

GE Energy Management

Global Industrials & EU Autos Conference

Bank of America
Merrill Lynch



Mark Begor, CEO
March 19, 2015

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,” “will,” “would,” or “target.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about expected income; earnings per share; revenues; organic growth; margins; cost structure; restructuring charges; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and the split between Industrial and GE Capital earnings. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation’s (GECC) funding, GECC’s exposure to counterparties and 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; pending and future mortgage loan repurchase claims and other litigation claims in connection with WMC, which may affect our estimates of liability, including possible loss estimates; 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 flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC’s ability to pay dividends to GE at the planned level, which may be affected by GECC’s cash flows and earnings, financial services regulation and oversight, and other factors; our ability to convert pre-order commitments/wins into orders; the price we realize on orders since commitments/wins are stated at list prices; customer actions or developments such as early aircraft retirements or reduced energy demand and other factors that may affect the level of demand and financial performance of the major industries and customers we serve; the effectiveness of our risk management framework; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation and litigation; adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to us or Synchrony Financial that could prevent us from completing the Synchrony split-off as planned; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in completing, including obtaining regulatory approvals for, announced transactions, such as the proposed transactions and alliances with Alstom and Appliances, and our ability to realize anticipated earnings and savings; our success in integrating acquired businesses and operating joint ventures; the impact of potential information technology or data security breaches; and the other factors that are described in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014. 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 includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

This document also contains 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.

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

GE’s Investor Relations website at www.ge.com/investor and our corporate blog at www.gereports.com, as well as GE’s Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

Imagination at work.

GE'S MISSION:

TO INVENT THE NEXT INDUSTRIAL ERA, AND BUILD, MOVE, POWER AND CURE THE WORLD

Imagining the things others don't / Building the things others can't / Delivering outcomes that make the world work better



ENERGY
MANAGEMENT
5% | \$7.3B



OIL &
GAS
12% | \$18.7B



POWER &
WATER
18% | \$27.6B



HEALTHCARE
12% | \$18.3B



AVIATION
16% | \$24B



TRANSPORTATION
4% | \$5.7B



CAPITAL
28% | \$42.7B



APPLIANCES &
LIGHTING
6% | \$8.4B

~\$149B Revenue in 2014

\$17B Operating Earnings



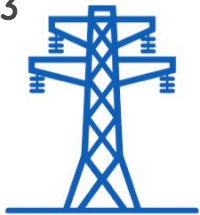
GE Energy Management

GE's roots in electrification go back 130 years, beginning with our first transformer and electric motor.

Today Energy Management is built upon the same legacy and innovation culture that Thomas Edison founded in 1890.

More than ever, we enable utilities and industry to efficiently manage electricity from the point of generation to the point of consumption.

