

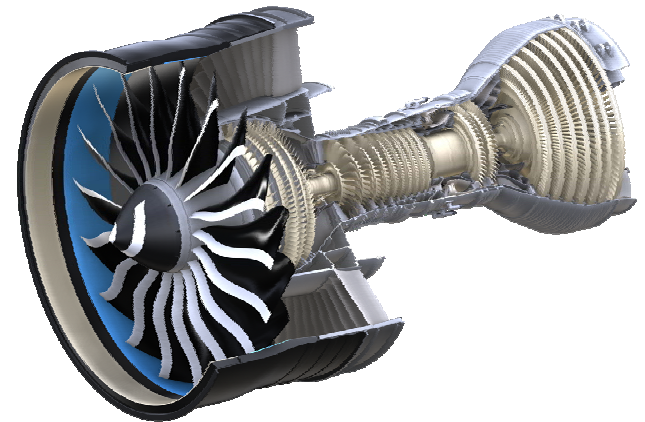
# GE Transportation Growth in Emerging Markets

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June 28, 2005

"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 often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from the behavior of financial markets, including fluctuations in interest rates and commodity prices; from future integration of acquired businesses; from future financial performance of major industries which we serve including, without limitation, the air and rail transportation, energy generation, media, real estate and healthcare industries; from unanticipated loss development in our insurance businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive and regulatory 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 presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by SEC rules, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in our Supplemental Information file on our investor relations website at [www.ge.com/investor](http://www.ge.com/investor).

