# GE 2009 fourth quarter performance

# January 22, 2010

## – Financial results & company highlights



"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."

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# Overview

- ✓ GE environment has improved
- ✓ GE business model has performed in 4Q'09
- ✓ 2010 Framework is achievable & balanced
- ✓ We are positioned for growth in 2011 & beyond
- ✓ We have taken strong actions to position for the future

# Results vs. December outlook

($ in billions)

| | December outlook | TY'09 actual | Status |
|---|---|---|---|
| Revenue | ~$155 | $157 | + |
| **Industrial** | | | |
| OP | ~$16.8 | $17.0 | + |
| Margins | ~16% | 16.2% | + |
| CFOA | ~$16.0 | $16.6 | + |
| **Capital Finance** | | | |
| Earnings | $2.0-2.5 | $2.3 | ✓ |
| Losses & impairments | ~$12-13 | $12.6 | ✓ |
| ENI[a] | ~$475-485 | $472 | + |

(a- Capital Finance excluding effects of FX

**4Q recap**

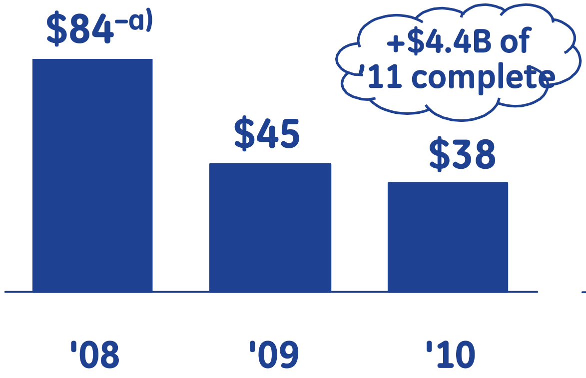
+ Some encouraging signs
  + Orders strengthening
  + Services strong
  + More restructuring
  + Cash & margin growth
  + Losses stabilizing
  + High margins on lending

– Still cautious in certain areas
  – CRE remains tough
  – Excess capacity/unemployment

# Capital Finance safe & secure

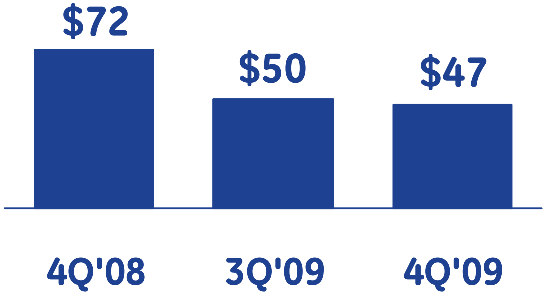
($ in billions)

