


GE Aircraft Engines

Prudential Conference
March 24, 2005
D.C. Heintzelman

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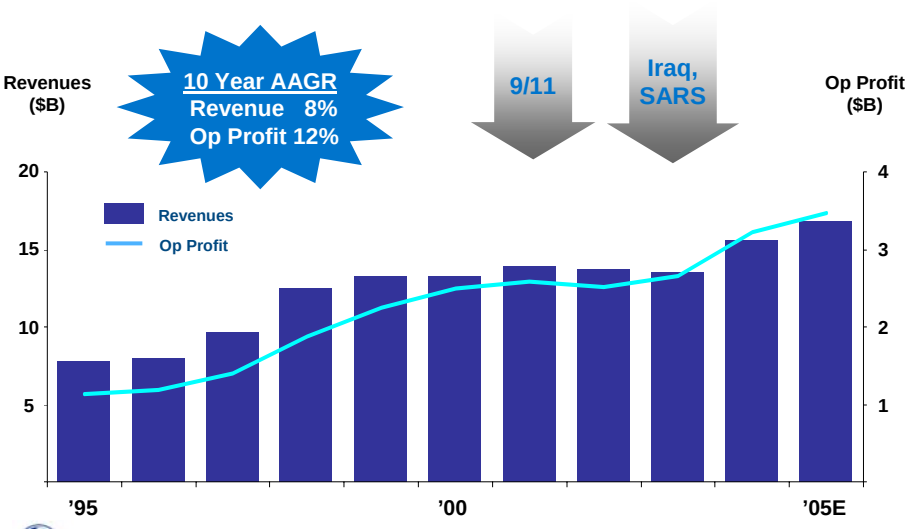
Delivering through difficult cycles



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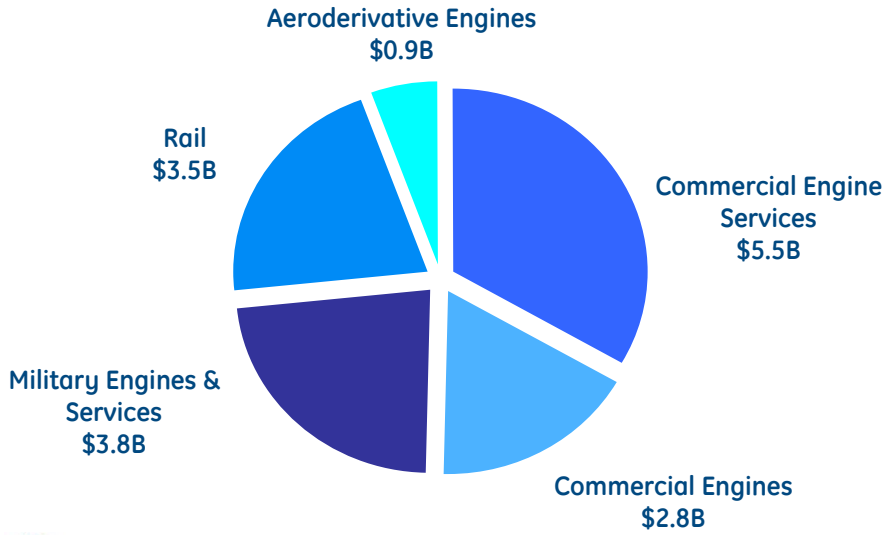
Projected 2005 revenue ... ~**$16.5B**



