Growth as a process

Dan Henson
Lehman Brothers Conference
February 8, 2007

"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 financial and business performance, and include words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and "will." Forward-looking statements are opinions, not fact, and are subject to uncertainties and risks, including those described below, that could 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."

Invest & deliver

Invest in leadership businesses

Safe & reliable growth company

Growth as a process

Great people & team

“Built for the future”

+ Infrastructure technology
+ Developing markets
+ Digital connections

Demographics
Value from liquidity
Scarcity/environmental

2-3X GDP
10%+
20%
Core initiative: Organic growth 2-3x GDP

"Growth as a process"

**Organic growth (V%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth (V%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>8%</td>
</tr>
<tr>
<td>2006</td>
<td>9%</td>
</tr>
<tr>
<td>2007</td>
<td>2-3x GDP</td>
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</tbody>
</table>

8th straight quarter of organic growth 2-3x GDP

"Growth as a process" makes it happen

- **Growth Leaders**: Inspire and develop people that know how to help customers and GE grow
- **Customers**: Use process excellence to satisfy customers and drive growth
- **Growth Leadership Traits**: Use process excellence to satisfy customers and drive growth
- **Lean Six Sigma**
- **Net Promoter Score**
- **Innovation**: Generate new ideas and develop capabilities to make them a reality
- **Imagination Breakthroughs CECOR framework**
- **Execute for Growth**
- **Globalization**: Create opportunities everywhere and expand in developing global markets
- **Great Technology**: Have the best products, content and services
- **Commercial Excellence**: Develop world-class sales and marketing talent and demonstrate the value of "one GE"
- **New Product Introduction**
- **Training Enterprise Selling & Brand**
Growth as process fuels margin expansion

<table>
<thead>
<tr>
<th>Industrial op profit % (Ex. pension)</th>
<th>Drivers of expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>'04 13.5%</td>
<td><strong>Process excellence</strong></td>
</tr>
<tr>
<td>'06 15.2%</td>
<td>• NPS &amp; lean to drive customer satisfaction</td>
</tr>
<tr>
<td></td>
<td><strong>Commercial leadership</strong></td>
</tr>
<tr>
<td></td>
<td>• Top front end talent &amp; development programs to maximize customer interface</td>
</tr>
<tr>
<td></td>
<td><strong>Great products ... everywhere</strong></td>
</tr>
<tr>
<td></td>
<td>• Service focus</td>
</tr>
<tr>
<td></td>
<td>• IB's penetrating new markets</td>
</tr>
<tr>
<td></td>
<td>• Global vision</td>
</tr>
</tbody>
</table>

Target: 100 bps./yr '07-'09

Right people & processes to win

Innovation for growth

**Commercial**
- Industry verticals
- Enterprise selling
- Olympic Games
- Joint ventures

**Product or technical**
- Imagination Breakthroughs
- GRC’s Open innovation
- External support

**Organizational**
- Beijing 2008
- Infrastructure
- Commercial Finance Asia
Imagination Breakthroughs are fueling growth

Tracking ~90 IBs company-wide

<table>
<thead>
<tr>
<th>Revenue*</th>
<th>Short-term</th>
<th>Mid-term</th>
<th>Long-term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>~$15B*</td>
<td>~$30B*</td>
<td>++</td>
</tr>
</tbody>
</table>

1-3 years 3-7 years out 8+ years out

*Initial projections

IB portfolio summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Annual add’l revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>93</td>
<td>$2-3B</td>
</tr>
<tr>
<td>Technical &amp; commercial</td>
<td>48</td>
<td>45</td>
</tr>
<tr>
<td>Ecomagination</td>
<td>14</td>
<td>40+</td>
</tr>
<tr>
<td>In market</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

GE Company Proprietary
Close oversight of Imagination Breakthroughs by leadership

> Fully funded
> Owned by business leaders
> Part of Growth Playbook
> Monthly reviews focused on market barriers, value proposition and technology development

Enterprise

**GE Commercial Finance**

A customer focused sales approach that provides a *single point of contact* who is accountable for growing the relationship and streamlining key processes—making it easier to do business & driving loyalty.
India

GE Money

Leveraging the growth opportunities in India, GE Money is creating a suite of products accessible to the customer at every stage of his lifecycle, with the goal of being a one-stop shop and best in class service provider.

By 2010, assets are expected to grow by 61% CAGR, and an incremental $2B in volume and $37MM Net Income is targeted.

