

# GE Works

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## 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 (GE Money Japan); pending and future mortgage securitization claims and litigation 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 flow and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level; GECC’s ability to pay dividends to GE at the planned level; our ability to convert 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; our capital allocation plans, as such plans may change and affect planned share repurchases and strategic actions, including acquisitions, joint ventures and dispositions; 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.

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“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](http://www.ge.com/investor) and our corporate blog at [www.gereports.com](http://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 priorities

- 1 Continuing to enhance portfolio value
- 2 Growing Industrial earnings
- 3 Smaller, safer GE Capital ... solid earnings and returning cash to parent
- 4 Allocating substantial cash in an investor-friendly way

# Mixed environment

## U.S.



- + Housing
- + QE & inflation
- Budget uncertainty
- Business investment

% GE  
Industrial  
revenue

~45%

## Growth markets



- + China strength
- + Infrastructure demand
- + Inflation in check
- Commodities & mining

~35%

## Europe + Japan



- + ECB & BOJ policies
- Regulatory burden
- Debt/budgetary issues
- Sluggish demand

~20%

Europe  
dynamics

~\$16B  
Industrial  
revenue

~\$108B  
GECC  
funded  
exposure

- ✓ Nordic ... strong Oil & Gas; economies OK
- = Germany / CEE ... opportunity for share gain
- Western Europe ... remains very tough; restructure
- +/- Industrial markets tough in 1Q but appear to be normalizing ... reducing structural cost by 20%
- + Core Capital earnings are growing

# 2013 operating framework

(\$ in billions)

	Market	GE dynamics		Segment profit	
				'12	'13E
Power & Water	Slower	+ Distributed Power + Restructuring/cost actions	- Wind & Thermal cycles - Europe softness	\$5.4	-
Oil & Gas	Strong	+ Global demand + Acquisitions	- Short-cycle volume	1.9	++
Energy Mgmt.	Mixed	+ Power Conversion + Growth investments	- Europe softness - Utility spend	0.1	++
Aviation	Strong	+ Product launches + Orders/backlog strength + Spares growth	- Military aftermarket	3.7	+ / ++
Healthcare	Mixed	+ Emerging markets demand + Restructuring/cost actions	- U.S./Europe	2.9	+ / ++
Transportation	Mixed	+ Global & service growth + Restructuring/cost actions	- Mining slowdown - Product conversion	1.0	++
H&BS	Stronger	+ U.S. housing recovery + NPI: LED, Appliances	- Consumer lighting	0.3	++
<b>Total Industrial</b>				<b>\$15.5</b>	<b>+ / ++</b>
Capital	Stronger	+ New business returns + Mid-market leader + Strong dividends	+/- Lower ENI	7.4	+

# 2013 operating framework

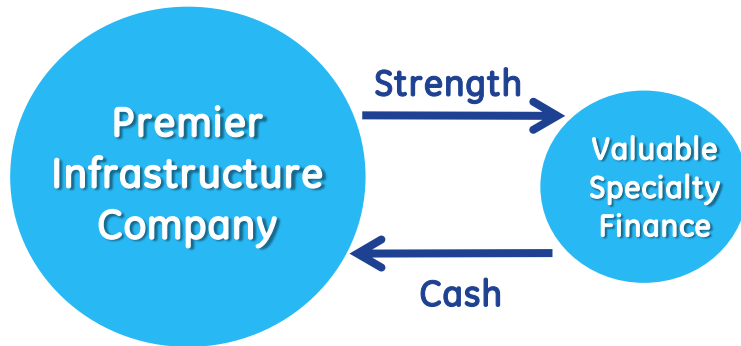
(\$ in billions – except EPS)

		Op. profit	
		<u>'12</u>	<u>'13 outlook</u>
	<u>GE dynamics</u>		
Corporate	+ Simplification = Gains offset by restructuring - NBCU income	\$(2.7)	~\$(3.0)
Operating earnings		<u>\$16.1</u>	<u>+ / ++</u>
Operating EPS		<u>\$1.52</u>	<u>++</u>
<hr/>			
CFOA excl. NBCU tax	+ GECC dividends + Working capital improvements	\$17.8	\$17-20
CFOA incl. NBCU tax	- Deal-related taxes	\$17.8	\$14-17
Total revenue	+ Industrial segment organic +2-6% - GE Capital revenues ... 0-(5)%	-%	0-5%

- ✓ No change in framework from 1Q'13
- ✓ For 2013, opportunities & risks in balance
- ✓ Buffers ... buyback + cost out

# GE strategy

## More valuable portfolio



## Strategic imperatives

- 1 Leadership in technology
- 2 Expand services → analytics
- 3 Invest in growth markets
- 4 Simple + competitive cost structure

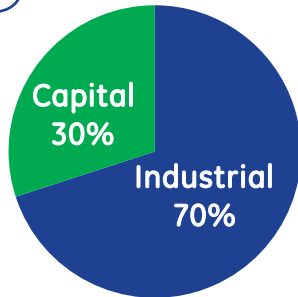
## 2013 investor objectives

- Y Double-digit Industrial earnings growth
- G Significant cash from GE Capital
- G Planning 70 bps. margin expansion
- Y Planning +2-6% Industrial segment organic revenue growth
- G Expect to return ~\$18B cash to shareowners