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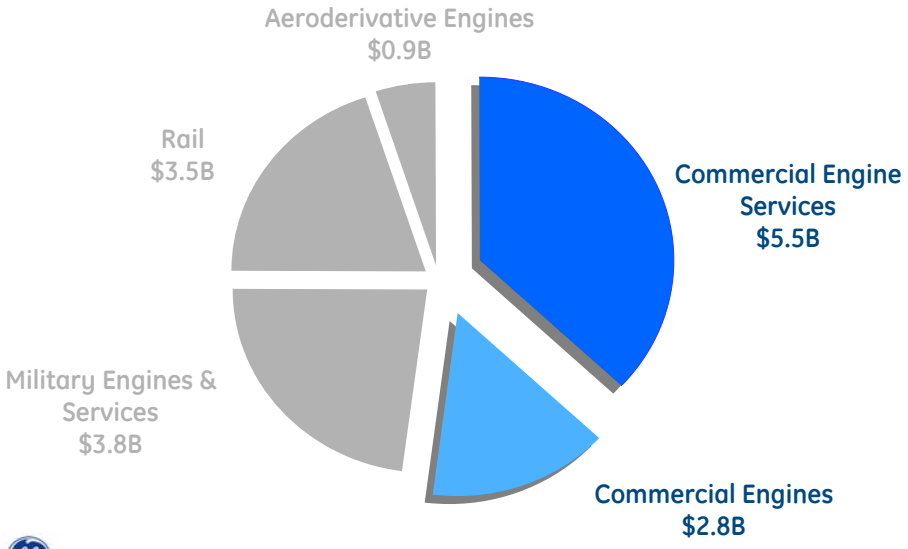
Commercial aviation … **$8B+ revenue**



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GE Transportation

Commercial aviation business strategy

Invest in technology …
Grow installed base

Best customer value

Target share of departures …
Grow service opportunity

High-cycle applications

Expand engine services …
Differentiate with technology

Global footprint

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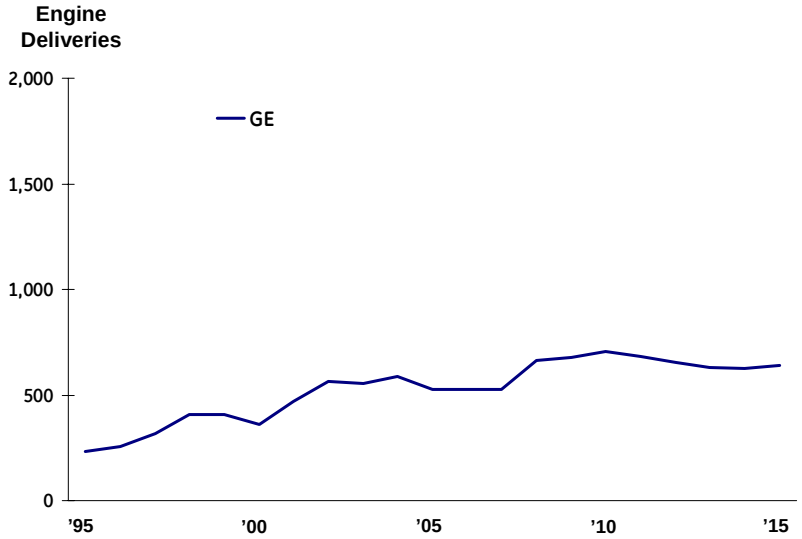
Fleet in service growing despite cyclical market



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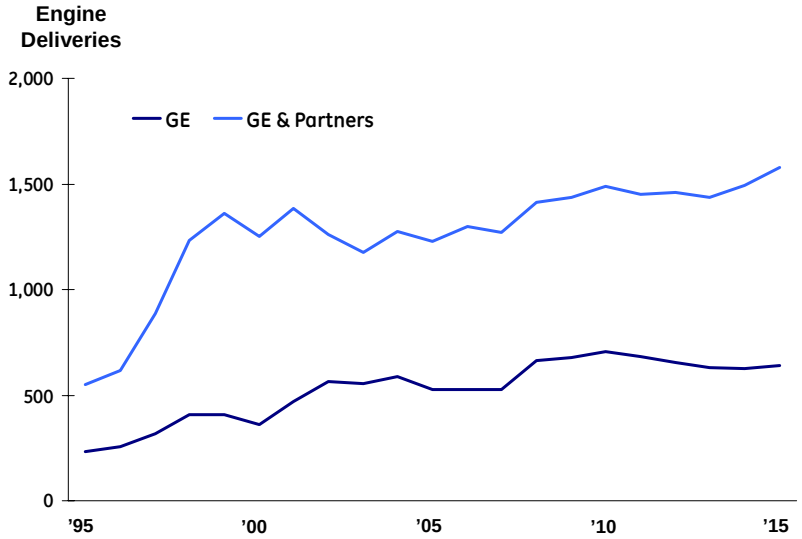
- EA is a 50/50 JV between GE and Pratt & Whitney

