

healthymagination

May 7, 2009



imagination at work

Healthcare has reached a tipping point

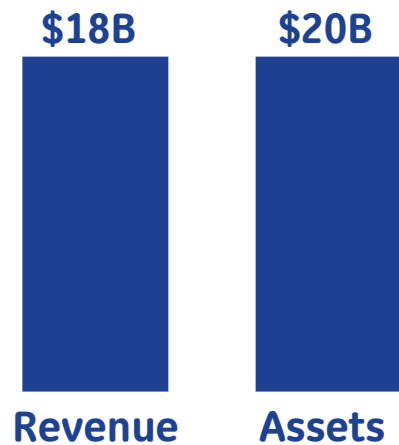
- ✓ Healthcare industry in the U.S. has traditionally led innovation and exported globally
- ✓ Enormous pressure on government to reduce costs – current model is unsustainable given “demographic” shifts
- ✓ Administrators looking to improve quality, lower cost, and reduce variation in care ... patients want quality and coverage
- ✓ Many new healthcare models emerging on a global basis

New solutions are required



GE lives in the healthcare domain

A strong business



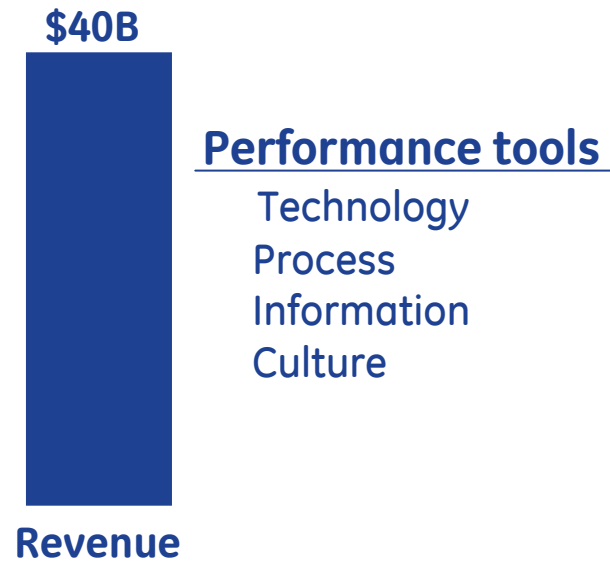
- ✓ A global leader in diagnostics
- ✓ In business since 1915
- ✓ Major exporter

A big payer



- ✓ 600,000 covered lives in U.S.
- ✓ Run 170 healthcare clinics
- ✓ Leapfrog founder

A services innovator



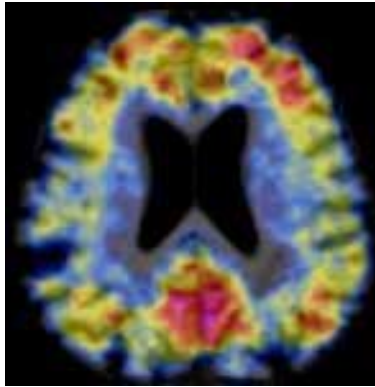
- ✓ Every 5 years
 - ↓ Lower costs by 20%
 - ↑ Improve quality by 20%
 - ↑ Increase access by 50%

GE can make a difference in healthcare

GE Healthcare breakthrough innovation

In development

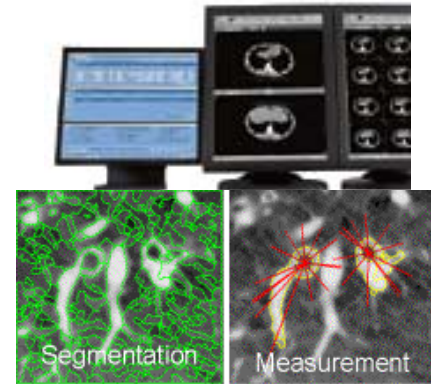
New diagnostics for neurology



Alzheimer's
Parkinson's
Stroke

- ✓ Future diagnostic tools for Alzheimer's Parkinson's and stroke
- ✓ Full suite of imaging technologies
 - + PET software
 - + Molecular tracers + imaging
 - + New MR tools
- ✓ Working with pharma on standards of care