# More valuable portfolio

## 1 Industrial mix ↑

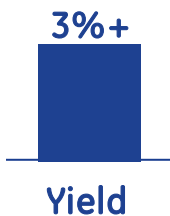
Goal



+

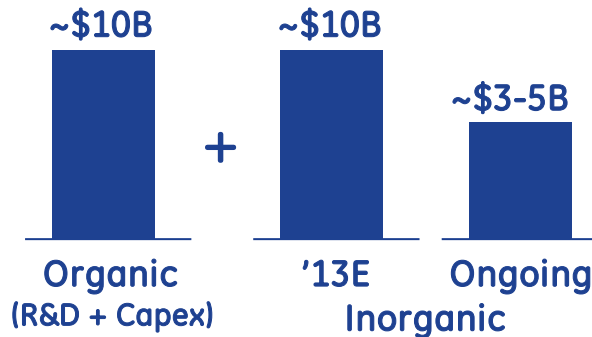
Strong dividend

Grow in line with earnings



## 2 Industrial growth

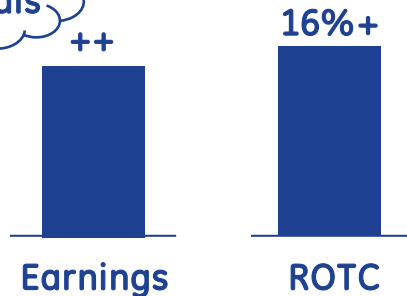
Invest



+

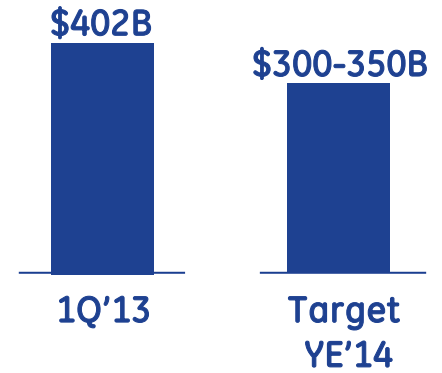
Deliver

Goals



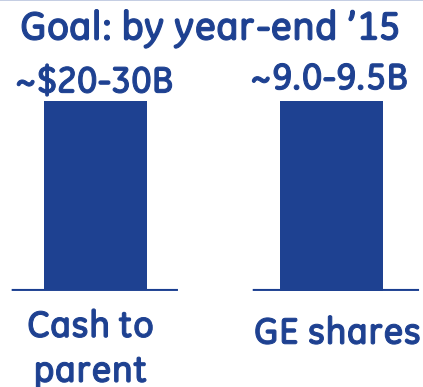
## 3 Reduce Capital

(Ending net investment)



+

Cash to parent → buyback



Consistent action → value creation

# GE Capital vision: Phase II

## Portfolio actions

\$300-350B



- + Run-off non-core
- + Staged exits of value-maximizing
- + Grow core

ENI target  
YE'14

## Earnings dynamics

- Lower ENI
- + Strong & consistent returns in remaining business
- ± Timing of sales/exits

## Financial strength

T1B3 (%)	Strong
L.T. debt issuance	\$25-35B
Commercial paper	\$20-30B
Returns	>WACC
+ Added 1,000 risk & regulatory professionals	

## Franchise value

### Leadership: #1 position

- #1: Aircraft leasing & lending
- #1: Healthcare finance
- #1: Mid-market sponsor
- #1: Equipment finance
- #1: Flow retail (CDF)
- #1: Franchise
- #1: Europe receivables finance
- #4: Corporate Finance

- Scale:
- U.S.
  - Europe
  - Australia
  - Canada
  - Japan
  - Energy finance

### Strengths

- + Domain expertise
- + Origination ... mid-market
- + Risk management
- + Global position
- + Cash & liquidity
- + Senior secured



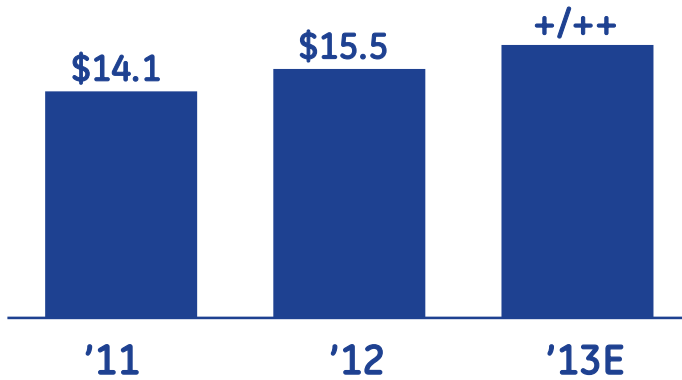


# Industrial growth

(\$ in billions)

## Performance

(Segment operating profit)



Margins 14.8% 15.1% +70 bps.

## Ongoing goals

Organic revenue growth 5-10%  
+ Services 5%  
+ Growth markets 10%

Organic margin expansion

## Operating keys: '13 & '14

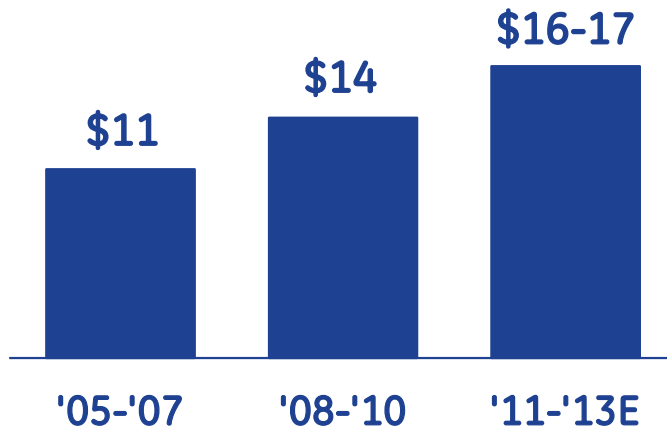
- ✓ Grow Services earnings double-digit
- ✓ Profitable execution of Aviation and Oil & Gas backlog and M&A
- ✓ Capitalize on global opportunities in Healthcare and Transportation ... not counting on the U.S.
- ✓ Earnings growth in P&W by '14
- ✓ Fix or reposition underachievers
- ✓ Hitting simplification/cost-out goals