Fleet in service growing despite cyclical market



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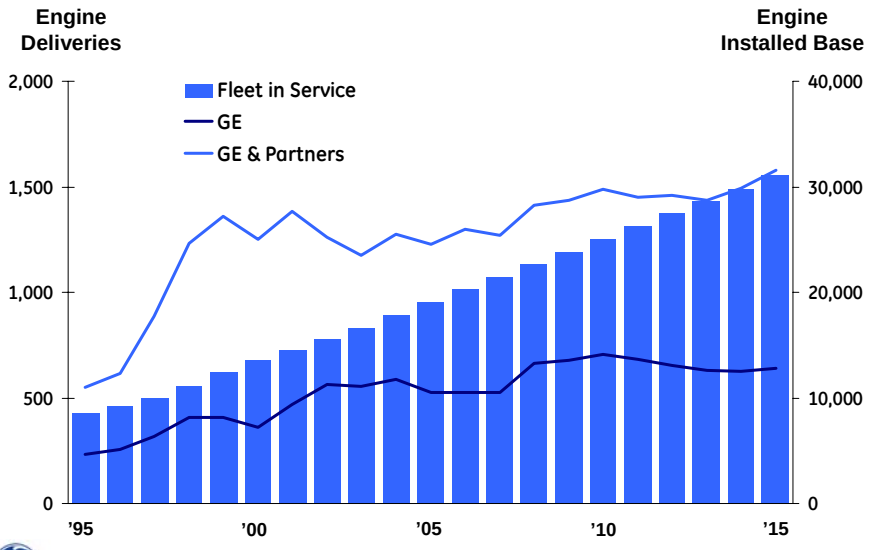

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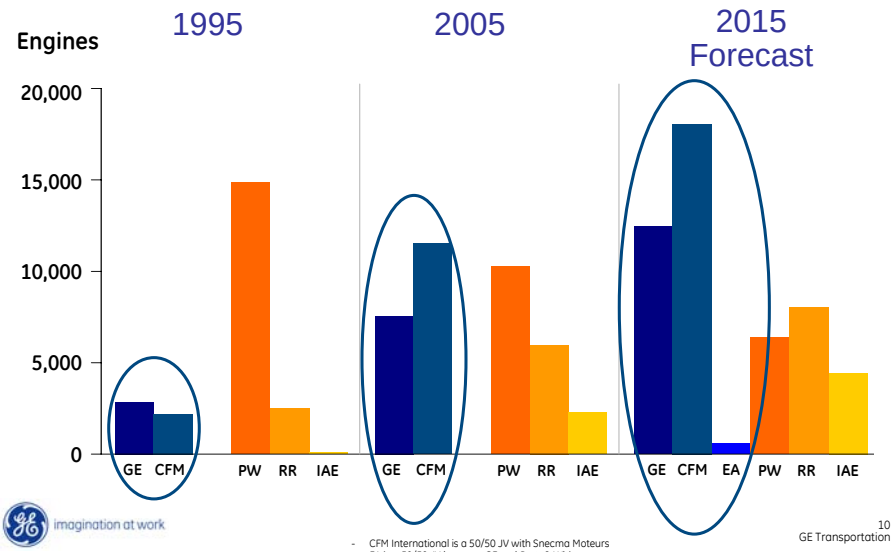
Invest in technology ... **grow the installed base**