## Long-term debt funding



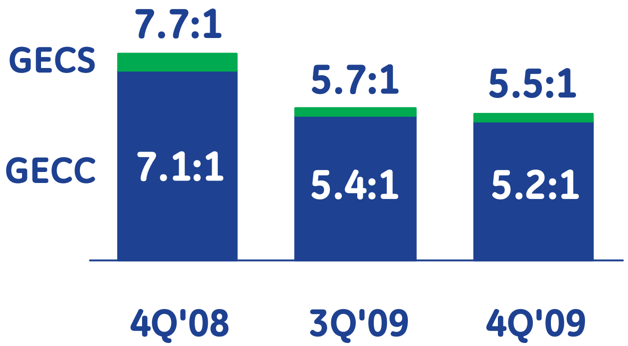

(a- Includes $13B '09 pre-funding

## GECS commercial paper



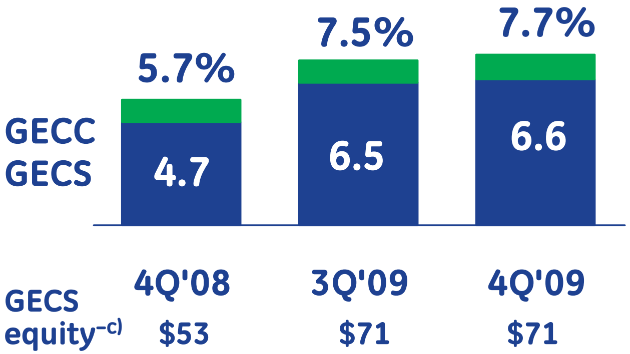

Cash & backup bank lines ~2.5X CP

## Leverage[-b)]



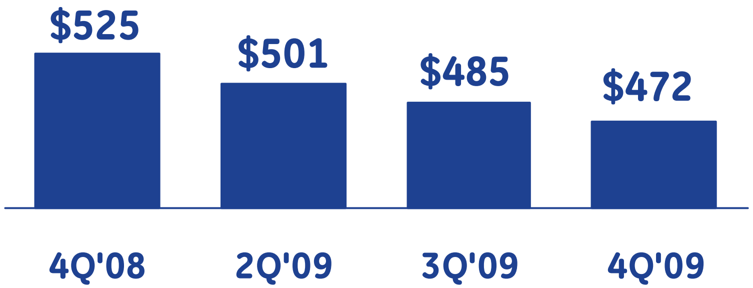

(b- Net of cash & equivalents with hybrid debt as equity ex-non-controlling interests

## Tier 1 common ratio




(c- Before non-controlling interest

## Ending net investment[-d)]




(d- Capital Finance excluding effects of FX

**Strong execution … ahead of plan on all key metrics**

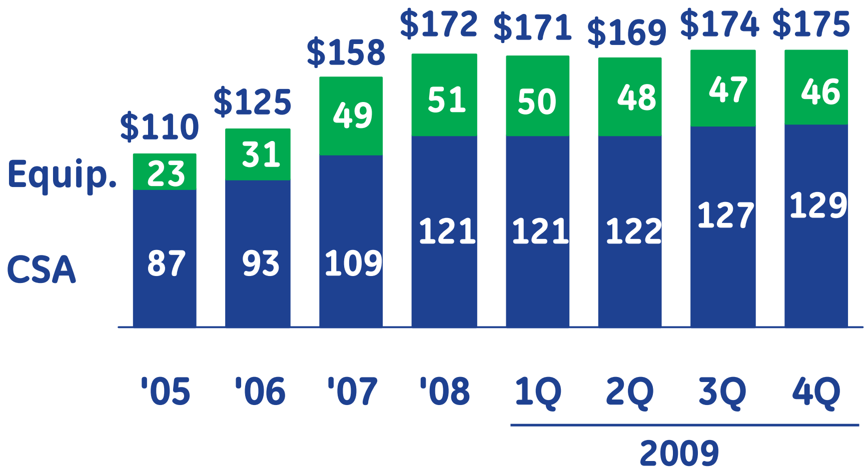
# Orders improving, +$3.7B vs. 3Q'09

($ in billions)

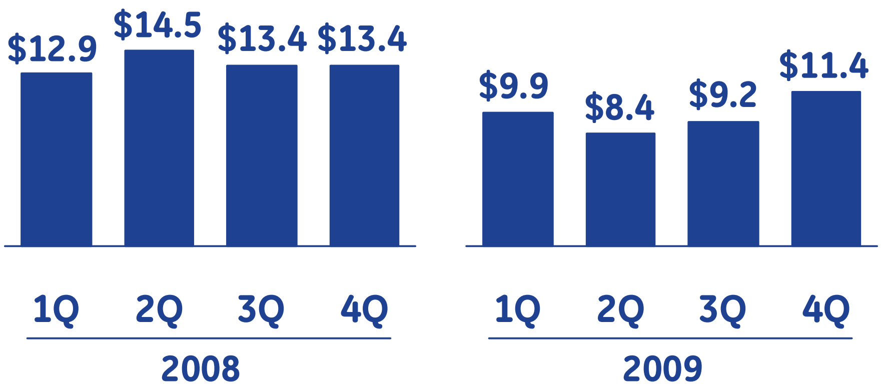
## 4Q orders $22/(3)%, TY'09 $77/(14)%

| | Equipment | | Services | |
|---|---|---|---|---|
| | $ | V% | $ | V% |
| Energy | $4.2 | (22)% | $4.6 | 15% |
| O&G | 1.4 | 30 | 1.1 | 30 |
| Aviation | 1.5 | (48) | 3.0 | 19 |
| Healthcare | 3.4 | 13 | 1.7 | 6 |
| Transportation | 0.5 | F | 0.4 | (40) |
| Ent. Solutions | 1.0 | (9) | – | – |
| **Total** | **$11.4** | **(14)%** | **$10.7** | **14%** |

