

# GE: "Go Big"

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Chairman & CEO

December 13, 2005

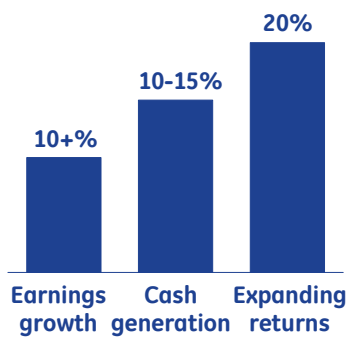
"This document contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans,"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



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## GE strategy

### Safe + reliable growth company



- ✓ Through the cycles
- ✓ Low risk
- ✓ Improving margins

### GE advantage ... scale + breadth + depth

**A great portfolio ...** founded on market leadership, domain expertise, competitive advantage & financial strength

**Reliable execution ...** with a portfolio that performs consistently while expanding returns

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

**A strong team ...** filled with people who have broad + deep careers

**This is the way we win**



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# Go big

## Chapter #1

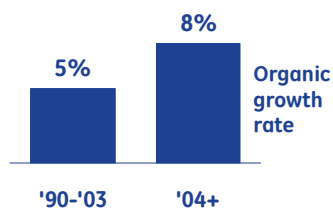
### Build a valuable portfolio



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## Priorities for portfolio renewal

### 1 Faster growth Industrial



#### Strategic actions

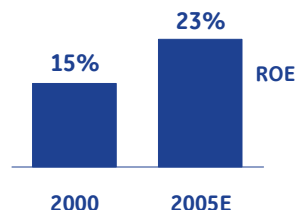
- + Launch growth platforms ... \$12B+
- + Invest in healthcare, services, energy, entertainment
- + Grow with technology ... IGCC, NDT

**Focus** ... long-term growth rate  
**Exit** ... slow growth ... Motors, GXS



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### 2 Higher return Financial



#### Strategic actions

- + Global Consumer Finance
- + Financial verticals
- + Higher returning businesses

**Focus** ... ROE enhancement  
**Exit** ... Insurance



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# Great businesses

(Revenue – \$ in billions)

<b>Infrastructure</b> <b>\$42B</b>  <b>35%/14%V</b> <b>OP 18%</b>	<b>Industrial</b> <b>\$33B</b>  <b>10%/45%V</b> <b>OP 8%</b>	<b>Healthcare</b> <b>\$15B</b>  <b>10%/17%V</b> <b>OP 18%</b>	<b>NBCU</b> <b>\$14B</b>  <b>10%/16%V</b> <b>OP 21%</b>
	<b>Commercial Finance</b> <b>\$28B</b>  <b>20%/22%V</b> <b>ROE 25%</b>	<b>Consumer Finance</b> <b>\$20B</b>  <b>15%/22%V</b> <b>ROE 30%</b>	

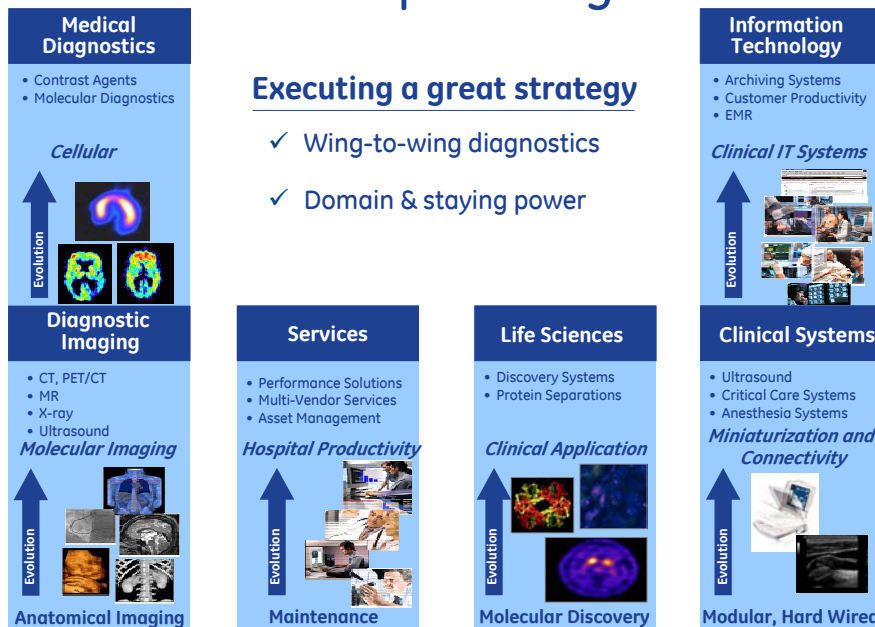
% GE segment profit/'05 growth rate

- ✓ Market leadership
- ✓ Domain expertise
- ✓ Competitive advantage
- ✓ Financial strength



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# Market leadership – thought

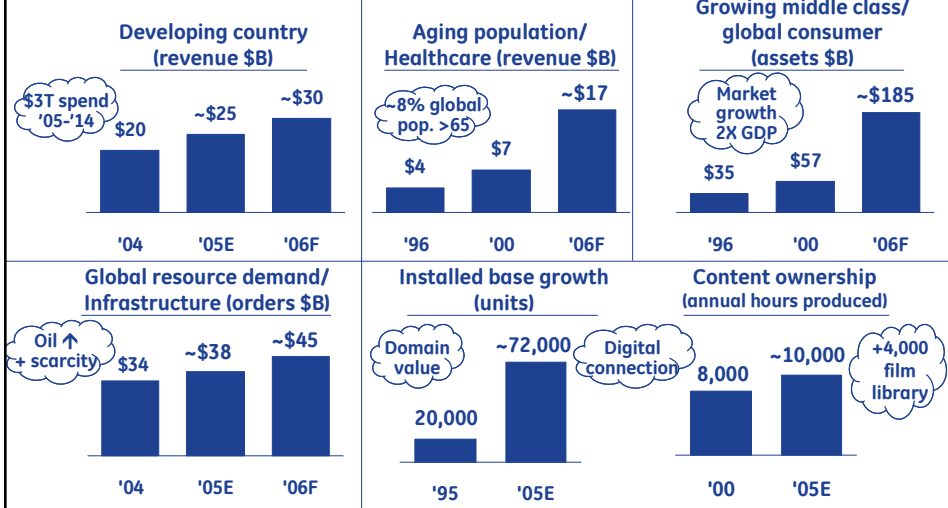


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## Domain strength + tailwind

(\$ in billions)

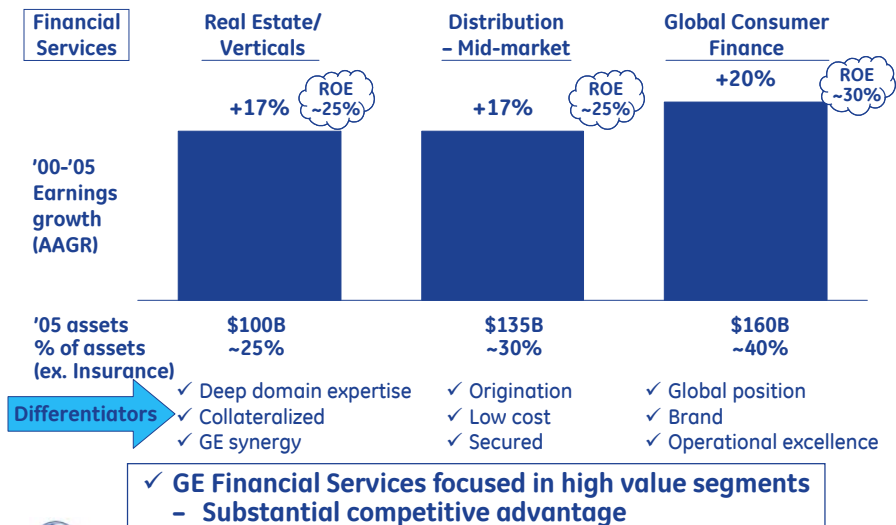


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Portfolio built for above-average growth

## Competitive advantage

(\$ in billions)



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## Competitive advantage

	GE Commercial & Consumer	Top universal banks (5)	Top credit card co. (2)	Top diversified fin. (2)
Earnings growth				
- 5 yr. avg. ('00-'05)	20%	12%	10%	12%
- Standard deviation	5	19	14	16
ROE				
- 5 year average	21%	17%	22%	12%
% global (revenue)	~45%	24%	21%	33%
% U.S. consumer	~10%	54%	73%	24%

**Commercial & Consumer Finance are more consistent & more diverse with higher returns**



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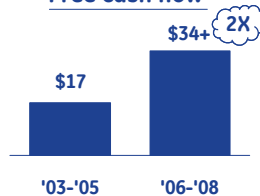
## Financial strength

(\$ in billions)

