

# GE Healthcare Prudential Analyst Meeting September 23, 2005

## Mark Vachon

"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 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 political, economic, business, competitive or 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 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).

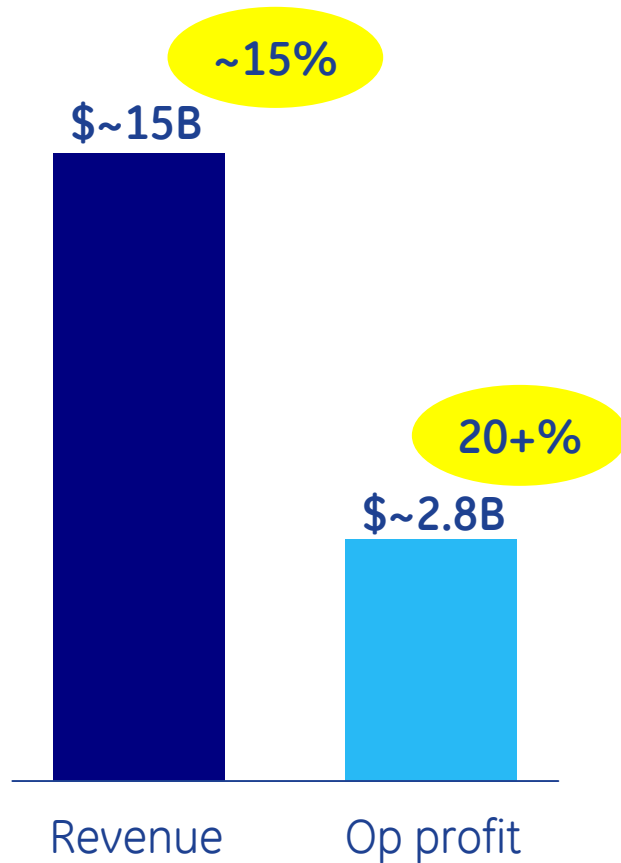


# Key messages for today

- On track to deliver in 2005
- A great vision built on a strong foundation
- Physics + biology + IT = new age of diagnostics
- GE Healthcare can improve industry efficiency and efficacy



# Healthcare 2005... delivering results



## Great new products

VCT huge success ... 430 orders  
Vivid i ... a home run

## Strong businesses

MedDx, Clinical Systems, Interventional

## Broad geographic success

Strong double digits in China, India, MEA  
Japan back on track ... ↑15+%

## Integrations on track

Synergies, cross selling, cost out...\$250MM

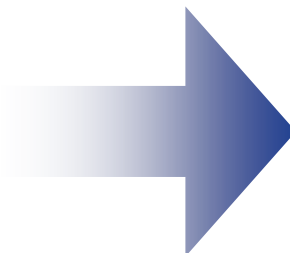
# Our vision

We strive to see life more clearly. We help predict, diagnose, inform and treat so that every individual can live life to the fullest

From

## "Late disease"

- ✓ Physician-centric
- ✓ Symptom based
- ✓ Average therapies



To

## "Early health"

- ✓ Patient-centric
- ✓ Broad-based diagnostics
- ✓ Specific therapies

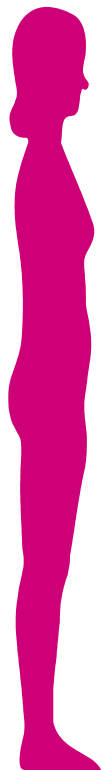
Requires us to deliver clinical efficacy and healthcare system efficiency



imagination at work

# Breast cancer

Cancer cases  
in U.S. women (2004)