**Can execute in a slow-growth macro environment**

# Leadership in technology

(\$ in billions)

## R&D spend



% revenue 4-5

~5

5-6

# patents ~12K

~12K

~16K

## Competitive advantage

- ✓ World-class research centers
- ✓ Scale + process improvement
- ✓ Transferable technologies

## Value creation

Gain market share



- + Aviation skyline
- + T4 loco LNG
- + Subsea structures
- + Large block HDGT
- + Leadership in MR, CT, U/S

Fill product gaps



- + Distributed Power
- + Value Healthcare
- + Business jets
- + Mining equipment

Acquisition value



- + ESP – next gen.
- + Marine systems
- + Mini-LNG

Grow margins



- + Aviation components
- + Appliances Mission 1
- + New materials

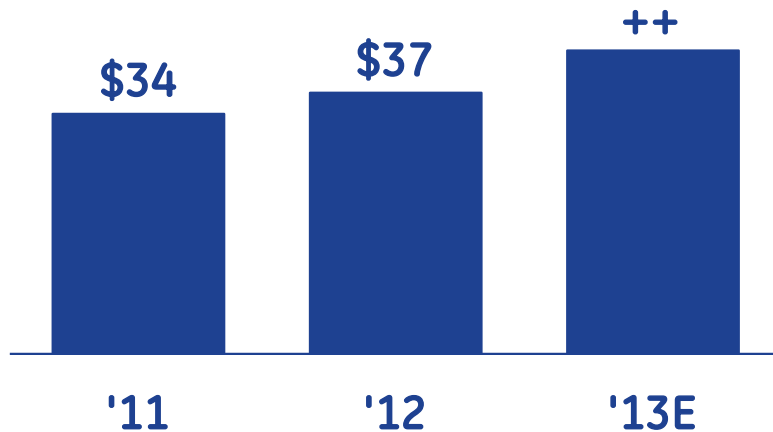
**Investments are delivering**

# Winning in growth markets

(\$ in billions)

## Growth regions

(Industrial segment revenue)



## Value creation

- + First mover ... best market position
- + Capability at scale
- + Able to offer solutions
- + Understand & manage risk profile
- + Low-cost country structure

### Resource rich +10-15%



### Rising Asia +10-15%

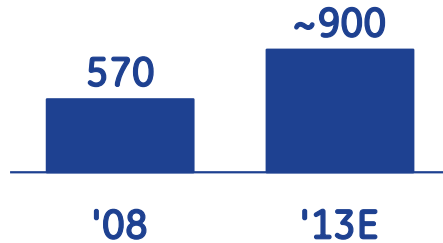


# Growth market competitive advantage

(\$ in millions)

## Investment

✓ Leadership ... executive level+



✓ Capability

- + 15 technology/innovation centers
- + 200 manufacturing/services sites
- + 10,000 commercial resources

✓ Best partnerships & relationships



(a- Transaction announced but not completed)

## Transformation

1 Improve & diversify earnings through cycles

% growth market revenue	'03	'13E
Healthcare	14%	28%
Transportation	25	52
Aviation	22	35

2 Create acquisition value



✓ Brazil orders \$50 → \$500

✓ New Central Europe manufacturing base

3 Lower cost/improve margins



✓ Shared services



✓ India multi-modality site

4 Customer innovation + global research centers

✓ Chengdu Healthcare focus



✓ Calgary Unconventional fuel focus



Bangalore GRC



Shanghai GRC

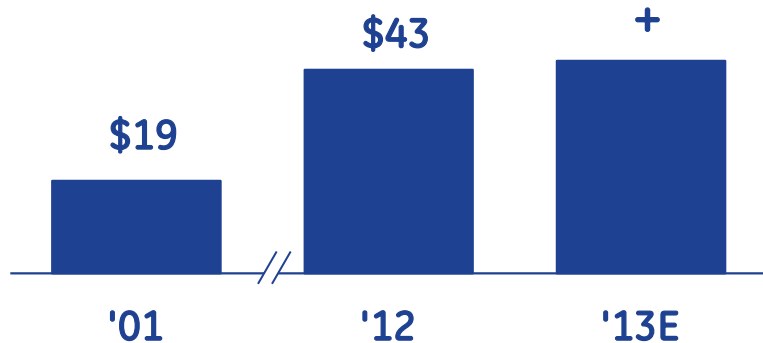


Rio GRC

# Services growth

(\$ in billions)