### Industrial

- + High tech/service
- + Working capital ↓
- + Low CAPEX (~\$3B/yr.) ↓

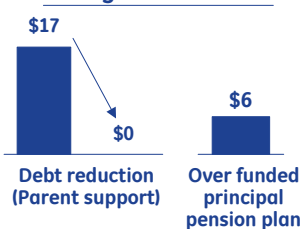
### Free cash flow



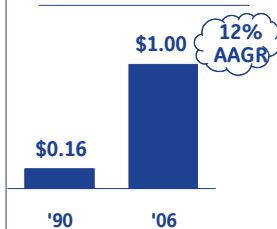
### Financial

- + High ROE
- + "Triple A"
- + Flexible dividends

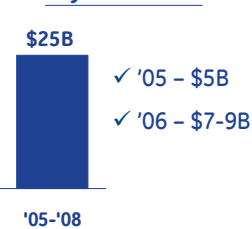
### Strong balance sheet



### Consistent dividend



### Buyback stock



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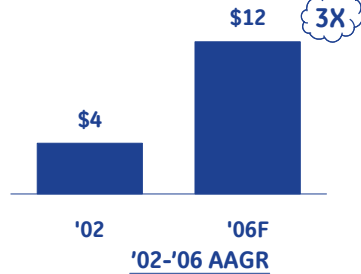
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## Invest in growth

(\$ in billions)

### Growth platforms (revenue)

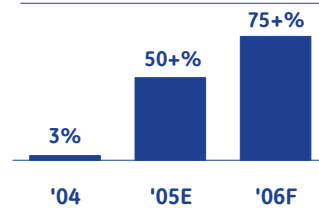


Oil & Gas	+20%	Hispanic Media	+10%
Security	+40	HCIT	+30
Water	+30		

### From 2001: redeploy → invest

+ Building	- Exiting
✓ Biosciences	✓ Services
✓ Cable + film	✓ Global
✓ Consumer Finance	✓ Verticals
✓ Growth platforms	✓ Insurance
	✓ Slow growth Industrial

### + Driving strong returns – IROIC



✓ A better portfolio today  
– Continue to invest \$3-5B/yr. in Industrial acquisitions



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## Broad + deep portfolio

- ✓ Market leadership → win in share + “thought”
- ✓ Domain strength → real demographic tailwind
- ✓ Competitive advantage → win in the highest value segments
- ✓ Financial strength → return to investors + drive growth

Entering a period of portfolio stability



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# Go big

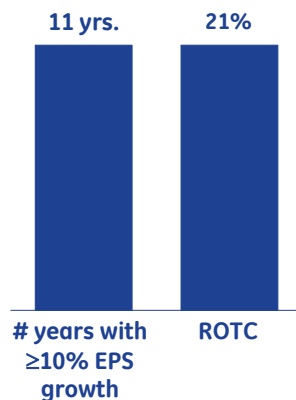
## Chapter #2

Excellent execution  
+ Reliable performance  
+ Expanding margins



### Execution history

Reliable performance +  
high returns (1990-2005)



Execution principles

- + Strengthen big pillars of high visibility long-term growth
- + Achieve growing revenue streams across services + geography + markets
- + Win in high margin segments
- + Launch new platforms
- + "Hardwire" success with operational synergies



## What we are planning for?

### ① More volatility



### ② Stable in developed world

- ✓ U.S. is "fine"
- ✓ Japan ↑
- ✓ Europe ↓

### ③ Growth in developing world

- ✓ Infrastructure
- ✓ Financial Services

### Operating bias

- ✓ Accelerate globally
- ✓ Continued focus on margins/risk
- ✓ Execute growth plans
- ✓ Hedge with structural cost out



## What we are seeing

<u>Orders/portfolio</u>	<u>3Q YTD</u>	<u>4QE</u>	<u>Factors</u>
Flow – V%	6%	~5%	✓ Managing price/share trade-off
Major equipment – V% YTD	27%	~20%	✓ Broad strength ... across the board ✓ 3Q backlog \$24B, +10% vs. 3Q'04
Services – V%	9%	~10%	✓ '05 CSA backlog \$85B, +13%
Com'l + Cons Fin assets	5%	8%	✓ Strong origination
Delinquencies			
– Consumer	5.23%	5.20%	✓ Solid & stable portfolio quality
– Commercial	1.24%	1.21%	✓ Improving collections
Equipment utilization	87%	88%	✓ +2 pts. vs. '04

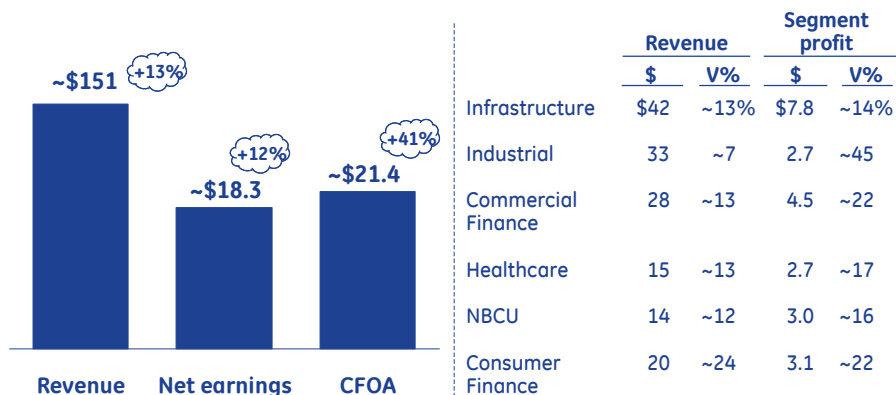
**Continued growth**





## 2005 outlook – continuing operations

(\$ in billions)



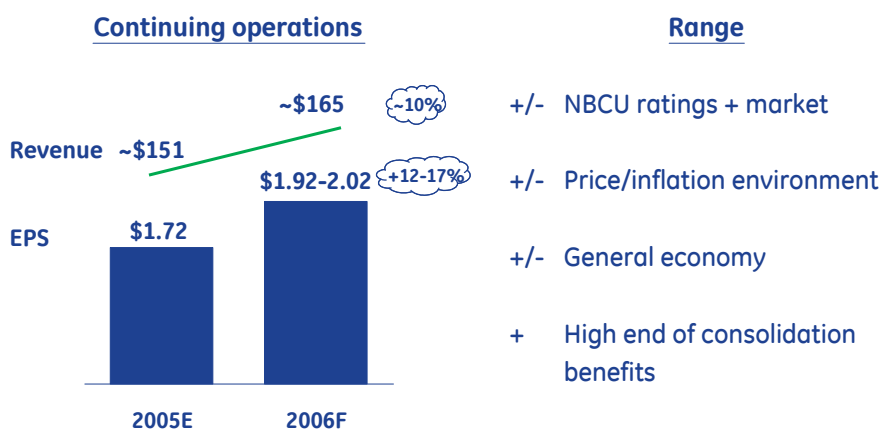
- ✓ Excellent execution ... on track for \$1.72 EPS (+10%)
  - 6 of 6 businesses double-digit growth
- ✓ Operating performance on track



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## 2006 outlook

(\$ in billions – except EPS)



Accelerating GE growth rate



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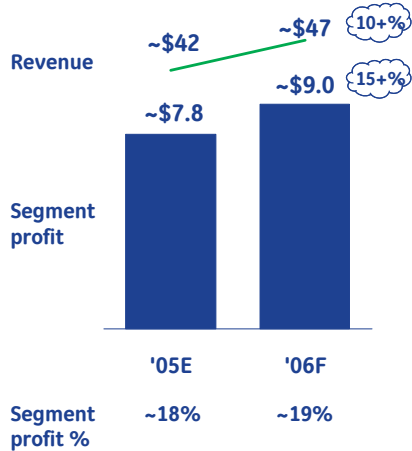


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## GE Infrastructure

(\$ in billions)



35% of GE

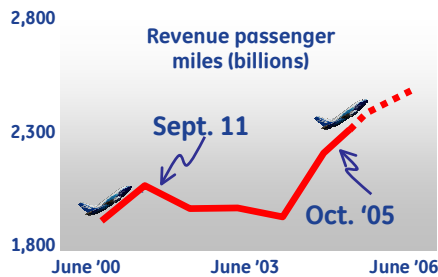
### High visibility + long-term growth

- + Leading technology
- + Large & growing installed base
- + Global position
- + Domain expert
- + Scale business quickly



## Aviation market is back

### Airline passenger demand

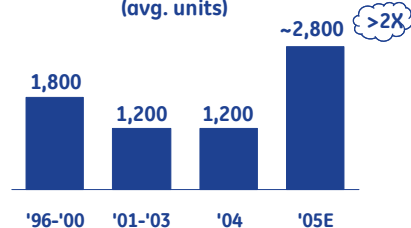


### Winning with technology

- ✓ Investment paying off
- ✓ New platforms 787, A350, 747-8, 777ER
- ✓ New customers ... Singapore, Cathay, Korean

### Engine orders

(avg. units)



### GENx wins

Engines	Share
B787	128 54%
A350*	224 100%
B747-8*	72 100%

### Major wins

- ✓ JAL
- ✓ Air Canada
- ✓ Air India

✓ \$6B+ in commercial engine wins in '06



\*GE only current certified supplier

# Services is accelerating

(\$ in billions)

