

# GE 2005 fourth quarter & total year performance

## January 20, 2006

- Financial results & company highlights
- 2006 first quarter outlook

"2005 results are preliminary and quarterly information is unaudited. 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 which could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest rates and commodity prices; strategic actions, including dispositions; future integration of acquired businesses; 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; unanticipated loss development in our insurance businesses; and 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."



imagination at work

# Overview

- ✓ **GE business fundamentals remain positive & consistent with expectations**
  - Total year orders +10% ... solid growth in key markets & businesses
  - Equipment backlog \$24B, +5%; CSA backlog \$87B, +15%
  - GECS financing volume up 17%
  - Strong portfolio quality: delinquencies & non-earning assets stable
- ✓ **Delivered strong total year 2005 financial performance**
  - Organic revenues +8%
  - Earnings from continuing operations \$18.3B, +12%
  - All 6 segments double-digit earnings growth
  - Excellent cash generation, CFOA of \$21.6B, +42% ... Industrial CFOA \$13.8B, +14%
  - Accelerated stock buyback to \$5.0B
- ✓ **Initiatives continue to perform well ... tailwind into 2006**
  - Growth platforms revenues +20%
  - Global revenues +16%
  - Services sales +9%
- ✓ **Completed critical phase of Insurance portfolio repositioning ... results in discontinued operations**
  - 4Q Genworth secondary offering
  - Announced GE Insurance Solutions disposition ... on track for 2Q'06 closure

✓ **Strong 2005 performance**

✓ **EPS (continuing operations) \$1.72, +10%**



imagination at work

# Global environment

	<u>Industrial</u>	<u>Financial</u>
<b>U.S.</b>	+ Continues in line with expectations +/- Managing price/inflation/volume	+ Good volume + Strong asset quality - Lots of liquidity
<b>Asia</b>	+ Japan improving + China strong	+ Japan stronger
<b>Europe</b>	- Volume soft	+ Stable asset quality +/- Mixed volume
<b>Developing</b>	+ Strong growth	+ Strong growth

## 4Q'05 GE revenue dynamics

- ✓ **Industrial**
  - + Infrastructure growth
  - + Healthcare growth
  - + Industrial price
  - Plastics volume
- ✓ **Financial**
  - + Volume strong
  - + Drive ROE
  - Currency
  - Fewer asset sales

**Current economic environment remains positive ...  
in line with our expectations**

# Customer wins

- **Infrastructure** ... awarded \$450MM+ locomotive contract with the Chinese Ministry of Railways; GE90 selected by Emirates Airlines and Cathay Pacific Airways; GEnx captured wins from Korean Air, Japan Airlines and Air Canada; selected by Nigerian Government to supply gas turbines & services totaling 2,000MW; announced the construction of 1<sup>st</sup> Mexico desalination plant
- **Healthcare** ... closed IDX acquisition; introduced Discovery VCT, the world's first 64-slice PET and VCT system for cardiac imaging applications; launched Lunar iDXA™, a bone mineral density system; signed exclusive agreement with PhotoCure ASA to market & distribute Hexvix, an optical molecular imaging agent
- **Commercial Finance** ... completed acquisitions of Walden Leasing & Antares Capital; acquired industrial properties in Mexico & agreed to acquire Arden Realty, a large Southern California real estate business; closed several financings including \$440MM to SeverCorr LLC
- **Consumer Finance** ... closed Garanti acquisition in Turkey; entered into agreement with Shenzhen Development Bank of China to develop consumer finance opportunities; signed contract to purchase the private label credit card assets of Belk Inc.; acquired a majority interest in Keppel Bank, the oldest savings bank in the Philippines
- **Industrial** ... introduced ecomagination products including advanced Lexan™, GE's first hard-coated, polycarbonate sheet product for the global public transportation industry, and the GE Profile® Dishwasher with SmartDispense™ technology
- **NBC Universal** ... received 7 Golden Globe awards including 4 for *Brokeback Mountain*; began offering NBCU television shows on iTunes with *The Office* among the most popular downloads; *My Name is Earl* is highest rated TV sitcom; *King Kong* generated >\$500MM worldwide box office receipts to date



imagination at work

**Great wins**

# Driving growth

(\$ in billions)