**32% Breast**

12% Lung & bronchus

11% Colon & rectum

6% Uterine corpus

4% Ovary

4% Non-Hodgkin

4% Melanoma

3% Thyroid

2% Pancreas

2% Urinary bladder

20% All other sites

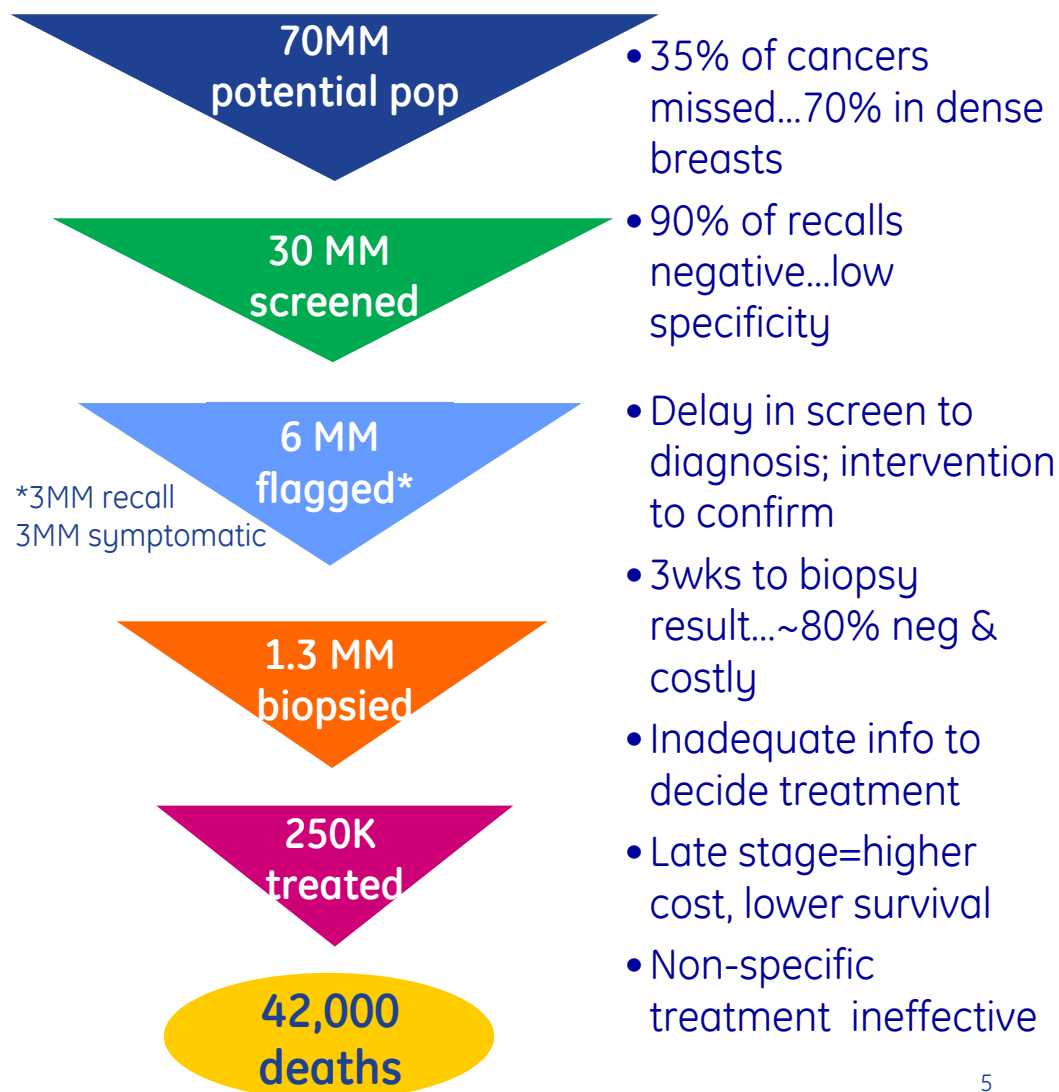
All cancers = 668,470



imagination at work

Source: American Cancer Society, 2004

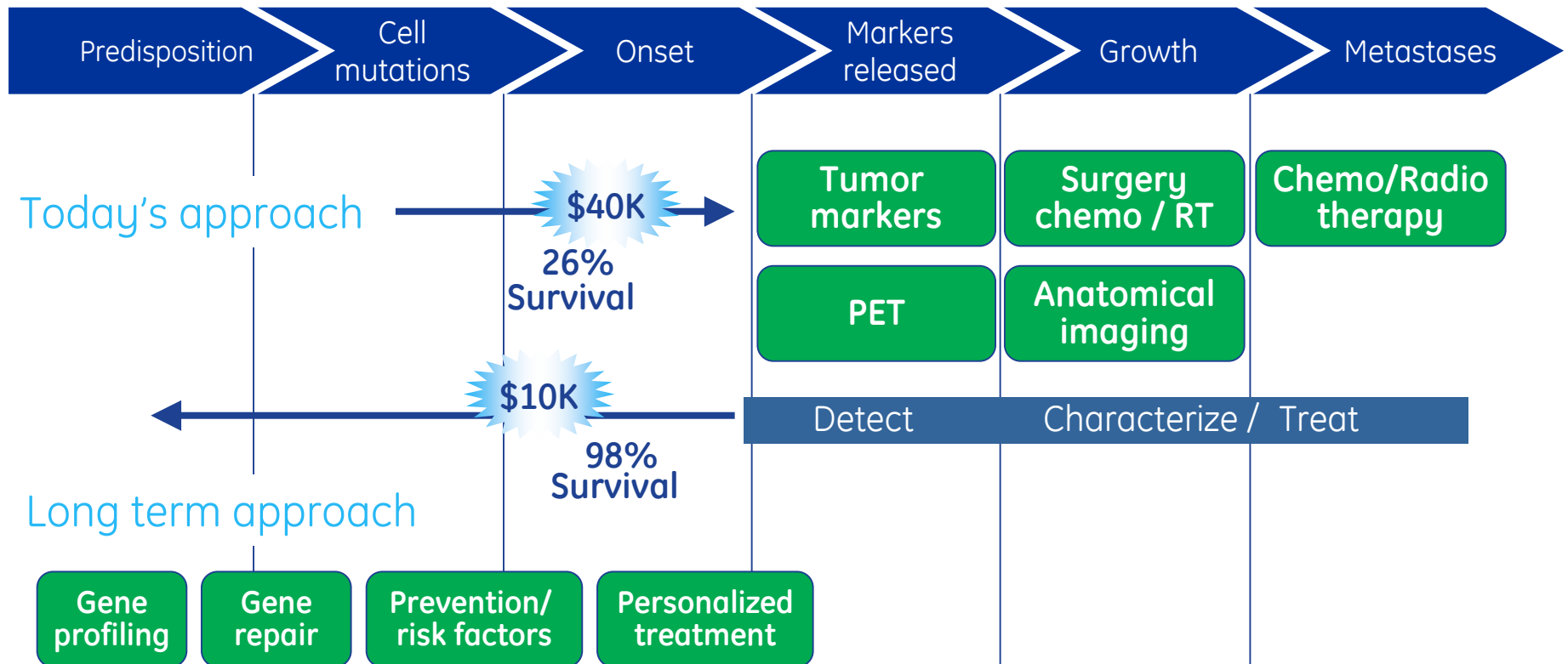
## Breast care workflow today



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# From late disease to early health

## Disease progression



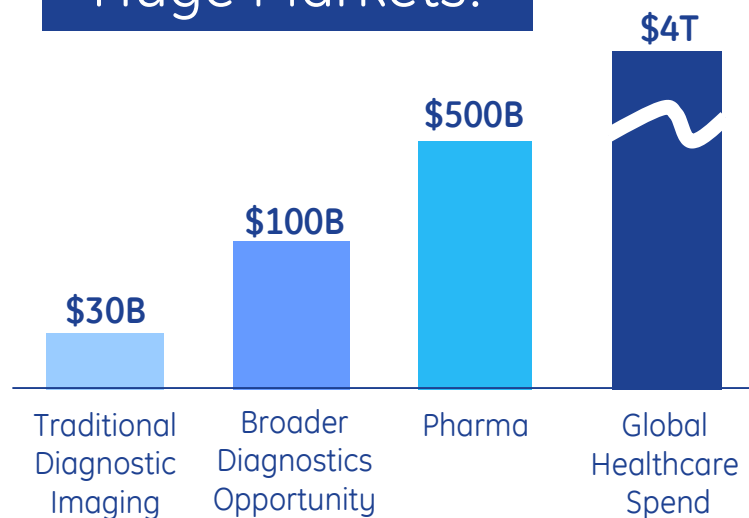
5-Year Relative Survival Rates, 1995-2000-SEER Cancer Statistics Review 1975-2001 Derived From Brown ML et al. Estimating Healthcare Costs Related To Cancer Treatment From SEER-Medicare Data. Med Care 2002 August; 40 And Rao S et al. Cost Of Illness Associated With Metastatic Breast Cancer. Breast Cancer Res Treat. 2004 Jan; 83

# The opportunity...

## Healthcare costs

Enormous spend - \$1.8T in U.S.  
Admin costs = \$300B  
Shrinking population of doctors  
System cannot handle excess capacity  
Chronic care = 70% of cost

## Huge Markets!



## Clinical efficacy

50% of heart failure = death (265k/yr\*)  
3% of healthcare on strokes (\$32B in US\*)  
ADE = 770k U.S. deaths or injuries / year\*\*  
9 people / 100 unintended infection



