

William Blair Conference

J. G. Rice
Vice Chairman, GE
President & CEO, GE Industrial

June 29, 2006

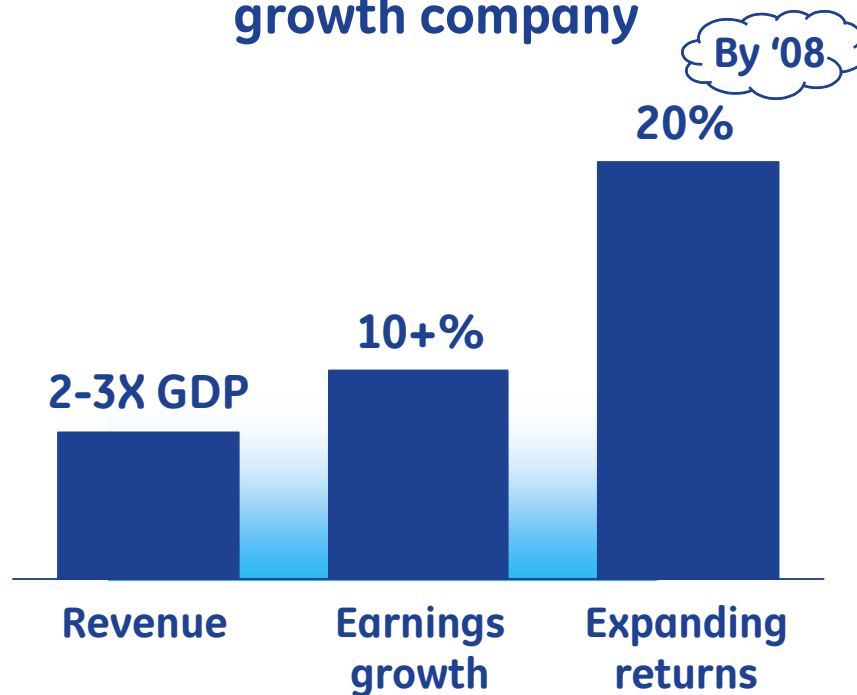
""This document contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "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

GE strategy

**Safe + reliable
growth company**



- ✓ Performance accelerating
- ✓ Expanding OP rate & ROTC
- ✓ \$10+B FCF/year

**GE advantage ...
scale + breadth + depth**

Great businesses ... founded on market leadership, domain expertise, competitive advantage & financial strength

Reliable execution ... with businesses that perform consistently while expanding returns

Common initiatives ... where we can scale ideas with speed driving incremental returns

A simple structure & strong team ... filled with people who have broad + deep careers

This is the way we win

Leadership

Infrastructure

35%



"Market trends"

- ✓ Developing countries
- ✓ Global infrastructure
- ✓ Capital markets
- ✓ Energy efficiency
- ✓ Consumer wealth

Commercial Finance

20%



- ✓ Capital markets
- ✓ Global infrastructure
- ✓ Developing countries

Consumer Finance

15%



- ✓ Consumer wealth
- ✓ Capital markets
- ✓ Developing countries

Healthcare

10%



- ✓ Demographics
- ✓ Consumer wealth
- ✓ Digitization
- ✓ Global growth

Industrial

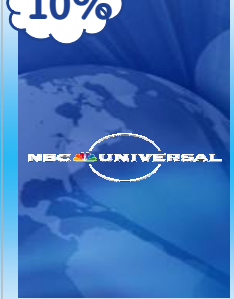
10%



- ✓ Developing countries
- ✓ Consumer wealth

NBCU

10%



- ✓ Digitization
- ✓ Consumer wealth



Scale
(India)

+

Domain
(Energy)

+

Intellect
(GRC)

+

Management
(Session C)

+

Financial strength
(Triple A)



Great businesses set up to grow at 2-3X GDP based on leadership positions that can capitalize on market tailwinds