## Growing backlog ($B)




## Equipment orders




## Highlights

- ✓ O&G strength … winning global deals
- ✓ Healthcare strength across all geographies
- ✓ Service orders +14% … broad-based strength across portfolio
- ✓ 60%+ of '09 orders global … Subiya (Kuwait) $0.8B, Gorgon (Australia) $0.6B in 4Q

**Increased backlog in 2009**

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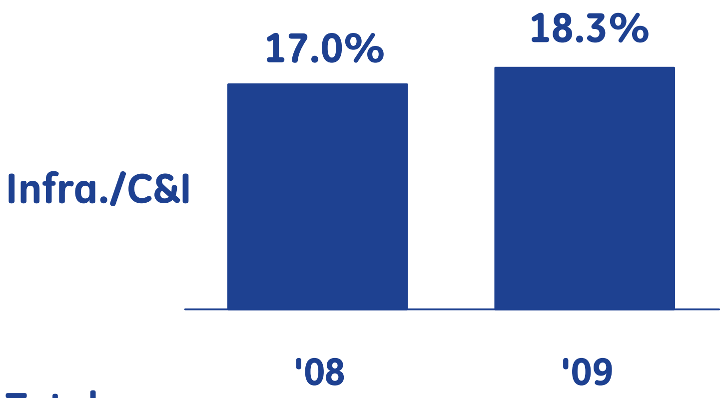
# Strong & improving margins

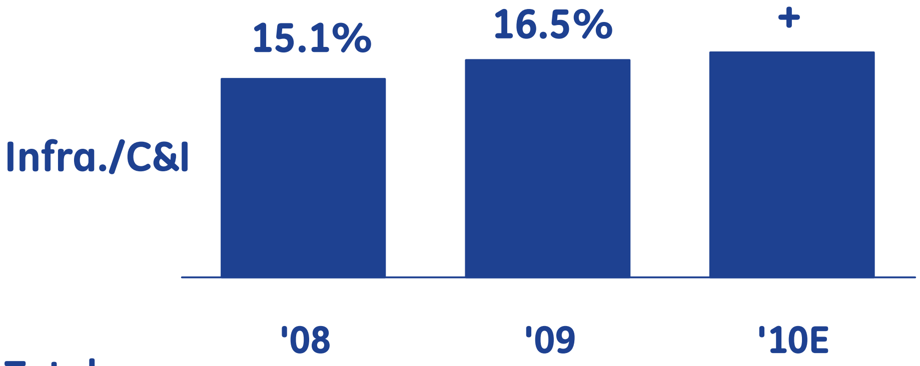
(Segment OP %)

## 4Q




| | '08 | '09 |
|---|---|---|
| Total Industrial | 17.3% | 17.7% |

## Total year




| | '08 | '09 | '10E |
|---|---|---|---|
| Total Industrial | 15.6% | 16.2% | ~Flat |

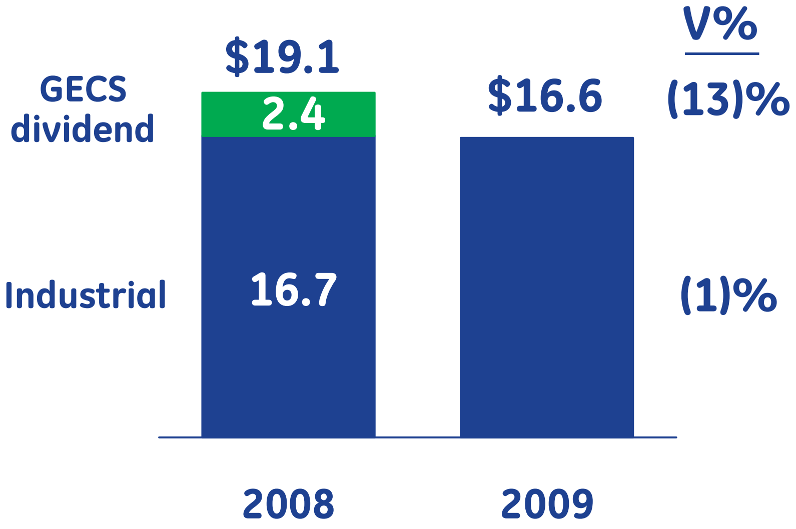
## Dynamics

- \+ $3B+ of after-tax restructuring & other charges in '09 & '10
  - ✓ Structural cost improvements ... closed ~400 facilities, headcount ↓
- \+ Services growing faster than equipment ... while improving margins
- \+ Contribution margins are growing ... pricing stable & deflation accelerating
- \+ Disciplined execution on discretionary cost ... indirect spend down (16)%
- – Increased R&D by 7% in '09 & planned increase 15-20% in '10