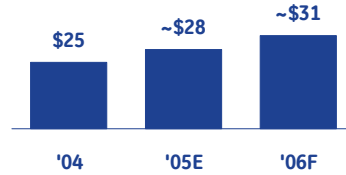
CSA backlog  
\$85B

## Installed base growth

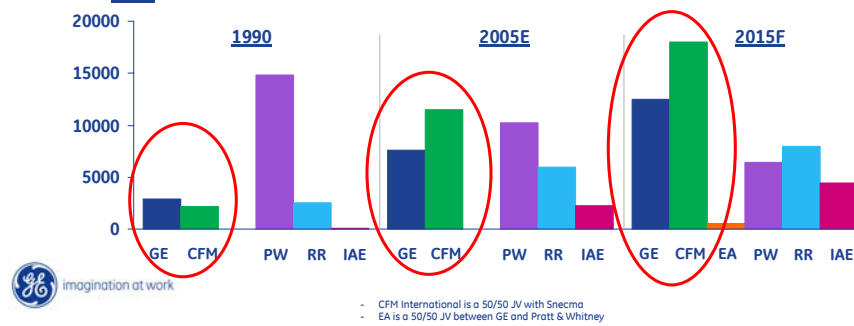
2005 vs. 1995

Energy	2.4X
Aviation	2.2X
Rail	1.7X
Healthcare	30.0X

## Revenue growth

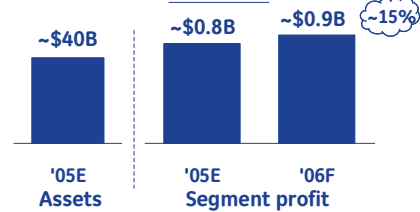


## Growing installed base: Aviation



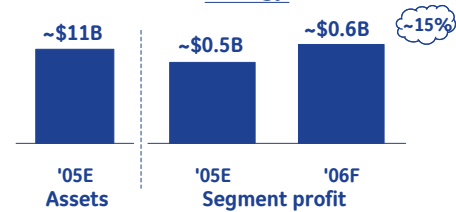
# Domain expertise → Financial Verticals

## Aviation



✓ Leading global aviation financial originator

## Energy



✓ Well-head to wall-socket ... debt to equity ... globally

## Continue to ...

- Rely on GE Capital to manage risk profile
- Utilize industry knowledge and service
- Extend "Verticals" expertise to Water

"Know how your customers make money ... and help them make more"



# Winning in multiple platforms

(\$ in billions)

## Energy

	'05E	'06F	V%
Revenue	~\$16.8	~\$19.2	10-15%
Op profit	~2.6	~3.0	10-15%

### Drivers

- ✓ Continued growth in Services
- ✓ Wind volume committed through '07
- ✓ Price stabilizing

## Rail

	'05E	'06F	V%
Revenue	~\$3.6	~\$3.9	~10%
Op profit	~0.5	~0.6	15-20%

### Drivers

- ✓ Top line growth across all segments
- ✓ 15% growth in Signaling & Solutions
- ✓ Continued strength in global markets

## Aviation

	'05E	'06F	V%
Revenue	~\$11.9	~\$12.8	~10%
Op profit	~2.6	~2.9	~15%

### Drivers

- ✓ Commercial spares volume +10%
- ✓ "OnPoint" ... grow CSA backlog by \$3B to \$36B
- ✓ China, India, Brazil ... 700+ engines opportunity



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## Oil & Gas

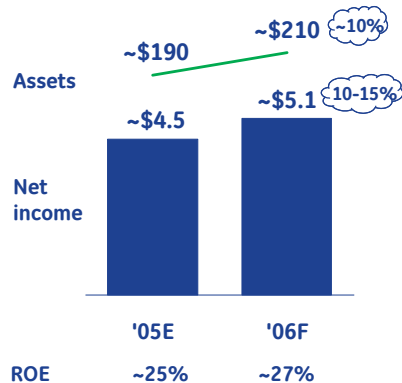
	'05E	'06F	V%
Revenue	~\$3.8	~4.8	20+%
Op profit	~0.4	~0.6	20+%

### Drivers

- ✓ High oil & gas prices continue to drive CAPEX
- ✓ Services ... revenue growth across all segments

# Commercial Finance

(\$ in billions)



20% of GE

## High visibility + long-term growth

- + Accelerate global growth
- + Largest direct origination
- + World class risk management
- + Scale businesses quickly



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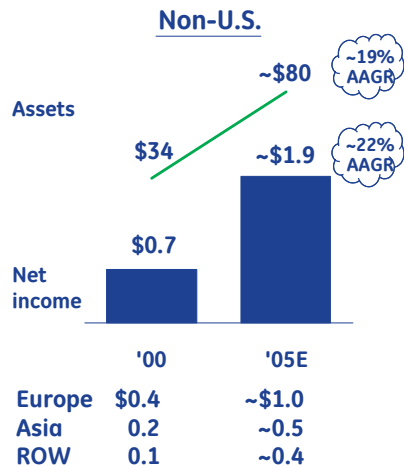


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## Commercial Finance – global growth

(\$ in billions)



### Strategy

- ✓ Continue to increase share in Europe
  - Grow lending & leasing
  - Extend leadership in Real Estate ... East
- ✓ Big opportunity – grow share in Asia
- ✓ Selective portfolio acquisitions
- ✓ Utilize growth synergies with Consumer Finance

Very small share today ... lots of room to grow



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## Commercial Finance

(\$ in billions)



- Continue to drive a global portfolio
- NPI/developing markets
- Manage through cycles



- Customer focused ... offering integrated solutions
- Maintain portfolio quality

Strong & broad based ... room to grow



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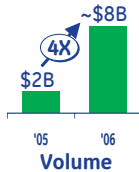
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# Powerful origination advantage

## Unique go to market

### Enterprise selling

- ✓ Sell full suite of products
- ✓ 3,000 accounts targeted
- ✓ Dedicated sales force
- ✓ Products per customer 1.2 → 2+



### European Corporate Finance

- ✓ Dedicated GE VP, sales team in '03 to under-served market
- ✓ Bring US core competencies to Europe
- ✓ Taking model to Asia



## Leverage domain expertise

### Healthcare

- ✓ Industry we know ... benefit from domain knowledge
- ✓ Drives top line & lower risk



### '05 financials

Assets \$13B  
Net income ~\$230MM

'01-'05  
17%  
AAGR

### Transportation

- ✓ Added capability to existing platform (Citicapital acq.)
- ✓ \$10B+ in assets, 90K customers
- ✓ GE domain expertise ... Penske, Trailer Leasing



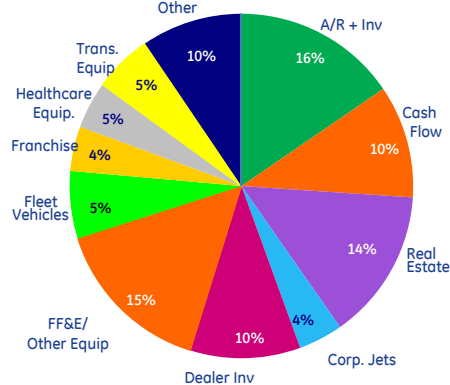
✓ Large & deep bench ... 8,500+ origination team  
- Unmatched in industry



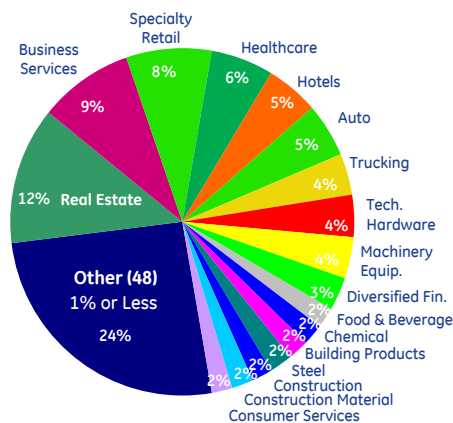
# Diversified portfolio

(~\$190B assets)

## Collateral



## Industry

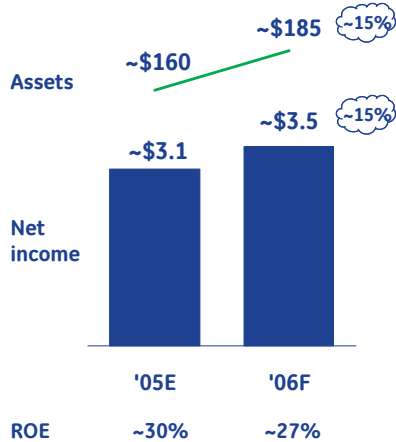


Senior secured positions... broad spread of risk



## Consumer Finance

(\$ in billions)



15% of GE

### High visibility + long-term growth

- + Build out developing countries
- + Balance global portfolio
- + Accelerate NPI
- + Sustain risk management



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## Consumer Finance regions

(\$ in billions)



- Invest in Eastern Europe
- Productivity through regionalization
- Expansion in Southern Europe

- Regional expansion
  - Central America/Mexico
- Driving cross-sell
- Dual Card momentum ... rollout expands in '06

- Invest in developing countries
  - China, India
- Scale/productivity/NPI
  - Korea, Thailand, Japan
- Expand to emerging markets
  - Philippines, Malaysia, Vietnam

Double digit growth in '06



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# Organic growth

(\$ in billions)

## Organic net income



- ✓ Transfer winning products to new markets
- ✓ Expand product per customer by 40%
- ✓ Drive GE Money brand

## Broaden distribution

### Branches



- ✓ 250+ more in '06
- ✓ Continue deposit taking

### Global expansion



- ✓ Developing countries
  - Turkey, Cent. Am. - '05
  - Deeper in Eastern Europe & Asia - '06+

