

# GE 2011 fourth quarter performance

## January 20, 2012

### – Financial results & company highlights

#### Caution Concerning Forward-Looking Statements:

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and 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: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; potential market disruptions or other impacts arising in the United States or Europe from developments in the European sovereign debt situation; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation’s (GECC) funding and on our ability to reduce GECC’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; changes in Japanese consumer behavior that may affect our estimates of liability for excess interest refund claims (Grey Zone); 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 adequacy of our cash flow and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level; our ability to convert customer wins (which represent pre-order commitments) into orders; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; strategic actions, including acquisitions, joint ventures and dispositions and our success in completing announced transactions and integrating acquired businesses; the impact of potential information technology or data security breaches; 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).”

“Effective January 1, 2011, we reorganized our segments. We have reclassified prior-period amounts to conform to the current-period’s presentation.”

“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

# Overview

- ✓ Leading indicators encouraging ... strongest orders results in history
  - Metrics in key markets are positive ... emerging market orders +26%
  - Infrastructure orders +15% ... equipment +23%, services +7%, \$200B backlog
  - Commercial real estate market improving ... 4Q earnings better by \$256MM, embedded loss in equity business declined by \$2.5B in 2011 to \$2.6B
  
- ✓ Challenges in select markets
  - Europe slowing ... impact on Healthcare
  - U.S. appliance market still tough
  
- ✓ Company operations are strong
  - Operating EPS +11% ... Industrial segment organic revenue growth +5%
  - Total year CFOA of \$12.1B ... \$85B of cash
  - GECC/GECS Tier 1 common ratios up to 11.4%/9.9%
  
- ✓ Executing balanced capital allocation plan
  - Increased dividend to \$.17/quarter, up 21% in 2011
  - \$5.4B stock buyback YTD (including \$3.3B for preferred) ... \$7.1B since restarting buyback
  - MetLife U.S. retail deposit acquisition will accelerate Capital's funding diversification plan
  
- ✓ Company positioned to deliver on double-digit earnings growth in 2012

# 4Q'11 orders +15%

(\$ in billions)

## 4Q orders \$28.6B

	Equipment		Services	
	\$	V%	\$	V%
Energy	\$6.0	33%	\$5.0	6%
O&G	2.4	40	2.3	29
Energy Infra.	8.2	33	7.2	13
Aviation	4.2	44	2.7	(9)
Healthcare	3.1	1	2.1	(1)
Transportation	0.5	(45)	0.7	57
<b>Total</b>	<b>\$16.1</b>	<b>23%</b>	<b>\$12.5</b>	<b>7%</b>

## Strong backlog (\$B)



## Orders profile

### Equipment



### Services



## Highlights

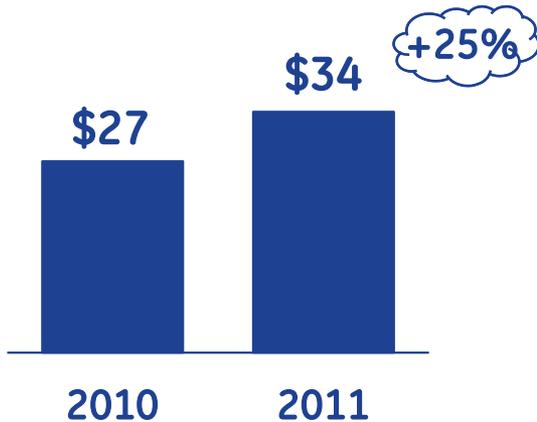
- ✓ Strongest orders quarter in history
- ✓ 9% organic orders growth ... 7<sup>th</sup> quarter positive organic growth
- ✓ Equipment book-to-bill 1.23 ... 1.14 for year

**Largest backlog in history**

# Growth dynamics

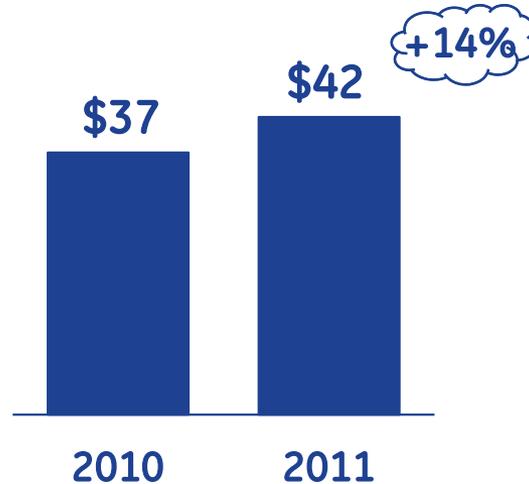
(Total year revenue \$ in billions)