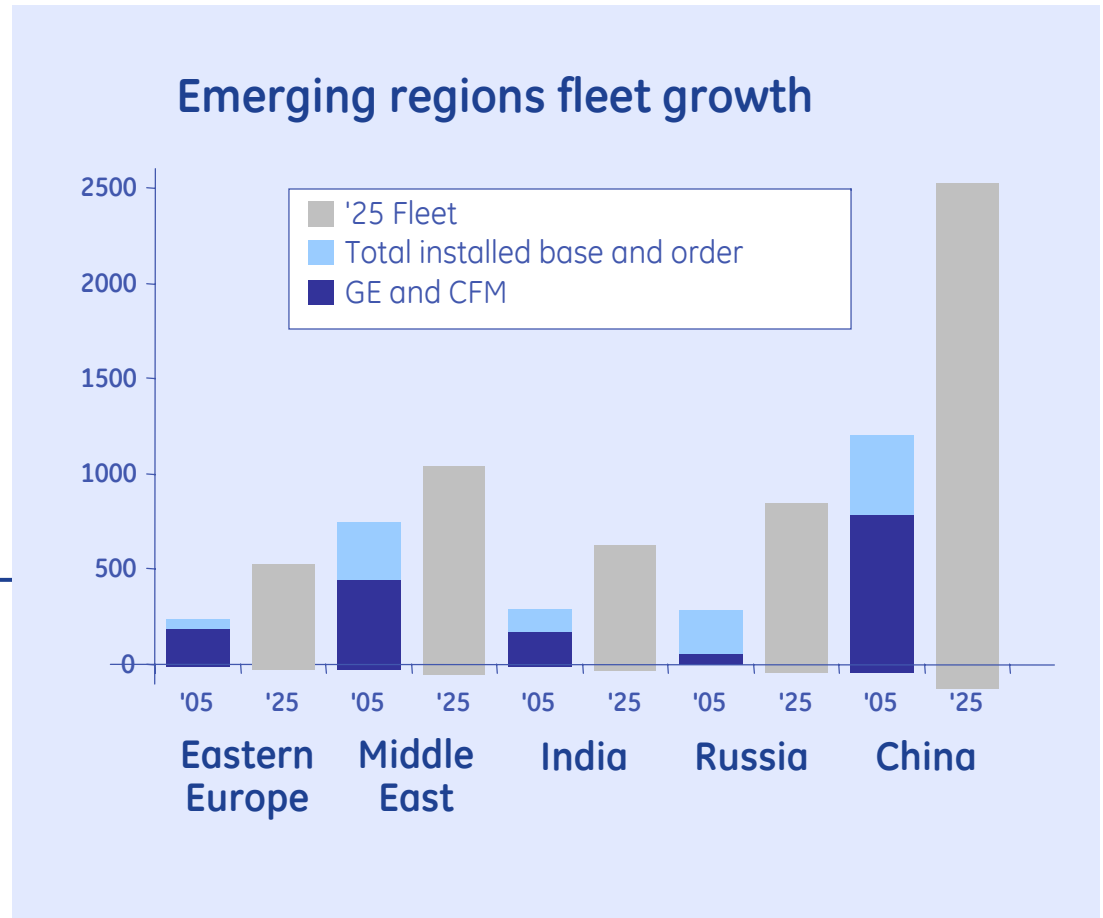


# Delivering through difficult cycles



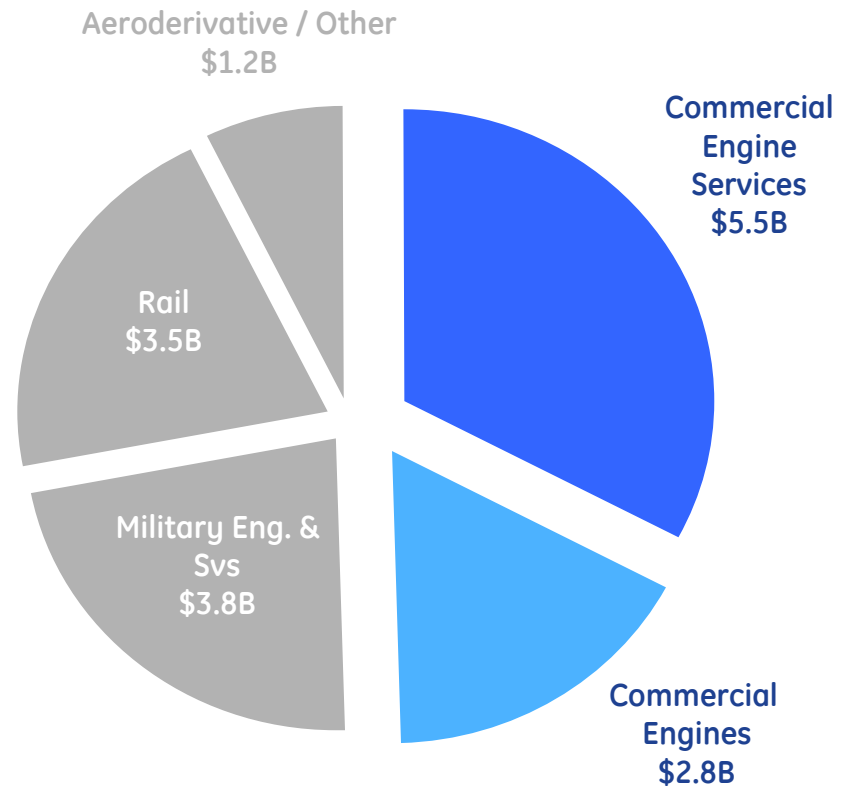
# Aviation dynamics in emerging regions

- **Eastern Europe** ... New opportunities developing rapidly
- **Middle East** .... Growth with established customers
- **India** ... Open skies internationally, many first-time flyers
- **Russia** ... Tariff elimination would stimulate growth
- **China** ... Growth



# Aircraft Engines ... global reach ... **\$8+B** **commercial business**

- 22,300 installed engines\*
- 21 engine models ... 38 aircraft applications
- 500 customers in more than 100 countries
- 26 new customers over the past 12 months
- More than 2,100 powered aircraft in flight at any time