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- CFM International is a 50/50 JV with Snecma Moteurs
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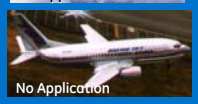
GE & CFM: **Leading the industry over the last 10 years …**

Regionals (GE)	Single Aisle (CFM)	Twin Aisle (GE)	Jumbo Twin Aisle (GE)
 Bombardier			
 Embraer			
	 No Application		(CFM)  A340-200/-300
	 No Application		 A340-500/-600 No Application

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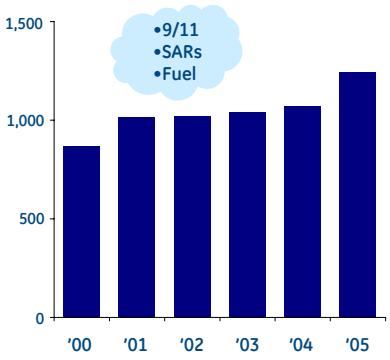
- CFM International is a 50/50 JV with Snecma Moteurs

New technology … **next family additions**

Total Engines R&D spend $M



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*GP7000 developed by GE/P&W Engine Alliance

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GE Transportation

GE, CFM & EA: **Well positioned for the next 10 years**

Regionals (GE)

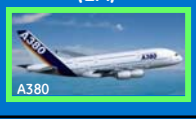
Single Aisle (CFM)

Twin Aisle (GE)

Jumbo Twin Aisle (GE)

(CFM)

(EA)



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CFM International is a 50/50 JV with Snecma Moteurs
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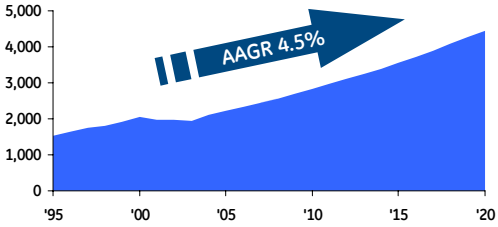
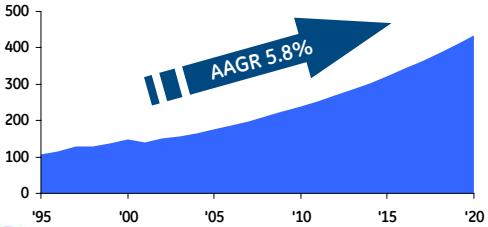
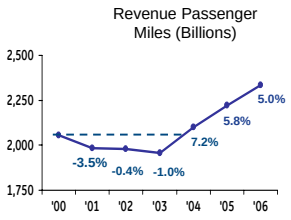
Passenger and cargo **traffic**

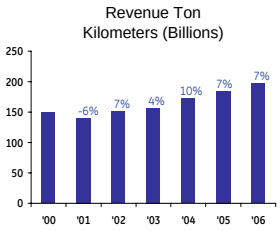




Passenger Traffic Growth



Cargo Growth



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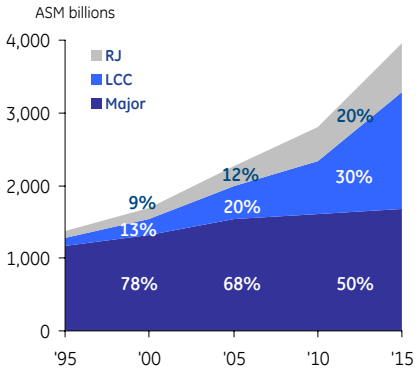
GE Transportation

Low cost carriers and regional airlines continue robust growth

Positive for GE

- Aircraft favor GE
- 30% higher utilization
- Service opportunity

Global LCC traffic share growth



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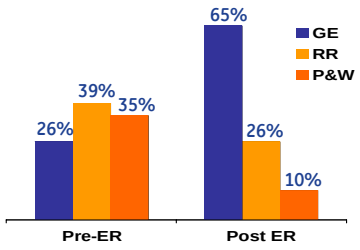
GE90 for the 777

