

GE's Technology and Services

Analyst Meeting

May 4, 2006



imagination at work

GE
Transportation

Rail Services Overview

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General Manager, Global Signaling



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Rail ... business model



Differentiate with technology

Evolution locomotive, control technology



Win lifecycle service

CSA / upgrades / inspections & repairs



System optimization

Network optimization ... ITCS, MP, Locotrol



Everywhere in the world

China, CIS, India, S. America

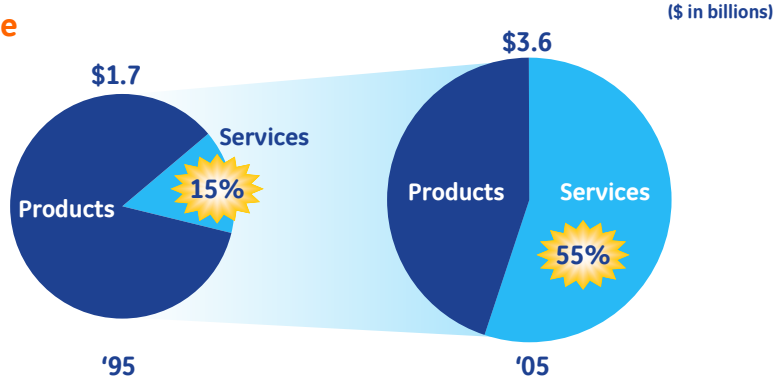
Delivering for our customers and shareholders

Complete RR solutions



Rail growth

Revenue



- Utilizing growing installed base
- Moved from parts sales to full service agreements
- Developed signaling & rail solutions platforms

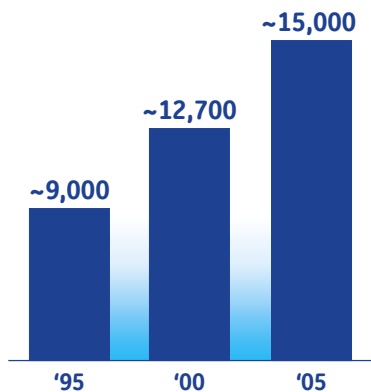
Services growth ... nearly 7X in last 10 years



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Growing installed base

Locomotives



- Proven reliability ... 1.5 failures per locomotive year
- Availability ... >97%
- Fuel efficiency ... 5% improvement
- 1Q'06 ... 1,600+ unit backlog

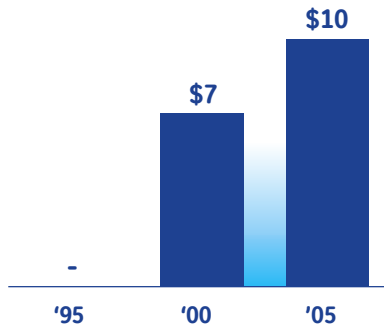
Utilizing loco technology to build installed base



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Lifecycle services strategy

Backlog (\$B)



- Established full service CSA ... 52% fleet covered
- Remote diagnostics
- NPI parts/upgrades
- Expand global presence

Today ... 70%+ shipments going to CSA



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Upgrading aged locomotives ... Kazakhstan fleets in service



- 15% more hauling capability
- 15% fuel productivity
- ↑ reliability & availability
- 250+ units in service in 2006

Better performance, increase life ... 50% cost of new



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System Optimization



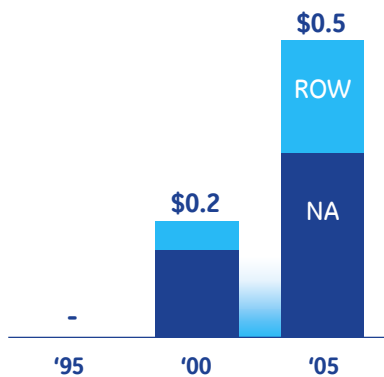
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System optimization

(\$ in billions)

Revenue

Highlights



2000

- Acquired Harmon platform

2000 - 2005

- Developed portfolio of solutions
- Proven in N. America ... Class 1's

2005+

- Taking portfolio to global market

**Building competency beyond apparatus ...
2.5X growth in 5 years**



imagination at work

Trends impacting the RR industry

China ... growth spurring intermodal trade

Commodities ... increased demand for mining and freight

Oil prices ... driving share from trucking to rail

Aging fleets ... old, non-fuel efficient technology

Infrastructure gaps ... in emerging markets

Emissions ... pressure to reduce NOx

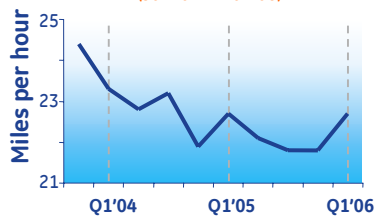


RR volume up 2%, building network capacity

Network Capacity

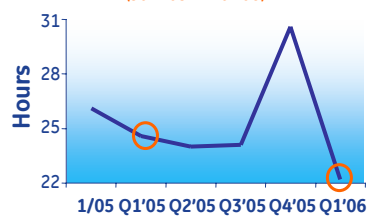
Railroad avg velocity

(Jan '04 – Mar '06)