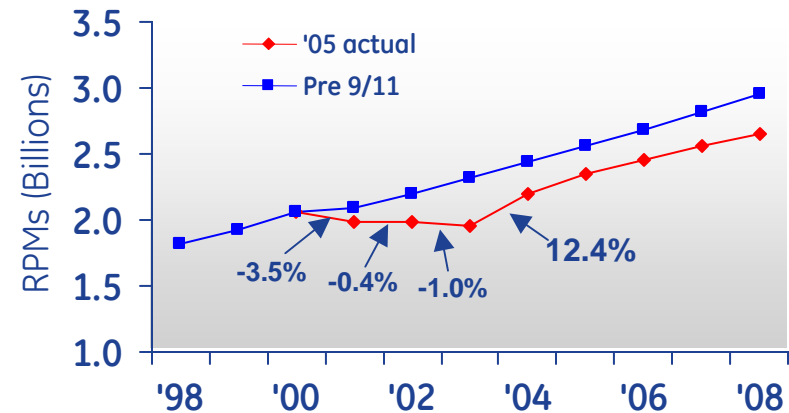


# Aviation market is back worldwide

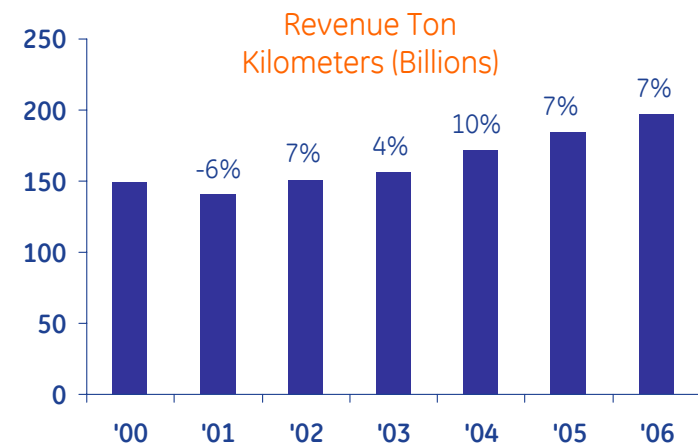
## Traffic growth

- Revenue Passenger Miles exceeded 2000 levels
  - 1Q05 tracking to 7%
- Load factors up ~5 pts year over year
- Cargo growth remains strong
  - Fueled by Asia