## Growth markets Industrial revenue



- ✓ 4/5 Industrial segments seeing double-digit growth
- ✓ 8/9 regions 10%+ ... ANZ +67%, China +29%, India +50%, LA +36%, Russia +32%

## Services Revenue



- ✓ Services backlog at record level ... \$147B
- ✓ Strong growth across all businesses
- ✓ Margins up 30 bps. to 28.3%

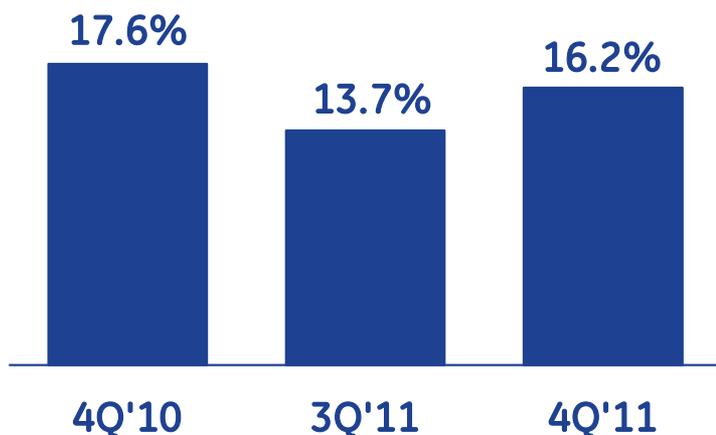
## New product launches

- + FlexEfficiency 50 ... >61% fuel efficiency
- + Discovery IGS 730 ... mobile & robotic interventional x-ray
- + Optima MR450W ... +70cm wider bore & better patient experience
- + LEAPX success at Dubai Air Show with \$4B commitments
- + GENx powered 747s entered service in 4Q
- + H80 turboprop engine

**Macro trends holding ... executing growth strategy**

# Margins

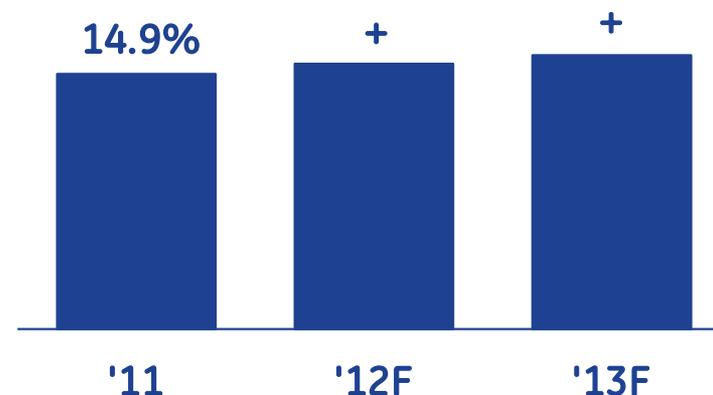
## Segment op. profit margins



<u>Drivers</u>	<u>V-3Q</u>	<u>V-'10</u>
Energy <sup>-a)</sup>	2.4 pts.	(0.4) pts.
Other Industrial <sup>-a)</sup>	1.0	0.4
R&D/global	(0.8)	(0.9)
Acquisitions	(0.1)	(0.5)

(a- Excludes impact of R&D/global investment & acquisitions)

## Outlook



<u>Drivers</u>	<u>'12 impact on margins</u>
✓ Productivity programs	++
✓ R&D & global investments	=/+
✓ Wind & Thermal price in backlog	-