**TY'05 organic revenues growth +8%**

## Initiatives delivering TY V%

- |                             |     |  |
|-----------------------------|-----|--|
| + Product services sales    | 9%  | ✓ \$14.3B new CSA commitments ... CSA backlog \$87B, +15%<br>✓ Transportation +21%, Energy +10%, Healthcare +8%  |
| + Growth platform revenues  | 20% | ✓ Strong growth: Security +72%, Water +28%,<br>Oil & Gas +15%, HCIT 8%<br>✓ 8% organic revenue growth  |
| + Global revenues           | 16% | ✓ Asia +21%, Europe +17%<br>✓ Strong Middle East/Africa ... orders +21%  |
| + Imagination Breakthroughs | +++ | ✓ Entertainment finance vertical volume growth of \$0.4B<br>✓ Portable ultrasound revenue growth ~18X TY'04<br>✓ Qatar ... company to country growth ... orders \$1.1B, +84% |

**Growth initiatives delivering**



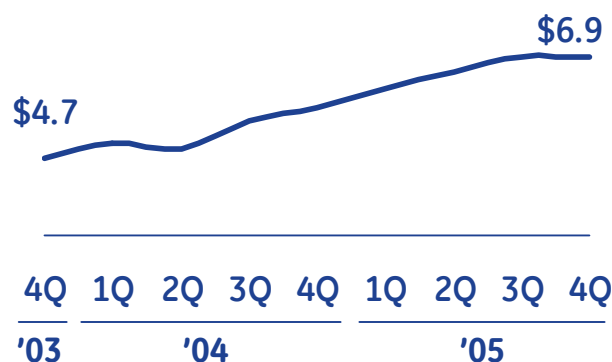
# Orders

## Major Equipment

(V%)	4Q'05	TY'05
Aviation	98%	22%
Energy	5	18
Healthcare	5	19
O&G	(39)	16
Transportation	(63)	5
<b>Total Major Eq.</b>	<b>2%</b>	<b>19%</b>

- ✓ Continued significant strength in Aviation
- ✓ Tough comparisons in O&G & Transp.; O&G backlog +14%; Transp. backlog +23%

(\$ in billions – 4 quarter rolling average)

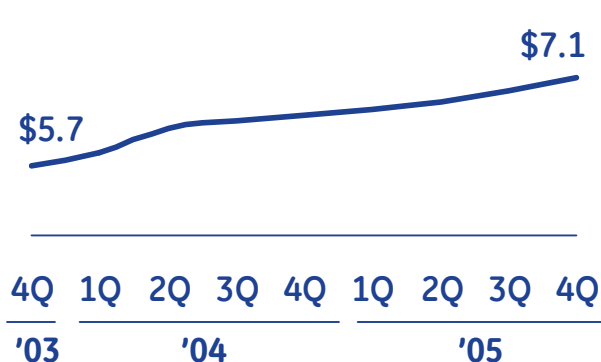


## Services

(V%)	4Q'05	TY'05
Aviation	12%	11%
Energy	16	8
Healthcare	3	6
O&G	2	19
Transportation	5	16
<b>Total Services</b>	<b>12%</b>	<b>11%</b>

- ✓ Aviation spares remain strong
- ✓ Healthcare CSA backlog +25%
- ✓ Energy: Nuclear & Aero strength
- ✓ Large order timing in Transp. & O&G

(\$ in billions – 4 quarter rolling average)



## Flow (ex. acq./disp.)

(V%)	4Q'05	TY'05
Appliances	8%	6%
Industrial Sys.	4	6
Lighting	2	3
Plastics	(3)	5
Security	17	11
<b>Total Flow</b>	<b>3%</b>	<b>4%</b>

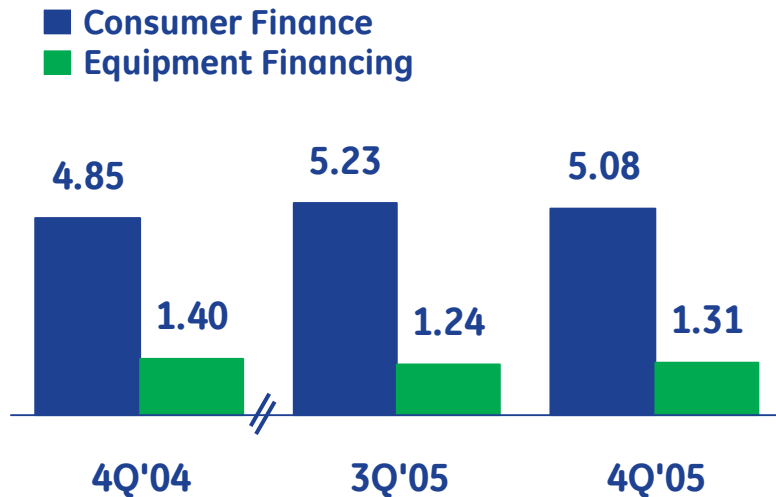
- ✓ U.S. +5%/Asia +11% continue solid; Europe soft ... down 12%
- ✓ Held price globally in Plastics & strong order rates – U.S. +5%/Asia +11%