## Revenue



Backlog    \$65                      \$157                      +

## Transition business model

“Break fix”... sell parts & repairs

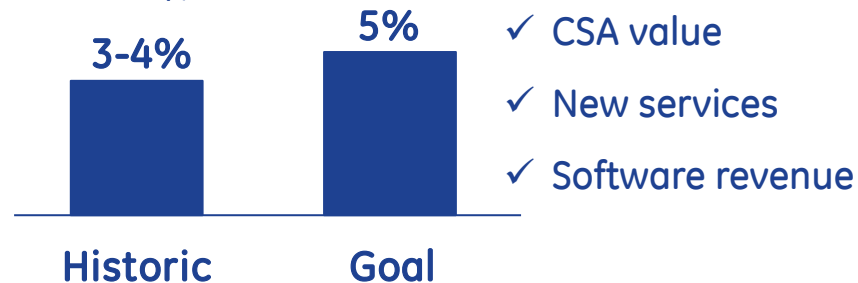
“CSA”... more risk sharing

Customer productivity & outcomes

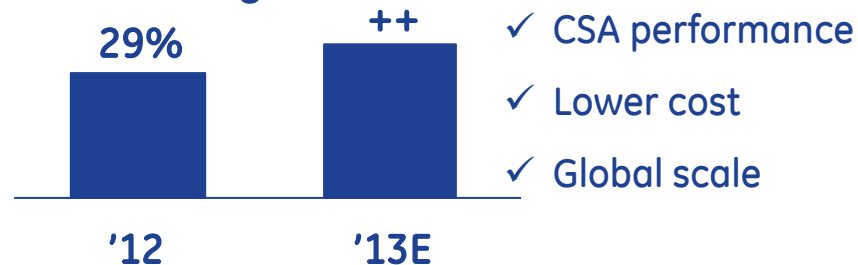
## Value drivers

+ High capture rate on GE installed base

+ Grow \$/IB



+ Grow margins



## 2013 operating profit

Power & Water	=	Energy Mgmt.	++
Aviation	++	Healthcare	+
Oil & Gas	++	Transportation	++

# Service competitive advantage: IB + analytics

Customer value: GE value: CSA \$ Margins SW sales Analytic drivers

**CSA based**

No unplanned downtime	✓	✓		Aviation: time on wing diagnostics P&W: digital outage management Oil & Gas: Subsea integrity + monitoring Transportation: advanced diagnostics & fuel Healthcare: dose management Aviation: fuel & carbon management P&W: advanced gas path & diagnostics
+				
Asset optimization	✓		\$1B of service productivity ✓	

**Software based**

Enterprise optimization			GE Software revenue at \$4B, +20% AAGR ✓	Healthcare: Caradigm/decision support Transportation: network + ops. planning Energy Management: grid IQ Aviation: flight operations (Taleris)
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**Invest & deliver**

Analytics COE (# - resources)

'13E	600
'14F	1,000

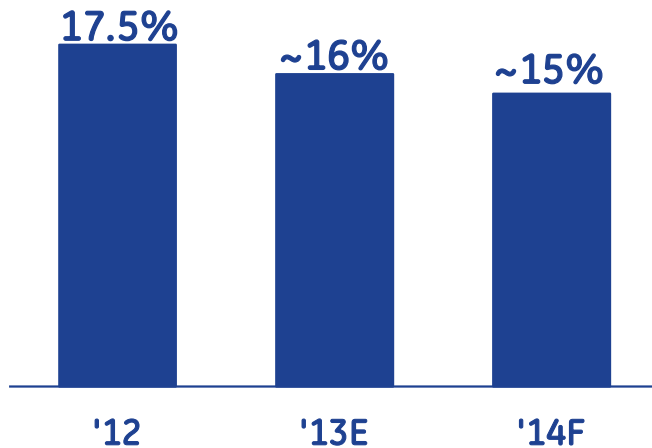
+9,000 SW engineers

- ✓ 9 launches in '12 ... ~\$800M in orders in '13
- ✓ 20 launches in '13 ... major focus on CSA productivity & value
- ✓ Collaborations in place ... Pivotal, Accenture

# Simplification

## Lower cost

(Industrial SG&A/sales)



## Driving \$2B of cost out

- + ↑ Global shared services for enabling functions ... from 35% to 65%
- + Restructure Europe ... reduce structural costs by 20%
- + Segment efficiency ... delayer, P&L consolidation, ERP reduction
- + Lower Corporate spend by 20%+



- 1 Simplify portfolio and P&L structure
- 2 Customer rules ... reducing cycle times to enhance customer touch points
- 3 Company mandates ... shared services, common ERP systems, process standards

# Areas of investor interest

## Operating EPS growth



### 2012 areas

- Improving margins
- Impact of low natural gas prices
- Manage risk ... Europe
- Size of GE Capital
- Capital allocation

### 2013 update

Planning +70 bps. ... 2H ramp  
 Managing through power cycle; gas wins over long-term  
 Restructuring underway  
 ENI ↓ ahead of plan, dividends  
 Disciplined & balanced ... ~\$18B to investors

## 2013 areas

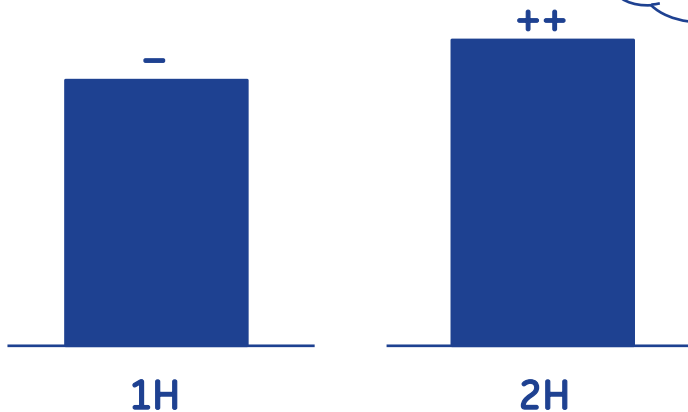
- 1 Improving margins
- 2 Diversified Power & Water
- 3 Oil & Gas growth
- 4 Capital allocation



# 1 Improving margins

2013 margin profile

Total year  
+70 bps.