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GE Industrial



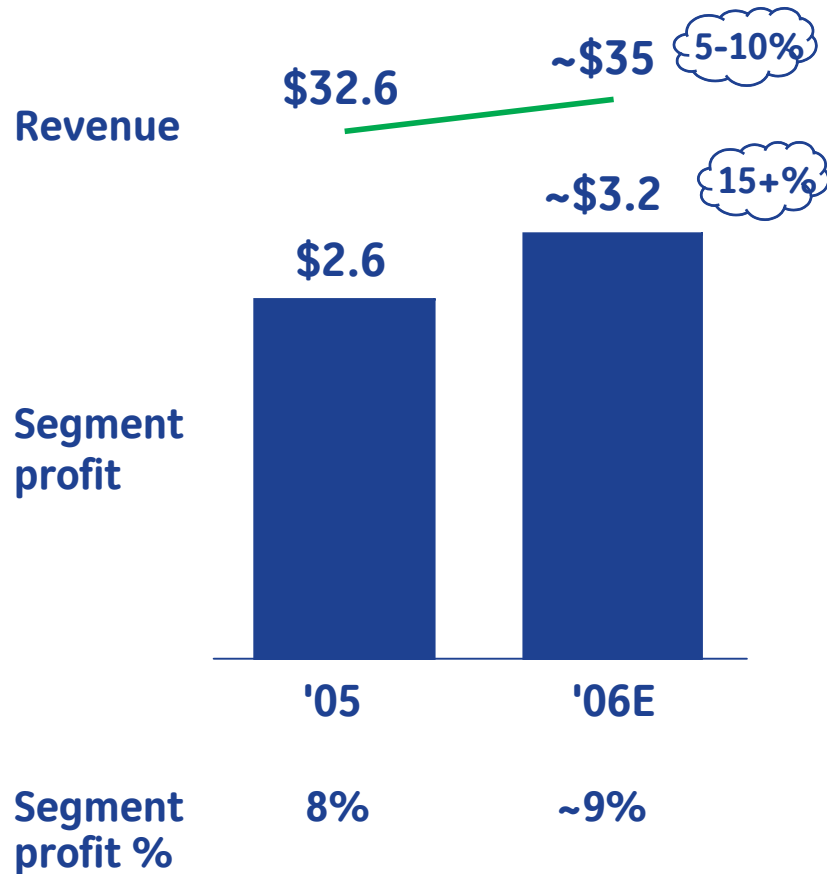
imagination at work

Our mission is clear

- ✓ Achieve “peak” op profit margin in each business
- ✓ Grow where it makes sense ... markets/products
- ✓ Integrate and rationalize cost structure
- ✓ Optimize cash generation and ROTC

Industrial

(\$ in billions)



Environment

- + Stable markets
- + High-end expansion
 - ✓ Appliances
 - ✓ Security
 - ✓ Materials
 - ✓ Equip. Svcs.
- + Lower cost
 - ✓ Global sourcing
- + Continue to reposition for value
- Managing Plastics volume/price
 - Automotive

Growing earnings in expanding markets

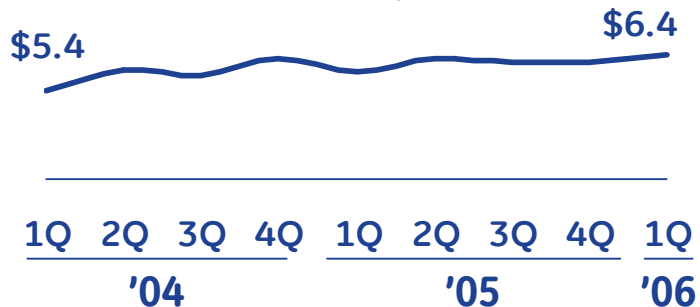
Solid orders growth

Flow ADOR (organic)

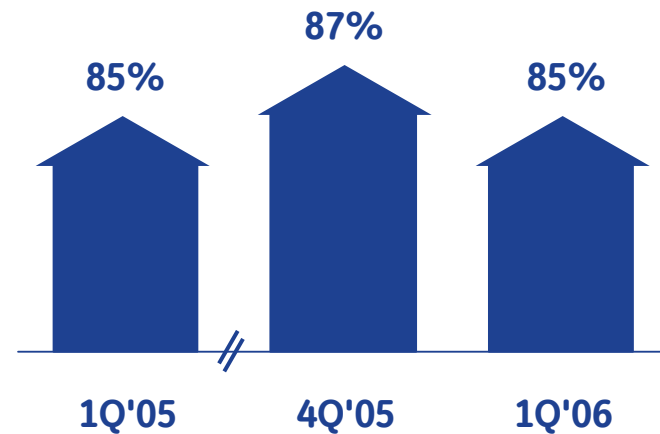
(V%)	4Q'05	1Q'06
C&I	5%	10%
Plastics	(2)	2
Security	<u>18</u>	<u>12</u>
Total Flow	3%	8%