(\$ in billions – current quarter)



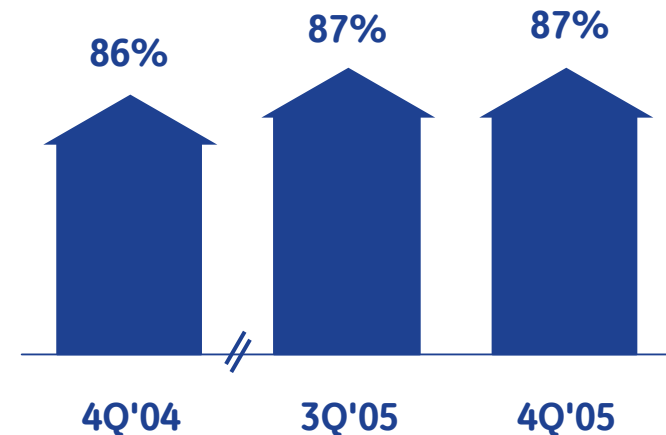
# Portfolio quality

## Delinquencies %



- ✓ Consumer credit quality remains strong
- ✓ Commercial Finance delinquency improved & stable
- ✓ No aircraft on ground at end of 4Q

## Utilization %



	<u>4Q'05 utilization</u>	<u>V 4Q'04</u>
Penske	95%	- pt.
Railcar	86	+4
Trailers	90	+6

- ✓ Solid & stable portfolio quality
- ✓ Utilization rates continue at high levels

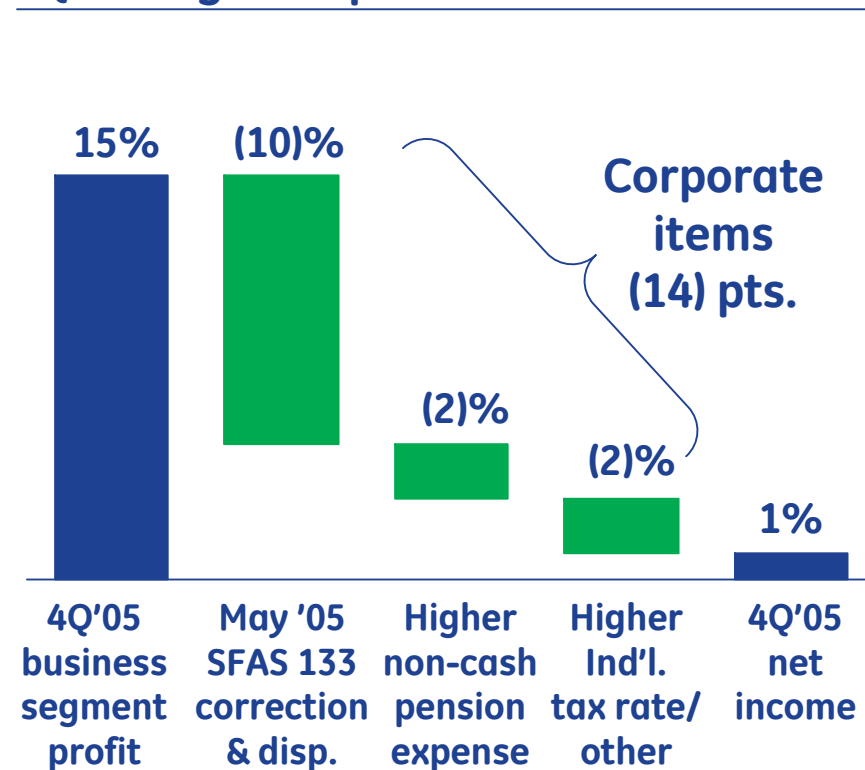
# 4Q'05 business strength offset Corp. items

(Continuing operations \$ in millions)

	4Q'05			
	Revenues		Segment profit <sup>(a)</sup>	
	\$	V%	\$	V%
Infrastructure	\$12,080	11%	\$2,433	16%
Industrial	8,453	1	769	25
Commercial Fin.	5,231	(3)	1,280	18
Consumer Fin.	4,886	14	770	21
Healthcare	4,486	5	995	16
NBC Universal	4,192	(3)	801	(7)
<b>Total segments</b>		<b>5%</b>		<b>15%</b>

(a- Financial Services on an after-tax basis)