## Committed to total year outlook

- Range of improvements 1Q → TY rate ... 50 bps. to 280 bps.
- Profile in '06 and '10 similar to '13
- Executing ~\$1B restructuring in '13
- 2Q trending in line with expectations

Drivers	2H'13 vs. 2H'12	2H'13 vs. 1H'13	2H Drivers
P&W volume	-	++	Unit shipment schedule
Mix	+	-	Equipment volume ↑ vs. services
Value gap	+	+	Strength continues ... both price and deflation
R&D	+	+	Increase moderating
Cost/simplification	++	++	Cost out accelerates

Sustaining  
performance

Simpler cost structure  
Value gap  
Manufacturing

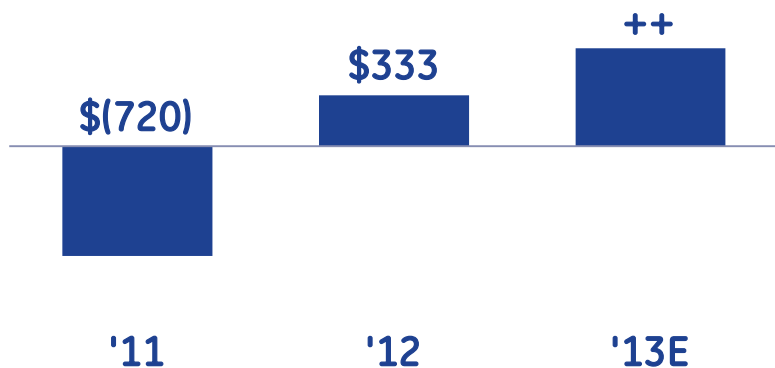
Process improvement  
Service margin  
Engineering productivity



# Value gap

(\$ in millions)

## Value gap



## 2013 orders price index

	<u>1Q</u>	<u>TY trend</u>
Power & Water	flat	=
Oil & Gas	1.5%	+
Aviation	2.1	+
Healthcare	(1.8)	-
Transportation	0.1	+

## Value creation

### Aviation: enhanced product performance

- ✓ Continuous focus to build quality
- ✓ Volume ramp execution



### Oil & Gas: product cost controls

- ✓ Leveraging OneGE
- ✓ Driving sourcing quality
- ✓ Global capability



### Transportation: dual-source growth

- ✓ More choices ... drive deflation
- ✓ Improve parts availability



### Appliances: win with Mission 1

- ✓ Strong distribution strategy ... capitalize on market trends
- ✓ Best cost/quality ... margins ↑



**Achieving price + momentum in supply chain**

# Manufacturing + product cost: Aviation example

## Additive manufacturing

25% weight reduction



CFM LEAP fuel nozzle



Ensuring CFM LEAP & GE9x capability

- ✓ Raw materials
- ✓ Machine support
- ✓ Additive manufacturing
- ✓ Service/repair development



## Ceramic Matrix Composites

1/3 weight of metal parts

Material

Engineering

Production



SiC Fiber



- ✓ 50% JV established
- ✓ GRC integration

- ✓ High volume advanced mfg.

## New capacity

+1 million square feet

- ✓ Automated machining
- ✓ Competitive wages
- ✓ New technology focus
- ✓ Lean lab prototyping



Greenville, SC



Batesville, MS



Auburn, AL



Ellisville, MS



## Supply chain integration

~50% of Avio supports GE



- ✓ Fuel nozzle JV – 50/50 with Parker Aerospace
- ✓ Covers all GE/CFM nozzles



- ✓ Gearboxes, low pressure turbine section
- ✓ Ensure material supply

**New engines ... ~20% more GE content**



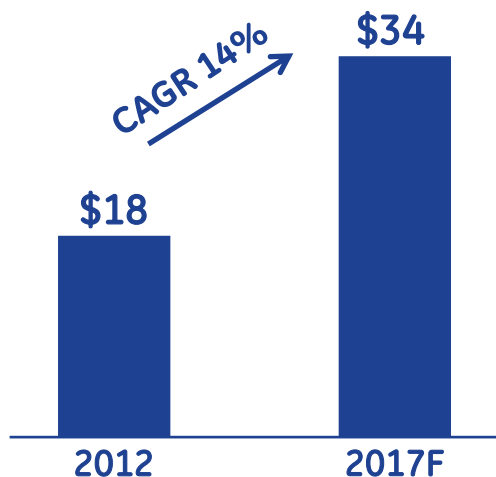
(a- Transaction announced but not completed

(b- Transaction announced but not completed and remains subject to regulatory approval

# Process improvement: winning in Subsea

(\$ in billions)

## Industry spend on Subsea production equipment



### Tree awards

- ✓ 416 in 2012 ... ↑ 1.3x
- ✓ GE ~30% penetration

### Flexible pipe awards

- ✓ FPSO backlog at '08 levels
- ✓ 1.7x growth in flexibles '12-'15

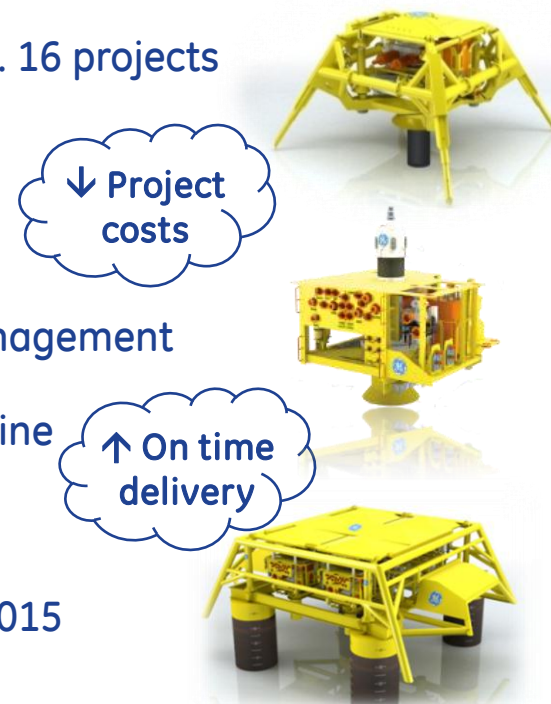
## Improving execution

Goals = **Margins quoted = delivered** + **On time delivery**

+ 50 person dedicated team ... 16 projects

- ✓ Product structuring
- ✓ IT improvements
- ✓ Rigorous change management
- ✓ Robust pricing discipline
- ✓ Better localization