Media and entertainment vertical

NBCU

Brand
Content
Strong distribution
Advertising and cable

Commercial Finance

Origination
Global expansion
Risk management
Capital markets

Entertainment vertical

$7B asset portfolio
Combining distribution and financing
Organizing around customer needs

Assets

Net income

100% $2000MM
100% $2000MM

100% $98MM
100% $98MM

85% $48
85% $48

48% $48
48% $48

'03 '06
'03 '06

NBCU

Commercial Finance

Imagination at work

GE Company Proprietary
Hispanic market

**GE Money**

GE Money is building a customer-centric model focused on the under-penetrated Hispanic market, including tailored products, tailored underwriting and risk, and a face-to-face sales approach.

The US is the 2nd largest Spanish-speaking country and the market is growing. The Hispanic market accounts for 10% of US Buying power.

The Hispanic Engine

1. Tailored Products
   Based on Hispanic needs

2. Tailored Application Process
   One App = Multiple Products
   Face to Face Interaction

3. Tailored Underwriting
   With instant & deferred decision

One Engine Replicable Across the Different Businesses

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**Signa Performance MR**

**GE Healthcare**

Targeting mid-tier hospitals in China and later other emerging markets with no MR technology, GE Healthcare is providing a basic MR that hospitals can “plug and run” – with little start up and minimal maintenance costs.

Local expertise is used to provide local content and reduce manufacturing costs.
Wind energy

GE Infrastructure, Energy

The one 3.6 MW Wind Turbine can generate amazing power—equal to the needs of about 1,200 average U.S. homes.

Wastewater-to-Energy

GE Infrastructure, Energy and Water

By using wastewater to create energy and then re-using the water, food & beverage processing plants in emerging markets can save over $5 MM and reduce CO2 emissions by over 13,600 tons annually.
Water for humanity

GE Infrastructure, Water

In an innovative partnership with Tata Foundation, GE Water is creating sustainable solutions to provide clean drinking water to villages in rural India.

Of the 600,000 villages in rural India, over 200,000 have significant water quality issues that can be treated with a GE solution

Imagination Breakthroughs are making innovation a core capability

How we're getting there:
1. Launched in Oct 2003...
2. Marketing-led, cross-functional teams
3. Creating portfolio of growth
4. Rigor around key milestones and deliverables
5. Benchmarking... P&amp;G, 3M, HP, FedEx, Target, Google, Pepsi
6. Ensuring strategic alignment of IB efforts

Imagination Breakthroughs
($B - revenue)

$20 +33%
2006

✓ Technical leadership in Wind, EVO, VCT
✓ Dual Card, Mortgage
✓ Entertainment Vertical

Funded ... with lots of CEO attention
Leadership in ecomagination will secure accelerated growth

**ecomagination**

- 2004: $6B
- 2006: $12B
- 2007: $14B
- 2010: $20B+

Orders and Commits ($B)

- 2004: ~$6B
- 2005: ~$12B
- 2006: ~$14B
- 2007: $20B+

Orders and Commits ($B) with 30% CAGR

Globalization

($ in billions)

**Global revenue**

- 2005: $68
- 2006: $78 (+15%)

**Developing countries – growth**

- 2002: $14
- 2005: $24
- 2008: $35 (15% AAGR)

**Priorities**

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

“Play the big GE”

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

Have built strong global capability
Developing markets today: great growth opportunities

**Russia / CIS**
- $330B infrastructure projects
- Boom in consumer lending

**Middle East**
- Oil income ($300B+ in '06)
- $1,000B+ infrastructure investments by 2020

**China**
- 27 nuclear plants over next 15 years
- 2,500 new airplanes, 44 airports by 2020

**Latin America**
- Consumer lending growth 12–16%
- $377B infrastructure investments

**India**
- $45B medical services market by 2015
- $122B energy projects in the next 10 years

**GE positioned to meet diverse needs**

From ‘value products’ to ‘performance technologies’ ... targeted

**I**
US downgraded design, made in US for Emerging Markets (EM)

**II**
US downgraded design, made in EM for EM

**III**
Local design, made in EM for EM

**IV**
Local design made in EM for the world

Managing product costs
Meeting market specific need
Tapping into specific growth Market segments...
India dynamics
($ in billions)

- Consistent GDP growth
- Top 5 economy
- Strong foreign exchange reserves
- Demographics driving needs
  - Energy, Transportation, Healthcare, Water

India at inflection point ... strong fundamentals

"8 x 8 x 10"

<table>
<thead>
<tr>
<th></th>
<th>'06</th>
<th>'10F</th>
</tr>
</thead>
<tbody>
<tr>
<td>GE revenue</td>
<td>$1.4</td>
<td>$8</td>
</tr>
<tr>
<td>GE assets</td>
<td>$2.7</td>
<td>$8</td>
</tr>
</tbody>
</table>