## 4Q'05 segment profit to net income - V%



- ✓ **Strong business segment results ... businesses +15%**
- ✓ **Consolidated results in line with guidance**
- ✓ **Last quarter where business results impacted by Insurance dynamics**



imagination at work



# Fourth quarter consolidated results

(\$ in billions – except EPS)

<u>Continuing operations</u>	<u>4Q'05</u>	<u>V%</u>	<u>Earnings Δ (\$B)</u>	
Revenues	\$40.7	3%	<b>4Q'04</b>	<b>\$5.7B</b>
– Industrial sales	25.6	4		
– Financial Services revenues	15.1	–		
(Ex. May '05 SFAS 133 correction & Genpact disposition)		5		
Earnings	5.8	1	"Operations"	0.9
			May '05 SFAS 133 correction	(0.3)
			Dispositions (e.g. Genpact)	(0.3)
			Pension/other	(0.2)
EPS	.55	2		
YTD CFOA	21.6	42	<b>4Q'05</b>	<b>\$5.8B</b>
– YTD Industrial CFOA	13.8	14		

**5 of 6 businesses double-digit growth ... in line with expectations**



imagination at work

# 4Q & TY 2005 operations

(\$ in billions – except EPS)

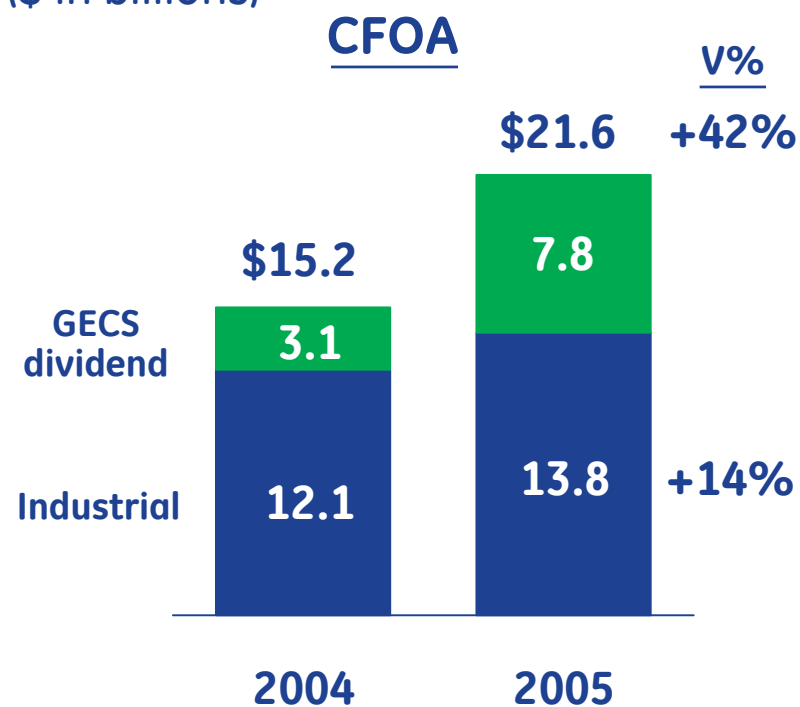
	4Q'05		TY'05	
	<u>Earnings</u>	<u>EPS</u>	<u>Earnings</u>	<u>EPS</u>
<b>Continuing operations</b>	<b>\$5.8</b>	<b>\$0.55</b>	<b>\$18.3</b>	<b>\$1.72</b>
Discontinued operations				
– Genworth	0.2	.02	0.9	.09
– Insurance Solutions	(2.9)	(.28)	(2.8)	(.27)
<b>Net earnings</b>	<b>\$3.1</b>	<b>\$0.29</b>	<b>\$16.4</b>	<b>\$1.54</b>

<u>Tax rates</u>	<u>3Q YTD</u>	<u>TY '05</u>	<u>Dynamics</u>
GE (ex. GECS)	25.2%	23.1%	• Capital repatriation
GECS continuing ops	12.2	10.8	• In line
GECS with disc. ops	18.6	17.3	• Ins. Solutions + Genworth

**TY'05 continuing operations \$1.72 EPS, +10%**

# 2005 total year cash flow

(\$ in billions)



- Stock repurchase \$5.0B, 144MM shares
- GECS dividend \$7.8B, +\$4.7B
  - Special dividends from dispositions
  - Regular GECS dividend at 40%
- \$10.2B debt at year end