- Extended-Range version offered to customers in 2000
  - 100+ 300ER/200LR orders to date
- Best operating economics
  - 22% more fuel efficient per seat
  - 16% lower seat mile cost
- GE 777 installed base growing since Extended-Range launch

Singapore Airlines 777-300ER
18 firm aircraft won in 2004



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GP7200 for the A380

- Leading with nearly 300 firm engine orders
  - Biggest cargo carrier … FedEx
  - Biggest growth airline … Emirates
- Engine deliveries begin 1Q06
- Significant hub-to-hub advantage
  - Cost and capacity

Engine Alliance

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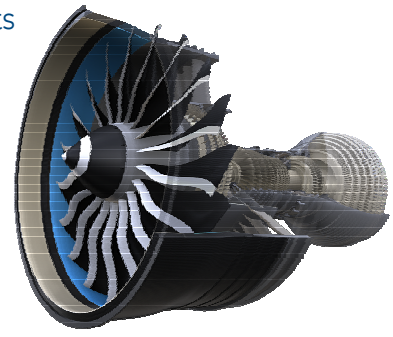
EA is a 50/50 JV between GE and Pratt & Whitney

GEnx for the B787 and A350 … **a new engine for the next generation of aircraft**

- Meets or beats all airframer requirements
  - 15% less fuel
  - 35% reduction in pollutants
  - 50% quieter around airports
  - 30% fewer parts
- 3000+ aircraft over the next 20 years
- Secured on both aircraft with Air Europa and First Choice



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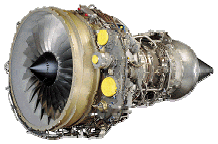
CF34-10 for EMBRAER 190/195 and ARJ21

- Improved passenger comfort and ...
  - 7-15% fuel burn advantage
  - 15% lower shop visit cost
  - 20% longer time on wing
  - Engine maintainability
    ... replacement in 4 hrs vs. 8-12 hrs
- 6,500+ RJ Aircraft over next 20 years



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Target share of **airline departures**

	Total Engine Fleet*	Avg. Daily Departures
 Widebody	8,700	1.9
 Narrowbody	15,200	3.3
 Regionals	9,600	4.6

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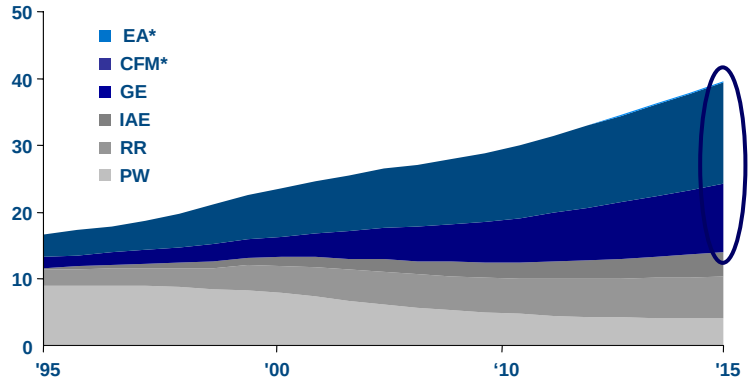
* Excludes Freighters

GE, CFM & EA powering **>25M departures by '15**

Global departures (M)



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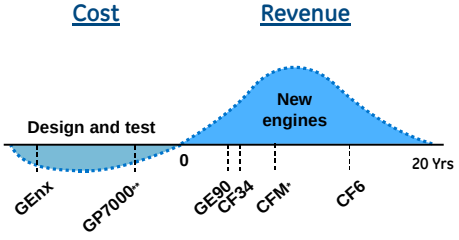
Aviation business model … **starts with the Installed base**