2014
Revenue (\$B)
\$7.3



Utility
\$1.4



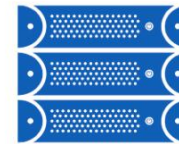
Oil & Gas
\$0.7



Marine
\$0.7



Heavy Industry
\$0.7



Telecom & Datacom
\$0.7



Commercial & Industrial
\$3.0



Military & Aero
\$0.2

- Generate
- Protect

- Transmit
- Automate

- Distribute
- Control

- Convert
- Optimize

Solutions that span the energy value chain

What we do

Grid Modernization

Electrical Distribution, Protection & Control

Electric Transformation



2014
Revenue
(\$B)

Digital Energy
\$1.4

Industrial Solutions
\$3.9

Power Conversion
\$2.1

How we do it

World class products

Integrated systems

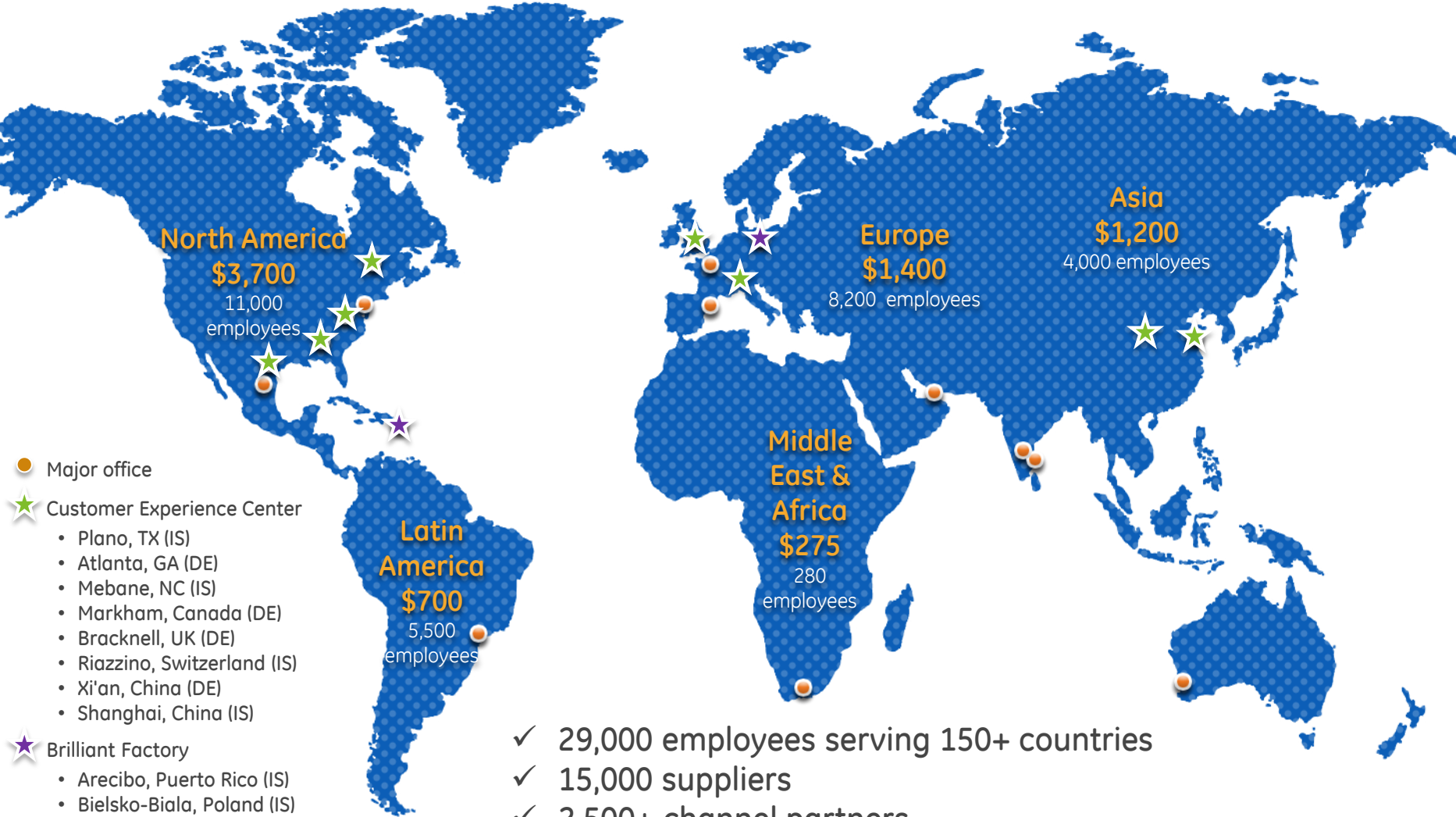
Flawless Delivery



Broad electrical domain expertise & technology leadership



Global scale matched by deep local domain expertise



- ✓ 29,000 employees serving 150+ countries
- ✓ 15,000 suppliers
- ✓ 2,500+ channel partners
- ✓ 62 manufacturing plants, 27 ERP's
- ✓ >50% global revenue ... fastest growing markets outside US



The world needs reliable, efficient energy

+78%

Electricity demand
by 2040



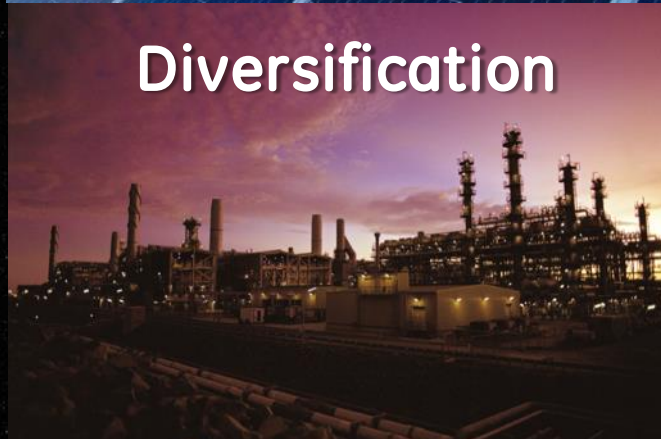
85% of global
electricity growth is in
**emerging
markets**



Aging infrastructure
in many markets ... **40+ years**



2x new
sources +
micro-grid
growth



Diversification

Source: IEA World Energy Outlook



Grid market
growing **\$50B**
from 2014 to
\$220B in 2020



Energy efficiency








+35%
by 2040

Environment

\$150B+



'14-'17 annual growth







	Power & Utility	3%
	Oil & Gas	(2)%
	Marine	8%
	Heavy industry	(7)%
	Technology	5%
	Commercial & Ind	4%
	Military	3%

Market segment

Long-term growth drivers

- ✓ Oil and gas demand
- ✓ Global data processing boom
- ✓ Renewable and distributed generation growth
- ✓ Aging infrastructure