# Generating cash

($ in billions)

## 4Q YTD CFOA




- ✓ Focus on working capital driving $3.1B of cash generation
- ✓ Continuing to invest in businesses … P&E reinvestment ratio 1.1

## GE cash balance walk

Consolidated cash $72B

| | Total |
|---|---|
| Beginning balance 1/1/09 | $12.1 |
| CFOA | 16.6 |
| Dividends | (9.0) |
| P&E | (2.4) |
| GECS capital contribution | (9.5) |
| Acquisitions/dispositions | 0.5 |
| Change in debt/other | 0.4 |
| **December 2009** | **$8.7** |
| **Plus announced dispositions** | **~$10** |

**Cash execution better than plan**

# 4Q'09 performance

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# Fourth quarter consolidated results

($ in billions – except EPS)

## Continuing operations

| | 4Q'09 | V% |
|---|---|---|
| Revenues | $41.4 | (10)% |
| – Industrial sales | 28.3 | (9) |
| – Financial Svcs. rev. | 13.5 | (14) |
| Earnings–a) | 3.0 | (22) |
| EPS–b) | .28 | (22) |
| CFOA YTD | 16.6 | (13) |
| – Industrial CFOA | 16.6 | (1) |

| | 4Q'09 | 2009 |
|---|---|---|
| Tax rate | (20)% | (11)% |
| – GE (ex. GECS) | 10 | 22 |
| – GECS | 109 | 173 |

**(a- Attributable to GE**
**(b- Earnings attributable to common shareowners**

($ in millions)

| | Revenues | | Segment profit | |
|---|---|---|---|---|
| | $ | V% | $ | V% |
| Energy Infra. | $10,401 | (9)% | $2,196 | 9% |
| Technology Infra. | 11,274 | (10) | 2,105 | (16) |
| **Infrastructure** | **21,675** | **(10)** | **4,301** | **(4)** |
| NBC Universal | 4,268 | (4) | 602 | (30) |
| Capital Finance | 12,522 | (15) | 336 | (67) |
| C&I | 2,537 | (8) | 136 | F |
| | | | **$5,375** | **(16)%** |

# 4Q items

(Earnings per-share)

| | Impact | Comments |
|---|---|---|
| Corporate restructuring & other charges | $(.09) | ✓ Cost structure improvements<br>✓ Footprint reductions & organization realignment<br>✓ EHS, deal related costs & other |
| GE FANUC gain | .01 | ✓ Gain from GE FANUC JV dissolution at Enterprise Solutions |
| Industrial tax rate | .05 | ✓ Primarily reversal of 1Q charge to book to expected annual rate |

**Continued restructuring improves cost base**

# Capital Finance highlights

($ in millions)

| 4Q'09 | $ | V% |
|---|---|---|
| Revenues | $12,522 | (15)% |
| Segment profit | $336 | (67)% |
| Assets | $537B | (6)% |

## Key 4Q business results

| | Assets ($B) | | Segment profit ($MM) | |
|---|---|---|---|---|
| | $ | V% | $ | V% |
| Consumer | $176 | (6)% | $259 | (69)% |
| Real Estate | 82 | (4) | (593) | U |
| CLL | 206 | (10) | 362 | F |
| GECAS | 51 | 3 | 277 | 16 |
| EFS | 23 | 2 | 31 | (86) |

## Update from December 8

✓ **Funding**
+ Exceeded '09 ENI reduction targets
+ Fully funded '10 long term debt needs
– Negative carry cost ~$0.7B in '09

✓ **Originations**
+ $34B of commercial originations in 2009 … 4Q 51% higher than 3Q
+ Supporting 1.2MM+ U.S. SMEs, $41B volume
+ Underwriting business at attractive returns

✓ **Losses**
+ $10.9B '09 losses … below Fed base case
– Real Estate continues to be difficult