### Passenger Traffic Growth



### Cargo Growth

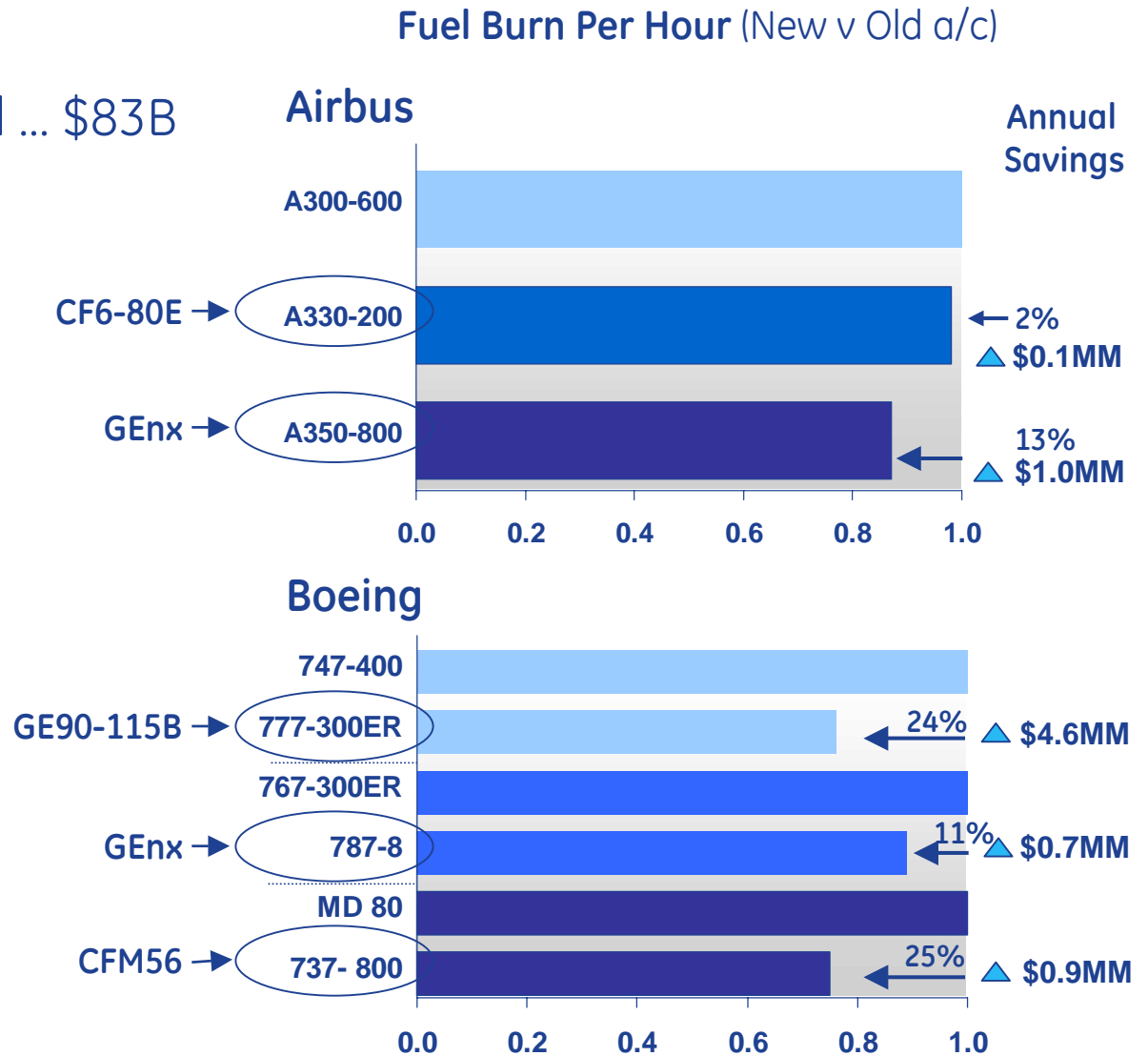


# Most fuel efficient engines on latest aircraft

- '04 global aviation fuel bill ... \$83B
- Aviation share of fuel to go up from 7% to 12% by 2025

*GE fleet  
advantaged in  
a high cost fuel  
environment*

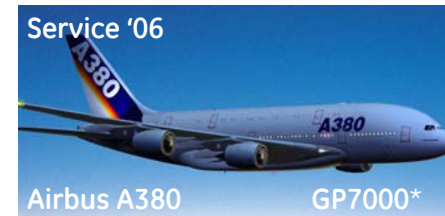
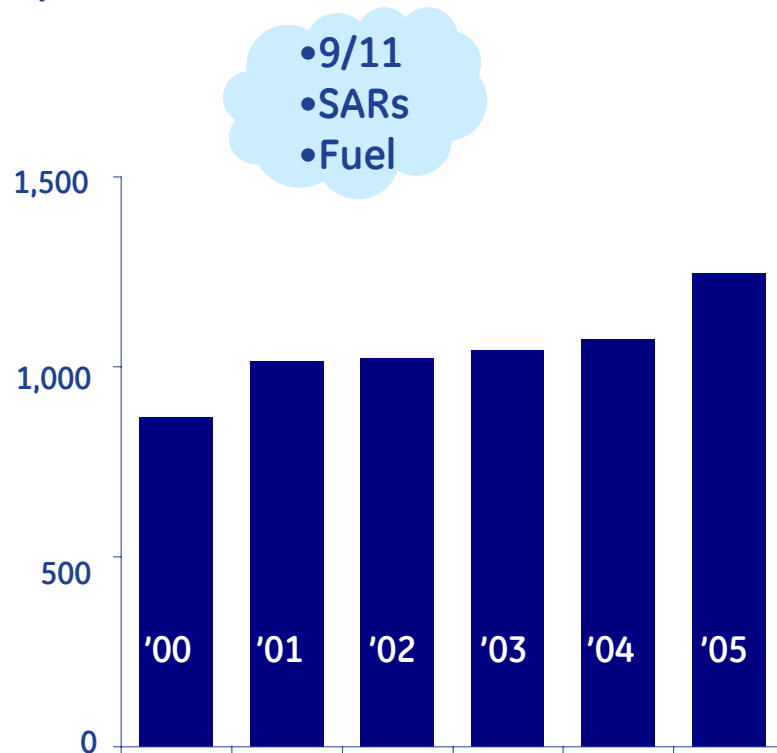
\* Source: Global Insight



\* On a per ac basis, Fuel = \$1.5 /gal

# Aviation ... new technology investment

Total  
GEAE R&D  
spend \$M



*Invested thru cycle*



\*GP7000 developed by GE/P&W Engine Alliance

# Conditions for aviation growth in emerging regions have never been better

India poised to grow fleet from 175 to 500 over next 15-20 yrs.  
Five-year growth could top 20% annually according to CAPA