- ✓ U.S. solid +6%, Europe rebound +8%; Asia strong +17%
- ✓ Plastics volume +6%, price (4)%
- ✓ April/May up 7%

(\$ in billions – current quarter)



Utilization %



	1Q'06 utilization	V 1Q'05
Penske	92%	(2)pts.
Rail	86	+3
Trailers	83	+1

Organic growth



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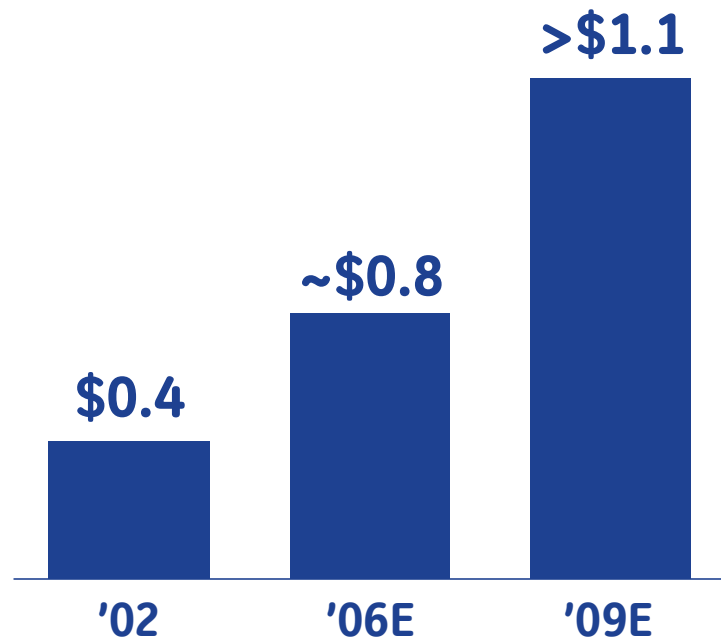
GE Process for growth



Yields: consistent + valuable + visible growth

Industrial technology investment

(\$ in billions)



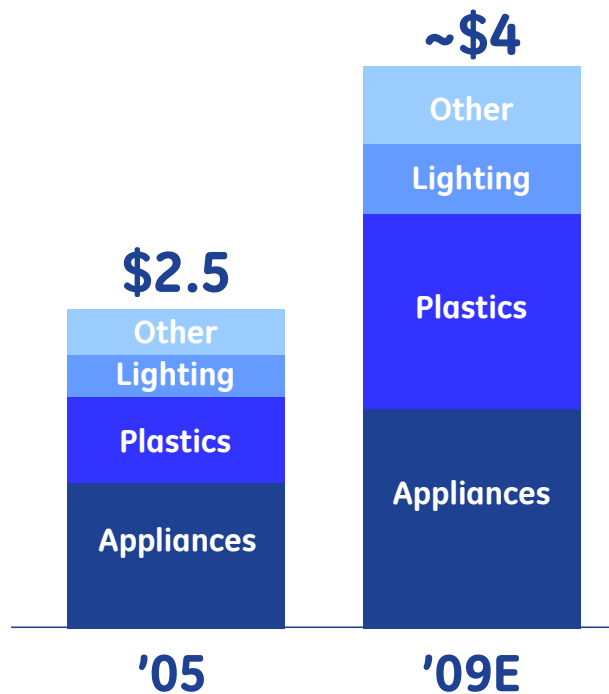
- '06 – 450 new product releases
- 30+% growth in NPI spend
- Across all product lines
- ~40% **eco**focused
- \$4B+ revenue by '09

Massive commitment to high end products

ecomagination

(\$ in billions)

Revenues



ecoProducts

Current:



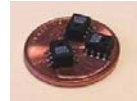
E Star Refrigerators



Flexible Noryl

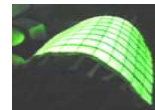


Green PBT

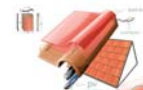


NPX Tire Pressure

What's next:



OLED



Photovoltaic



LED & CMH Lamps

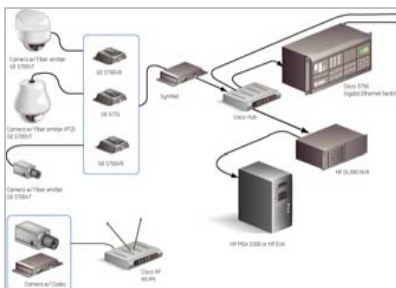


T5 & T8 Linear Fluorescent lamps

Security trends

Technology

Video ... analog to IP



- ✓ 50%+ growth rates
- ✓ Video management software

Integrated security systems



Genesis NPI - 4Q'06

- ✓ Video & access
- ✓ Interoperability

Access ... Biometrics/Smartcards



Integration of ...