New engine lifecycle



Installed Base			
	Airline Service	Current	2015
CF6	1971	4,400	3,500
CFM*	1979	10,800	18,000
CF34	1992	2,400	6,900
GE90	1995	300	1,200
GP7000**	2006	-	600
GEnx	2008	-	900

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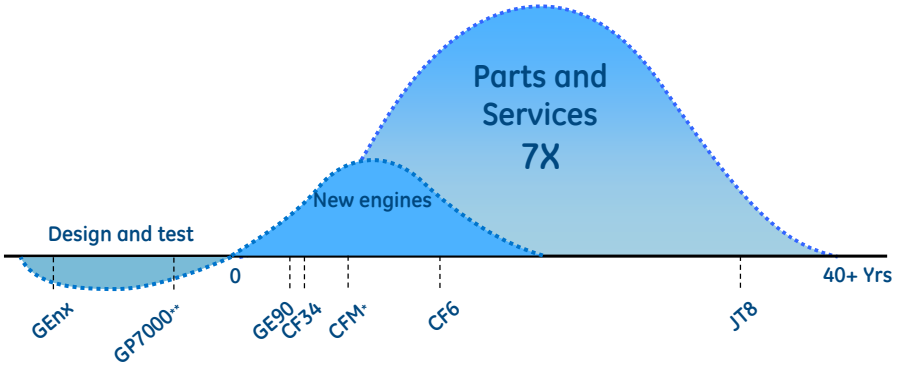
** GE/P&W Engine Alliance is a 50-50 JV between GE and Pratt & Whitney

Grow Services opportunities

Engine lifecycle revenue

Average age 8 yrs.



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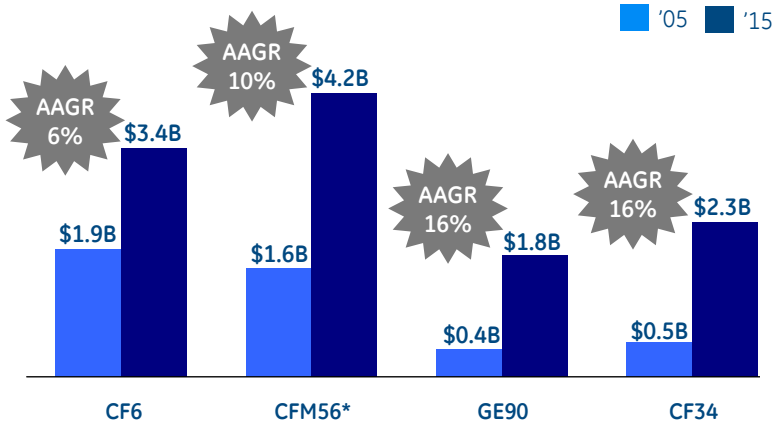
Installed base service revenues …
10-year outlook



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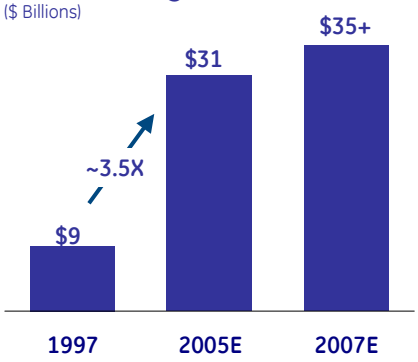
Customized Service Agreement … **growing with the installed base**

CSA backlog
($ Billions)



- Solid customer base

Southwest FedEx Frontier KLM China Southern

- Win with growing carriers

Ryanair Alaska Emirates Air Asia Singapore

- Evolve with customer needs
  - New commercial offerings
  - Reduce customer cost