China passenger traffic could double to 240 million by 2010

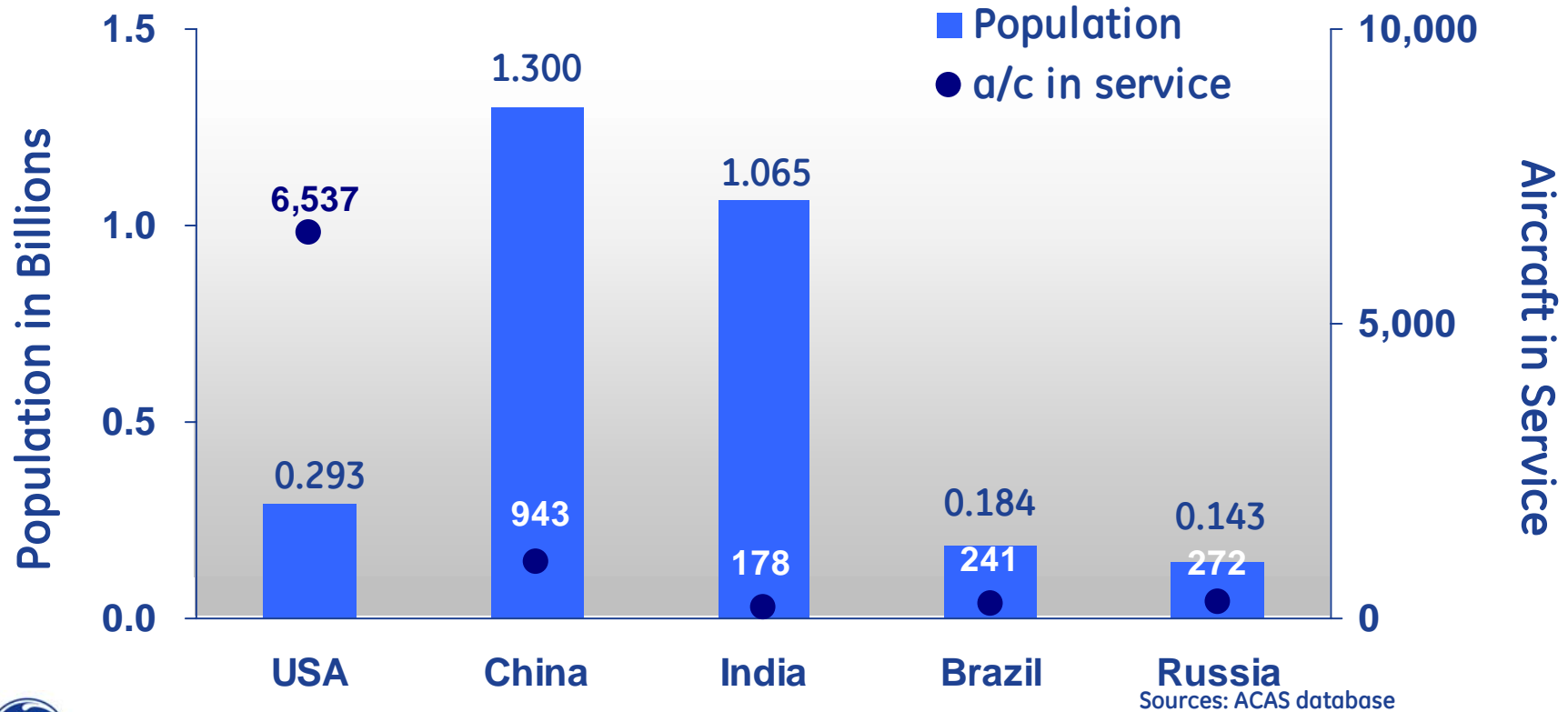
Demand for aircraft in Russia forecasted at 70+ per yr.  
Rising GDP, traffic plus replacement needs fuel demand

IATA says Hungary, Poland and Czech Republic among  
top-5 in traffic growth forecasts



# Emerging regions potential is large

Population of Selected Countries v Aircraft in Service



imagination at work

# Europe – more travelers ... more destinations

- Traffic up 9% ... vs. GDP up 2.4%
  - Demand created by LCC pricing & Eastern Europe
- International networks strong
- 217 airlines with less than 25 aircraft
  - Working to provide total solutions