+ Expect 2x margin rates by 2015



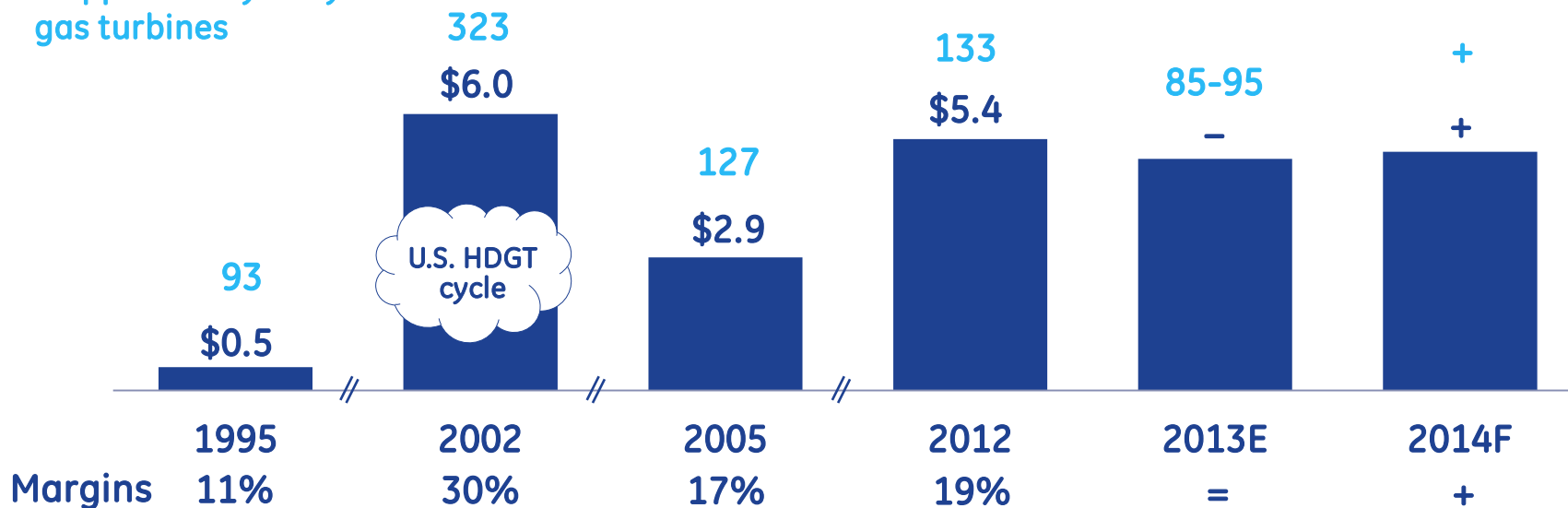
Substantial improvement in "as delivered" margin rate

# 2 Power & Water cycle

(Segment operating profit in \$ billions)

## Dynamics

Shipped heavy-duty gas turbines



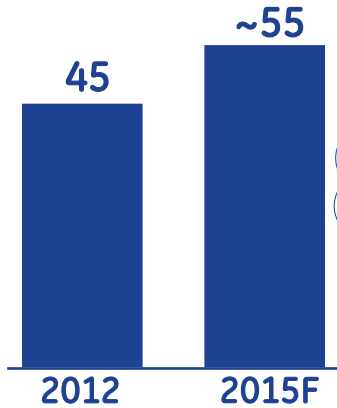
- + U.S. outlook slow but improving ... expect ~60 GW of retirements
- + Gas utilization for electricity generation ↑, gas prices long-term favorable
- + PTC late extension ... demand normalizing ... global demand for wind
- + Diversified & invested for next cycles ... Distributed Power, Services
- + Avoided “big ugly issues” ... nuclear, solar & offshore wind overinvestment

# Gaining share

(\$ in billions)