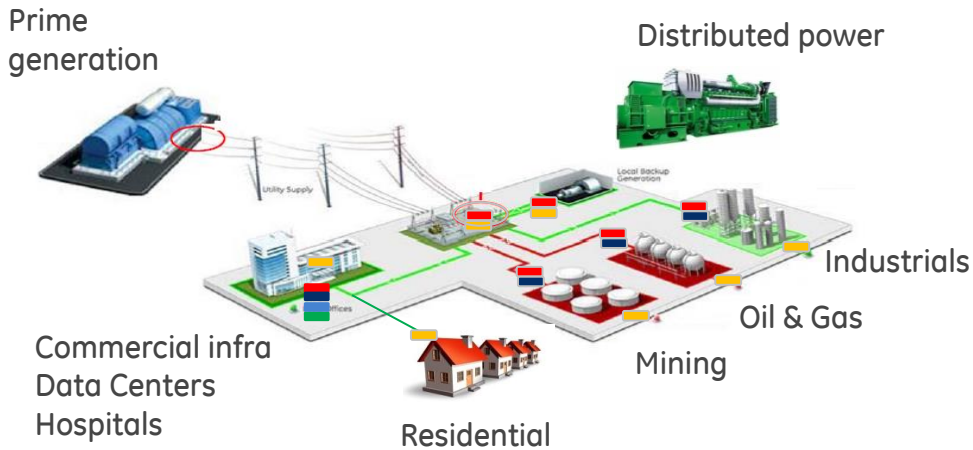
Selected competitors

	Est. Segment Revenue (\$B)	Est. Margin%
	~\$30	~10-20%
	~30	
	~20	
	~7	
	~6	
	~7	

Big space with big growth potential

Industrial Solutions

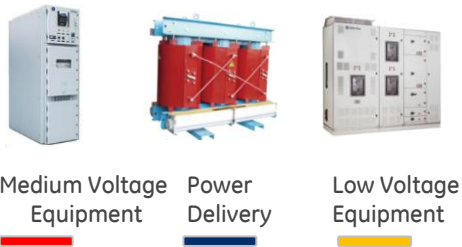
GE Electrical Infrastructure



Industrial Solutions value prop

- ✓ Low/Medium Voltage equipment
 - Standardized products
 - Distribution and OEM's
- ✓ Controls
 - Advanced computing & comm's
 - Configured for OEM and process applications
- ✓ Critical Power products
 - Reliable efficient power ... AC & DC
 - Off grid, off site solutions
- ✓ Services
 - Life cycle opportunities

Power Equipment



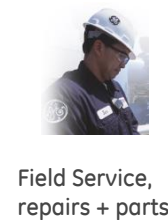
Power Comp's



Critical Power



Services



Intel. Platforms



\$4B orders & revenue ... investing in world-class products



Power Conversion

Motion into Electricity

Mechanical energy transformed into electrical energy by a generator

- Wind turbines
- Turbo generators
- Hydropower
- Wet renewables

Wind farm



Electricity into Electricity

Adjusting frequency and current through a converter or an inverter

- Wind/solar PV
- Railway substations
- Pulse power supply
- Soft starters

Railway substation



Electricity into Motion

Electrical energy transformed into mechanical energy by a motor

- Compressors
- Hoists
- Rolling mills
- Pumps

Ship propulsion



Complete Solution Offering



Electrical grid



Electrical machines



Variable speed drives



Automation and control



Mechanical equipment

\$3B orders, \$3B backlog, \$2B revenue ... global growth business

Digital Energy

Power Delivery

Enable delivery of electricity from generation station to end user

- Transformers & capacitors
- Instrumented transformers
- Projects
- XD Primary equipment



Grid Automation

Electrical grid monitoring and control

- Protection & Control
- Industrial communications
- Monitoring & diagnostic
- Meters



Software Solutions

Utility asset management and control

- Asset Management
- Asset Control
- Grid IQ™ Insight
- Software as a Service



Complete
Solution
Offering



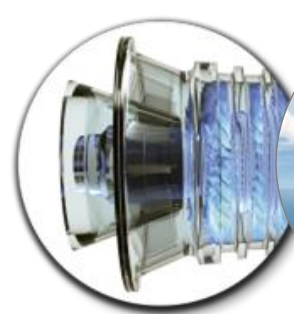
Projects & System Solutions COE ... EBoP

- System solutions & services
- Enhancing multi-product line system capabilities
- Power systems economic consulting