## Installed Base

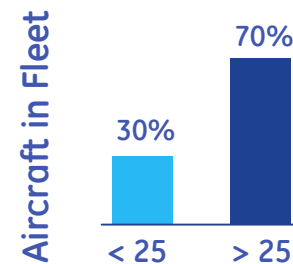
- 2679 aircraft
- 5960 engines

## Order Book

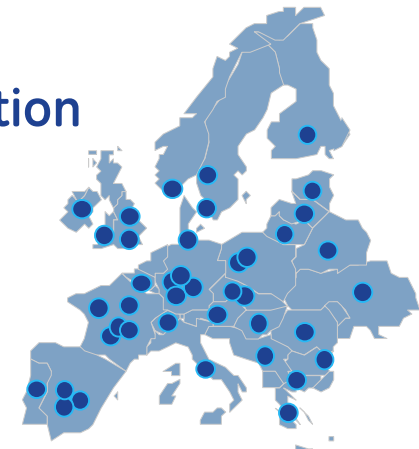
- 513 aircraft
- 1048 engines



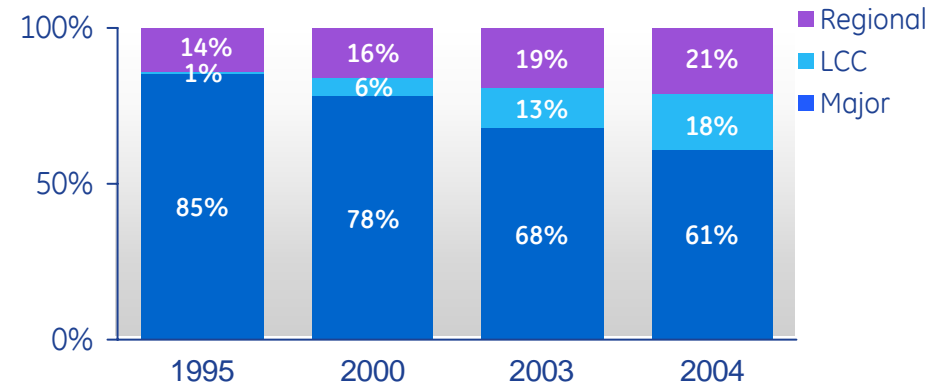
## Airline Proliferation



European Airlines ● 5 Airlines with < 25 aircraft each



## Intra-European RPMs



# Growth from new E.U. countries

New EU Country	2004 Population (1000s)	2004 GDP Growth	No. of Airlines	No. of Aircraft	Non- Western Aircraft	2003 Passengers (1000s)
Cyprus	731	3.7	3	18	0	6.0
Czech	10,212	4.0	10	69	26	7.8
Estonia	1,351	6.2	5	10	3	0.7
Hungary	10,117	4.1	8	35	5	5.0
Latvia	2,319	8.5	6	18	8	0.7
Lithuania	3,446	6.7	7	21	13	0.7
Malta	400	1.5	3	25	0	2.6
Poland	38,191	5.3	9	67	14	7.1
Slovakia	5,380	5.5	7	16	6	0.6
Slovenia	1,996	4.6	1	9	1	0.9
<b>Total</b>	<b>74,143</b>		<b>59</b>	<b>288</b>	<b>76</b>	<b>32.1</b>
Ireland	4,000	5.4	7	115	0	20.0