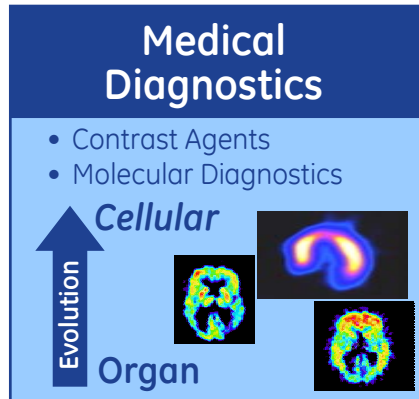
## Need for quality improvement

\*American Heart Association, 2004

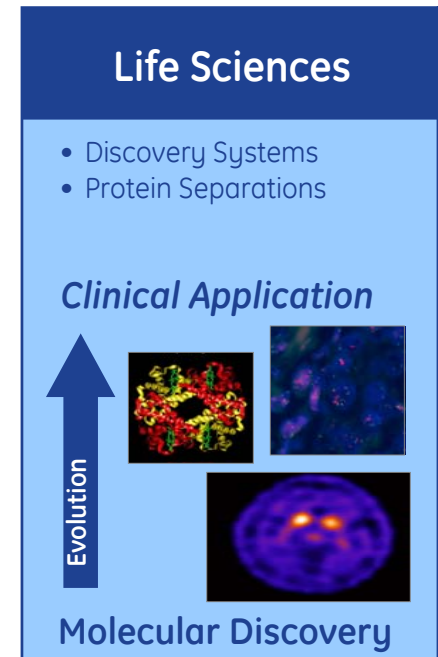
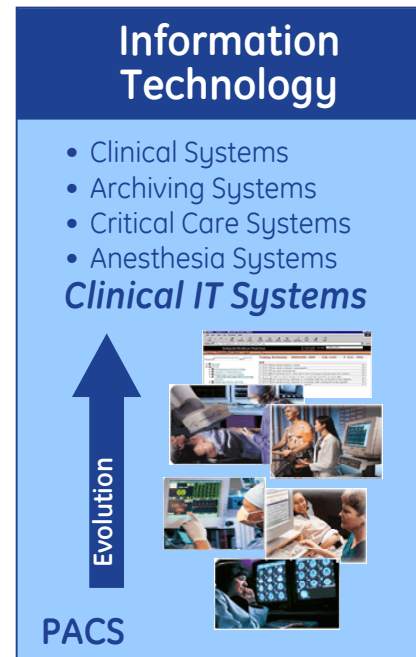
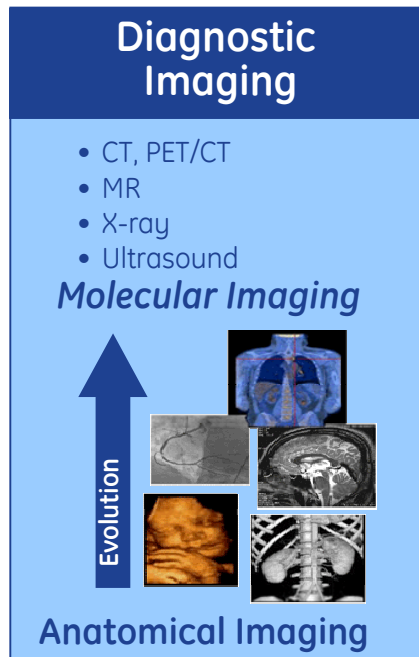
\*\*Reducing and Preventing Adverse Drug Events To Decrease Hospital Costs. Research in Action, Issue 1. AHRQ Publication Number 01-0020, March 2001. Agency for Healthcare Research and Quality, Rockville, MD



# Great foundation



**Complementary Platforms**  
Accelerate molecular imaging, coupled with systems for drug discovery





# The big picture

One cardiac patient. 10-day hospital stay.  
Six departments. 105 healthcare professionals.