\$1.5B orders, \$1.4B revenue ... strategic growth business



Diverse customer portfolio



Power & Utility



Oil & gas



Marine



Heavy industry



Technology

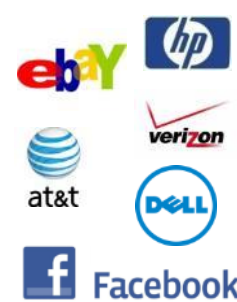


Commercial & Industrial



Military & Aero

Customers



GE connection

Power & Utility

Oil & Gas

Transportation and Aviation

Mining and Transportation

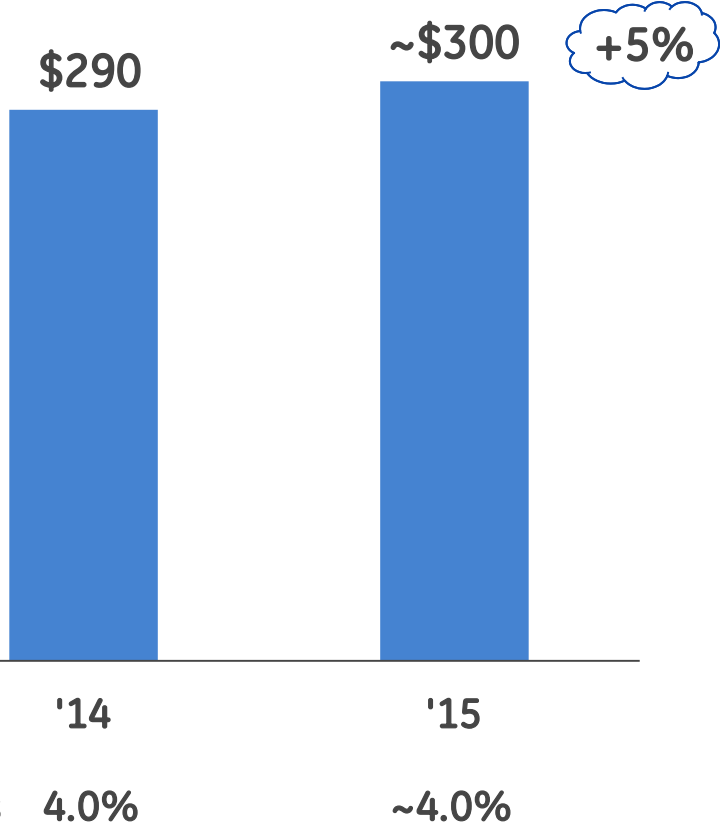
Lighting and Healthcare

Domain expertise across verticals






Investing in new products

(\$ in millions)

Program investment



Key new product investments

	'14 Rev	'15 - '17 CAGR	'15 Inv
 Breakers & Components	\$1,020	5%	\$55
 Switchgear & Equipment	\$975	10%	\$25
 Rotating Machines	\$840	9%	\$15
 Industrial Controls	\$410	7%	\$28
 Grid Control Software	\$110	3%	\$15

Investing in superior products



FastWorks example: GuardEon breakers NPI

(\$ in millions)



Current breaker



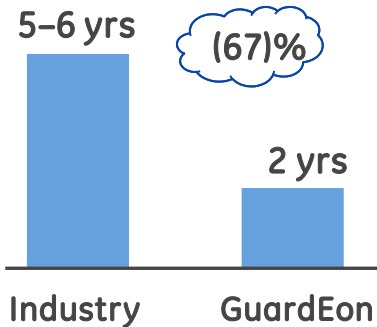
GuardEon breaker



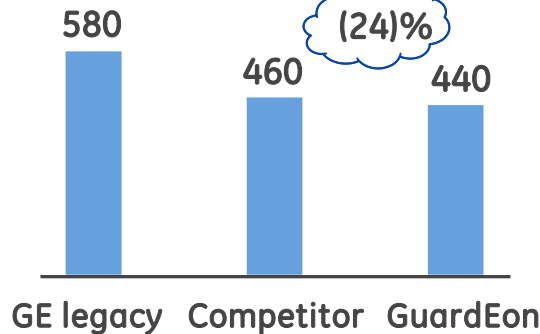
"Big Room"

- ✓ Co-located team ... design, manufacturing, commercial, finance
- ✓ Deep customer involvement

Design cycle



Part count



Cost



CM%



Platforms



Fewer platforms, simpler design, best in class technology ... CM up 7 pts



Benefits of the "GE Store"



Energy Management

GE2GE

Electrical Components

- ✓ Controls
- ✓ Motors/generators
- ✓ Drive controls
- ✓ Switchgear

GE4GE

E-Balance of Plant

- ✓ Power plants
- ✓ Wind
- ✓ Solar
- ✓ Oil & Gas

Brilliant Factory

- ✓ Controls
- ✓ Software

The "GE Store"

CONTRIBUTE ..

CROWD SOURCE ...

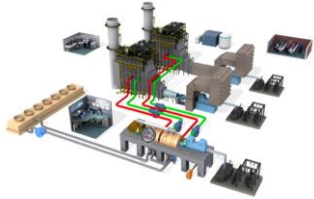
COLLABORATE



GE4GE ... EBoP with GE businesses

(\$ in millions)

Thermal



- ✓ Motor controls, drives
- ✓ HV switchyard
- ✓ Electrical & control room

Distributed Power



- ✓ Power train controls
- ✓ HV substation, x-formers
- ✓ Electrical & control room