# GE and CFM in the Middle East

## Installed base

- 435 aircraft
- 870 engines

## Order book

- 175 aircraft
- 451 engines

## Partnerships

- Emirates GE90/GP MRO
- Qatar Tech Center



# GE and CFM in India

## Installed base / orders

- 83 aircraft
- 174 engines

## Awaiting Gov't approval

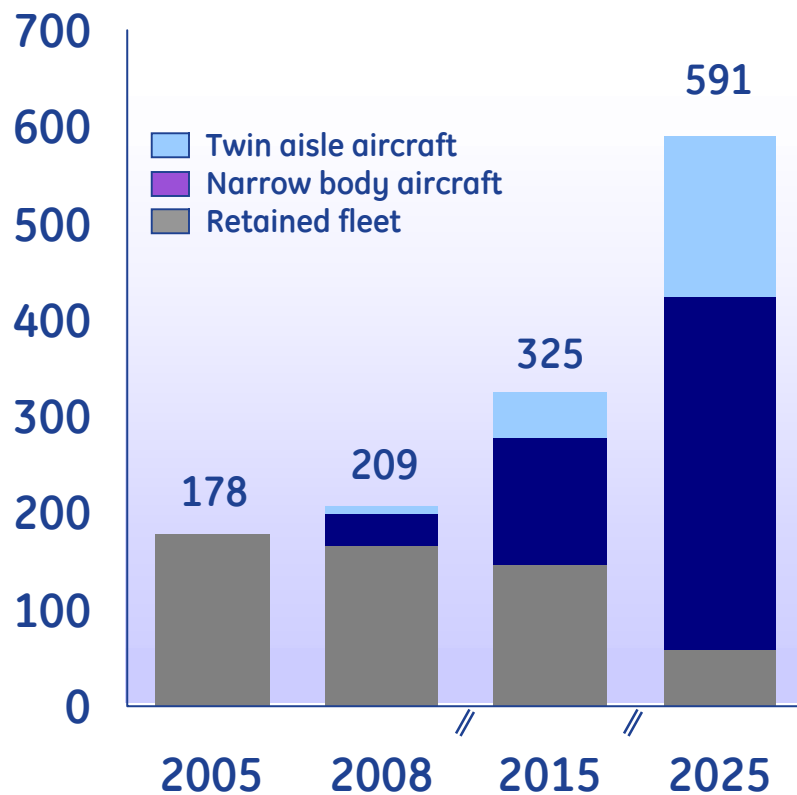
- 96 aircraft
- 192 engines



# India air traffic to double by '15 ... 7% yearly growth

## Aircraft in service

(Airlines domiciled in India)

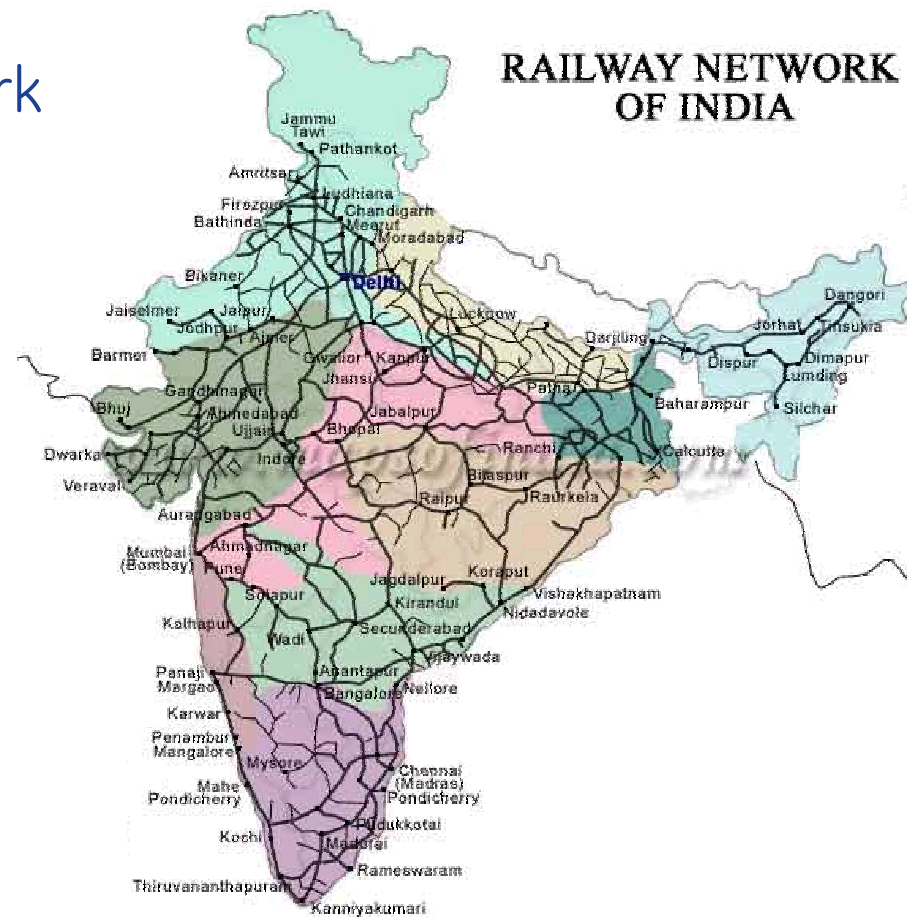


## Drivers

- #2 population
  - Rising wealth
  - High-tech / service sector
- LCCs emerging
  - Many first-time flyers
  - Shift from rail to air
- Aviation sector liberalizing

# India ... Rail focus on safety

- World's 5th Largest Rail Network
  - 20 crossing deaths daily
  - ~5000 crossings
- GE Opportunity
  - \$200M/year signaling opportunity
  - Crossing Automation
  - Train Control & Interlocking



