

# GE Technology Infrastructure

## John Rice Vice Chairman

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**Results are preliminary and unaudited.** This document contains "forward-looking statements"- that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of U.S. and foreign government programs to restore liquidity and stimulate national and global economies; the impact of conditions in the financial and credit markets on the availability and cost of GE Capital's funding and on our ability to reduce GE Capital's asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the soundness of other financial institutions with which GE Capital does business; the adequacy of our cash flow and earnings and other conditions which may affect our ability to maintain our quarterly dividend at the current level; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, network television, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of proposed financial services regulation; strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements."

"This document may also contain non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information posted to the investor relations section of our website at [www.ge.com](http://www.ge.com)."

"In this document, "GE" refers to the Industrial businesses of the Company including GECS on an equity basis. "GE (ex. GECS)" and/or "Industrial" refer to GE excluding Financial Services."



imagination at work

## 2010 GE "framework"

Profit

2010E

Drivers

	2010E	Drivers
<b>Industrial</b>	~Flat	+ NPI, service growth, lower cost, global - Excess capacity remains, invest in growth
<b>Media</b>	-	+ Cable, improved ad markets - Olympics
<b>Capital Finance</b>	~Flat	+ Capital Finance positioned for upside - Remain cautious on CRE
<b>Corporate</b>	~Flat	- Pension costs higher ✓ Restructuring TBD
<b>CFOA</b>	\$13-15B	+ Working capital improvements - Lower progress payments



imagination at work

# Technology Infrastructure environment



## Aviation

- + Dec. int'l traffic ↑ 4.5%
- + China C919: CFM engine sole source ... Avionics selection next
- + Successful GEnx 747 flight ... 787 next



## Healthcare

- + Orders stronger
- + Strong emerging mkts.
- + **healthymagination**



## Trans

- + Jan. traffic N.A. ↑ 5%
- + China partnerships
- + Battery start up

- Airline profitability
- Equipment orders ↓

- US Healthcare reform

- Parked loco's
- RR profitability ↓

- ✓ Environment remains difficult but stabilizing
- ✓ Investing in emerging markets + technology

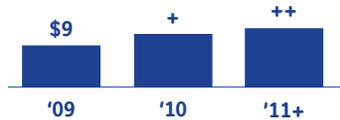


# Technology Infrastructure

(\$ revenue in billions)



## Emerging Markets



- ✓ Partnerships - China Avionics & Loco's
- ✓ Local presence ↑ - sales & distribution
- ✓ Regional product development

## Developed Markets



- ✓ Stabilizing ... better in '11 & beyond
- ✓ Great technology position
- ✓ Service ↑ - large installed base

- Emerging markets strong → invest + partner
- Developed markets stabilizing → technology
- Capitalize on global trends → **eco + healthy**



# China partnerships

## Aviation – Engines & Avionics



✓ COMAC selects CFM as sole source engine supplier to the C919 aircraft



• Partnering with AVIC ... integrated avionics systems and electric power systems



## Transportation Engine JV & High Speed Rail



- ✓ Agreement on JV to develop, build and service Evolution diesel engines
- ✓ Order for 300 more Evolution locomotive assemblies to China (600 total)
- Cooperation with Ministry of Rail to bring high-speed rail to U.S.



Major partnerships announced ...  
positioned for the long term ...  
Creating & protecting US jobs



# healthymagination → GE leadership



Broader technical reach

+



Relevance in healthcare IT

+



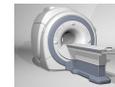
Evolve global patient access

+



Lead customer productivity

+



GE Health Choice

Public policy advocacy



- healthymagination goals:
- ✓ Invest \$6B by '15 to launch 100+ innovations
  - ✓ GE healthcare costs growth ≤ CPI (U.S.)
  - ✓ Long-term Healthcare organic growth 2-3x GDP
  - ✓ Partner with others ... engage policy leaders



# Expanding services



## Service products

### Aviation - Intelligent Services / myEngine™



- ✓ Benefit customers via OEM product & knowledge history

### Healthcare Solutions - Asset optimization



- ✓ Building a \$1B Healthcare solutions business

### Transportation - Movement planner



- ✓ Asset efficiency & productivity

**Innovation creates competitive advantage**



# Strong profit margin outlook

(\$ in billions)

**Strong operating disciplines**

## Contribution Margin %



- ✓ Value gap ... price > inflation
- ✓ Material + labor productivity
- ✓ Restructuring - facility closures

## Base Cost



- ✓ ~\$2B R&D spend ... ↑ 10%+
- ✓ RTS ↓ ~500M ... (7) %
- ✓ G&A - Emerging ↑, Developed ↓

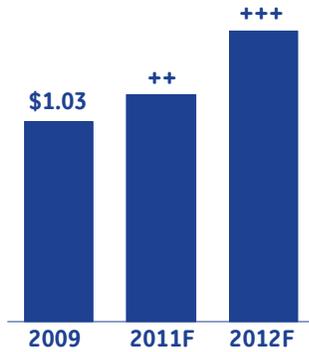
## Tough markets ... but better positioned

- ✓ Improved cost structure + enhanced R&D/distribution
- ✓ Expanded profit margins → value gap + restructuring



# What investors should believe

## GE Earnings (EPS \$/share)



## Industrial Summary

- ✓ **Emerging markets** are strong ... GE continues to invest & partner
- ✓ **Developed markets** will be slower to recover ... but GE 's position is strong
- ✓ **Services** are key ... continuing to reinvent
- ✓ **Profit Margins** are expanding ... value gap, restructuring, cost disciplines
- ✓ **Technology Investment** ↑

**Strong position for the long term**