### New products

#### Dual Cards



- ✓ 10 new clients in '06
- 10MM accounts by '06

#### Cash access



- ✓ 225K+ ATMs globally
- ✓ Expanding to PLCC customer base..."Cash out at checkout"

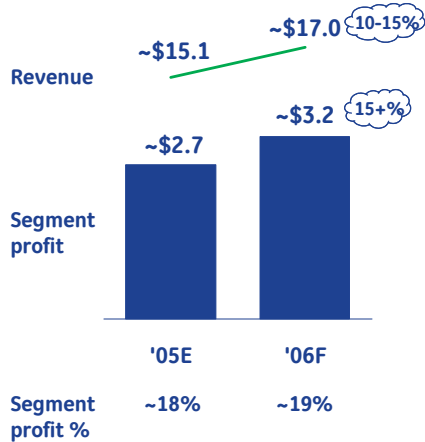


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Repeatable organic growth process

# GE Healthcare

(\$ in billions)



10% of GE

## High visibility + long-term growth

- + Lead in technology
- + Build new platforms
- + Win around the world
- + Create customer value
- + "Personalized medicine" - early health vs. late disease



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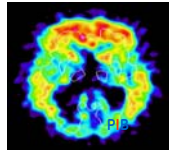


# Technical leadership

## Imaging futures

### ① Molecular imaging

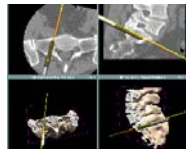
PET/CT



→ Market expansion

### ② High throughput imaging

MR



→ Market share

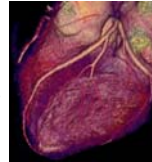


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## Imaging + therapy

### ③ Non-invasive

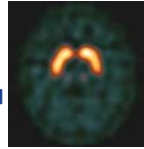
VCT  
+  
Visipaque



→ Market expansion

### ④ Targeting therapy

PET  
+  
DatSCAN



→ Market expansion

## Clinical productivity

### ⑤ Convergence

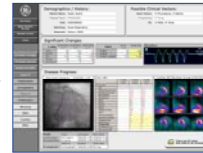
Care  
Station



→ Market share

### ⑥ Information

EMR



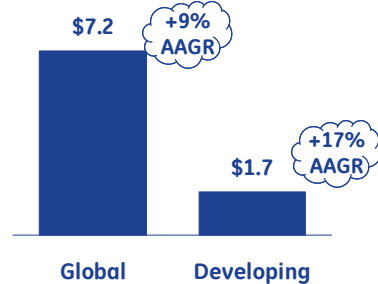
→ Market expansion

Technology = growth

# Multiple growth drivers

(\$ in billions)

## Healthcare – global growth ('05 revenue)

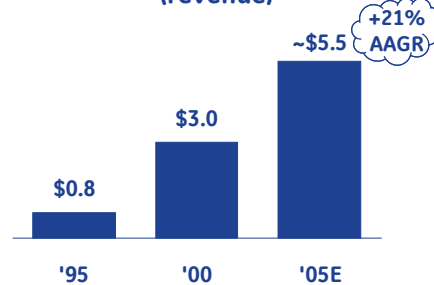


- + Healthcare expanding globally
  - Europe +15%
- + Strong local position
  - Technical
  - Coverage



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## Healthcare – Service (revenue)



- + Contract services
- + Performance solution
- + Software
- + Clinical IT solution



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## Invest in growth platform

(\$ in millions)

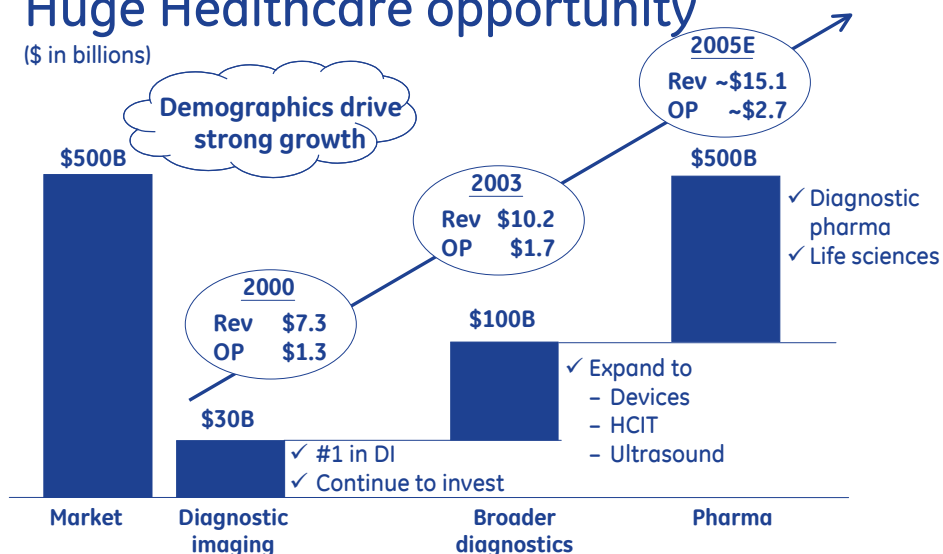
### Healthcare IT

- 30% AAGR ... 17% organic growth
- 6 acquisitions since 2001 ... \$1.4B invested
- >1,500 facilities ... >35 countries



## Huge Healthcare opportunity

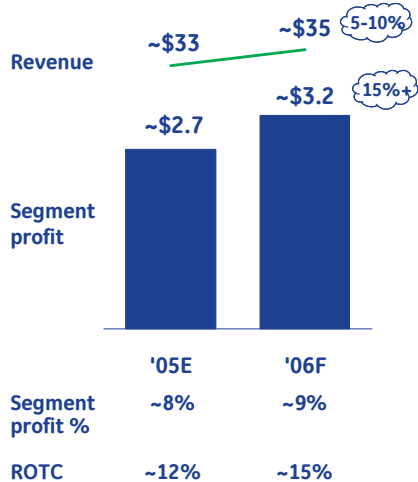
(\$ in billions)



GE has built a franchise in Healthcare

# Industrial

(\$ in billions)



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10% of GE

## Expansion in cycle + cash

- + Lead in high-end segments
- + Develop competitive cost position through global sourcing
- + Create value through distribution
- + Drive margin discipline
- + Maximize cash flow & returns

# Expand Appliances margin



## ✓ Drive high-end product



## ✓ Lower cost



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High-end strength drives profitable growth



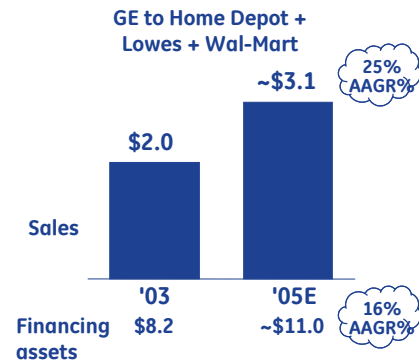
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# Value through distribution

(\$ in billions)

## "Company-company"



- ✓ Strong collaborative marketing
- ✓ Product innovation/differentiation focus

## Advantages



- ✓ GE brand leverage
- Sourced product



- ✓ Logistics - GE home delivery



- ✓ Service - strong fill rates

- ✓ Full product range
- Appliances, lighting, sealants



- ✓ Joint merchandizing



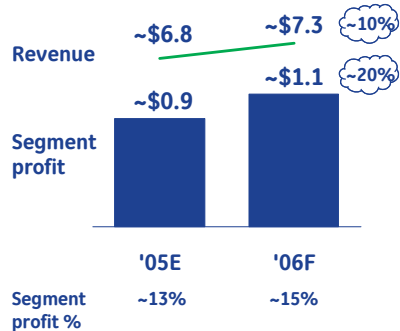
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Leverage full product + capability strength

# Industrial segment is performing

(\$ in billions)

## Plastics

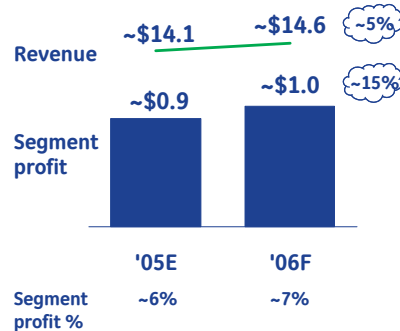


- Momentum in emerging markets
  - China up 20%, Eastern Europe & India up 30%
- Manage price/volume trade-offs
- Disciplined cost management



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## C&I



- Win in home centers & high-end appliances
- Maintain positive price momentum
- Simplification funding NPIs
  - 140 product launches in '06



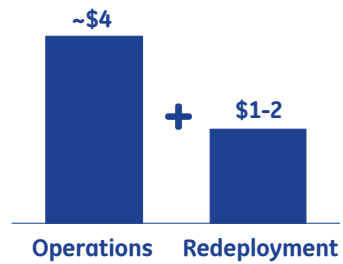
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## Redeploying cash

(\$ in billions)

### Industrial cash generation



- ✓ Working capital reduction
- ✓ Lean Six Sigma
- ✓ Earnings growth

### Portfolio impact

- ✓ Expanding in the cycle
  - Earnings momentum
- ✓ Differentiated assets
  - Service
- ✓ Sell into liquidity ... low end