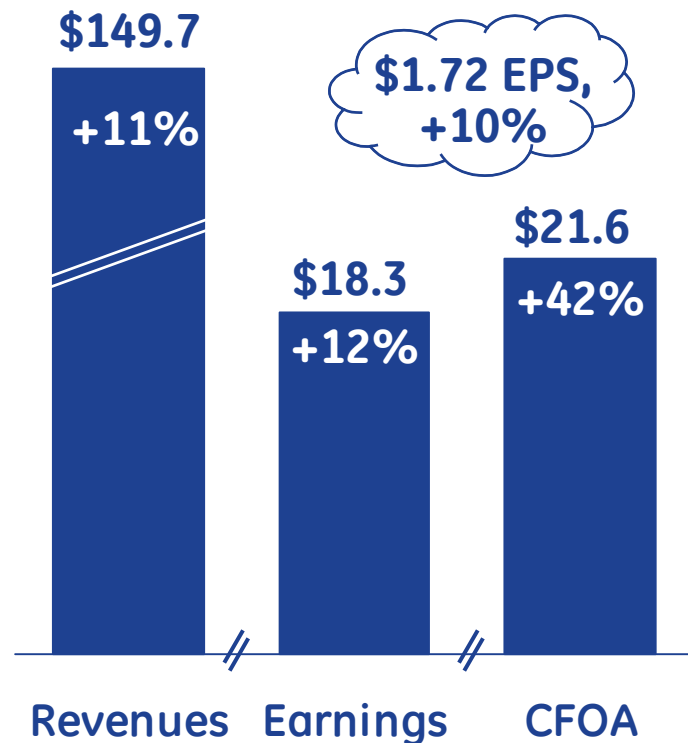
## Cash balance walk

	<u>Total</u>
Beginning balance	\$3.2
CFOA	21.6
Dividends	(9.4)
Stock repurchase	(5.0)
P&E	(2.8)
Acquisitions/dispositions	(3.9)
Change in debt/other	<u>(1.7)</u>
<b>December</b>	<b>\$2.0</b>

**Continued strong cash performance**

# 2005 summary

(Continuing operations \$ in billions – except EPS)



(a- Financial Services on an after-tax basis)

## Segment performance (V%)

	Revenue	Segment profit <sup>(a)</sup>
Infrastructure	12%	14%
Industrial	6	40
Commercial Finance	6	20
Consumer Finance	23	21
Healthcare	13	17
NBC Universal	14	21

- ✓ Organic growth +8% ... initiatives delivered
- ✓ 6 of 6 segments double-digit earnings growth
- ✓ Strong cash flow ... Industrial CFOA +14%

**Strong year ... momentum into 2006**

# 2006 first quarter operations outlook

<u>Continuing operations</u>	<u>1Q'06 outlook</u>	
	<u>Revenues V%</u>	<u>Segment profit V%<sup>-a)</sup></u>
Infrastructure	5-10%	10-15%
Industrial	~5	15-20
Commercial Finance	~5	~15
Consumer Finance	~10	~15
Healthcare	~10	15-20
NBC Universal	10-15	~(10)

(a- Financial Services on an after-tax basis)

## Total company 1Q'06 outlook

(\$ in billions - except EPS)

	<u>\$</u>	<u>V%</u>
Revenues	~\$37-38	5-10%
Earnings	\$3.9-4.1	11-17%
EPS	\$.38-.40	15-21%

## TY'06 tax rates

GE (ex. GECS)	24-26%
GECS	17-19%

**1Q EPS guidance of \$.38-.40, +15-21%**

# Segment highlights – Infrastructure

(\$ in millions)

## Infrastructure – 4Q'05

	<u>\$</u>	<u>V%</u>
Revenues	\$12,080	11%
Segment profit	\$2,433	16%

## Key 4Q business results

	<u>Revenues</u>		<u>Segment profit<sup>(a)</sup></u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
Aviation	\$3,336	5%	\$752	6%
Aviation Finc'l. Svcs.	904	3	221	32
Energy	5,009	14	879	10
Energy Finc'l. Svcs.	360	80	196	Fav.
Oil & Gas	1,288	31	202	64
Transportation	1,019	16	180	18

(a- Industrial operating profit; Financial Services on an after-tax basis)

## 4<sup>th</sup> quarter dynamics

- Aviation remains solid
  - Services orders +12% ... CSA backlog +23%
- Energy on-track
  - Services orders +16%
  - Equipment backlog \$7B, +16%
- Oil & Gas ... strong revenue growth driven by LNG, natural gas and pipelines
- Transportation momentum continues
  - 197 EVO units shipped and 1,425+ in backlog
- Financial Services verticals performing well