# GE and CFM in Russia/Ukraine

## Installed base

- 64 aircraft
- 130 engines
- Total Western aircraft = 88



*Russian 40% aircraft tariff  
likely to be removed by end of '05*



# Aircraft Engines opportunity in Russia

**Passenger traffic growth 10-15%**

- GDP growth 5-6%

**Demand for 70 - 100 replacement aircraft per year**

- 600 aircraft (~85% of active fleet) to retire over 2-7 years
- ~\$1.5B annual aircraft sales opportunity

**Airlines undergoing consolidations**

- Over 180 airlines to consolidate to less than 30

**Additional aviation opportunities**

- Aircraft leasing and support, infrastructure financing, security

# Russia / CIS ... Rail modernization



## Kazakhstan ... in service

- 54 units in service in 2003
- 15% more hauling capability
- 15% fuel productivity
- 200 unit follow-on order won
  - Delivery through '07
  - Value = \$150MM

## Russia ... GE technology creates customer value

- 98%+ availability
- 24% fuel savings
- +15% trailing tonnage capacity

# GE and CFM in China



## Installed base

- 700+ aircraft
- 1,600+ engines

## Order book

- 109 aircraft
- 218 engines

# China ... Rail growth

## China's dilemma

- MOR meeting <60% demand
- Railway congestion threatening economic development

**Productivity  
Needs**

## Increase ...

- Reliability
- Tonnage
- Speed
- Density

## GE solutions

- **Locomotive**
  - Reliable, fuel efficient power
  - 300 locos/year opportunity
  - \$700M / year market
- **Signaling ... Productivity Solutions**
  - ITCS, Locotrol, Switch Machines

## Won in 2004!

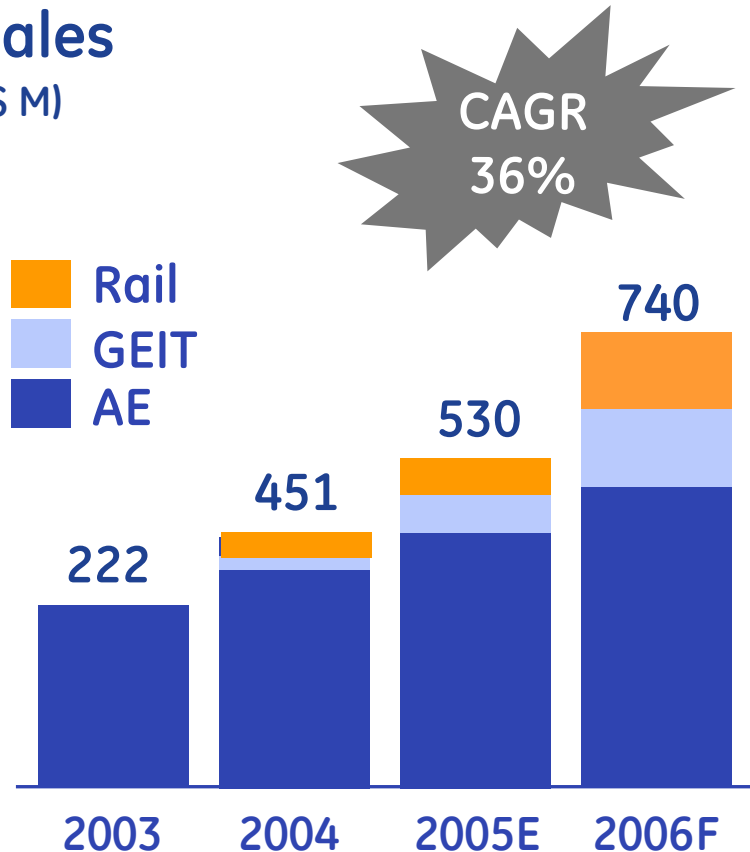
- 78 Locomotives
- CTS-2 Switches
- Train Control
- Locotrol

***Total value ~\$312M***



# GE Transportation growth in China

**Sales**  
(\$ M)



## Aircraft Engines

- Order pipeline reflects growth
- Services opportunities

## Rail

- Won China West order
- Working mainline opportunity

## Inspection Technology

- Activity centered from Global Research Center in Shanghai
- Developing new, higher tech products

## Engineering

- Global Research Center attracting great local technical talent

# Delivering to customers in emerging regions

## How they win

Industry expertise and reach



Long-term partnerships



Reliable, efficient products



Strong focus on services and after-sales support



## Why GE?

Industry leader investing in the right product mix

Long-term commitment to developing supply chains, engineering resources, products

Industry leaders in innovation and technology

Commitment to customers' success