- ✓ Biometrics
- ✓ Shoe scanner
- ✓ Trace explosives

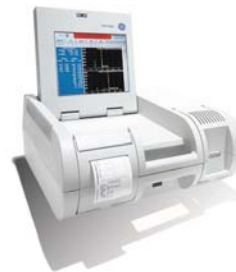
Markets

Physical & IT security converging



- ✓ Linked access
- ✓ CIO/network management

Global airport expansion/renovation



- ✓ CT and X-ray
- ✓ China, India etc.
- ✓ Sensor intelligence

US/EU funding cargo deployment



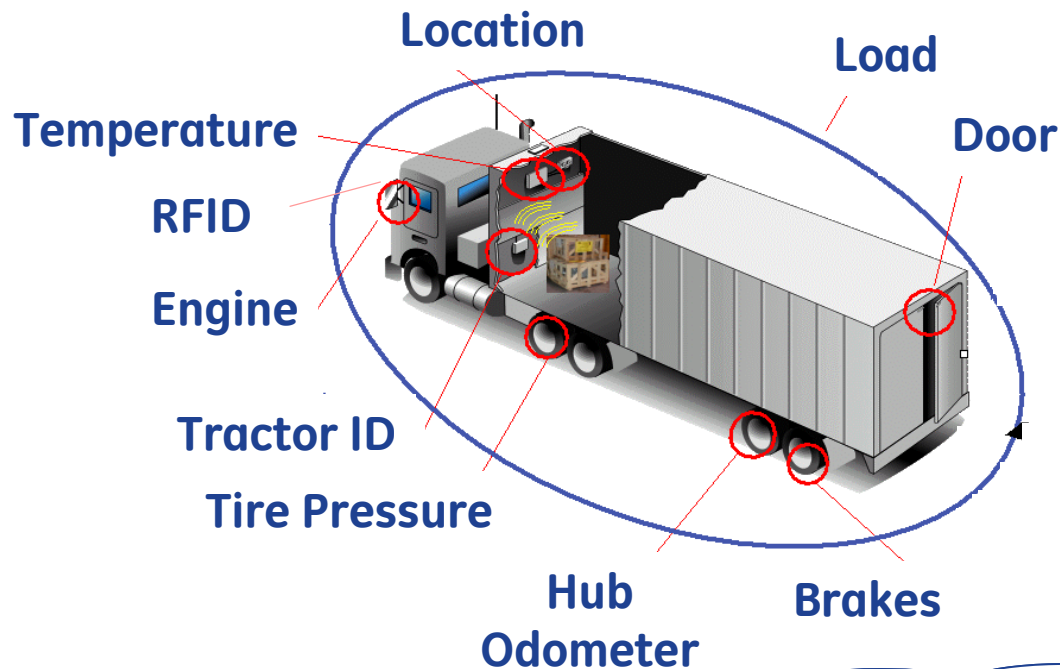
- ✓ Green Lane
- ✓ Rad / Nuclear
- ✓ Imaging, Portals, Handhelds

Asset Intelligence



45MM assets ... \$10B market potential

GE VeriWise™ - 1.5MM Initial Target (GE units) Customer Benefits



- ✓ Utilization & Maintenance
- ✓ Fuel Spend
- ✓ Security
- ✓ Global Visibility
- ✓ Regulatory Compliance
- ✓ Losses & Damages



Building a new \$1B business

Leveraging GE for growth ...

✓ Capabilities



Now	Location	●	●	●	●	●
	Intrusion	●	●	●	●	●
	Cargo Status	●	●			
'06	Weight	●	●	●	●	
	Temperature	●	●	●		●
'07	Pressure	●	●	●		
	Utilization Mgmt	●	●	●	●	●
	Maint Prediction	●	●	●	●	
	Fuel Optimization	●	●			