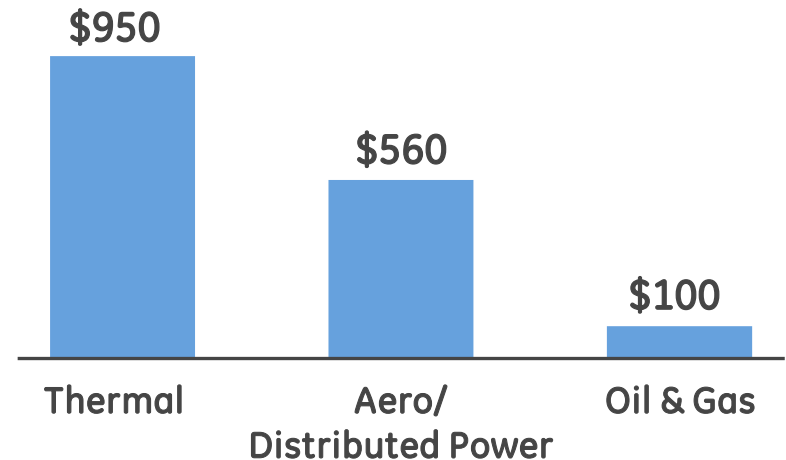
Oil & Gas



- ✓ Helper & pump motors
- ✓ Motors & generators
- ✓ Electrical & control room

- ✓ Partner with GE businesses to deliver Electrical Balance of Plant
- ✓ Components insourced from EM: electrification, Controls, Power Conversion technology (motors and generators)
- ✓ Increased scale & factory utilization ... opportunity doubles with addition of Alstom Grid

\$1.6B current pipeline



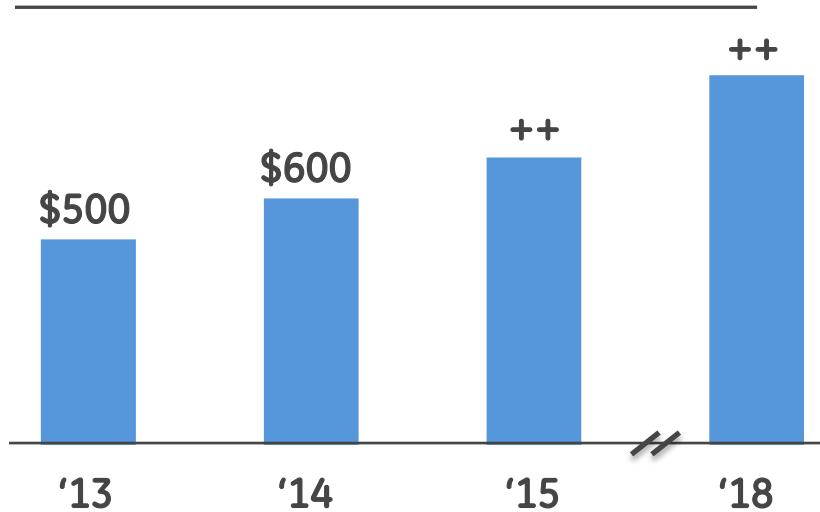
Big growth play for EM to partner with GE Power & Water, Wind, Oil & Gas ...



GE2GE ... expanding EM content across GE

(\$ in millions)

GE2GE sales



- ✓ Replace competing products in GE offerings
- ✓ Capture economics for GE
- ✓ Scale & factory utilization
- ✓ Additional benefit from parts/services stream

Controls



Medium Voltage Drives



Motors & Generators



Services



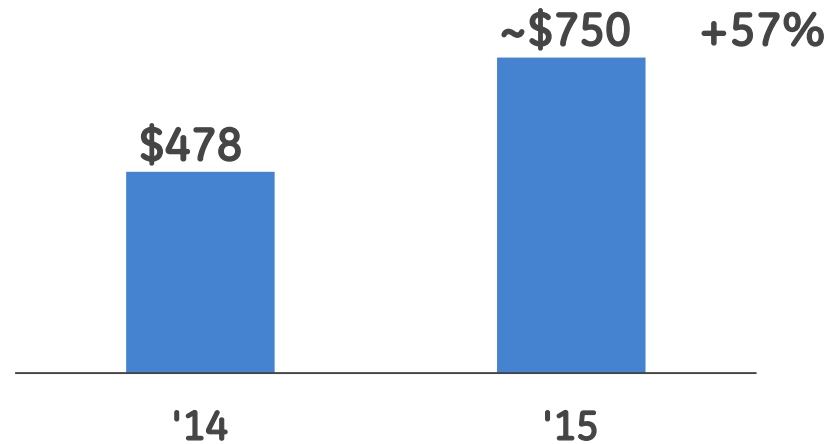
Big growth potential from GE make/buy







Growing a global Marine business

(\$ in millions)

Orders



Recent wins

	Rotating equipment	\$58
	Drillship prop & positioning	\$54
	Propulsion & positioning	\$27
	Drillship prop & positioning	\$26

Key products

Merchant



Electrical propulsion
Efficient electric solutions with optimized cargo capability