Body Comp



EKG



Echo/Contrast



Cath Lab



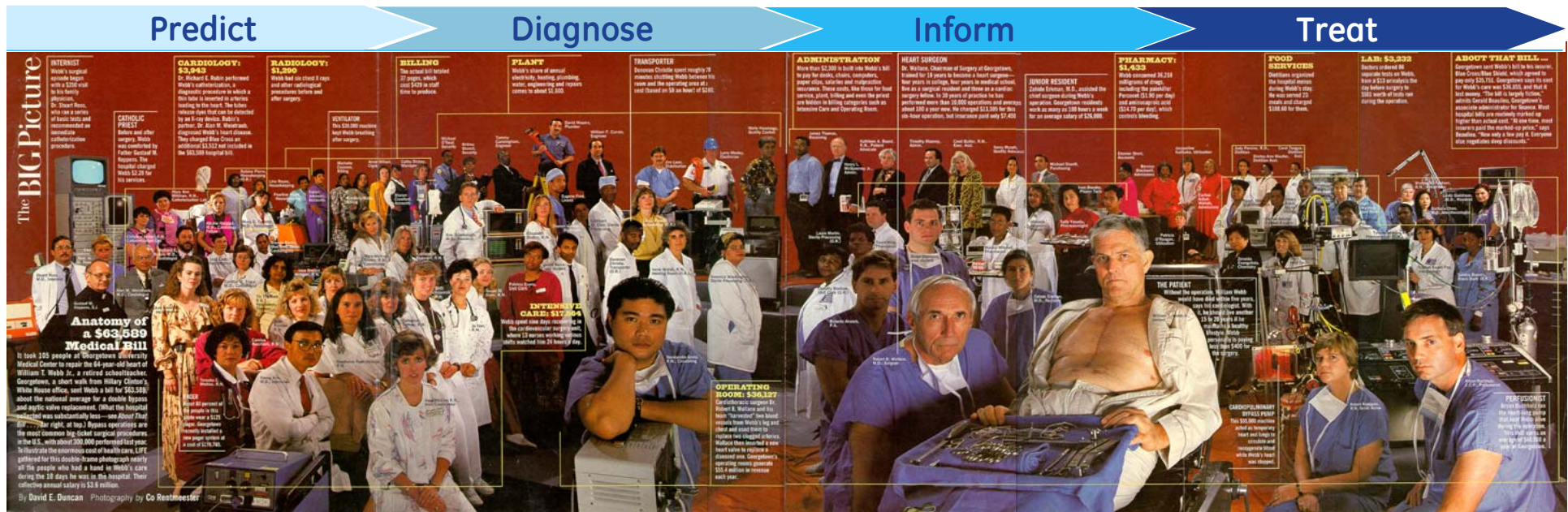
Anesthesia



Monitoring




Ventilation



From screening to therapy, Clinical Systems  
can make a difference in William Webb's care.



# Healthcare IT: the path to better healthcare

		Segment	Systems penetration		
Clinical enterprise	CIS	<div>★ Advanced clinical</div> <ul style="list-style-type: none"><li>• CPOE, interdisciplinary doc</li><li>• Advanced decision support</li><li>• Knowledge management</li></ul>	<div>\$4.3B</div>	2 – 5%	✓
		<div>★ Clinical data repository</div> <ul style="list-style-type: none"><li>• Clinical data repository</li><li>• Results reporting</li></ul>		50-60%	✓
Departmental		<div>★ Departmental clinical</div> <ul style="list-style-type: none"><li>• PACS, cardiology</li><li>• Perinatal</li><li>• Periop, anesthesia</li></ul>	<div>\$2.8B</div>	5 – 80%	✓
		<div>★ Ancillary clinical</div> <ul style="list-style-type: none"><li>• Lab</li><li>• Pharmacy</li><li>• Radiology IS</li></ul>		90%	✓
Administrative enterprise		<div>Patient management</div> <ul style="list-style-type: none"><li>• Patient registration</li><li>• Patient accounting</li></ul>	<div>\$7.3B</div>	100%	
	HIS	<div>Financial system</div> <ul style="list-style-type: none"><li>• A/P, A/R, materials mgmt</li><li>• General ledger, reporting</li><li>• Payroll, personnel</li></ul>		100%	
Physician office		<div>★ EMR</div> <ul style="list-style-type: none"><li>• Electronic Medical Record</li><li>• Decision support</li></ul>	<div>\$1.8B *</div>	10-20%	✓
		<div>Practice management</div> <ul style="list-style-type: none"><li>• Scheduling</li><li>• Billing</li></ul>		100%	✓
<div>* U.S. Only</div>					

 = Electronic Health Record

# GE and Intermountain Health Care

## Intermountain Health Care

- 22 hospitals / 100 clinics
- #1 integrated delivery network
- 30 yrs of informatics expertise

### Contributing ...

- Intellectual property
- Clinical access & know-how
- Development resources

## GE Healthcare IT

- 10 clinical department apps
- >\$700M business
- Global provider of HCIT

### Contributing ...

- Intellectual property
- Commercial excellence
- People & infrastructure

## Next Generation EHR

- Complete clinical enterprise product
- Installed at all IHC sites
- '07 commercially viable offering



## THE WALL STREET JOURNAL.

### GE, nonprofit plan tool for physicians

#### Partnership to offer access to treatment information in a computerized format

A summary of an article in the Wall Street Journal on Feb. 17

At any one hospital, even within specific specialties, physicians routinely treat patients' medical issues differently. General Electric Co. and health care provider Intermountain Health Care want to change that.

Intermountain, a nonprofit health care network based in Salt Lake City, and GE are set to announce today an agreement to develop a com-

prehensive software system that provides physicians with internet-type access to clinical protocols and relevant information at the moment of treatment.

Through the multiyear partnership, which GE values at about \$100 million, the two are looking to marry Intermountain's clinical-decision database and systems created during the past few decades with GE's new information technology that it will sell to the health-care network. The result, they say, will be a system that gives physicians the latest information for treating and preventing a range of medical care from bed sores to car-

diac arrest.

Greg Poulsen, Intermountain's senior vice president, said his company hopes to make it easier for physicians to use computer systems in treatment. He said, "It becomes a no-brainer that it is a more efficient way to practice."

...Health care IT and electronic medical records have become trumpeted by many lawmakers as well as the Bush administration as ways of reducing medical errors and improving efficiency.

For a complete copy of the Wall Street Journal article, call Public Relations at 408-1841.