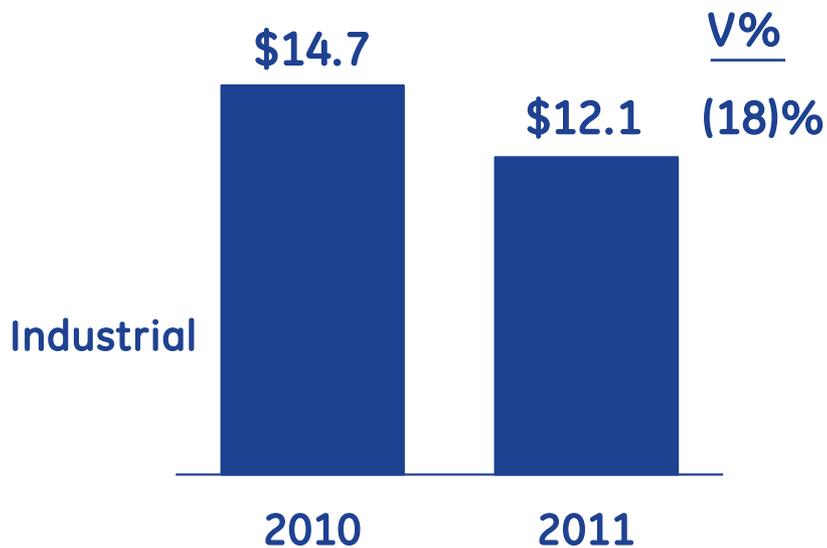
**Planning ~50 bps. margin expansion in 2012**

# Cash outlook

(\$ in billions)

Consolidated cash \$85B

## 4Q YTD CFOA



- ✓ NBCU \$(2.3) impact
- ✓ Managing working capital needs to fulfill strong backlog

## GE cash balance walk

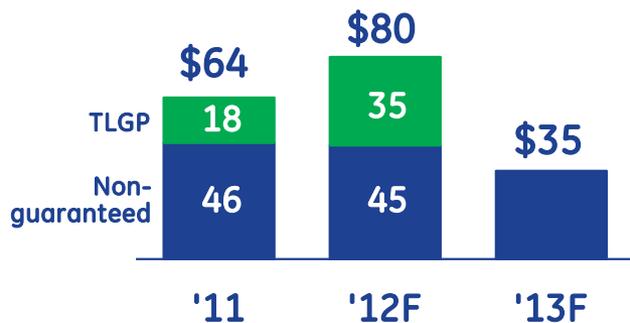
	Total
Beginning balance 1/1/11	\$19.2
CFOA	12.1
Dividends	(6.5)
P&E	(3.0)
Acquisitions	(11.6)
Buyback/preferred	(5.4)
NBCU disposition	1.8
Change in debt/FX/other	1.8
<b>December 2011</b>	<b>\$8.4</b>

- ✓ Record CFOA of \$5.5B for 4Q
- ✓ Strong execution on capital allocation plan

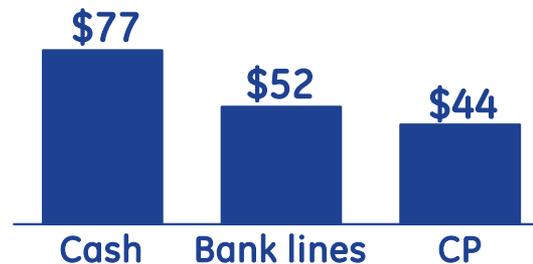
# GECS liquidity & capital

(\$ in billions)

## LT debt maturities



## Liquidity 4Q'11



Cash & backup bank lines >2.5X CP

## Tier 1 common ratio



## GE Capital ending net investment<sup>-b)</sup>



GECS equity <sup>-a)</sup>	\$69	\$76	\$77
GECC leverage	4.9:1	4.2:1	4.0:1
GECS leverage	5.2:1	4.4:1	4.2:1

(a- Before non-controlling interest)

(b- Net of cash & equivalents)

(c- As reported including discontinued operations)

- ✓ Very strong liquidity & capital ratios
- ✓ Continue to focus on high-return segments
- ✓ ENI likely lower ... still expect double-digit earnings growth

# 4Q'11 consolidated results

(\$ in billions – except EPS)

## Continuing operations

	<u>4Q'11</u>	<u>V%</u>
Revenues	\$38.0	(8)%
– Industrial sales	26.7	(7)
– Financial Svcs. rev.	11.6	(9)
Operating earnings	4.1	6
Operating EPS	0.39	11
Continuing EPS <sup>(a)</sup>	0.37	3
Net EPS	0.35	(17)
CFOA – YTD	12.1	(18)
– Industrial CFOA	12.1	(18)
	<u>4Q'11</u>	<u>'11 TY</u>
Tax rate	10%	29%
– GE (ex. GECS)	15	38
– GECS	4	12

(a- Earnings attributable to common shareowners

Memo: includes NBCU JV pretax profit of \$220MM; excluding impact of NBCU, GE revenues +4%, Industrial sales +11%

(\$ in millions)