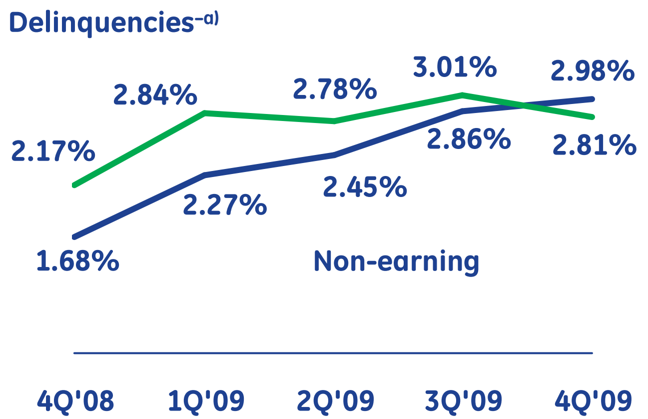
✓ **Reserve coverage**
+ Reserves $8.1B, up $0.7B from 3Q
+ Coverage 2.36%, up 28 bps.

✓ **Cost out**
+ Delivered $3.3B cost out in 2009

**Executing well in difficult environment, $2.3B earnings in 2009**

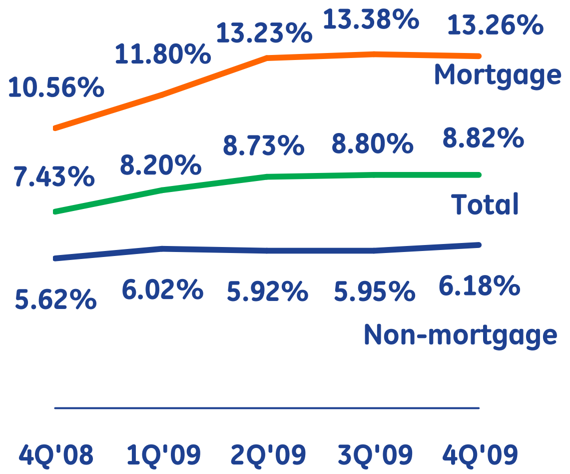
# Capital Finance portfolio quality

## Equipment

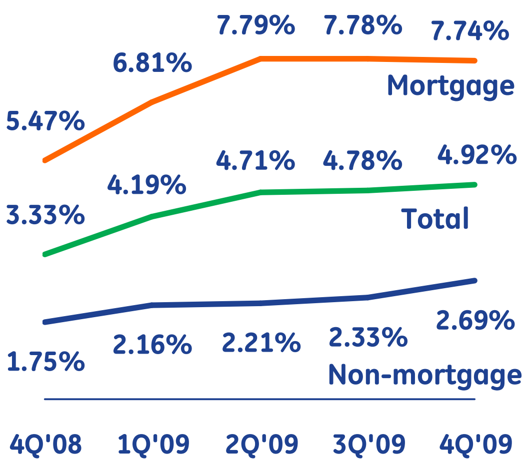



## Consumer

### 30+ delinquency-a)




### Non-earning




### Drivers

- ✓ Delinquency down 20 bps vs. 3Q, driven by Americas portfolio
- ✓ Restructured accounts removed from delinquency, included in non-earning

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- ✓ Real Estate delinquencies +14 bps. to 4.33%, non-earning ↓ $(69)MM, (11) bps.

(a- Managed assets

### Drivers

- ✓ North America Retail delinquencies up 32 bps. to 7.59% … driven by seasonality, better than historical average
- ✓ U.K. home lending down 52 bps. from 3Q
  - Continued improvement in HPI (+3.5% in 4Q)
  - Net recovery on REO sales vs. marks in all 4 quarters '09
- ✓ Global banking delinquencies stable at 4.60%… strong collections efforts