+ Using GE

Security

Sensing

Inspection Technologies

Global Research Center

✓ Optical Sensors

✓ Pressure Analysis

✓ Temperature

✓ Advanced Navigation

✓ Component Integrity

✓ Early Warning Algorithms

✓ Gases

✓ Border Transit

+ Adjacent Markets: Military, Construction, Automotive, Mass Transit

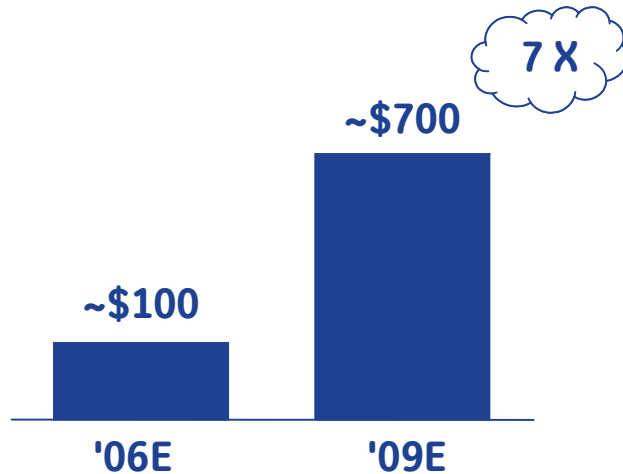


imagination at work

Commercial excellence

(\$ in millions)

"Vertical" Sales growth



- ✓ Integrated value propositions
- ✓ Dedicated commercial teams
- ✓ Common T&C's
- ✓ Next Gen automotive platforms

Target



Sports & Entertainment



Retail



Healthcare

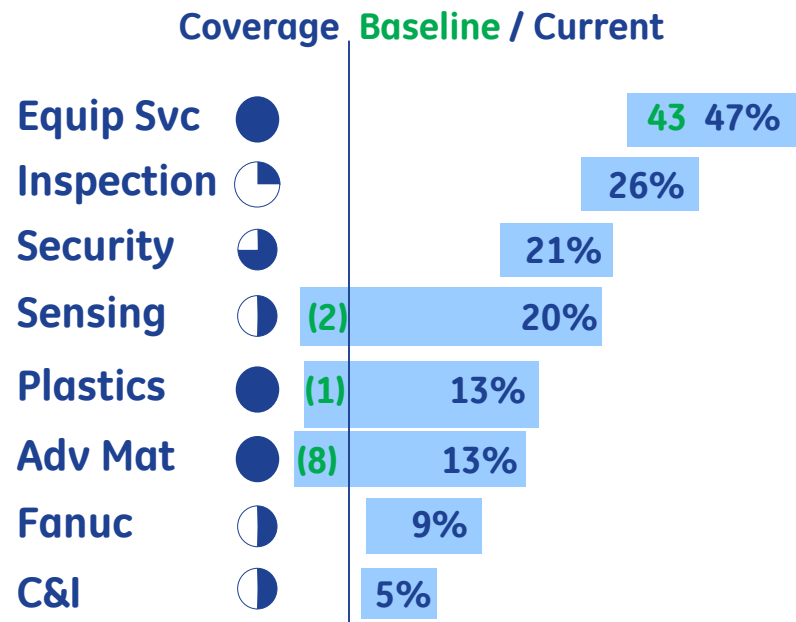


Automotive

Growth through verticals

Commercial excellence - NPS

Progress



- Lean key enabler for improving customer facing processes
- Net Promoter Score (NPS) measures success with customer



Sample Outcomes

Low end dishwasher noise



- Consumers switching from GE after "starter" home
- Fixed noise issue (\$3.00/part)
- Target NPS + 10 pts; share/mix

Plastics China quality issue resolution



- Used lean to redesign process
- Empowered on site GE engineer to perform quality assessment
- Wing to wing cycle 48 to 5 days

Distributor pricing process



- Lean project focused on "small projects" price process
- Wing to wing cycle from 1.5 days to 1 hour
- Revenues +15%

Winning in growth markets ... China

(\$ in billions)

Technology Center



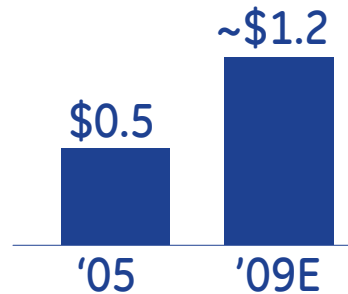
- ✓ LCC sourcing
- ✓ Global Application Development
 - Appliances
 - Lighting
 - Plastics
- ✓ ~300 Technology resources