## 1Q'06 quarter segment profit dynamics

- Aviation ~15% ... equipment deliveries + spares
- Energy ~flat ... services 20+%, Wind & Hydro improvement, units down
- Financial Services verticals ~15%
- Oil & Gas 20+% ... strong backlog + services
- Transportation 10-15% ... strong backlog + services

✓ **1Q'06 outlook ... segment profit 10-15%**

# Segment highlights – Commercial Finance

## Commercial Finance – 4Q'05

	<u>\$</u>	<u>V%</u>
Revenues	\$5,231MM	(3)%
Segment profit	\$1,280MM	18%
Assets	\$191B	3%

## Key 4Q business results

	<u>Assets (\$B)</u>		<u>Segment profit (\$MM)</u>	
	<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
Capital Solutions	\$87	8%	\$460	1%
Real Estate	35	(11)	389	4

## 4<sup>th</sup> quarter dynamics

- Strong volume growth: Capital Solutions +15%, CFS +14%, Real Estate +30%
- Capital Solutions remains solid; TY +14%  
– 4Q core growth ↑; loss provisions ↑; gains ↓
- Continued solid Real Estate performance  
– Timing of asset sales impact 4Q; TY +14%
- Strong core growth in Healthcare & Corporate Financial Services
- Non-earnings, delinquencies & write-offs ↓ vs. prior year

## 1Q'06 quarter segment profit dynamics

- Capital Solutions 10-15% ... broad-based portfolio strength
- Real Estate 20+% ... global growth

✓ **1Q'06 outlook ... segment profit ~15%**

# Segment highlights – Industrial

(\$ in millions)

## Industrial – 4Q'05

	\$	V%
Revenues	\$8,453	1%
Segment profit	\$769	25%

## Key 4Q business results

	Revenues			Segment profit <sup>a)</sup>	
	\$	V%	V% day adj.	\$	V%
C&I	\$3,733	(1)%	6%	\$283	42%
ex. disp.		2	9		51
Plastics	1,655	(3)	4	222	1
Equip. Svcs.	1,692	(2)	(1)	85	55

(a- Industrial operating profit; Financial Services on an after-tax basis)

## 4<sup>th</sup> quarter dynamics

- Top line impacted by 5 less shipping days in 4Q'05 (~6 pts.)
- Strong C&I performance
  - Price exceeded material inflation
  - Average daily sales +9%
- Plastics
  - Managing price/volume/inflation tradeoff
  - Average daily order rates solid: U.S. +5%; Asia +11%; Europe remains soft; Jan. '06 stronger
  - China growth continues (TY'05 revenue \$1B, +31%)
- Equipment Services remains strong ... high utilization & continued defleeting

## 1Q'06 segment profit dynamics

- C&I 15-20% ... solid volume growth and price > inflation
- Plastics ~10% ... U.S. & Asia growth continues; price > inflation; volume ↑
- Equipment Services 15-20% ... utilization ↑

✓ **1Q'06 outlook ... segment profit 15-20%**



imagination at work



# Segment highlights – NBCU

(\$ in millions)

## 4<sup>th</sup> quarter dynamics

### NBCU – 4Q'05

	<u>\$</u>	<u>V%</u>
Revenues	\$4,192	(3)%
Segment profit	\$801	(7)%

- Cable remains strong
  - USA highest rated entertainment cable network in 4Q'05
  - SciFi favorable, Bravo +41%
  - Info cable stronger: MSNBC restructuring/CNBC ratings improvement
- Film solid for total year; 4Q up against tough comps (Fockers)
- Ratings outlook improved, 4Q'05 3.2 up from 2.8 at 2Q'05
  - Tough network revenue comparison but prime time gaining traction ... Thursday night improving
- Telemundo great '06 momentum
  - 7 months of ratings growth; up to a 3.4 in 4Q

### Segment profit

	<u>4Q'05</u>		<u>TY'05</u>		<u>TY'06E</u>
	<u>%</u>	<u>V%</u>	<u>%</u>	<u>V%</u>	<u>V%</u>
Prime/Stations/TVPD	16%	(60)%	27%	(26)%	(20-25)%
All other (News, Cable, Film, Parks)	84%	23%	73%	73%	10-15
<b>Segment profit</b>	<b>\$801MM</b>	<b>(7)%</b>	<b>\$3.1B</b>	<b>21%</b>	<b>~\$3.0B</b>

- ✓ **TY'06 earnings outlook remains at ~\$3B**
- **1Q'06 outlook ... segment profit ~(10)%**