**Tough environment … but some signs of stabilization**

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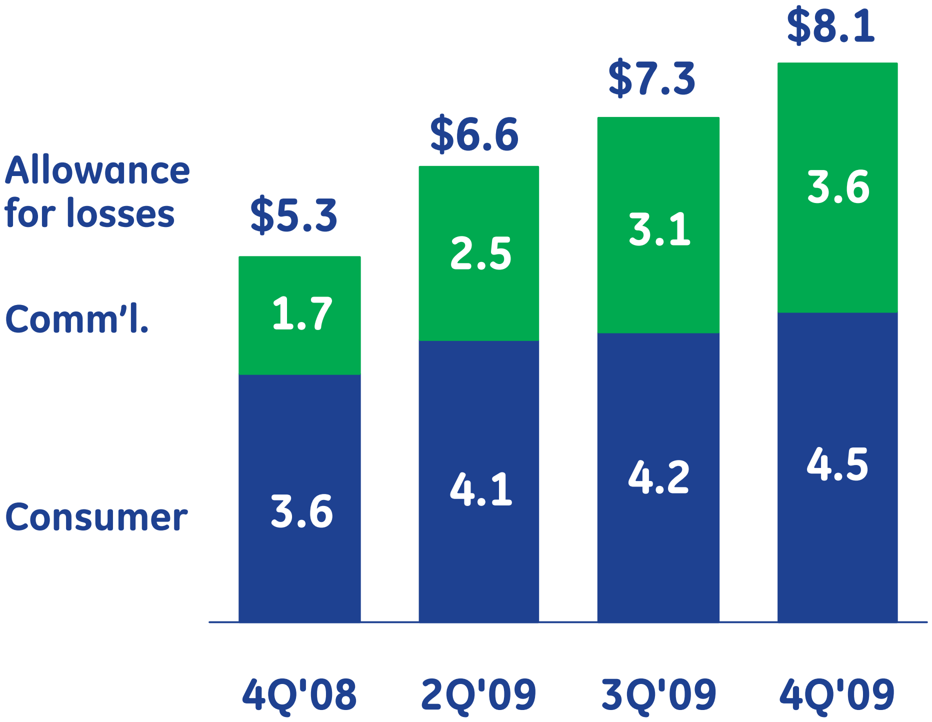
# Capital Finance reserve coverage

($ in billions)




| | 4Q'08 | 2Q'09 | 3Q'09 | 4Q'09 |
|---|---|---|---|---|
| **Reserve coverage** | 1.42% | 1.82% | 2.08% | 2.36% |
| **Non-earning coverage** | 67% | 50% | 53% | 61% |

## Commercial

- ✓ Reserves increased by $0.5B in 4Q'09 … coverage rate to 1.73%, +29 bps. vs. 3Q
  - Non-earning lower by $0.6B vs. 3Q
  - Strong collateral should lead to ultimate loss significantly below non-earning

## Consumer

- ✓ Coverage at 3.35%, +24 bps. vs. 3Q
- ✓ North America Retail
  - Coverage rate +27 bps. to 6.99%
- ✓ Mortgage
  - Coverage at 1.62%, reserve/non-earnings at 21%
  - 4Q'09 REO sales realization consistent with 3Q … 115% of carrying value

**Reserves +$2.8B, coverage +94 bps. in 2009**

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# GE Capital

| | '10 vs. '09 | Losses[a] | Dynamics |
|---|---|---|---|
| Commercial loans & leases | ++ | Lower | ✓ Most portfolios stabilizing … loss severity remains <20%<br>✓ Originating new volume at ~3% ROIs |
| U.S. consumer | + | Stable | ✓ Historically low delinquency entry rate … unemployment key variable |
| Global banking | + | Stable | ✓ Recession abated 3Q'09 … expect ~2% CEE GDP growth in '10 |
| U.K. mortgage | + | Lower | ✓ Improving HPI, low interest rates<br>✓ Good progress on repossessed real estate |
| GECAS/EFS | = | Stable | ✓ Managing aviation cycle |
| CRE | – | Higher | ✓ Some liquidity returning to market<br>✓ Cautious on valuations |

(a- Including impairments

**Potential for growth in 2010 … solid growth by 2011**

# Segment highlights – NBCU

($ in millions)

| 4Q'09 | $ | V% |
|---|---|---|
| Revenues | $4,268 | (4)% |
| Segment profit | $602 | (30)% |

Scatter ++
Local +
DVD –

## 4th quarter dynamics

**1 Cable**

+ Cable ratings and profit growth continue
+ USA #1 in ratings for 14th straight quarter
+ Syfy, Bravo, Oxygen all growing profits double-digits
+ CNBC +7% profit … leader in biz news