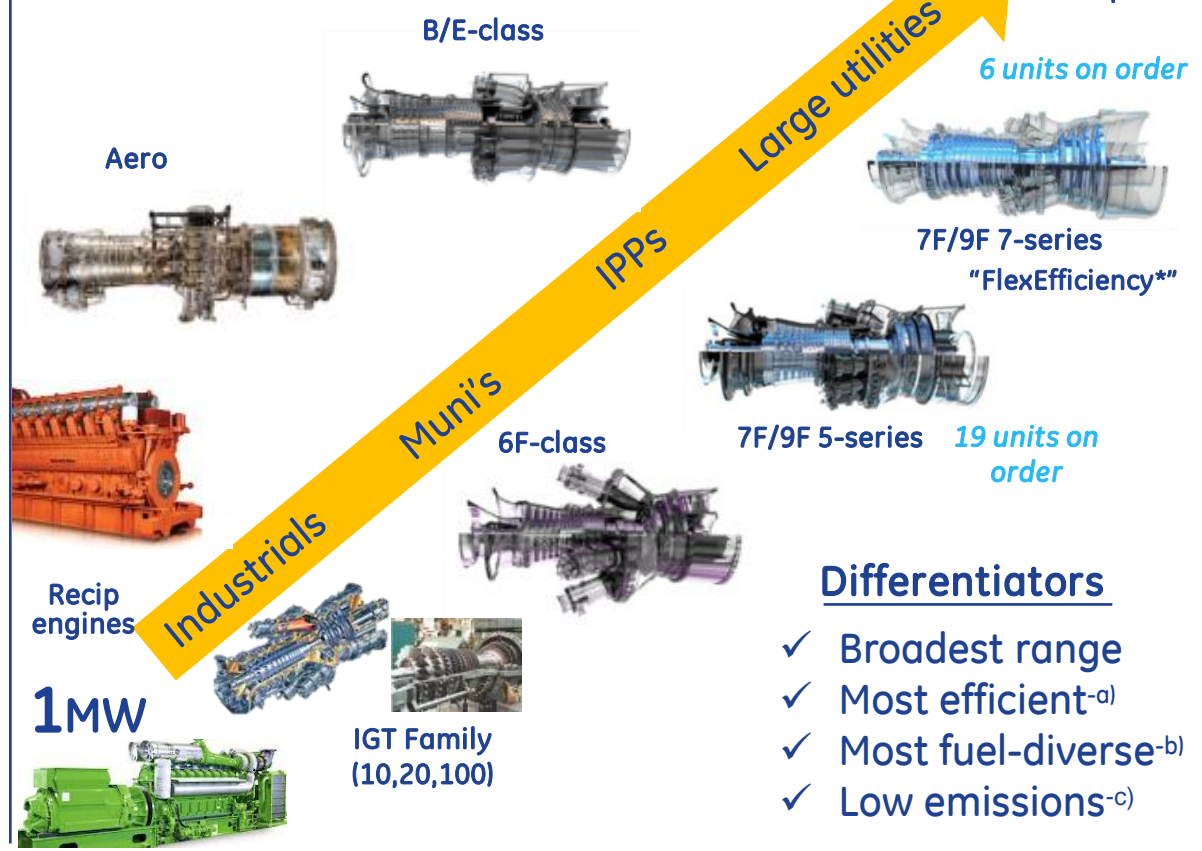
## Global demand

(Orders - HDGT GW)



Gas ~25% of primary energy production by 2015

## Product line competitive



## Average GE units shipped

	'11-'13	'14-'20
Resource rich	80	+
Asia	19	++
U.S.	6	++
Europe + Japan	10	-
<b>Total</b>	<b>115</b>	<b>115-150</b>

## Differentiators

- ✓ Broadest range
- ✓ Most efficient-a)
- ✓ Most fuel-diverse-b)
- ✓ Low emissions-c)

(a- At baseload with high partload efficiency ... 7F 7-series in 2x1 combined cycle configuration with SCR and CO catalyst  
Source: McCoy Power Reports (MW basis)

(b- Natural gas/distillate/HFO/low BTU gas  
(c- 2 ppm NOx & CO down to 14% plant load)

# P&W operating profit dynamics

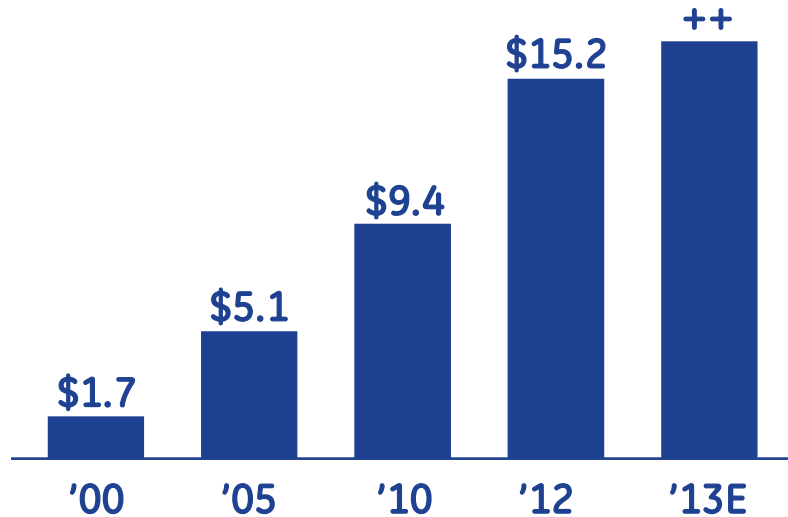
	<u>'12</u>	<u>'13E</u>	<u>'14F</u>	<u>Drivers</u>
<b>Thermal</b>	--	--	=	<ul style="list-style-type: none"> <li>• Global power demand outlook flat</li> <li>• Reserve margin dynamics</li> </ul>
<b>PG Services</b>	+	=	+	<ul style="list-style-type: none"> <li>• European utilization ↓ in '13</li> <li>• Robust backlog &amp; diverse customers</li> </ul>
<b>Renewables</b>	++	--	+	<ul style="list-style-type: none"> <li>• U.S. PTC impact</li> <li>• Strong product portfolio</li> </ul>
<b>Distributed Power</b>	++	++	++	<ul style="list-style-type: none"> <li>• Developing markets growth</li> <li>• Emergency power needs increasing</li> </ul>
<b>Nuclear</b>	++	++	+	<ul style="list-style-type: none"> <li>• Japan, Dominion N. Anna launch</li> </ul>
<b>Water</b>	++	++	++	<ul style="list-style-type: none"> <li>• Solid business improvement underway</li> <li>• Oil &amp; gas industry strength</li> </ul>

**Diversified earnings drivers**

# 3 Growth in Oil & Gas

(\$ in billions)

Revenue growth



Segments

- + Subsea
- + Unconventional fuels
- + LNG
- + Drilling & Production
- + Measurement & Controls
- + Services

Margin growth (%)