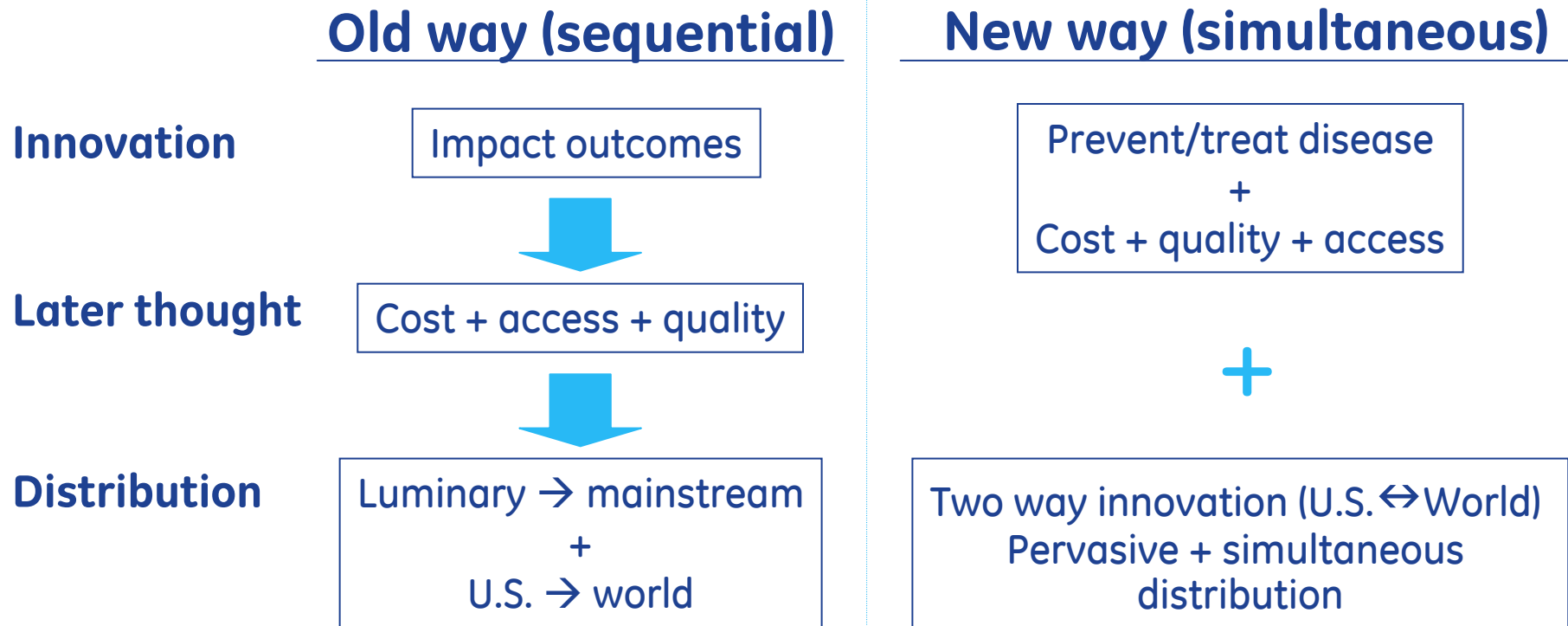
Digital pathology



- ✓ Automating labs with digital tools
- ✓ JV with UPMC
- ✓ Multiple goals
 - + Lower cost
 - + Improve diagnostics
- ✓ Build leadership in clinical software

Early detection + prevention of disease is primary mission

Healthcare innovation will be transformed



GE will embrace this approach

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2005 goals

2009 status

Double R&D to \$1.5B on “green products”

\$1.5B on R&D
75 “eco” products

Work with customer to increase revenue from \$5B in 2005 to \$20B in sales by 2010

\$18B of revenue in 2009
17% growth rate
Global engagement

Reduce GE carbon footprint by 1%

Reduction of 8%
Save \$100MM/year

Be transparent & involved

Founding member of USCAP

What we learned

Through innovation ... everyone can win:

+ Customers

+ Investors

+ Employees

+ Public



healthymagination... by 2015

Leverage GE's technical breadth, global position and financial strength to support healthcare with cost, access and quality targets

For customers: Invest \$6B to launch 100+ innovations that lower cost, increase access and improve quality by 15%. Focus on efficient technologies, health IT, more access and consumer-driven health

For employees: Drive better employee health through "Healthy Worksite" program to increase wellness and competitiveness; target annual cost increases to less than rate of inflation (CPI)

For investors: Achieve long-term healthcare organic growth of 2-3x GDP; Grow healthcare "value gap" from \$500M today to significantly higher levels in the future

For public: Be transparent ... partner with others ... engage thought and policy leaders

For customers: 100+ innovations

What it means

1. Target

technology for lower-cost outcomes

- + More products and price points
- + Localize ... global ↔ US
- + Expand services beyond installed base

2. Make

health IT faster and more productive

- + Commercialize clinical decision support
- + Financing for IT
- + Automate productivity tools

3. Create

innovation for all

- + Reduce screening cost
- + Broaden rural distribution/financing
- + Health essentials: GE Water/Energy

4. Facilitate

consumer-driven health and prevention

- + Build out Intel partnership
- + Awareness and motivation: NBCU
- + Platforms for prevention/detection

Assessment process

\$6B investment: \$3B Healthcare product/service, \$2B financing, \$1B GE in these areas



Cost savings

- 1) Greater efficiency
 - Asset optimization
 - Maximize throughput
 - Reduce diagnosis & treatment variance
- 2) Therapy decision-support
- 3) Managing chronic diseases

15% ↓



Access improvement

- 1) Maternal & infant care
- 2) Water & sanitation
- 3) Screening for life-threatening conditions
- 4) Technology to extend reach (remote access and portability)

15% ↑



Quality improvement

- 1) Reducing medical errors
- 2) Improving diagnostic capability
- 3) Remote medicine/monitoring
- 4) Early disease detection

15% ↑

3rd party validation by Oxford Analytica

Our innovations – Venue 40

- Portable “at bedside” ultrasound with exceptional image quality
- Expected system of choice for needle-guidance and quick diagnostics
- 20% ↓ cost than current low cost compact ultrasound



Cost: 20% lower cost



Access: Potential +15% increase



Our innovations – Low Dose CT

- 50% ↓ in radiation dose for a full body scan and 83% ↓ in heart scans
- Important for children and patients that may need ongoing diagnostics
- Image resolution improved by 33% for body scans and 47% of the heart
- CT can reduce costs by nearly 50% when a cardiac catheterization can be avoided



Cost: 15% procedure cost out



Quality: up to 50-83% lower dose



Our innovations – AgileTrac™ (Performance Solutions)

- Allows hospitals to use equipment more efficiently
- Fewer pieces of equipment need to be purchased
- Reduces need for rental equipment, minimizes equipment theft/loss
- Helps ensure proper equipment sanitation and maintenance



Cost: 15-30% cost out



Our innovations – Lullaby Warmer

- Help reduce infant deaths from hypothermia and asphyxia
- Reduce infant warmer acquisition costs for hospitals in India up to 70%
- Developing nations access to a safety-tested infant warmer meeting IEC quality standards



Cost: up to 70% lower cost



Access: Potential 15% increase for underserved populations



Our innovations – EMR IT solutions

- Physician decision support: GE, Intermountain Health, The Mayo Clinic partnership, launch in 2010
- Patients currently only receive best practice care 54% of the time
- Broad adoption of Intermountain Healthcare's care delivery would allow patients to receive best care 90% of the time
- It would also save \$54B annually



Cost: 30% cost out



Quality: +80% quality of care



Our innovations: consumer access

- Distribute over 5,000 pieces of health-related content to over 100MM consumers
- Launch study on consumer activation through media to improve patient compliance with Cleveland Clinic
- Expand Intel partnership in home health