# Segment highlights

## Healthcare

### 4<sup>th</sup> quarter

	<u>\$</u>	<u>V%</u>
Revenues	\$4,486MM	5%
Segment profit	\$995MM	16%

### 4<sup>th</sup> quarter dynamics

- Solid 4Q organic growth ... revenues +8%
  - DI ↑; U/S, HCIT strong
- Strong equipment orders ... NPI impact
  - CT +15% ... VCT
  - MR +21% ... HDMR
  - U/S +14% ... Vividi
- Equipment/service backlog \$5.4B, +13%

- ✓ **1Q'06 outlook ... segment profit 15-20%**

  - **Biosciences & services strength**
  - **Broad-based equipment growth**

## Consumer Finance

### 4<sup>th</sup> quarter

	<u>\$</u>	<u>V%</u>
Revenues	\$4,886MM	14%
Segment profit	\$770MM	21%
Assets	\$159B	5%

### 4<sup>th</sup> quarter dynamics

- Assets +5% ... strong core growth +10%, offset by weaker Euro/GBP
- Strong global net income growth
  - Americas 30+%
  - Europe +35%
  - Australia +40%
- Credit quality improved

- ✓ **1Q'06 outlook ... segment profit ~15%**

  - **Strong global growth**
  - **Stable asset quality**

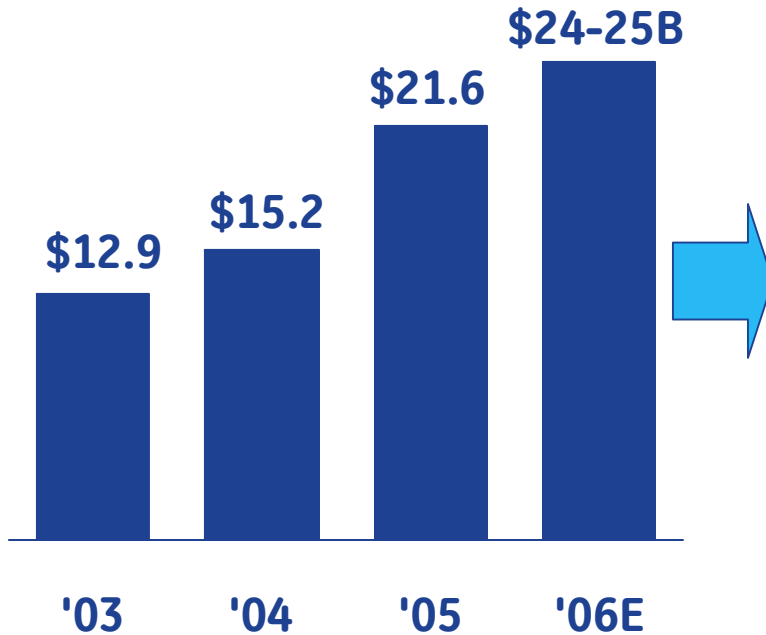


imagination at work

# Cash flow + strategic reinvestment

(\$ in billions – except EPS)

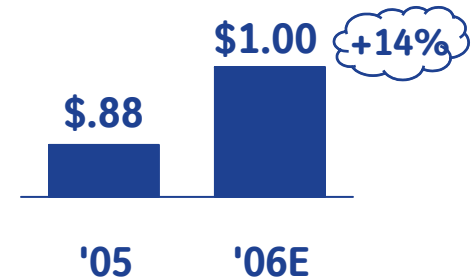
## CFOA



- ✓ 2006E: 10-15% CFOA growth ... Industrial CFOA in line with earnings
- ✓ Capital dividend @ 40%

