, including environmental issues, social issues, and corporate governance that can be considered in investing. Investing with ESG considerations is sometimes referred to as responsible investing or, in more proactive cases, impact investing.

MR. RUBENSTEIN: Well, why don't you make engines on private planes? Is it too small?

MR. CULP: It's a smaller market. And we've been fortunate to lead in the narrow body and the wide body space. That's kept us busy. There are some smaller, regional jet – business jet applications where you'll find a GE Aerospace engine. But it's not necessarily a sector where we lead, as we do elsewhere.

MR. RUBENSTEIN: OK. So, if you're flying a commercial plane – I don't know if you fly that much commercial – but would you ever fly with somebody that's got a Rolls-Royce engine? Or you want to make sure you're flying on a GE engine?

MR. CULP: My family will fly any commercial airliner required. And we don't – I mean, in all seriousness – we don't compete on safety, right? As an industry, one of the things that – when I when I mentioned our SMS – we worked very hard with the FAA, with the airlines, the air framers, and competitors to make sure that we keep this industry as safe as we possibly can. That is a shared vested interest we take seriously.

MR. RUBENSTEIN: You mentioned your family. Do you have children?

MR. CULP: Yes.

MR. RUBENSTEIN: And are they in aircraft engine world, or?

MR. CULP: No. No. Three; two sons and a daughter, all out of college, all off the payroll, so to speak.

MR. RUBENSTEIN: OK. They're never off the payroll, trust me. [Laughter.] So, and you're happily married after how many years?

MR. CULP: Is it – let's see, 24?

MR. RUBENSTEIN: You should know this.

MR. CULP: Yeah, 36.

MR. RUBENSTEIN: Thirty-six. OK. So that's pretty good for a CEO, 36 years of marriage. Pretty good. [Laughter.] So, what are you doing now to relax? Do you ever have any time off? Do you ski, you play basketball? What do you do to refresh yourself?

MR. CULP: Yeah. I'd say I probably fish more than anything else. I haven't been able to get out to ski much.

MR. RUBENSTEIN: Is that a lot of relaxation and exercise?

MR. CULP: Oh, yeah. I wouldn't say exercise. But, if I'm on the – if I'm on the water, David, if I'm over on the shore trying to catch a bass, like I did on Sunday, or down in Costa Rica, my mind can be wholly focused on that mission.

MR. RUBENSTEIN: Because every time I've gone fishing in the Chesapeake Bay, which is, like, three times, the people say, oh, this is the one day the fish aren't biting. [Laughter.] You ever had that?

MR. CULP: David, I've been 100 miles into the Pacific off Costa Rica when they've said that.

MR. RUBENSTEIN: Really? Oh.

MR. CULP: It's a long way home.

MR. RUBENSTEIN: Yeah. OK. So, all right. And so, you have no current plans to – well, it's been rumored that you're interested – not you're interested – but it's rumored that people at Boeing would say you're the perfect person to be the next CEO of Boeing. And your response to that is?

MR. CULP: I'm flattered, but my home's in Cincinnati now at GE Aerospace. And I can serve – Boeing's an incredibly important company to our country. Critical customer for us. But I think I can serve Boeing in the near to medium term best from Cincinnati.

MR. RUBENSTEIN: So, we'll take that as you're not that interested. [Laughter.] OK. So, let's suppose the president of the United States calls you up and says: You did an incredible job turning around GE, and you also helped grow Danaher. You should be secretary of something or another in the federal government. The president of either party. Would you have any interest in going into government?

MR. CULP: I think if you got a call like that you'd have to consider it.

MR. RUBENSTEIN: Oh, OK. [Laughter.] All right. So, uh-oh, I think the GE Aerospace stock just went down, but OK. [Laughter.] OK.

MR. CULP: No, no, because I think our – I said consider.

MR. RUBENSTEIN: Consider, OK.

MR. CULP: David, I'm –

MR. RUBENSTEIN: You're happy where you are.

MR. CULP: I'm happy. And constitutionally I'm far better wired for the private sector.

MR. RUBENSTEIN: OK. So, if somebody is watching this and says, I want to be Larry Culp. What is it that it takes to be a successful CEO of two different companies? Is it hard work,

intelligence, good marriage, supportive kids? What is it? Fishing skills? What do you think it is?

MR. CULP: Yeah. Well, there's a lot to fishing, but I digress. David, I think I was very fortunate to have a number of experiences prior to getting my first P&L at Danaher. But I got that first P&L. I was president at Veeder-Root three years after I joined the company, back in '93. And what I tell young people is, if you want to run a business the best preparation is running a business, right? I went to a company no one had ever heard of. I was running a division that no one has probably yet heard of.

But I got the opportunity to really understand what that means, what general management is all about. And we had success. I had another opportunity. I got another. Began running a portfolio of companies. And then when George Sherman decided to retire back in 2001, I replaced the guy who hired me, right? So, this is – it's a wonderful story. GE doesn't happen without that Danaher experience. So, you if you want to be an operator, you got to operate.

MR. RUBENSTEIN: OK. So, you're in Washington today. Your company is based in Cincinnati. Are you here to see any government officials, to kind of tell them what they should be doing better?

MR. CULP: I would never be so presumptuous. But we do have some important business elsewhere. But the highlight of the day, of course, was lunch with you.

MR. RUBENSTEIN: [Laughs.] That's a very low bar. I mean, I'm sure you – I'm sure you've got some other, more important, people. [Laughter.] So, look, Larry, you've obviously done an incredible job at Danaher increasing its market cap by five times, and five times for GE. And really, I think, helped save the company, because honestly before you took over I didn't – I wasn't sure it was going to survive. And so, it's an incredible story. And we're very proud that you are from the Washington area, and you're a member of the Economic Club of Washington. So, congratulations on what you've done. And thank you for making the Economic Club of Washington such a good place to be from. All right. OK. So, any new worlds you want to conquer after the corporate world and the government world that you might go into someday? You don't want to be a private equity person, or something important like that? [Laughter.]

MR. CULP: I've got my work cut out for me as far as I can see.

MR. RUBENSTEIN: OK. So, thank you very much. I think we have a gift for you. OK? We do. [Applause.]

MR. CULP: Thank you. All right. Great. [Applause.]



**H. Lawrence Culp, Jr.  
Chairman and CEO  
GE Aerospace**

H. Lawrence (Larry) Culp, Jr. was GE's Chairman and Chief Executive Officer from 2018 - 2023. As Chairman and CEO, Larry led GE's transformation to become a more focused, simpler, and stronger high-tech industrial company.

With the transformation complete, Culp leads GE Aerospace, an independent public company that is the world's number one maker of aircraft engines for both commercial and military use. With nearly \$32 billion in annual revenues in 2023, GE Aerospace is Cincinnati, Ohio's third-largest Fortune 500 company. GE Aerospace recently forecasted an operating profit of about \$10 billion in 2028 on robust demand for its products and services. GE Aerospace trades on the NYSE under the familiar "GE" symbol.

Prior to GE, Culp served as the President and CEO of Danaher Corporation (2000 to 2014), and during his tenure, the company increased both its revenues and its market capitalization five-fold. He joined Danaher's subsidiary Veeder-Root in 1990, serving in a number of leadership positions within Danaher, including COO and, following his retirement, Senior Advisor (2014-2016).

A member of Phi Beta Kappa, Larry earned a B.A. in Economics from Washington College and an MBA from Harvard Business School.