## We have seen ...

- Immediate industry credibility
- Increased interest in GE Departmental apps
- Commitment to GE/IHC joint success

## More to come ...

- Transformation of Healthcare IT landscape
- Acceleration of industry standards & portability
- Continuously updated – clinically valued product

**Decision support leadership**



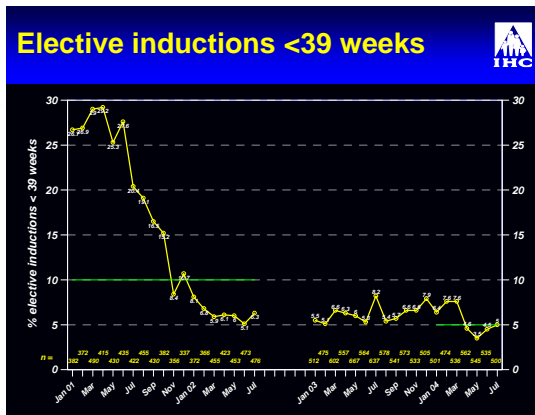


# Driving efficiency and efficacy through Centricity platform + clinical content

## Elective Inductions

- NEJM study: elective induction births <39 weeks have higher rate of NICU admissions
- Partner compared study to their own clinical content...statistically significant
- Implemented into their workflow
- Shared data with physicians & patients... fewer elective inductions & cost savings

~\$3k/  
day



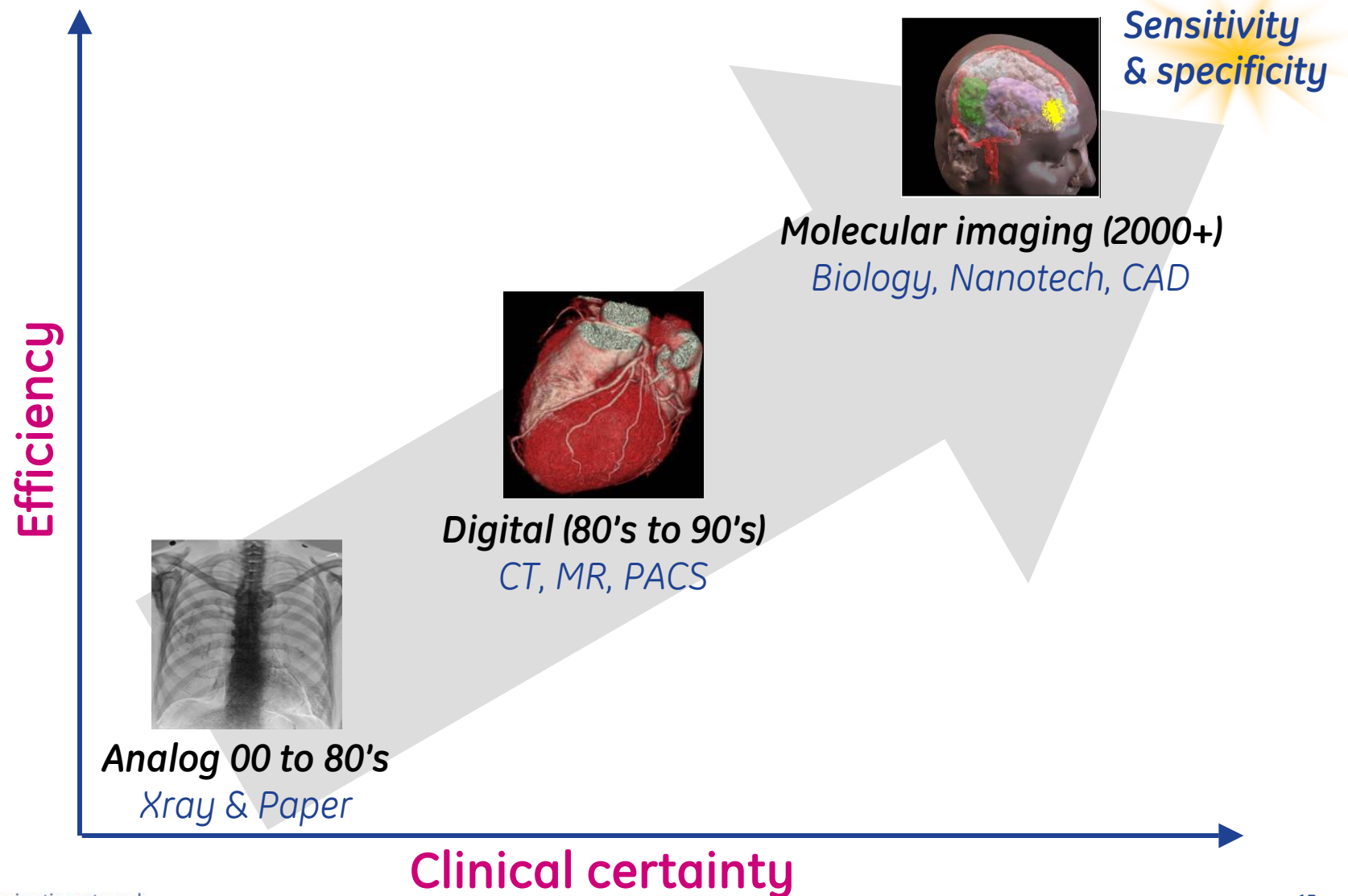
## Infant Ventilator

- Clinical data showed significant cost associated with babies on ventilators
- Developed protocol for infants on ventilators
- Implementation into workflow led to:
  - Weaning time – 70% ↓
  - Time on ventilator – 20% ↓
  - Blood gas disorders – 52% ↓
  - Chest x-rays – 75% ↓