## Disciplined capital allocation

- 1 Grow annual dividend  
– In line with earnings



- 2 Stock buyback  
– '06 EPS impact \$.03  
– \$25B through '08

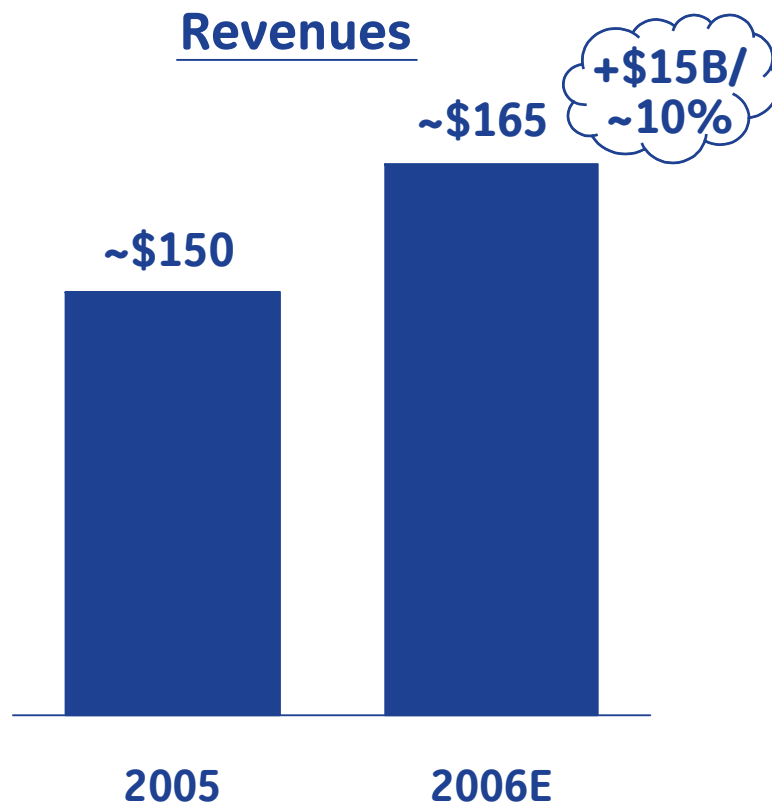


- 3 Invest for growth  
– Industrial acquisitions



# GE top line growth

(\$ in billions)



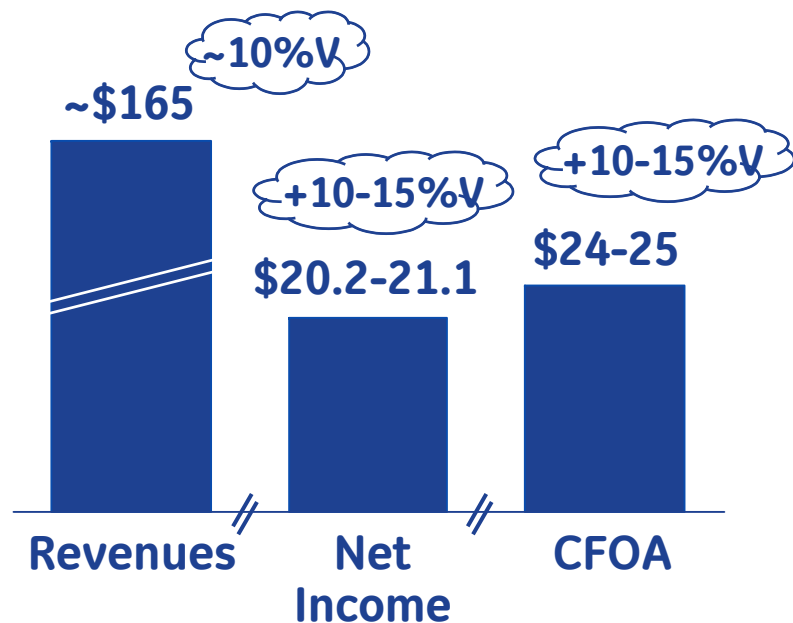
Growth dynamics		
	Impact	Visibility
3% GDP developed markets	~\$4	Medium
Developing markets	~5-6	High
Services/equipment backlog	~3-5	High
Initiatives	~3	High
Acquisitions less dispositions	~3-5	High
Growth "funnel"	~\$20	

**High visibility growth in 2006**

# 2006 TY outlook

(\$ in billions – except EPS)

## Continuing operations



## 2006 dynamics

- + Good visibility into 2006
  - Solid equipment & services backlog
  - U.S./Asia flow orders solid
  - Europe slower but consistent with '06 plan
- + Portfolio quality in great shape
  - Delinquencies/non-earnings strong
- + Growth initiatives delivering
  - 8% organic growth, consistent with 2-3X GDP expectations
- + Headwinds behind us
  - Insurance repositioning strategy finalized

## Earnings guidance – continuing operations

	<u>1Q'06E</u>	<u>2Q'06E</u>	<u>3Q'06E</u>	<u>4Q'06E</u>	<u>TY'06E</u>
'06 EPS	\$.38-.40	\$.46-.48	\$.48-.50	\$.62-.64	\$1.94-2.02
V%	15-21%	12-17%	12-16%	13-16%	13-17%

# Summary

- ✓ Delivered strong 2005 performance
- ✓ Consistent and sustainable double-digit earnings growth 2006+
- ✓ Excellent cash flow driving financial flexibility
- ✓ Strong foundation ... Triple A, great culture, great people

2006 earnings on track for \$1.94-2.02, +13-17%