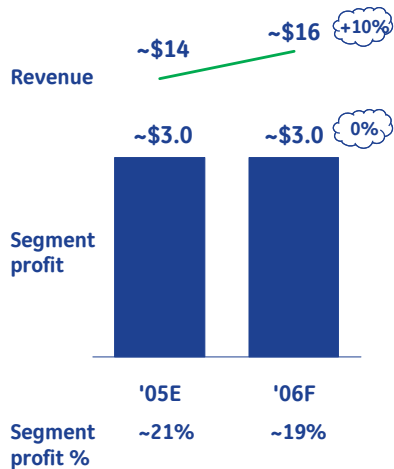
Continue to transform



imagination at work

## NBCU

(\$ in billions)



10% of GE

### Long-term growth

- + Commitment to content leadership
- + Improve prime time
- + Sell content effectively in digital distribution model



imagination at work

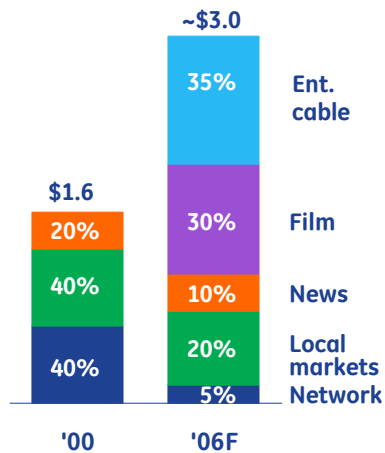


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General Electric Company

## Diversification works

### % segment profit



### Better business model today

- ✓ Bigger, broader content manufacturer
- ✓ Diversified revenue streams
- ✓ Cost + revenue synergy
- ✓ Benefit from increased scale

### Improved earnings mix

- ✓ Leading entertainment cable portfolio
- ✓ Consistent film profitability
- ✓ Strong news performance – CNBC ↑, Nightly ↑, MSNBC ↑
- ✓ Local markets driving cost out
- ✓ Hispanic media demographics remain attractive

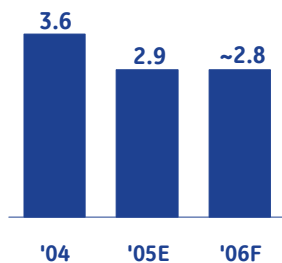
95% of NBCU is in great shape ... must fix prime time



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## Prime time

### Ratings



### Impact

- ✓ '04-'05 impacts revenue by ~\$500MM
- ✓ Will see improvement by 2H'06



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### Game plan

Expanded development pipeline

+



+



the office

+ 4 new in early '06

+



- ✓ 15 shows in final development
- ✓ Improved development process
- ✓ Promising mid-season replacements

- ✓ Great cross-promo vehicle
- ✓ Anchors Sunday night

### New in 2005/2006

- ✓ Earl - highest rated comedy, Thursday building block
- ✓ Office - building audience, attractive demographics

### Solid base

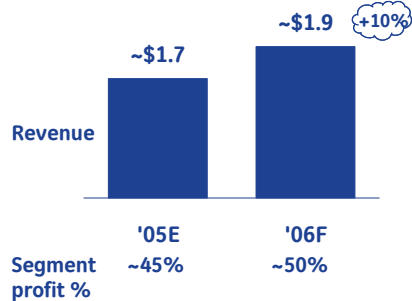
- ✓ Law & Order – franchise strength
- ✓ ER – #1 series, desirable audience
- ✓ Apprentice – strong & steady performer
- ✓ Will & Grace – events around final season
- ✓ Medium – solid second season

We will fix prime time

## NBCU growth engines

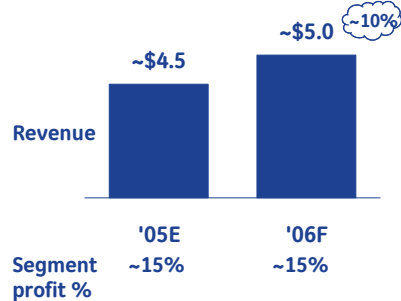
(\$ in billions)

### Entertainment cable



- ✓ USA goal to be #1 basic cable net in 2006
- ✓ SciFi add'l original series to broaden reach
- ✓ Bravo remains #1 among affluent 25-54
- ✓ Drive digital growth with market-leading offering... HD, VOD and digital channel

### Film



- ✓ Consistent double-digit op profit growth
- ✓ Strong 2006 slate
- ✓ Actively pursue digital growth

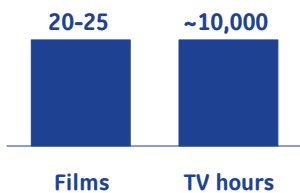


**Solid performance**

## NBCU vision: best content company

Develop, produce and market the best content

### ✓ Annual content production



\*Minority or JV Interest

### ✓ Adds to large existing inventory

- ✓ 4,000 title film library
- ✓ 33,000 TV episodes



**It's all about content!**

### Monetize on many platforms



Digital cinema



Digital wireless



Personal media players

HDTV  
broadband  
VOD  
SVOD



Online



Internet  
personal  
audio  
players



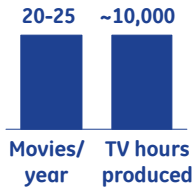
Live events

## Multiple ways to grow

### + Great content



### + More content



### + Better price

- ✓ Expanded svcs. (VOD)
- V '05**
- | Service   | Growth |
|-----------|--------|
| Cable     | +5-7%  |
| Satellite | +5%    |

### + More share



- ✓ Ratings improved
- ✓ Market growth ~10%

### + New distribution



### + New markets



imagination at work

Consistent revenue growth ... 5-10%

## NBCU – digital impact

### Opportunity

### Risk

#### Film

- + Migration to higher margin revenue streams
- + Cost-effective distribution

- Piracy

#### Cable

- + Additional distribution
- + Satellite/cable competition

#### TV/stations

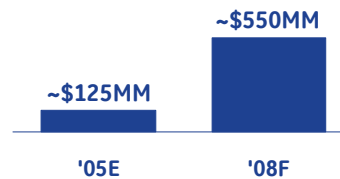
- + Local market growth
- + Download to own model
- + New ad services

- Fragmentation

### More opportunity

### Revenue

- + Broader distribution
- + Higher margin
- + Recurring revenues



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General Electric Company



# Go big

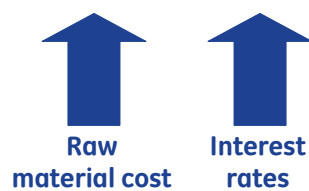
## Chapter #2

### Excellent execution + Expanding margins



## Expanding margins across GE

Current operating environment

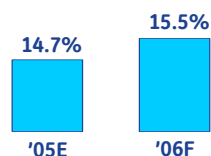


GE execution

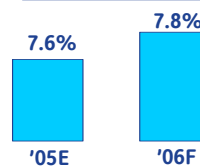
- 1 Price > inflation
- 2 Accelerate VCP + LCC sourcing
- 3 Risk management → RACV ↑ + match funding
- 4 Restructuring + simplification

### Expanding margins in 2006

Industrial (op profit %)



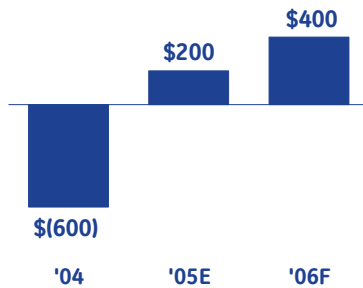
Financial (RACV %)



GE discipline + process rigor

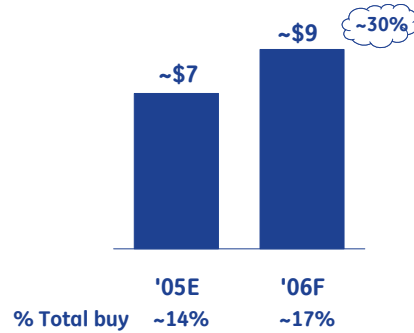
## Price > inflation

### Net impact (\$MM)



- ✓ Broad price increases ... services
- ✓ Focus on mix & high end
- ✓ Customer value

### Accelerate LCC sourcing



- ✓ China sourcing up 18%
- ✓ Expanding in Eastern Europe
- ✓ New applications

**Aggressively focus on both levers**

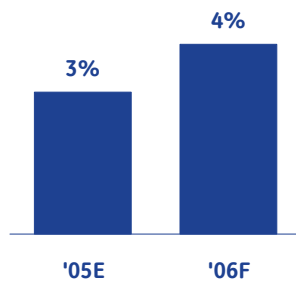


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## Six Sigma + simplification

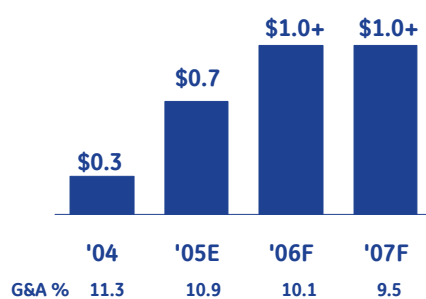
(\$ in billions)

### Variable cost productivity



- ✓ Integration bullet trains
- ✓ Material productivity ... across company
- ✓ Labor cost focus