C&I ... Enterprise selling



Vertical Markets

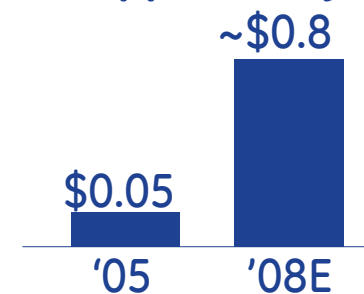


Auto/Transp.	\$0.2
Power	0.3
Oil & Gas	0.3
Commercial	0.2
Olympics	0.2
C&I Target	<u>~\$1.2</u>

2008 Olympics



Opportunity



C&I	\$0.2
Energy	0.2
Transp.	0.1
Plastics	0.1
Other	0.2
Target	<u>~\$0.8</u>

Plastics ... winning in China

(\$ in billions)

Sales



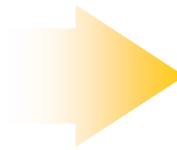
Strategy

- ✓ High-tech, differentiated strategy ... 100+ Technology resources
- ✓ 100% self sufficient by '08 ... 4x compounding capacity by '09
- ✓ ~300 commercial resources ... Co-located with strategic customers
- ✓ Lead in service / fulfillment ... 5 days span
- ✓ Investing for profitable growth

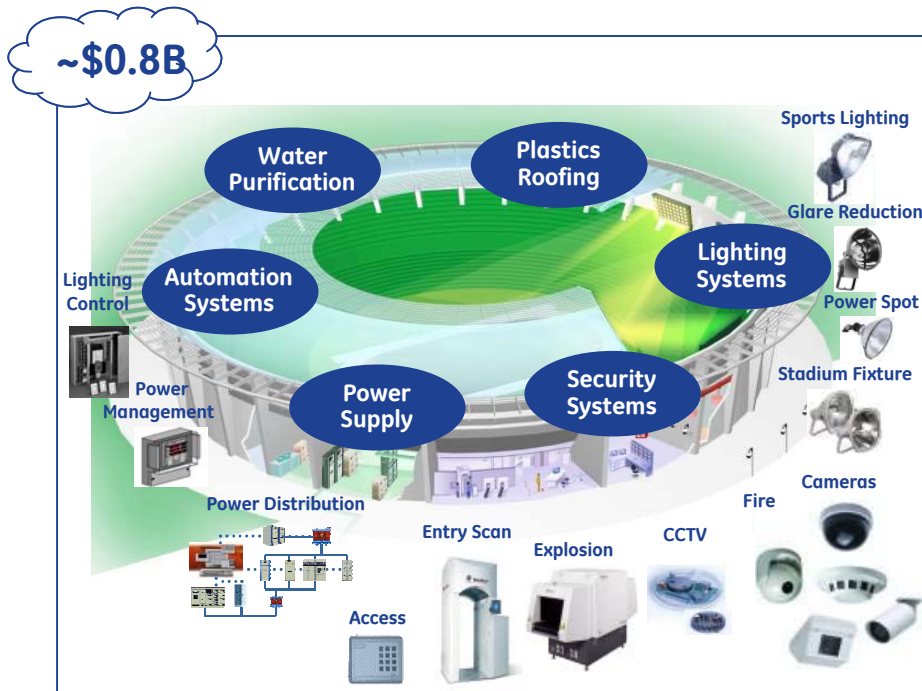
Expanding in developing markets

One GE ... Asia example

Beijing Olympics



Translating to “mega projects”



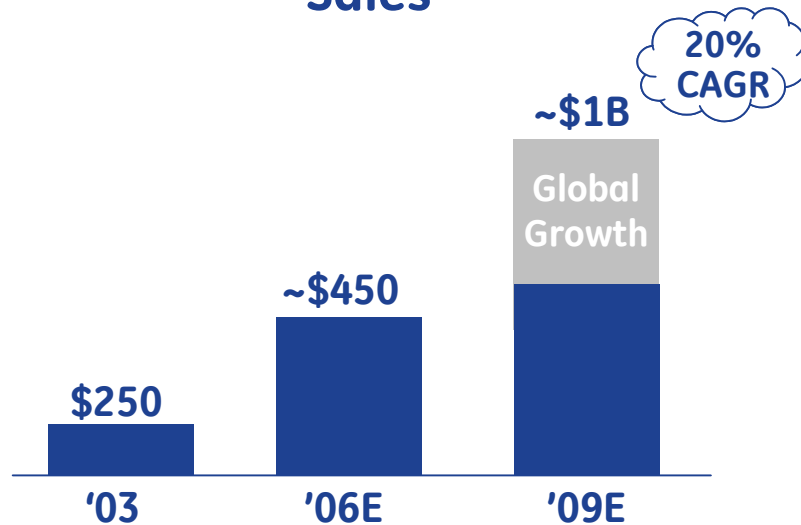
- Casinos – Macau (\$1-2B)
- Asia Games – Guangzhou (\$0.5B)
- Resorts – Singapore (\$0.2B)
- EXPO 2010 – Shanghai (\$0.8B)
- Commonwealth Games – Delhi (\$0.5B)