**2 Broadcast**

- Leno delivering expected ratings, but adverse impact on affiliates … moving to new prime/late night schedules post Olympics
+ *SNF* finished #1 in primetime A18-49 … ratings & sales stronger than expected
+ News ranked #1 across the board
+ Local ad sales stronger than anticipated … signs of recovery

**3 Film & Parks**

- Disappointing results in home video … tough comps versus last year's hit *Mamma Mia*
+ *It's Complicated* … solid box office performance

+/- Parks attendance mixed but bolstered by holiday events … continued strong cost control

**4 Digital & Other**

- Internet display ads … recovery slower than other advertising
+ Continued costs/workforce reduction … realizing savings from ongoing actions

# Technology Infrastructure highlights

($ in millions)

| **4Q'09** | **$** | **V%** |
|---|---|---|
| Revenues | $11,274 | (10)% |
| Segment profit | $2,105 | (16)% |

## Key 4Q business results

| | **Revenues** | | **Segment profit** | |
|---|---|---|---|---|
| | **$** | **V%** | **$** | **V%** |
| Aviation | $4,750 | (8)% | $950 | (18)% |
| Healthcare | 4,705 | (2) | 911 | (3) |
| Transportation | 617 | (56) | (157) | U |

## 4Q dynamics

**Aviation**
- $4.4B orders, (16)% … equipment backlog $20B, CSA backlog $59B
- Revenues (8)% … equipment (21)%, commercial & military service 8%
- Segment profit (18)% … lower equipment revenue partially offset by strong service execution

**Healthcare**
- $5.1B orders, +11% … equipment +13%, service +6%, equipment backlog +6% to $3.7B
- Revenues (2)% … equipment (2)%, services (3)%
- Segment profit (3)% … continued strength in Asia, developed markets improving

**Transportation**
- Tough environment … over capacity
- Revised lifetime cost estimates under service contracts
- Rightsizing business for new environment

**Environment stabilizing**

# Energy Infrastructure highlights
($ in millions)

| 4Q'09 | $ | V% |
|---|---|---|
| Revenues | $10,401 | (9)% |
| Segment profit | $2,196 | 9% |

## Key 4Q business results

| | Revenues | | Segment profit | |
|---|---|---|---|---|
| | $ | V% | $ | V% |
| Energy | $8,313 | (13)% | $1,817 | 11% |
| Oil & Gas | 2,299 | 10 | 422 | 4 |

## 4Q dynamics

**Energy**
- $8.8B orders/(6)% ... equipment backlog $12.5B, CSA commitments $44.5B/+14%
- Revenues (13)% ... Thermal (6)%, Wind (32)% & Aero (31)% ... Energy Services flat
- Segment profit +11% ... $0.5B price+deflation, offset by volume ($0.3)B

**Oil & Gas**
- $2.5B orders/+30% ... equipment backlog $6.9B, CSA backlog $4.3B/+22%
- Revenues +10% ... equipment +4%, service +18%
- Segment profit +4% ... driven by positive value gap

**Delivered in tougher environment**

# '10 organizational simplification & other

| Updates | Benefits |
|---|---|
| 1 GE Industrial Systems combined with GE Energy Industrial Services, Sensing & Inspection and Digital Energy under Energy | ✓ Aligns smart grid capabilities |
| 2 GE Appliances & Lighting will be combined with Intelligent Platforms to form GE Home & Business Solutions | ✓ Further focuses Appliances & Lighting on developing energy efficient products |
| 3 Capital Finance will equal GECC | ✓ Simplifies reporting for investors |
| 4 Will file updated shelf registration prior to 10-K as a result of SEC settlement | ✓ Procedural change only |