### Simplification



- ✓ Organization synergies ... \$1B in '06/'07
- ✓ Cross company focus ... logistics, rooftops, sourcing
- ✓ Backroom/IT consolidation

**Strong focus on cost**



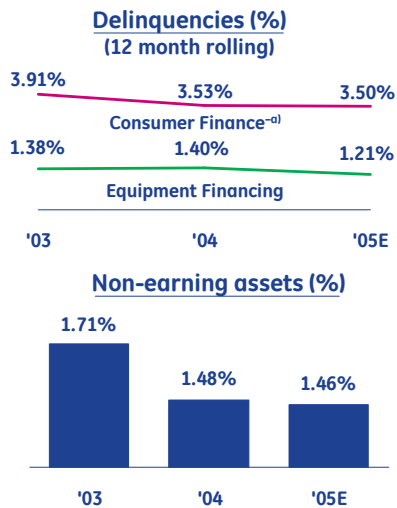
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## Risk management

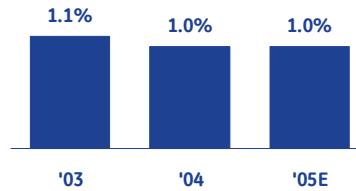


(a- ex. U.K. secured)



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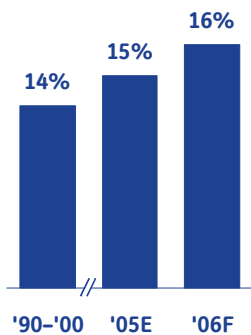
### Lower losses (% net investment)



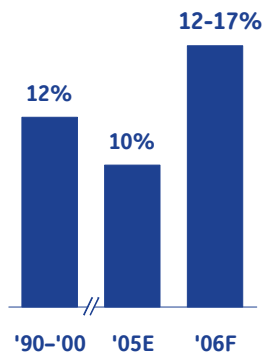
- ✓ Rigorous risk management
- ✓ Macro environment remains positive
- ✓ Leveraging technology ... enhanced risk segmentation

## Consistent + excellent performance

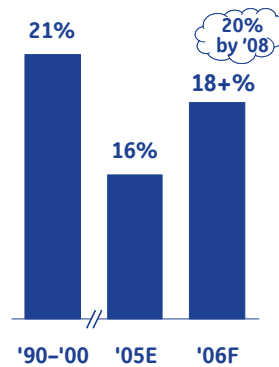
### Margin expansion



### EPS growth



### ROTC expansion



Entering period of sustained value creation



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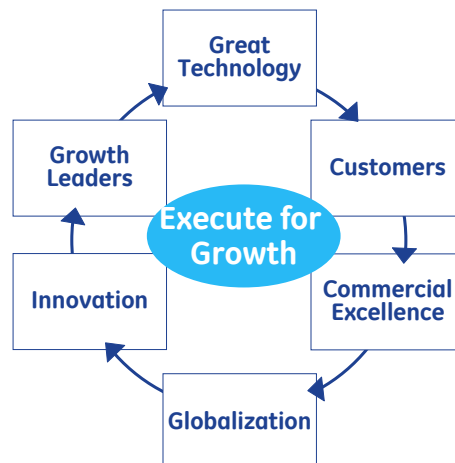
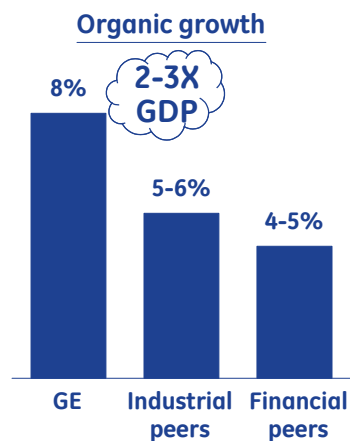
# Go big

## Chapter #3

### Scale big ideas quickly



## Growth as a process

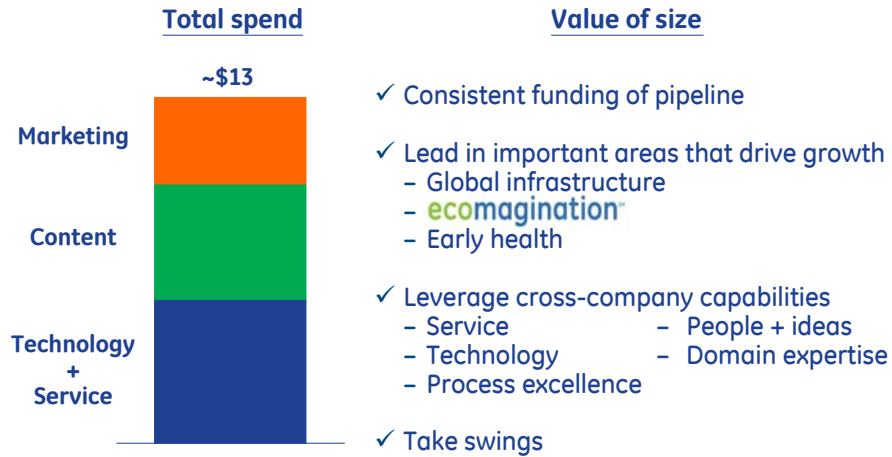


Clear goal: organic growth of 2-3X GDP



# Technical leadership

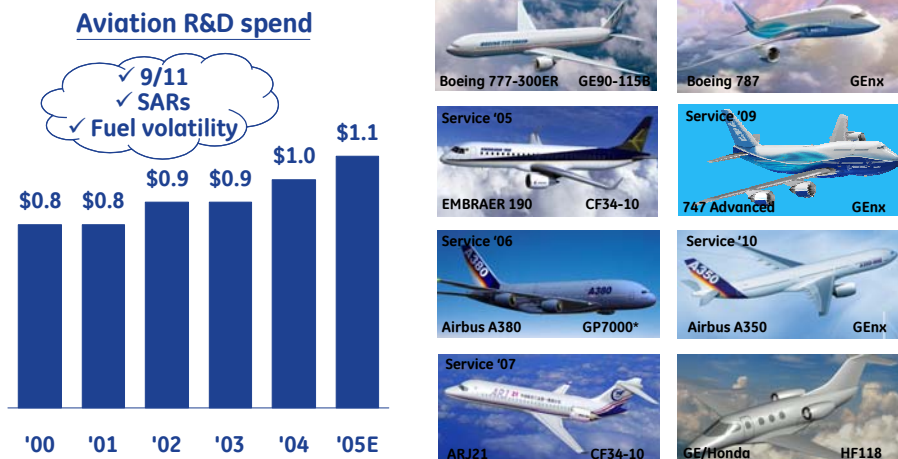
(\$ in billions)



**Profound leadership model**

# Invest through cycles

(\$ in billions)



\*GP7200 developed by GE/PSW Engine Alliance



**Invest to secure the future**

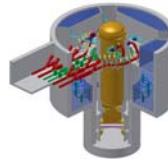
## Infrastructure leadership

### EVO Hybrid *ecomagination*



- ✓ 2007 commercial launch
- ✓ Bridge to advanced technology

### ES BWR



- ✓ GE's next generation reactor
- ✓ Simplified, improved safety, low O&M cost

### Desalination *ecomagination*



- ✓ Water scarcity
- ✓ Desalination market ~\$10B+ by 2014



### LNG super trains



- ✓ GE leadership
- ✓ ~\$1B in '06/'07 orders

## New services

### Environmental *ecomagination*



- ✓ Monitoring and improving power & industrial air quality
- ✓ BHA adds particulate control to portfolio
- ✓ ~\$0.5B 2005 sales

### Healthcare productivity



- ✓ Bring evidence-based medicine to the mainstream
- ✓ True enabler across enterprise

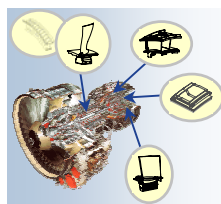
### Water CSA



- ✓ > 300 CSAs ... \$4B backlog
- ✓ ~600 mobile units
- ✓ ~20% of total Water revenue



### Engine upgrades *ecomagination*



- ✓ Predictable costs
- ✓ Lower fuel burn
- ✓ Longer time-on-wing

## King Kong



- ✓ Directed by Peter Jackson
  - Stars: Adrien Brody  
Jack Black  
Naomi Watts
- ✓ Monetizing footage over multiple revenue streams...theatrical, 3 DVD releases, 3-D movie, games, licensing, etc.
- ✓ December 14<sup>th</sup> release date



## Process excellence = customer success



Value of size

## Understand customer needs: dreaming sessions focus on helping customers win



### GE Healthcare's Future... Building a Bridge to 2015

- Drive healthcare quality and efficiency
- Increase clinical value at the intersection of diagnostics and treatment
- Simplify and digitize healthcare processes



**+ Events held in Energy, Rail, Water ... rolling out across portfolio**

#### Included participants from

##### Industry

- Ascension Health
- Aurora Health Care
- Amgen Inc.
- Baylor Health System
- Celera Genomics and Roche Molecular Systems
- Florida Hospital
- Intermountain Healthcare
- Johnson & Johnson
- Microsoft Corporation
- Naples Community Hospital Healthcare System
- New York Presbyterian Hospital
- North Shore Long Island Jewish Health
- Novant Health
- Pfizer, Inc.
- Saint John Health System Detroit
- TMC HealthCare
- UnitedHealth Group
- University Community Health System
- Virtua Health
- Wellington Hospital