Offshore



Broad portfolio
High operational efficiency and availability

Naval

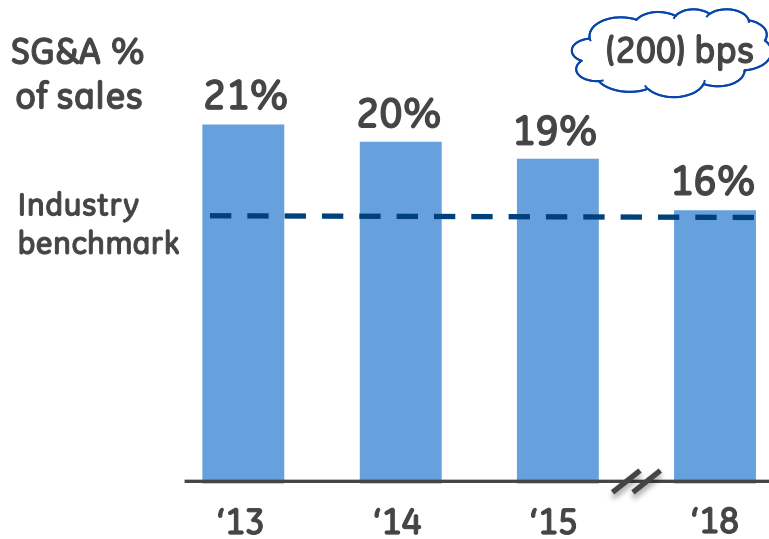


Differentiated technology
Integrated low-noise full-electric solutions

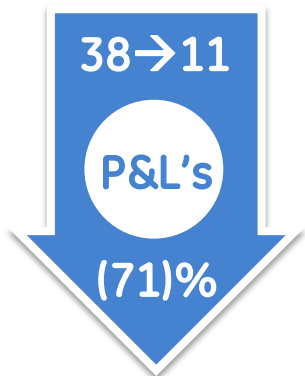
\$3.4B pipeline ... \$12B market growing at 6%

Driving structural cost through simplification

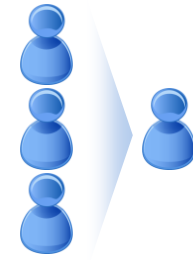
SG&A coming down



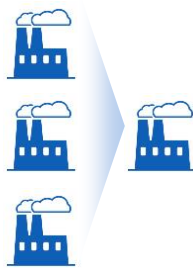
Reducing P&L's



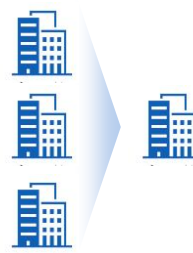
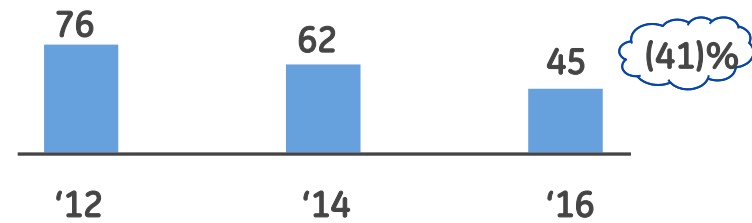
Reducing ERP's



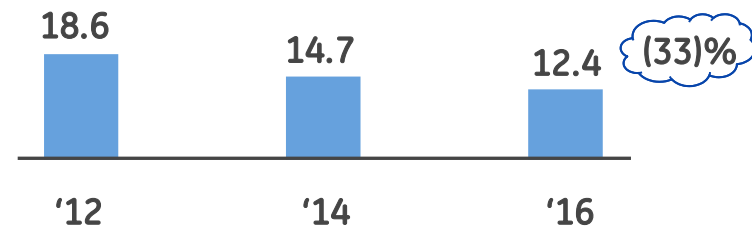
Headcount reductions



Consolidating manufacturing plants




Reducing supplier base (in 000's)



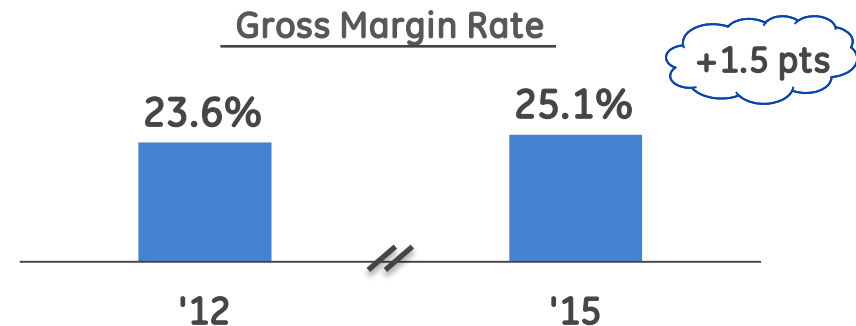
Margin rate +2.5 pts, simplification paying off .. more to do

Driving gross margin performance

Lean process improvements

	<u>Before</u>	<u>After</u>	<u>Output</u>
Rugby, UK			2x
Ft. Ed → Clearwater, USA			2x
Pittsburgh, USA			3x
Berlin, Germany			2x
Plainville, USA			2x
Campinas, Brazil			3x