Access: 121 MM Americans

healthymagination actions

Constant flow of innovation

Better, more affordable health for more people

Innovation pipeline

- ✓ 50 targeted, simplified innovations to lower cost
- ✓ \$2B financing HCIT for rural doctors and hospitals
- ✓ \$1B cost out for customers from Performance Solutions
- ✓ \$1B in content, rural water & power for health benefit
- ✓ Expand maternal infant care offerings by 35%
- ✓ Grameen rural health to 10 countries
- ✓ Hand held ultrasound for ubiquitous imaging
- ✓ Pandemic flu preparedness
- ✓ Patient compliance from media with Cleveland Clinic
- ✓ GE Health Advisory Board: anchored by Frist, Daschle

For employees: A culture of health

Vice Chairman John Rice to lead

\$2.5B



Current
GE cost

- ✓ **Employee engagement + incentive**
 - Transform 170 GE clinics to health & wellness centers
 - Personal health records and wellness tools
 - Incentives for healthy living

- ✓ **Contain costs < CPI inflation rates**
 - Measure quality and link to payment

- ✓ **Process tools & measures**
 - Develop Healthy Worksite certification for 600+ GE sites modeled on GE employee safety & savings success
 - Double-digit increase in preventive screening rates
 - Reduce lost work days to illness/injury

- ✓ **Partner & learn ... customers & governments and other businesses ... build consortiums**

Healthier people taking on big challenges

For investors:

Strong healthcare business model

\$18B



Revenue

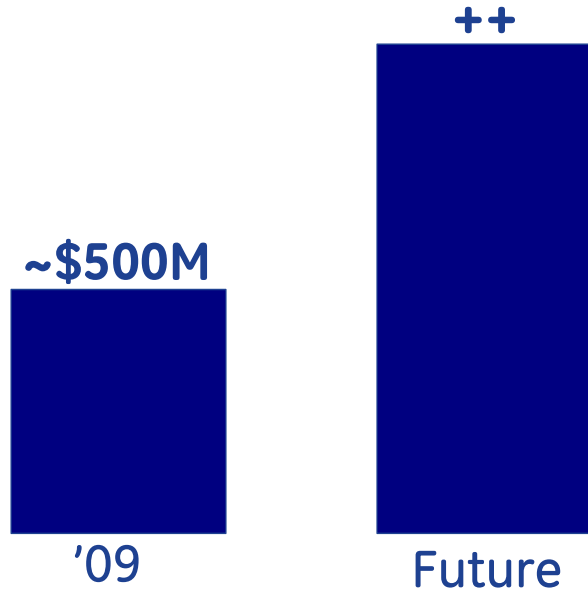
Grow at
2-3X GDP

- ✓ Broaden technology: Innovation that drives outcomes + productivity
- ✓ Focus on big healthcare needs: Early health and chronic diseases
- ✓ Global/local: Local solutions + global applicability ... tools to address rural health (e.g. China + U.S.)
- ✓ Drive business expansion:
 - + Expand services beyond GE installed base
 - + Build and IT portfolio
 - + Focus financing on major health care spend
 - + Increase global partnerships...Qatar, Intel, pharma

**Important GE business
Must broaden approach**

For investors and economy:

GE value gap: earnings - cost



For GE investors:

- ✓ Get ahead of healthcare changes
- ✓ Build the GE brand

More productive healthcare industry:

- ✓ Globally competitive, innovation based
- ✓ Less quality variation
- ✓ Health bolsters economy not burdens
- ✓ Healthier, more productive people
- ✓ Prevent, treat and cure disease

“Health means wealth”

For public: Support policy

Access

Universal,
affordable
coverage

High-tech,
low-cost
innovation

Preserve
employer-
based systems

Rural and
underserved
health reforms

Cost

Incent system
efficiency

Payment
reform

Prevention
and early
detection

Improve
liability
system

Quality

Drive
electronic
systems

Pay for
outcomes

Incent certified
wellness
programs

Transparency
and choice

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- ✓ A new business strategy that reflects changing needs and emerging opportunities in HC
- ✓ A commitment to increase our R&D investment in quality, access and cost and to bring the full focus of GE on these issues (GE Capital, NBCU, Energy & Water, GRC, Foundation)
- ✓ A pledge to take on one of the world's toughest challenges and help people live healthier lives



ecomagination ... for a healthier planet

+

healthymagination... for healthier people

=



for a better world ... for generations to come