##### Government Officials

- State of Vermont
- Centers for Disease Control and Prevention
- Centers for Medicare and Medicaid Services

##### Non-government Officials

- 454 Life Sciences
- AARP
- Markle Foundation
- Federation of American Hospitals
- Center for Studying Health System Change
- American College of Healthcare Executives
- Society for Women's Health Research
- eHealth Initiative

##### Academia

- Princeton University
- Columbia University
- Stanford University
- University of Cambridge

## Improve customer facing processes

### Lean showcase overview

- ✓ Revenue growth >\$50MM per Lean showcase
- ✓ "Lean workout" key enabler for key customer facing processes
  - New product introduction
  - Inquiry to order
  - Order to remittance
- ✓ 20 Lean showcases in place today

### Current Lean showcases

- |                                       |                                   |
|---------------------------------------|-----------------------------------|
| 1. Small commercial construction      | 11. O&G global services           |
| 2. Energy Services global parts       | 12. HC Financial Services         |
| 3. Component Repair                   | 13. Nuclear parts and services    |
| 4. Magnetic Resonance                 | 14. Digital video                 |
| 5. Healthcare Services                | 15. Custom equipment              |
| 6. Global Color Express               | 16. Engine overhaul               |
| 7. Equipment Finance                  | 17. Wall ovens                    |
| 8. Real Estate specialized industries | 18. Television distribution       |
| 9. Retail sales finance               | 19. Cap. Sol. Equipment Financing |
| 10. Australia branches                | 20. Retail Consumer Finance       |

- ✓ Unique GE process capability ... Six Sigma + Lean
- ✓ A "win-win" ... reduces capital intensity & drives organic growth





## Lean Six Sigma Healthcare: MR



	Results			Actions/improvements
	Baseline	Today	Target	
1.5T USA				
Install time (pilot, days)	52	16	10	✓ Rationalized supplier base
New configuration (days)	162	97	20	✓ Simplified configuration

### Translating learning to new Lean activities

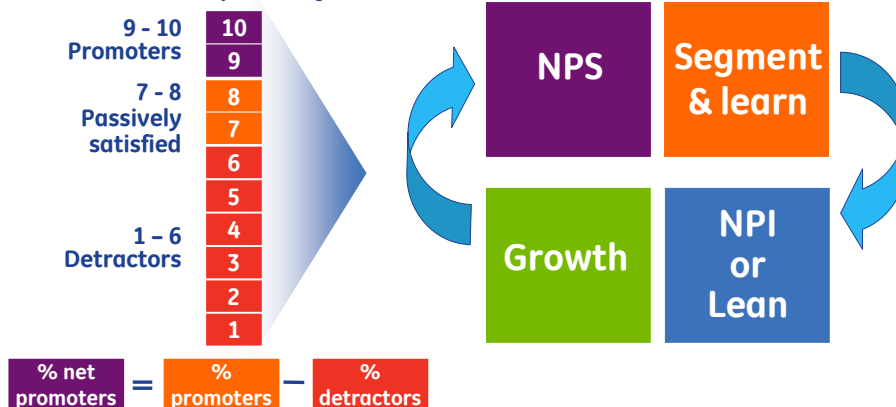
- Expand Lean install improvement → open MR & upgrades
- 3T configuration simplification
- Global roll-out → MR Lean workouts



Customer satisfaction ... sales growth

## Measure success: Net Promoter Score

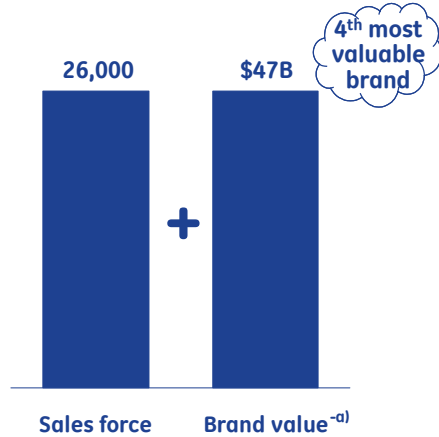
On a scale of 1-10, how likely is it that you will recommend GE to your colleagues?



- ✓ Rallying cry for cultural change
- ✓ A simple framework ... clearly understood



# Commercial power of “one GE”



(a- source: Business Week

## Benefits of size

- Global market coverage
  - GE in ~100 countries
- “Connect the dots”
  - Financial verticals
  - Olympics
- Invest strategically
  - Research capability ... 4 continents
  - China training/tech center
  - Dubai Healthcare city

GE has broad market presence



# Commercial excellence: customized solutions that “one GE” can deliver

## Olympics ...Project/Enterprise Selling Approach

- ◆ Building strong CAH relationship
- ◆ Treat infrastructure projects as Olympic projects
- ◆ Exclusivity & Influence

Beijing Capital Int'l Airport



## GEHC Enterprise group

### Enterprise in the US at GEHC

24 executive-level account manager positions covering 51 key accounts

positions filled today

Objective is to help customer's problems by bringing product and expertise from GE to help

Early results are outstanding... orders growth at first 10 acco

More than \$2B in agreements

18 of the target accounts

Agreements cover wide range

size/content

• Term

• Term value

• GE content

• GE content

• GE content

• GE content

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\$45MM

## China/Olympics

Helping Beijing prepare to host the world

## Enterprise Selling

From the GE Healthcare enterprise to the whole hospital enterprise

## Qatar

Building the “Country to Company” relationship

## Qatar ..... Country to Company

(\$ Billions: 2005-2010 cumulative)

GE GET GEI Other

Gas

Power Gen

Water

Transport

Health

Education

Environment

Asian Games

Other - Various

Accessible \$B 3.7 2.0 1.0 0.2

People 175-215 20-25 16 14

~\$7B Identified Accessible Market and ~270 Resources Planned

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## Charter

Country to Company Relationship

Must-Win Projects

• LNG Trains + CSAs

• GTL, Shell Oil, xolH

• Ethylene Crackers

• LNG Vessels

✓ Qatar Airways A350, 777

Road Map to Win

• One GE - Shift from Supplier to Partner

• O&G Center of Excellence - ITO-OTR

• Transfer Know-how - Innovation Center

• JV/Partnership with QP

• Local plans - Regional Play

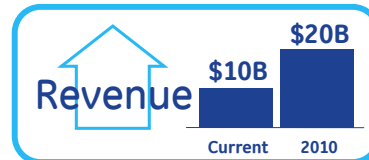


## ecomagination<sup>SM</sup> connects innovation to customers' environmental needs

### How we got there

- Market research
- Multi-business demand
- Customer dreaming sessions
- Outreach ... 50+ NGOs
- Government insight
- Emerging market discovery
- Internal audit of technologies, and rigorous scorecard process

### ecomagination<sup>SM</sup> goals



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"Green means green"

## ecomagination<sup>SM</sup> ... driving growth

### Adv. Materials

NORYL Wire Coating – LTK Japan, Delphi/Toyota

Silwet – China MoA

### Water

Desalination – Hamma Project, Algeria

Pipeline – \$2B in process

### Aviation

Upgrades – Southwest

GEnx 352 engines

GE90-115B 368 engines

### Energy

IGCC- AEP, Cinergy, China

Wind – China, U.S., Europe

Jenbacher – Coal Mine Methane, China

LMS100 – E. Kentucky Power, Basin Electric

### C&I

Energy Efficiency – Home Depot, Wal-Mart

Whole Home Water – Pardee Homes

### Rail

Evolution – 1900 orders

Hybrid Partnership – CP & UP

China Evo – MoR

New customer projects add \$4B to backlog ...  
Eco-products from 17 at launch to 21 in early '06



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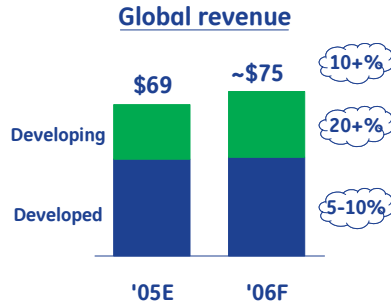


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# Globalization

(\$ in billions)



## Priorities

- ✓ Share in Japan + Europe
- ✓ Expand China presence
- ✓ Technology + sourcing
- ✓ Developing markets



## Developing countries – growth

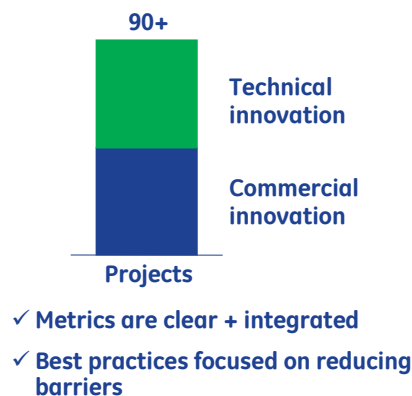
### ✓ Broad opportunity

	Growth V%	
Energy	20%+	✓ Growth everywhere
Aviation + Rail	20+	✓ India/MEA/China/SEA
Healthcare	20+	✓ Growth everywhere
Water	F	✓ China/MEA
Consumer Finance	25	✓ Eastern Europe/ Russia growth ✓ Latin America