- ✓ Dedicated commercial team in place since '05
- ✓ Translating to Vancouver Olympics+

Global Monogram

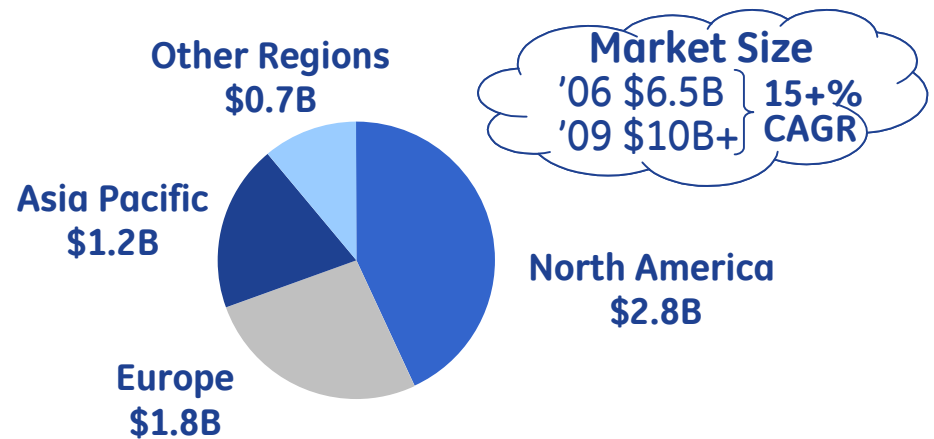
(\$ in millions)

Sales



- NPI and price driving growth plan
- Strategic products in-sourced
- Innovative ad campaigns
- Monogram Experience Center ('07)

Global High End Market



- “American Pro” segment emerging
- Current products fit Global High End niche
- Wealthy patterns transcend cultural boundaries

Platform for global product leadership

Globally competitive cost

Front load washer



- ✓ High end product ... GE design
- ✓ Margin ↑ ~20%
- ✓ China cost ↓ ~15%

Polycarbonate JV



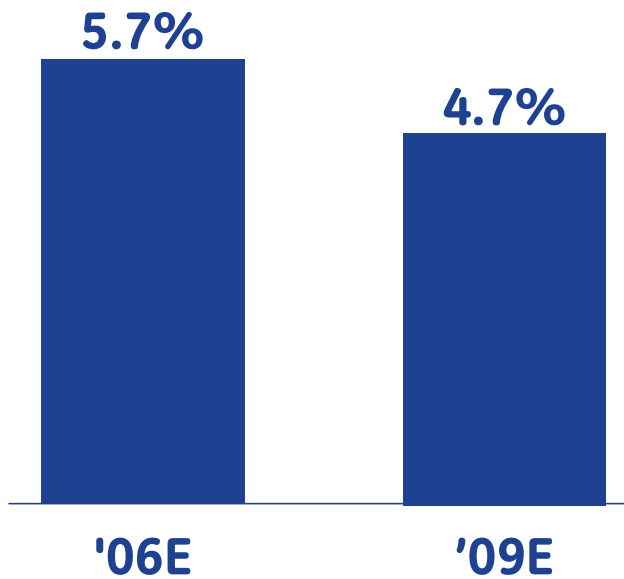
- ✓ 49% GE ... targeting '09 start up
- ✓ New 135MMT PC Facility
- ✓ World class cost levels