Railroad avg terminal dwell

(Jan '05 – Mar '06)

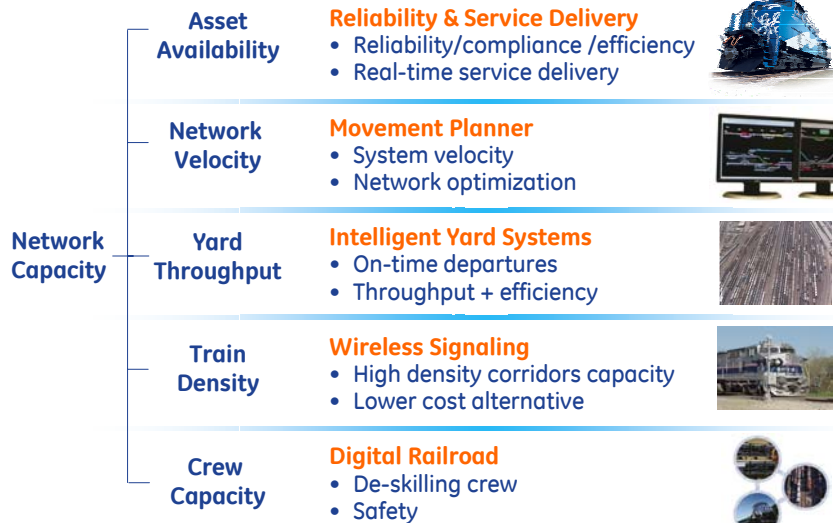


- Productivity solutions ... movement planner / CAD
- Wireless train control systems, train inspection
- Yard solutions ... RCL, Proyard, Hydraswitch

Providing solutions for customer value



Helping RRs improve capacity



Proven technology



Customer Benefits		
+ 50% less to install vs. CTC	+ 20% system velocity	+ 3pts asset utilization
+ 2X train density	+ 20% re-crew reduction	+ 50% more capacity
+ Enhanced safety	+ Improved on-time runs	+ 5-6% fuel efficiency

Delivering RR savings & efficiency

Opportunity in emerging segments

	Developed	vs.	Emerging
System size (miles)	255,000		325,000
System dynamics	Large wayside investment		Aging infrastructure
Growth	1-3%		6-10%
Competitive dynamics	Entrenched global competitors		Opportunity to differentiate

Source: Vossloh "Vossloh Worldwide Railway Market Study, 2003";
UBS - "China's Railway Bottleneck, 2004"

Proven products ready for global market



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LOCOTROL distributed power in China



Highlights

- Daqin line (4 hrs north of Beijing)
 - Coal line ... 600 miles long
- 200 systems ... full service June '06
- \$35MM project ... potential \$200MM near term opportunity

Customer Value

- Increased hauling capacity
 - 33% increase in '06, 2X by '08
 - Longer train ... 50 to 200 cars
- Crew productivity
- Energy savings & safety improvement

Doubling freight capacity by 2008



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ITCS wireless train control in China



Highlights

- Western China
 - 600 mile track ... harsh environment
 - 110 locomotives ... 78 are new GEs
- '06 interim service ... '07 full service
- \$57MM ... potential \$60MM extensions

Customer Value

- Increased hauling capacity ... 80% train density increase
- High availability ... no maintenance
- Positive Train Separation ... safety

Next gen train control with highest levels of safety



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Portfolio of service technology

<u>Technology</u>	<u>Productivity</u>	<u>Asset Management</u>	<u>Safety</u>	<u>Emerging Region</u>
Wireless signaling/PTC	✓	✓	✓	China, India, Russia
Locotrol	✓		✓	China, India, Russia, S. Africa
LocoCam	✓		✓	China, India
RCL	✓		✓	EU, Australia/NZ
CAD/movement planner	✓	✓		China, India, Russia
Train inspection	✓		✓	China, India, Russia/CIS
Crossing monitors	✓	✓	✓	Europe, India
Object detection			✓	EU, China, India
Hydra-Switch	✓		✓	EU, Australia/NZ
MapperTracker	✓	✓	✓	EU
ProYard	✓		✓	China, Russia
Others ...	✓	✓	✓	

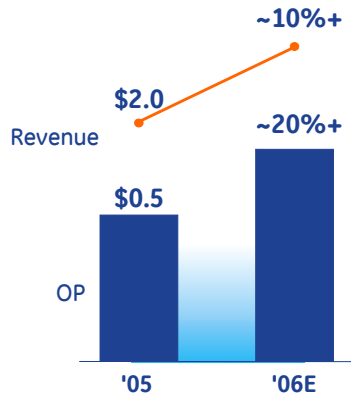
Investing to enhance customer value



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GE Rail Services

(\$ in billions)



Services Strategy

- Continue to grow installed base
- Enhance services win rate
- Invest in life-cycle service NPI
- Expand proven technology globally

Roadmap for continued service growth



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