### ✓ "Play the big GE"

- 1 Lead in infrastructure
- 2 Capture wealth creation
- 3 Build local capability ... people, service, risk
- 4 Drive GE advantages

# Imagination Breakthroughs



## Results

'05	35 in market today	~\$3B Δ sales
	<u>Technical</u>	<u>Commercial</u>
	+ VCT Cardiac	+ OnPoint service
	+ EVO Engine	+ Co brand card
	+ NDT Services	+ Entertainment finance

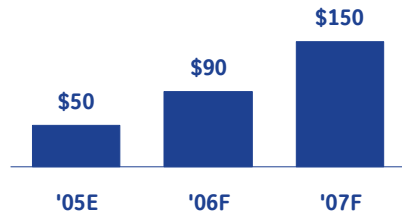
'06	+25 new to market	~\$3-5B Δ sales
	<u>Technical</u>	<u>Commercial</u>
	+ Process separation	+ Japan CF
	+ IGCC	+ Monogram
	+ GEnx	
	+ DVMR	

- ✓ Good progress in driving growth & enhancing innovation capabilities
- ✓ \$3B+ incremental revenue annually



## Incremental growth

### Commercial - OnPoint (Revenue \$MM)



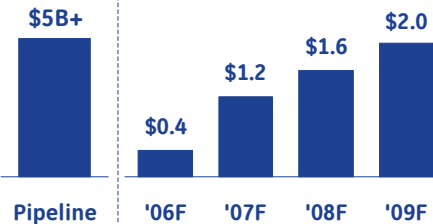
- ✓ Segmented approach to overhaul service
  - New hybrid
- ✓ Measure in incremental price & share

→ Driving across all service businesses



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### Technical - IGCC (Orders \$B)

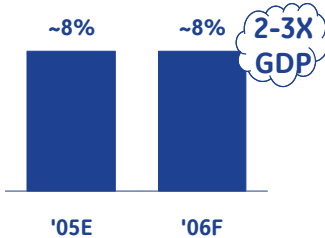


- ✓ Uses coal with environmental impact of natural gas
- ✓ Validate technology ... AEP, Cinergy
- ✓ Roll out globally ... China

→ Change industry dynamics

## GE growth advantage

### Organic revenue growth



#### Broad based growth ('05) (Organic revenue V%)

Infrastructure	~12%
Comm'l. Finance	~6
Cons. Finance	~11
Healthcare	~8
Industrial	~7
NBCU	~(4)
<b>Total</b>	<b>~8%</b>

### "Big advantage"

	Breadth/depth	Process
Technology	+ Global resource + Risk management + Product → service	+ Global research + Lean Six Sigma
Customer	+ Customer dreaming sessions	+ Lean Six Sigma + NPS
Commercial	+ Enterprise + Brand	+ Growth traits
Global	+ Company - country + Infrastructure	+ Culture
Innovation	+ Risk management + Installed base	+ IB best practices



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Size is a platform for growth



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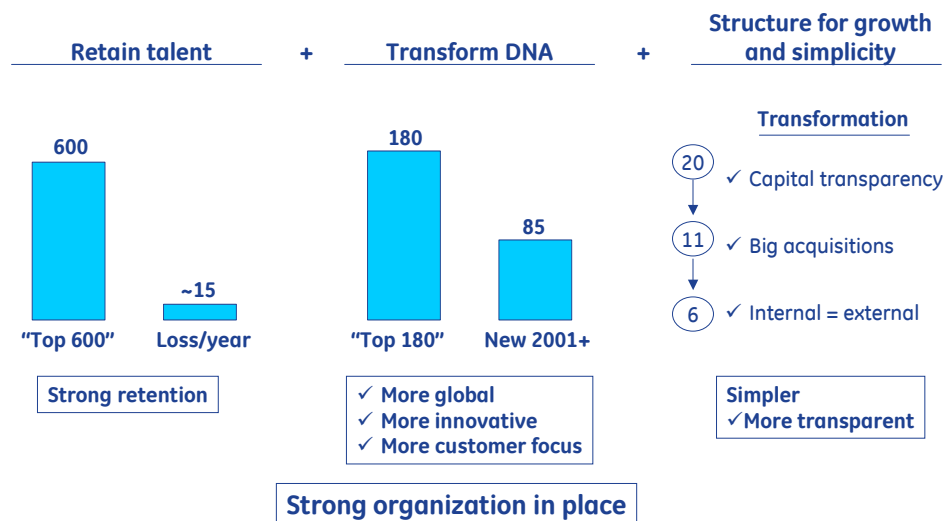
# Go big

## Chapter #4

### Retain & grow a great team



#### Our team



## Structure for growth

Infrastructure	Commercial Finance	Industrial	NBCU	Healthcare	Consumer Finance
Dave Calhoun Vice Chairman	Mike Neal Vice Chairman	John Rice Vice Chairman	Bob Wright Vice Chairman	Joe Hogan Sr. Vice President	Dave Nissen Sr. Vice President



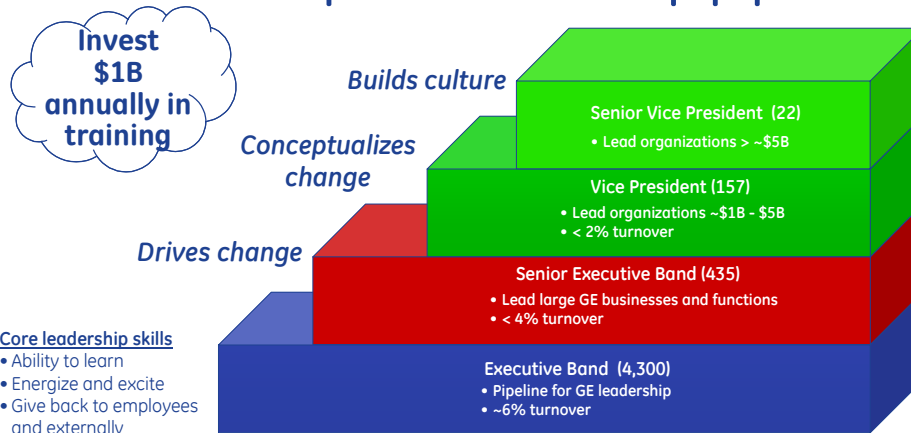
### 50 P&Ls

- + Dynamic + diverse team
- + Driving common initiatives
- + Broad experience & growth
- + Growth leaders

- ✓ Organization in place for 2X size
- ✓ Hardwire success vs. best practice sharing



## Breadth + depth = leadership pipeline



The foundation → performance, values & integrity

The differentiators → growth traits



## Leaders drive initiatives

### Growth traits

- ✓ Creates an **external focus** that defines success in market/industry terms
- ✓ Is a **clear thinker** who can simplify strategy into specific actions, makes decisions and communicates priorities
- ✓ Has **imagination** and courage to take risks on both people and ideas
- ✓ Can energize teams through **inclusiveness** and connection with people ... builds loyalty and commitment
- ✓ Develops **expertise** in a function or domain, using depth as a source of confidence to drive change

### Actions

- ✓ **Assess organization capability**
  - 5,000 GE leaders ... Session C
- ✓ **Develop skills**
  - Crotonville training
- ✓ **Coach talent**
  - Annual evaluation process
- ✓ **Communicate broadly**
  - Rewards + recognition

**Creating company that leverages capability into marketplace success**



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## Compensation aligned with investors

### Compensation

Salary ... competitive

Annual incentive comp  
... performance

3-year long-term  
incentive ... "top 600"

GE stock ... "top 5,000"

### Dynamic

Attract

+

Incent

+

Retain

+

Align

### Assessment criteria

#### Financial

- ✓ ROTC
- ✓ Cash
- ✓ EPS
- ✓ Revenue

#### Strategic

- ✓ Customers
- ✓ Initiatives
- ✓ Business imperatives

#### Cultural

- ✓ Leadership
- ✓ Compliance

**Employees win as GE performs**



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# Epilogue



imagination at work

## Thinking about the future

### Potential environments

Continuation of 2005

or

Slower  
(but positive) growth

or

More volatility

### Business momentum

	% GE	'07 outlook
Infrastructure	35%	✓
Commercial Finance	20	✓
Consumer Finance	15	✓
Healthcare	10	✓
Industrial	10	✓
NBCU	10	+

GE delivers



imagination at work

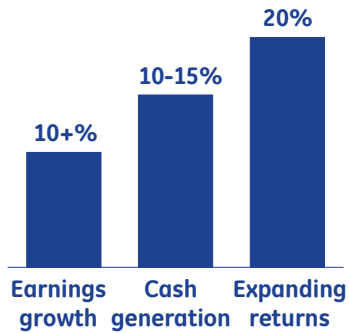


imagination at work

General Electric Company

## GE delivers

Safe + reliable growth company



- ✓ Through the cycles
- ✓ Low risk
- ✓ Improving margins



GE advantage ... scale + breadth + depth

**A great portfolio** ... founded on market leadership, domain expertise, competitive advantage & financial strength

**Reliable execution** ... with a portfolio that performs consistently while expanding returns

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

**A strong team** ... filled with people who have broad + deep careers

**This is the way we win**

# Go big

# A best seller