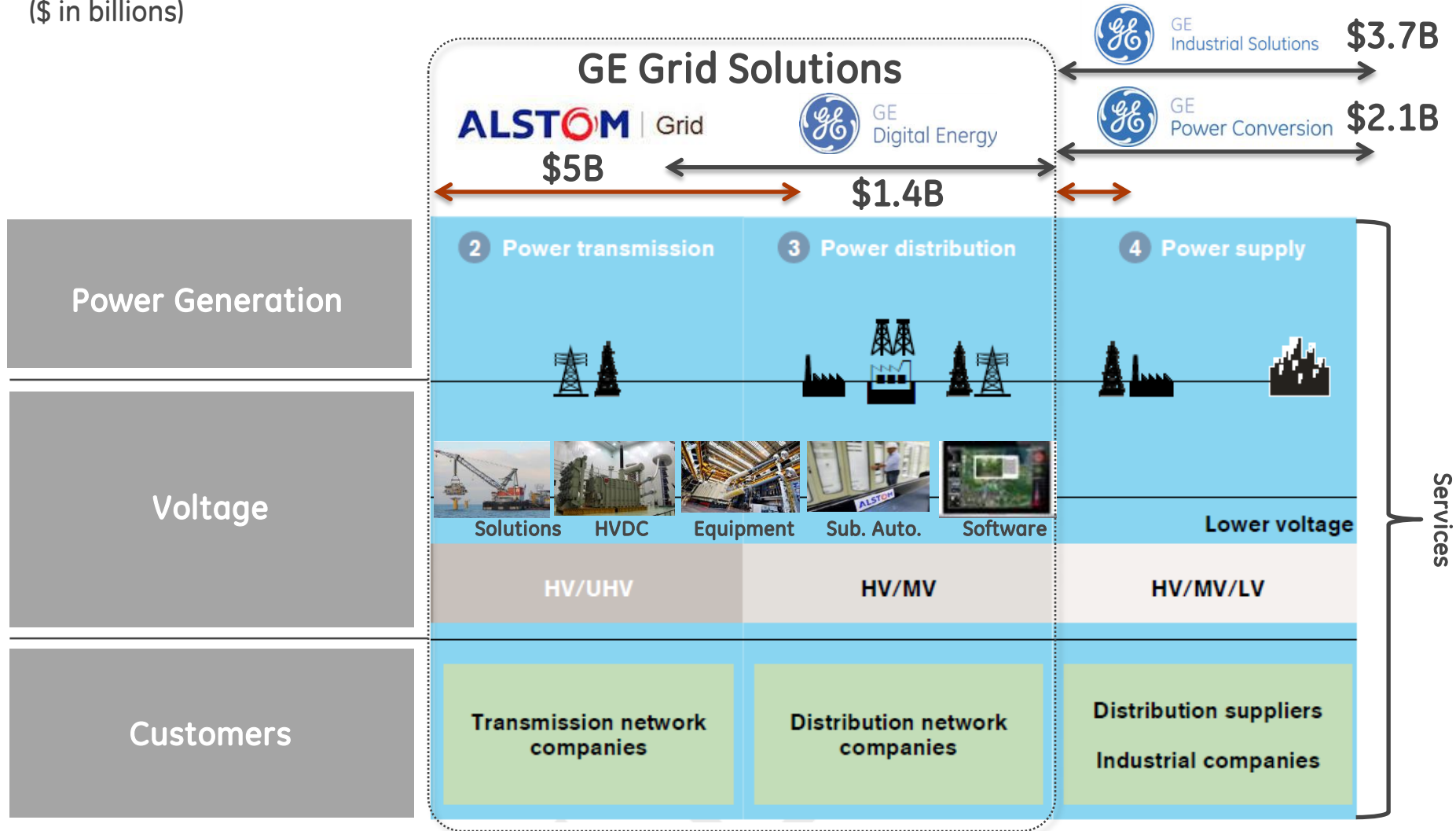
Driving product cost improvements



- 1 Sourcing execution ... proven track record to deliver deflation commitments
- 2 Restructuring efforts ... delivered \$170 of incremental savings in '14, \$175 in '15
- 3 Mfg. labor & OVC VCP ... projects to drive labor/Other Variable Cost efficiency ... "lean within plant"
- 4 Gaining momentum on new tools ... should cost, brilliant factory, analytics, etc.
- 5 Non SG&A Base Cost discipline ... Prioritized program spend ... continued Readiness-to-serve rigor

Alstom Grid completes EM product offerings

(\$ in billions)