Long runway of improvement possible

- 1) Subsea process discipline
- 2) Product structuring/less customization
- 3) Design for localization
- 4) Build-out services capabilities
- 5) Successful acquisition integration
- 6) Pricing reflects value creation



# Establishing technical leadership

## Subsea power & processing



Integrating technology across GE portfolio:

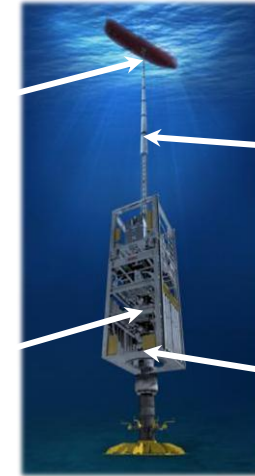
- Compression
- Pumping
- Power solutions
- Sensing & control

## Next generation deep water drilling

RM&D



SeaONYX™ Surface Control System



Early kick detection



20K RAM



## LNG solutions



Customized offerings

- Leadership position in large-scale LNG
- Remote module capability

Mini-LNG solutions

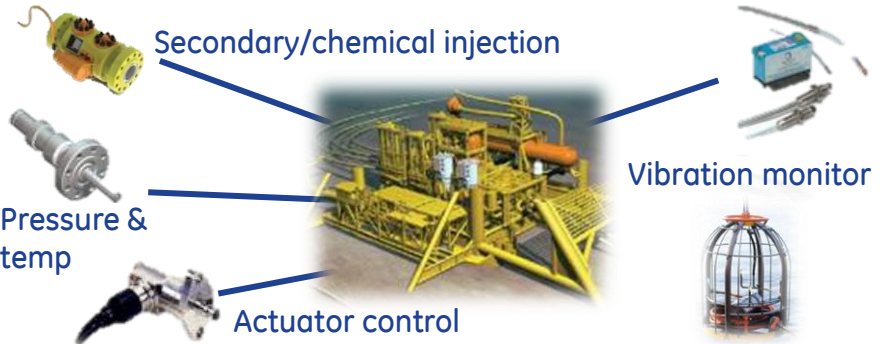
- Flexible solutions 10-250k gallons per day
- Mini-LNG plant



Recent acquisition



## Subsea instrumentation & control



Recent acquisitions

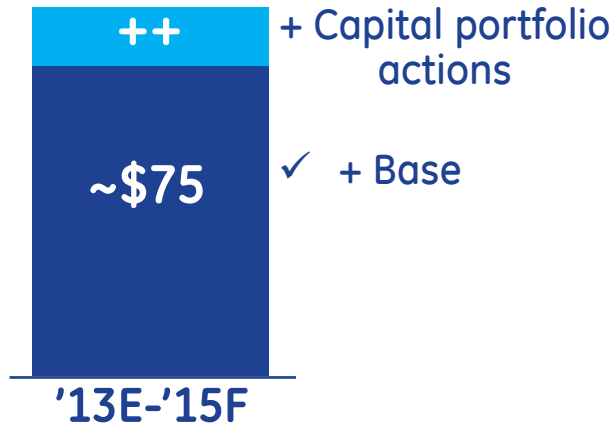


Acoustic Leak Detection System showcased at OTC

# 4 Valuable capital allocation

(\$ in billions)

## Available cash



- ✓ GECC income dividends → GE dividends
- ✓ GECC excess dividends → buyback

## Allocation priorities

	<u>'13E</u>	<u>Ongoing</u>
Organic investments	~\$4	In line with growth
Dividends	~\$8	↑ in line with earnings Attractive yield
Buyback	~\$10	Lower share count to 9.0-9.5B
Bolt-on acquisitions	~\$10	\$3-5B/year

### Investor friendly

- + Return significant cash → investors
- + Invest in organic growth & bolt-on acquisitions

# Acquisition strategy

## Principles

- 1 Solid pipeline in well-understood adjacencies
- 2 Focus on bolt-ons where GE adds value (\$1-\$4B)
- 3 Fits competitive advantage
  - + Supply chain
  - + Technology
  - + Services
  - + Global footprint
- 4 Attractive returns
  - + Multiple ways to win

## 2013 transactions

	<u>Revenue</u>	<u>Price</u>
<u>Lufkin (O&amp;G)</u> <sup>-a)</sup>	\$1.3B	\$3.3B
+ The fit ... "one shot" to fill in enhanced oil recovery		
+ Ways to win: Good customer exposure Synergy with customers, supply chain & service New base in Romania & Latin America Upside in manufacturing		
<hr/>		
<u>Avio (Aviation)</u> <sup>-b)</sup>	\$2.7B	\$4.3B
+ The fit ... Improves execution with huge backlog		
+ Ways to win: Integration benefits with current supply chain Complementary technology Expansion into power & marine		

Planning for ~\$.02 EPS accretion in 2014



(a- Transaction announced but not completed

(b- Transaction announced but not completed and remains subject to regulatory approval

# Going forward

## Financial goals

Industrial	++
Capital	-
Corporate	+
Share repurchase	++
Dividend	↑ in line with earnings

## Long-term performance award

- ✓ EPS growth
- ✓ Cash generation
- ✓ Grow % Industrial earnings
- ✓ Increase ROTC



## Context

- ✓ Grow EPS while improving portfolio value (↑ % Industrial)
- ✓ Generate substantial cash & invest with discipline (ROTC ↑)
- ✓ CEO PSU will include margin performance vs. peers

Aligned to deliver  
for investors

- ✓ Enhancing portfolio value
- ✓ Growing Industrial earnings
- ✓ Smaller, safer & profitable GE Capital
- ✓ Investor-friendly capital allocation