# 2010 "framework"

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

# Improved financial flexibility

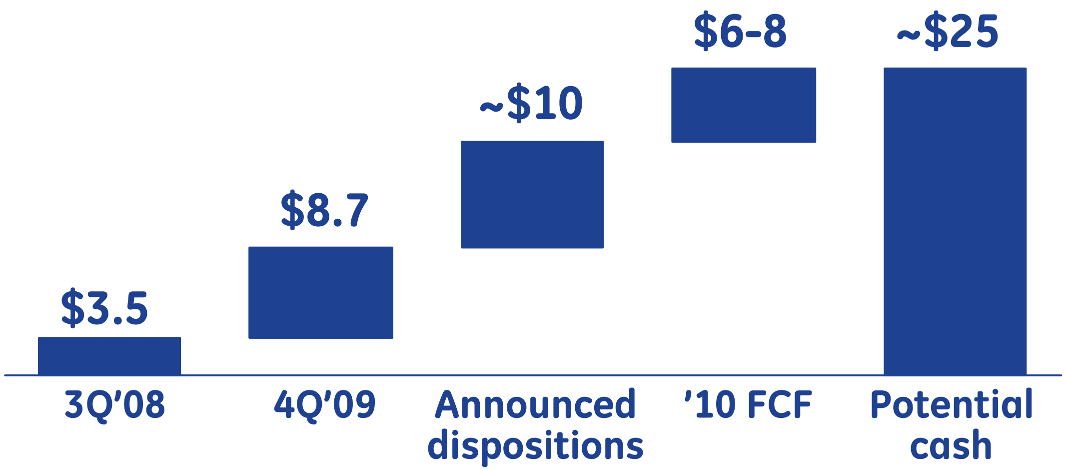
($ in billions)

## GE Capital stronger in 2010

| | |
|---|---|
| '09 cash | $64B |
| '10 long-term funding | Complete |
| CP & long-term debt | ↓ On track |
| Ending net investment | ↓ On track |
| Pre-tax/pre-provision | ++ |
| Losses | ~Flat |
| GECC Tier 1 | + |

**Expect ~$2B in '11 for Income Maintenance Agreement**

## Growth in cash in '10

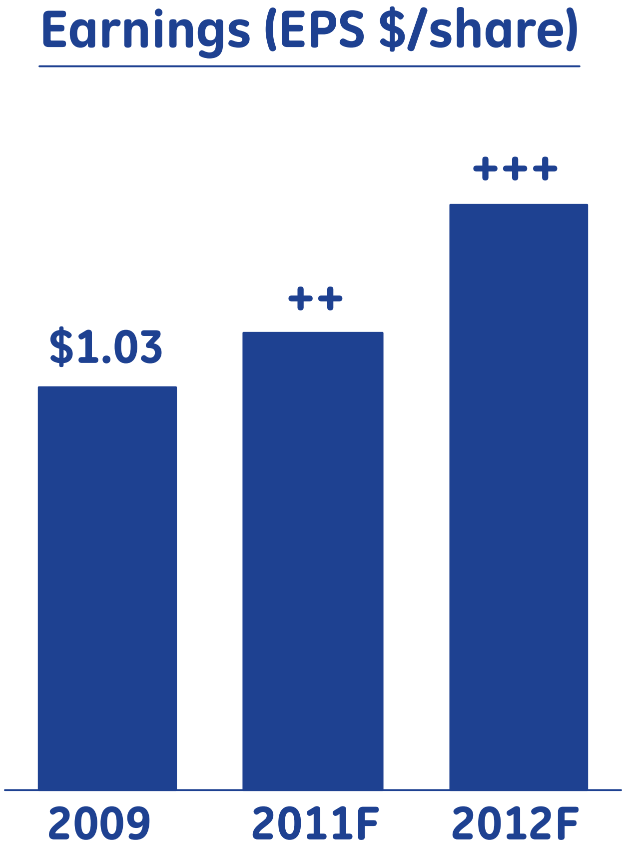



## Capital allocation options

+ ~$2B for GE Capital
+ Invest in Infrastructure
+ Opportunities on buyback
+ Grow dividend with earnings

**Committed to safe & secure … flexibility to enhance shareholder value**

# What investors should believe




1. GE Capital earnings rebound post loss cycle
2. ~70% Industrial earnings are services … expect continued growth
3. Equipment backlog strong … we plan to outperform as the cycle improves … NPI, global, stimulus
4. Cash optionality … we will deploy in an investor-friendly way

**Team compensation → aligned with execution**

# Summary

1. We have positioned the company for solid earnings & cash flow growth in the future
2. Our strength in technology, services, global markets & solutions positions us for value creation in today's environment
3. We have defined the businesses that fully utilize the GE competitive advantages ... this is where we will invest & grow
4. The worst is behind us in Financial Services ... our GE Capital franchise will be a smaller but still meaningful contributor to the company going forward
5. We will generate significant available cash and be extremely thoughtful about creating long-term shareholder value as we deploy capital