	<u>Revenues</u>		<u>Segment profit</u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
Energy Infra.	\$12,988	19%	\$2,214	Flat
Aviation	4,924	2	850	4%
Healthcare	5,163	1	953	(5)
Transportation	1,464	43	226	F
H&BS	2,229	(4)	82	(41)
Industrial	26,768	10	4,325	2
GE Capital	10,745	(9)	1,622	58
	<u>\$37,513</u>	<u>4%</u>	<u>\$5,947</u>	<u>13%</u>

# 4Q'11 other items

	<u>EPS impact</u>	<u>Category</u>
Tax audit resolution	\$.03	✓ 2006/2007
One-time costs	(.03)	✓ Restructuring & other charges ✓ Deal-related costs
<hr/>		
Discontinued operations	(.02)	✓ GE Money Japan

**Restructuring improves cost base for 2012**

# '12 organization simplification

## 1 GE Capital

Merging GECS & GECC

Financials: GECS continuing operations becomes GE Capital segment

### Benefits

- ✓ Simplifies organization & reporting
- ✓ Change effective for 1Q earnings
- ✓ Reduce SEC registrants from 2 to 1
- ✓ Aligns all financial services under GE Capital management structure

## 2 Energy Infrastructure

Realigned Measurement & Controls Solutions business under Oil & Gas

Financials: \$4B revenue, \$0.6B op. profit increase for Oil & Gas

### Benefits

- ✓ Leadership changes effective 10/1/11
- ✓ Better go-to-market alignment ... predominantly Oil & Gas customers
- ✓ Drive more scale in attractive process solutions business
- ✓ No change to overall Energy Infrastructure segment

**Drives better alignment & simplifies reporting for investors**



# Energy Infrastructure

(\$ in millions)

<u>4Q'11</u>	<u>\$</u>	<u>V%</u>
Revenues	\$12,988	19%
Segment profit	\$2,214	Flat

## Key 4Q business results

	<u>Revenues</u>		<u>Segment profit</u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
<b><u>New basis</u></b>				
Energy	\$9,223	11%	\$1,673	(3)%
Oil & Gas	4,105	38	630	12
<b><u>Previous basis</u></b>				
Energy	\$10,322	17%	\$1,849	Flat
Oil & Gas	3,024	25	453	4%

## 4Q dynamics

### Energy

- \$11B orders, +19% ... equipment backlog \$14.6B vs. PQ +3%, CSA backlog \$45.9B
- Revenue +11% ... equipment +15%, services +7% ... higher equipment volume & acquisitions
- Segment profit (3)% ... strong core equipment volume & margins at 18%

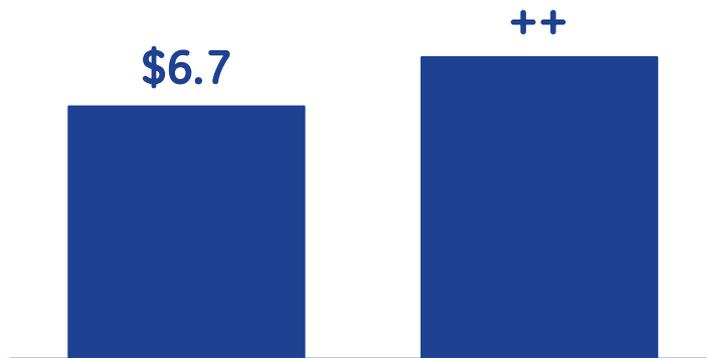
### Oil & Gas

- \$4.7B orders, +34% ... equipment backlog \$8.5B vs. PQ (2)% ... CSA backlog \$3.8B
- Revenue +38% ... equipment +34%, service +42%
- Segment profit +12% ... higher core volume & acquisitions partially offset by negative productivity & growth investments

**Improved earnings profile**

# Energy Infrastructure profit in 2012

(\$ in billions)



## 2012 drivers

- + Double-digit growth in equipment deliveries
- + Record level of service backlog
- + Program & growth investments normalizing ... decreasing as a % of sales
- + Acquisition earnings accelerate
- Wind & Thermal price in backlog

	'11		'12F
OP %	15.2%		+
	<u>Unit volume</u>		
	<u>'11</u>	<u>V%</u>	<u>'12F</u>
Wind	1,956	(5)%	~3,000+
GT	124	9	~137
ST	16	(27)	8
Aero	124	(9)	~160

**Improved unit & services profile drives 2012 growth**

# Industrial segments

(\$ in millions)