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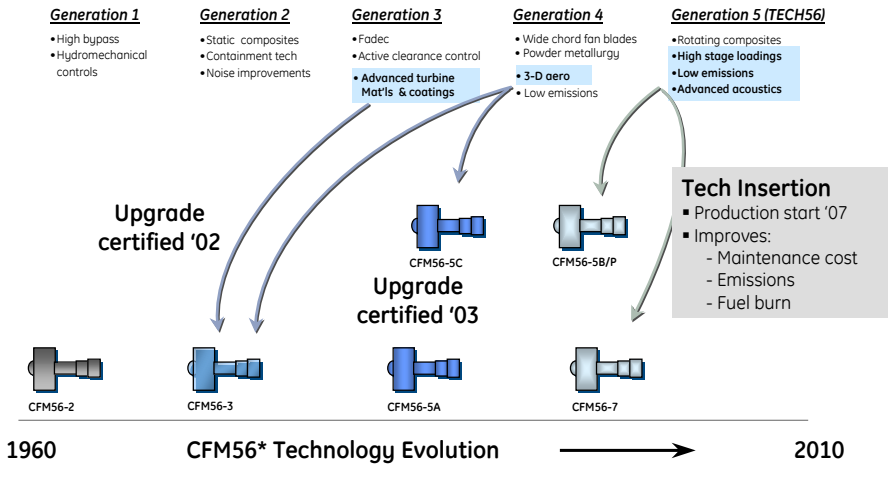
Technology roadmap delivers **customer value** and service opportunity



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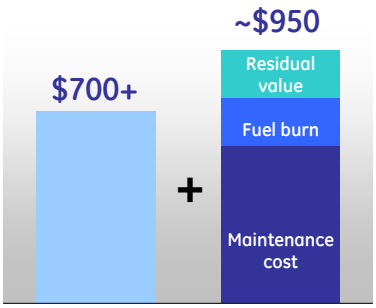
Helping customers **win with technology**

Upgrade impact
($ Millions)



- Chosen by world's leading airlines

Southwest, KLM, Emirates, FedEx, Air China, Alaska Airlines, China Southern, Continental

- Upgrade kit benefits
  - Lower maintenance cost
  - Lower fuel consumption
  - Higher residual value

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Imagination Breakthroughs Start With the Customer. . . **Engine Exchange**

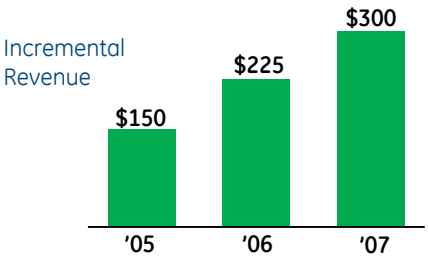
Idea

Eliminate overhaul turnaround time by providing airlines with exchange engines when their engines need repair

Advantages

- Immediate availability
- Fixed customer costs
- Guaranteed performance
- Maximized asset utilization
- Eliminates spare engine removal and transport

Financial Impact $MM



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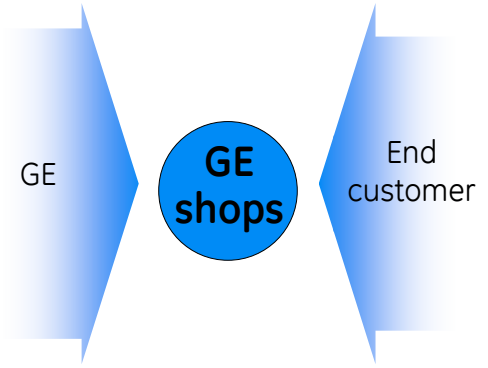
Original material go-to-market strategy



- Invest in infrastructure
  - Limited growth potential
  - ROTC ⇓
- Needed new strategy to grow

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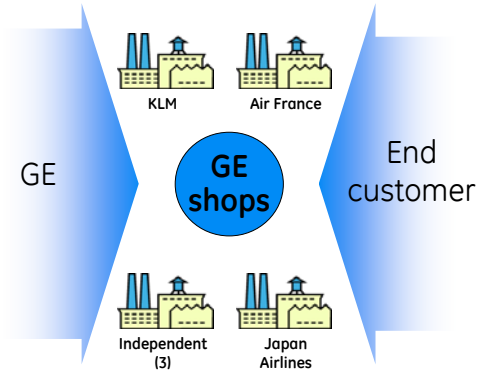
Alliances … **expand GE network**