Global factories ... leveraging cost & intellect

Operating Efficiency

Industrial G&A

G&A % of Revenue



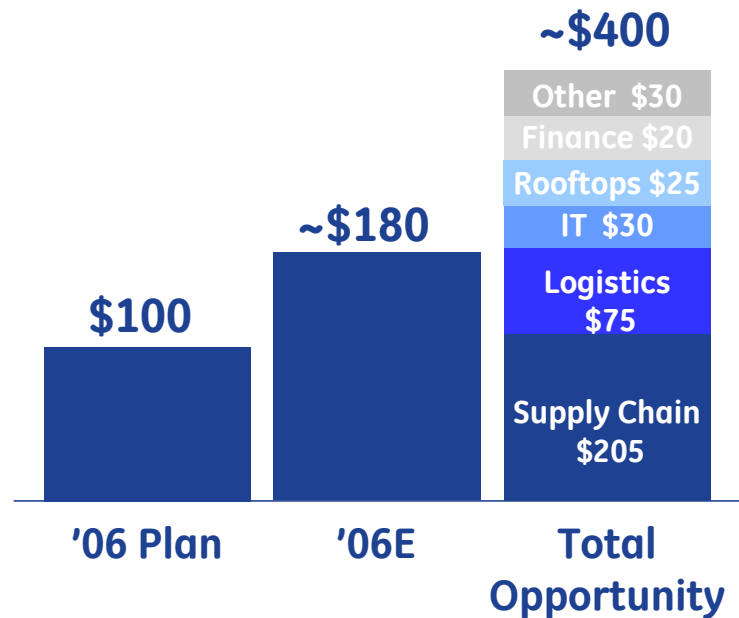
- Simplifying P&Ls, organization, legal entities
- Establishing COEs
- Driving total G&A% to lowest cost model ... C&I
- Continuing to execute integration projects

1 pt reduction in G&A %

Integration cost synergies

(\$ in millions)

Savings



- **Supply chain delivering \$200MM+ savings**
 - ✓ Global sourcing, buy consolidation, energy savings
- **Logistics \$75MM ... led by Penske**
 - ✓ Outbound optimization ... Lean project to reduce transportation lanes
 - ✓ Inbound ... building cross docking network
- **Combined backroom/COE savings**
 - ✓ Finance ... collections, treasury & tax
 - ✓ IT ... data centers / servers
 - ✓ HR ... Pole COE's for staffing, training

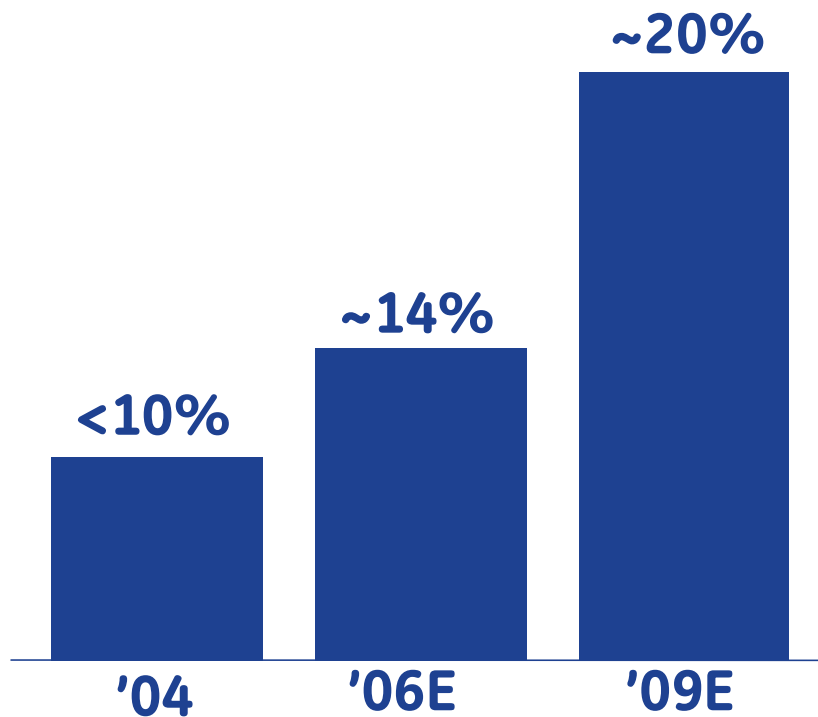
Good progress

Summary



imagination at work

Expanding Return on Total Capital



- 10-15% earnings growth
- Aggressive working capital reduction
- Disciplined investment strategy ... <1.0 reinvestment ratio
- Pruning of low return assets
- Lean Six Sigma

Optimizing returns

Positioned for sustainable growth

(\$ in billions)



- Growth, scale, new markets, differentiated products
- Build out product lines; execute in new platforms
- Rationalize cost structure/assets ... execute on \$400MM cost synergies
- Continuous assessment of portfolio
- Earnings growth 2x revenue growth ... CFOA 1.5-2.0x earnings