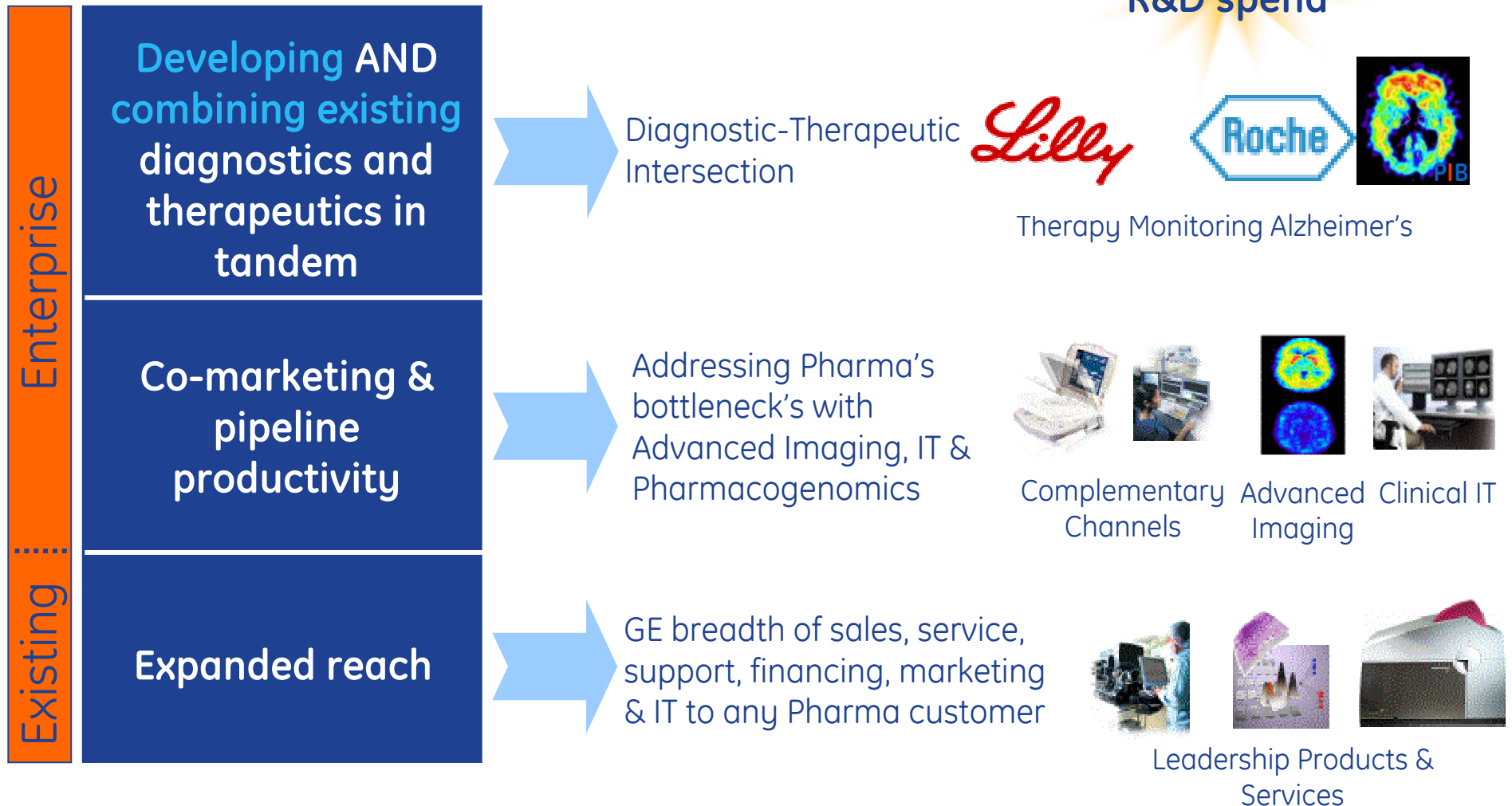


Better decisions, better healthcare

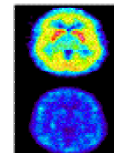
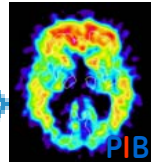
# Molecular medicine: the right next step