- Customer benefits
  - OEM technology
  - GE tool kit
  - Support their business models
- GE benefits
  - OEM material solution
  - Infrastructure … ⇓ 35%
  - ROTC … ⇑ 2 pts

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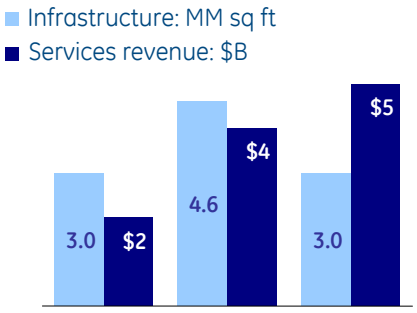
Optimized infrastructure for Growth



	'96	'02	'05
Inventory turns	~5x	~5x	+10x
ROTC %	~20%	~30%	+35%

- **Restructured Capacity**
  - Reduce brick & mortar by 35% … utilize alliances
  - >$500M incremental cash generated
  - Low cost operations
- **'04 and forward … grow via**
  - Installed base
  - Components
  - Inspection technologies

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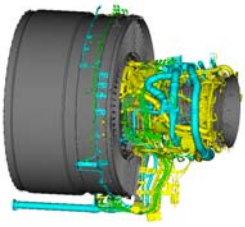
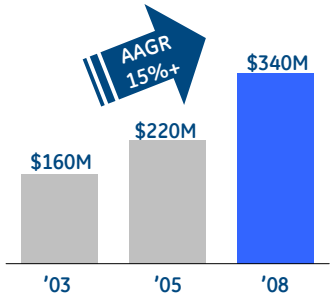
Services … Expand to **engines systems**

- Electrical components
- Mechanical components
- Integrated systems provider to OEMs
- Global service opportunity





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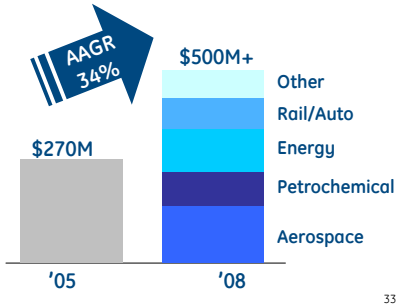
Differentiate with **inspection technology**

- GE technology + industrial applications know-how → breakthrough products
- Growth platform … multi-industry impact
- Focused on complex industry problems
  - Rapid airframe inspection
  - Pipeline corrosion inspection
  - Line speed rail inspection
  - Automotive spot weld inspection



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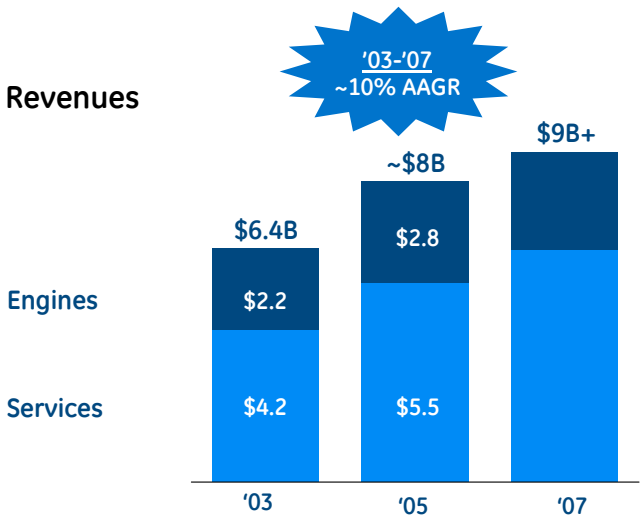
Strong Commercial outlook



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Summary

- Growing installed base
- R&D investments paying off
- Winning on right airframes
- Winning with right customers