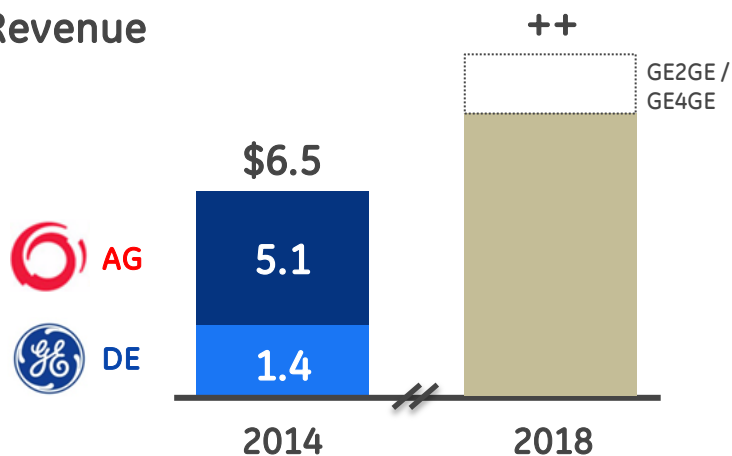
Alstom Grid delivers scale, adds full EM product offerings



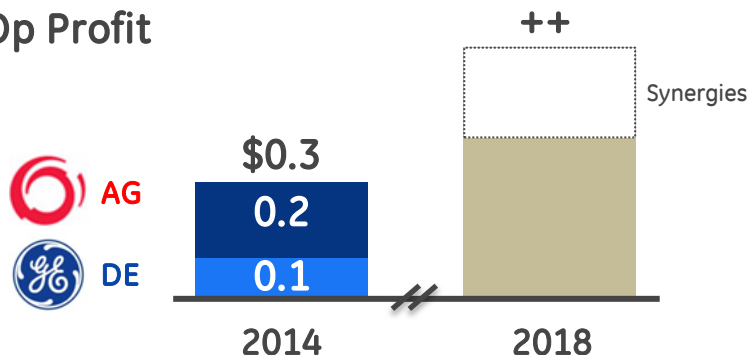
GE Digital Energy + Alstom Grid ... GE Grid Solutions

(\$ in billions)

Revenue



Op Profit



What we like

- 1 Complete T&D offering ...
 - ✓ AG in UHV/HV
 - ✓ DE in HV/MV
 - ✓ IS in LV/MV
- 2 Business Scale
 - ✓ \$2B projects
 - ✓ \$500M Software business
 - ✓ \$800M Grid Automation business
 - ✓ \$500M to \$1B in GE opportunities
- 3 Strong global footprint
 - ✓ AG global position
 - ✓ DE North America scale
 - ✓ Connection to GE ... P&W, O&G
- 4 AG adds global project capabilities ...
 - ✓ \$7B+ backlog
 - ✓ 2,000 resources
 - ✓ Product pull through
- 5 Cost synergies
 - ✓ Sourcing/MFG Savings
 - ✓ Cost rationalization
- 6 Growth synergies
 - ✓ GE2GE, GE4GE/BoP

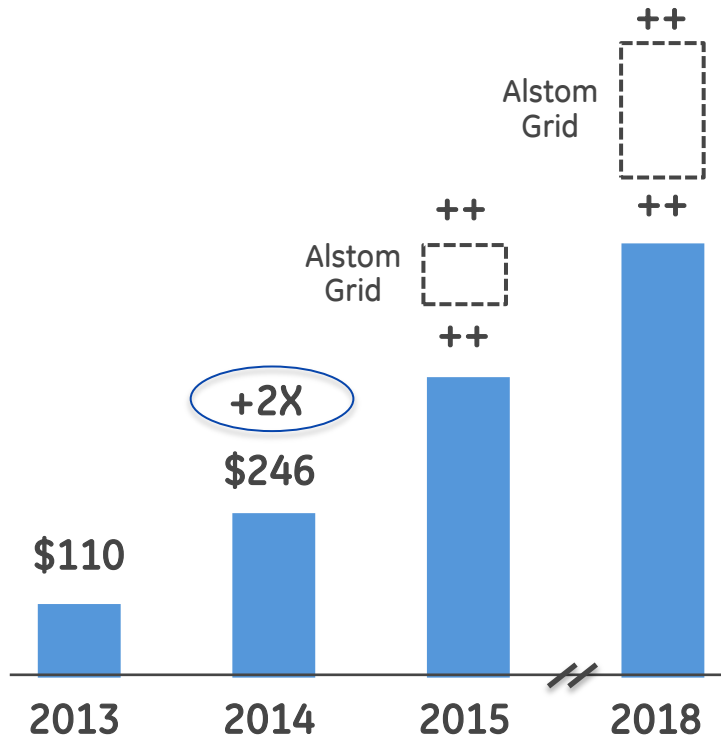
Great combination ... completes GE HV/UHV footprint



Energy Management growth

(\$ in millions)

Op Profit



OP%	1.4%	3.4%	++	+++
Rev \$B	\$7.3	\$7.3	+	+

- ✓ Market trends positive
 - + Electricity demand
 - + Grid investments
 - + Efficiency
- ✓ Margins improving ... more to do
 - + RTS ... headcount reduction
 - + Plant consolidations
 - + IT investments/ERP
 - + Better execution
 - + New incentive compensation program
- ✓ Product investments
- ✓ GE4GE/GE2GE growth
- ✓ Alstom Grid
 - + Global footprint, product line
 - + Projects
 - + Cost and growth synergies

Strong progress ... and potential ... driving towards double-digit operating profit