## Aviation

<u>4Q'11</u>	<u>\$</u>	<u>V%</u>
Revenues	\$4,924	2%
Segment profit	\$850	4%

## 4Q dynamics

- \$6.9B orders, +18% ... equipment backlog \$23B, +7% VPQ ... services backlog +12% VPQ
- Revenues ... equipment +3%, commercial & military service +2%
- Segment profit ... volume & value gap offset by higher NPI & launch costs

## Transportation

<u>4Q'11</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,464	43%
Segment profit	\$226	F

## 4Q dynamics

- \$1.2B orders, (11)% ... equipment (45)% due to \$550MM 4Q'10 NA order, services +57% ... equipment backlog \$3.3B
- Revenues ... equipment +49%, NA locos & mining; services +33%, overhauls +29%
- Segment profit 3X last year ... strong global volume & services growth

- ✓ **Aviation ... solid execution & new product launches**
- ✓ **Transportation ... mining & global growth continue**



# Industrial segments

(\$ in millions)

## Healthcare

<u>4Q'11</u>	<u>\$</u>	<u>V%</u>
Revenues	\$5,163	1%
Segment profit	\$953	(5)%

## 4Q dynamics

- \$5.2B orders, flat ... equipment +1%, service (1)% ... equipment backlog \$3.9B
- Revenues ... Europe (7)%, U.S. (2)%, developing markets +16%
- Segment profit ... core margin rates stable, offset by growth investments

## Home & Business Solutions

<u>4Q'11</u>	<u>\$</u>	<u>V%</u>
Revenues	\$2,229	(4)%
Segment profit	\$82	(41)%

## 4Q dynamics

- Appliances revenue (8)% ... growing share ... U.S. industry down 12%, pressuring profit
- Lighting revenue (1)% driven by Europe, offset by Asia growth
- Intelligent Platforms revenue +4% driven by software

- ✓ **Healthcare emerging markets strength continues ... Europe/U.S. slower**
- ✓ **H&BS navigating a tough U.S. & European market**

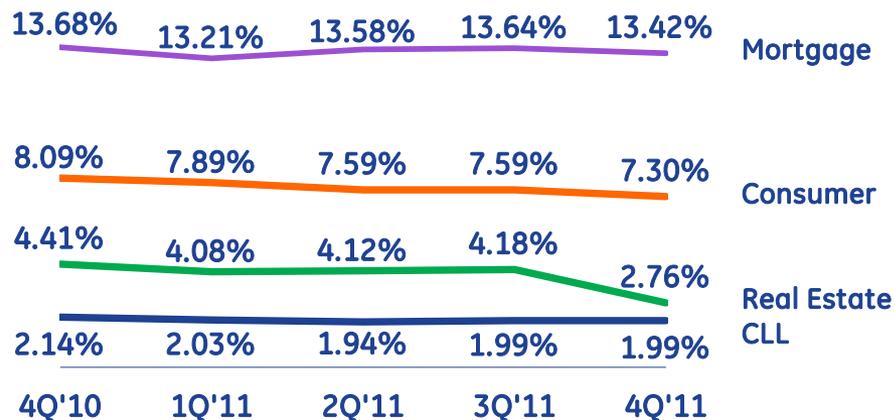
# GE Capital

(\$ in millions)

<u>4Q'11</u>	<u>\$</u>	<u>V%</u>
Revenue	\$10,745	(9)%
Pretax earnings	1,754	89
Net income	1,622	58
ENI (ex. cash)	445B	(6)

	<u>Assets (\$B)</u>		<u>Segment profit (\$MM)</u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
Consumer	\$139	(6)%	\$575	5%
Real Estate	61	(16)	(153)	63
CLL	194	(4)	777	37
GECAS	49	(1)	315	(27)
EFS	18	(6)	110	F

## 30+ delinquency %



## 4Q dynamics

- ✓ \$49B volume up 13% VPQ ... new ROIs 3%+
- ✓ Margins remain strong at ~5.4% year-to-date
- ✓ ENI ahead of plan ... GE SeaCo closed
- ✓ Reserve coverage at 2.15%, non-earnings  
↓ \$(0.6)B vs. 3Q
- ✓ \$1.7B losses & impairments, flat vs. 3Q
- ✓ CRE unrealized loss down to \$2.6B (↓ 49%)