# Pharmaceutical enterprise



**\$80B**  
R&D spend



# Key components of our vision today

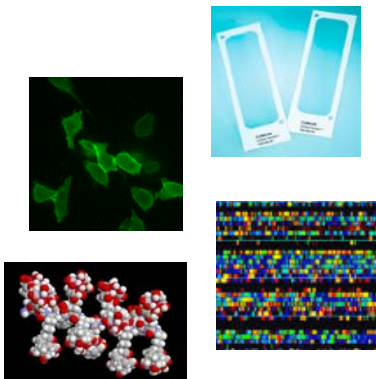
## Predict

### Discovery Systems

- Speeds prediction of breakthrough medicines

### Molecular Technologies

- Predicts likelihood person develops disease before symptoms appear



## Diagnose

### Lightspeed VCT

- Five beat heart scan

### High-Definition MR

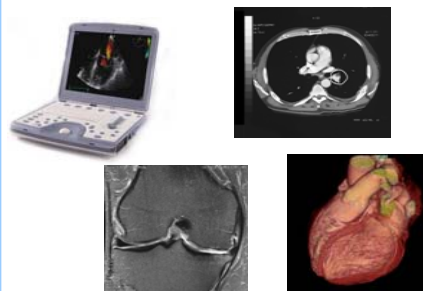
- World's first system

### Visipaque

- X-ray & CT media

### Vivid i

- Bedside scanning



## Inform

### EMR

- Critical information anytime, anyplace

### Carestations

- Information cockpit tailors life-support decisions

### Instatrak

- 3D visualization + precise surgical orientation



## Treat

### MR Guided Focused Ultrasound

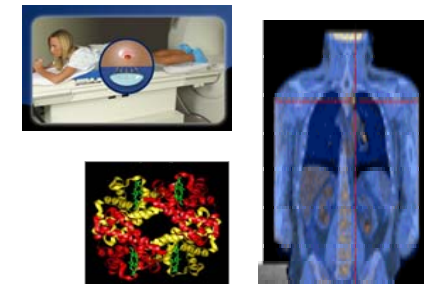
- Non-invasive fibroid tumor treatment

### Protein Separations

- Purifying 90+% of all bio-pharmaceuticals

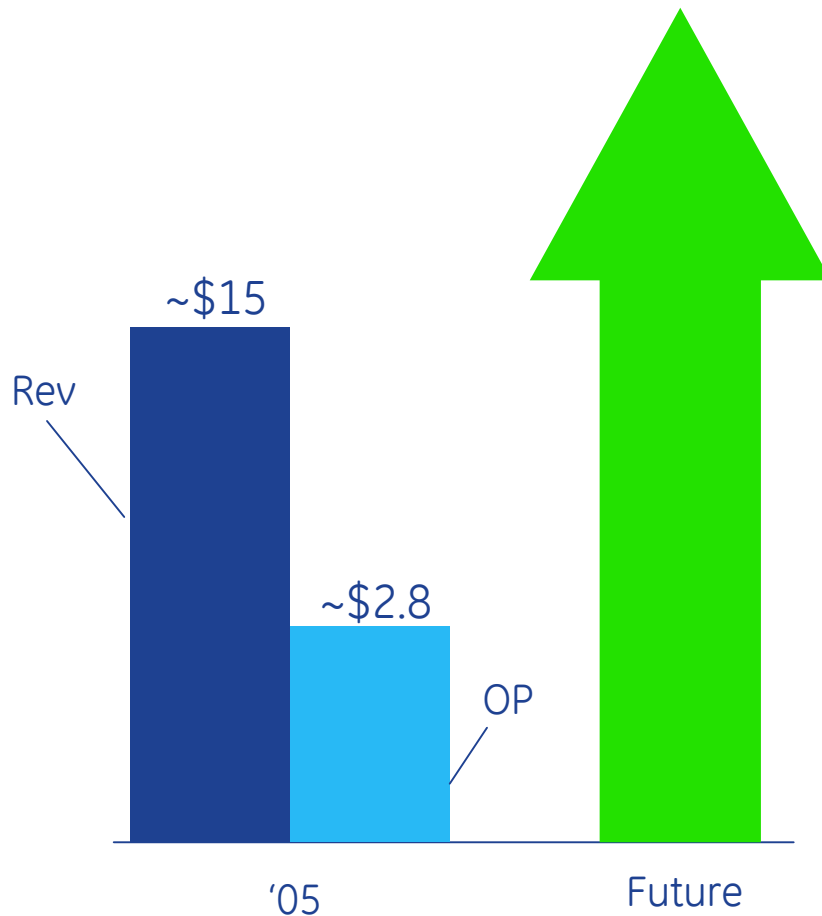
### PET/CT

- Functional + anatomic imaging to guide treatment





# Uniquely positioned for sustainable growth



- Underlying favorable demographics
- Information technology
- Strong services capabilities + large installed base + customer workflow
- New age of molecular medicine
- Partnering with Pharma to transform industry
- Strong global growth in developing markets

# GE Healthcare

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