**Strong performance across all businesses**

# 2012 operating framework

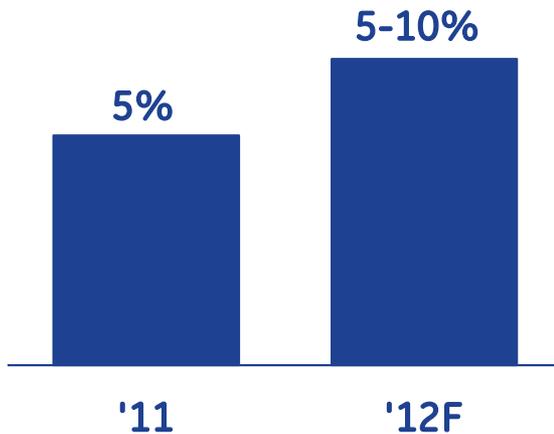
<u>Operating earnings</u>	<u>2012F</u>	<u>2012 drivers</u>
Industrial	++	<ul style="list-style-type: none"> <li>✓ Strong global organic growth</li> <li>✓ Energy acquisitions performing</li> <li>✓ Broad-based strength</li> </ul>
GE Capital	++	<ul style="list-style-type: none"> <li>✓ Improved losses &amp; impairments</li> <li>✓ Real Estate improving</li> </ul>
Corporate <sup>-a)</sup>	<u>~Flat</u>	<ul style="list-style-type: none"> <li>✓ '11 items: NBCU gain &amp; restructuring</li> <li>✓ Total cost ~\$3B<sup>-a)</sup> in '11 &amp; '12</li> </ul>
<b>Total operating earnings</b>	<b>++</b>	
CFOA – Industrial	\$11-12B	<ul style="list-style-type: none"> <li>✓ Industrial CFOA \$12-13B before pension contribution of \$1B</li> </ul>
Total revenues	0-5%	<ul style="list-style-type: none"> <li>✓ Industrial organic 5-10%, Capital (5)% to flat</li> <li>✓ NBCU gain '11 impact</li> </ul>

(a- Excluding NBCU pretax gain \$3.7B in 2011)

**Strong performance across Industrial & Capital**

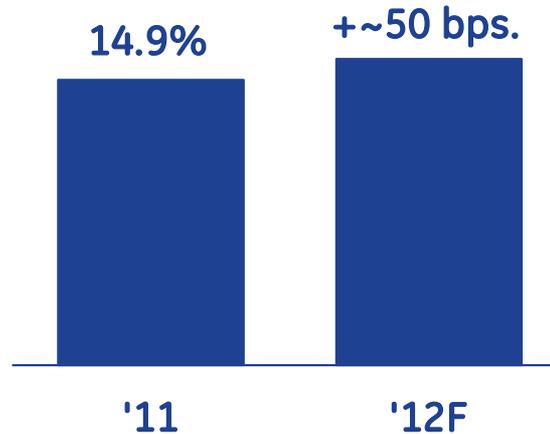
# 2012 execution

## Organic growth (Industrial segment revenue)



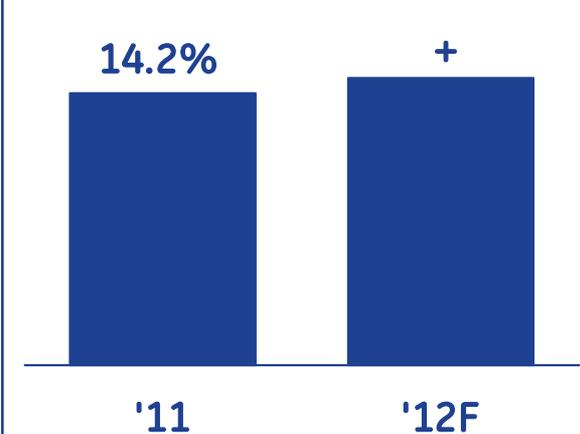
- + Strong NPI pipeline
- + Growth markets at 2X GDP
- + Attractive adjacencies
- + Right "tailwinds" (e.g., gas)
- + Services growth

## Margins (Industrial segment margin)



- + Growing services on installed base
- + RTS lower % revenue
- + Material & conversion cost programs

## Returns (Industrial RÖTC)



- + Industrial earnings growth
- + Strategic buyback
- + Retired preferred stock
- + Attractive dividend yield

### GE works for investors

- + Balanced growth ... both Industrial & Capital  $\uparrow$  double-digit
- + Expanding margins ~50 bps.
- + Working to restart GE Capital dividend