**Priorities**

1. Win key Power proposals
2. Build Infrastructure capability/financing
3. Win Water programs
4. Build Enterprise accounts
5. Establish Real Estate position

GE uniquely positioned to penetrate developing markets

Commercial leadership

**Pipeline build 2003-2006**

- Undergrad +2 years experience
- MBAs +4 years experience

- ECLP rated world's best rotational program
- 65% outside US ... China a big focus

**Development & culture**

- **Leadership, Innovation & Growth**
  - Audience: Senior Leadership Teams
  - Focus: Transformation to Growth Co.- culture and capabilities

- **Executive Commercial Mgt Seminar**
  - Audience: Business CMO's
  - Focus: Business Strategy/Mktg. Tools

- **Advanced Commercial Mgt Seminar**
  - Audience: Rising Commercial Talent
  - Focus: State of Art Marketing Techniques

- **Commercial Management Seminar**
  - Audience: Junior Marketing Talent
  - Focus: Marketing Mgmt. Fundamentals

- **Foundation Curriculum**
  - CECOR Workshop
  - Sales Management

Talent & education in place
Commercial excellence
Enterprise Selling – Commercial Finance

Process
- Customer
- Value proposition
- Grow 2-3X
- Sales excellence
- Process excellence

Results
- Volume ($B)
- $8
- $12
- $16
- Incremental
- Base
- '05
- '06E
- '07F

- Increase products per customer 2X
- Grow share of wallet 2X
- Drive NPS 2X
- Sales force deployment working
- $5B incremental volume
- Customers love it

Commercial excellence at NBCU

Advertising sales
- Analog + digital
- '06E: $6.5B
- '07F: $6.8B

Actions
- Infused company’s best talent
- NBCU 360°... digital extension
- Value creation - windowing

- Originals
- Downloads
- Reruns
- Box sets
- Heroes
- West Wing
- Year 1 revenue ($MM)
- $130
- $95

- Commercial excellence is critical to entertainment
- Commercial excellence is GE core competency
- Customer outreach
  - Program integration
  - Engagement guarantees
  - Upscale guarantees
- Expanded partnerships
Making growth a process

Customers
Use process excellence to satisfy customers and drive growth

Innovation
Generate new ideas and develop capabilities to make them a reality

Great Technology
Have the best products, content and services

Commercial Excellence
Develop world-class sales and marketing talent and demonstrate the value of ‘oneGE’

Growth Leadership Traits
Grow Leaders inspire and develop people that know how to help customers and GE grow

Globalization
Create opportunities everywhere and expand in developing global markets

Execute for Growth

Growth
Leaders

Emerging Markets

Training
Enterprise Selling & Brand

Lean Six Sigma
Net Promoter Score

Imagination
Breakthroughs
CECOR framework

Great
Technology

New Product
Introduction

Growth Leaders
inspire and develop people that know how to help customers and GE grow

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Technology

New Product
Introduction

GE process → customer success

1996
Design for Six Sigma

2004
Net Promoter Score

2004
Lean Workouts

+ Applied to New Product Introduction
+ Improves design tolerance → quality, reliability, durability
+ Intent to repurchase/recommend
+ Customer feedback centers on responsiveness
+ Customer facing processes
+ Cross-functional
+ Reduce cycle time/improve responsiveness

Soft skills → hard results
NPS driving even further customer focus

“On a scale of 0-10, how likely are you to recommend GE to a friend or colleague?”

<table>
<thead>
<tr>
<th>0-6 Detractors</th>
<th>7-8</th>
<th>9-10 Promoters</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>8</td>
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<tr>
<td>3</td>
<td>4</td>
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<td>6</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>7</td>
<td>10</td>
</tr>
</tbody>
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Net Promoter Score (NPS) = % promoters − % detractors

World class 50%+

Typical 10% to 30%

Why we like NPS
- Simple
- Prioritizes improvement actions
- Responsiveness single biggest factor

NPS at Retail Sales Finance

<table>
<thead>
<tr>
<th>Volume</th>
<th>Dealers</th>
<th>Survey results</th>
</tr>
</thead>
<tbody>
<tr>
<td>'00 $3.1B</td>
<td>'06E $16.4B +26%</td>
<td></td>
</tr>
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What we heard
- “Enrollment process takes too long”
- “Welcome package is confusing”
- “Training is a problem”
- “Too much paperwork; need to simplify”
- “Need more financing options”

Key improvement areas
1. Time to enrollment: 33 → 1 day
2. Time to activation: 40% down
3. New enrollments: up 23%

NPS transforms customer experience
NPS at Energy Services

What we heard
“Rework on outages is unacceptable”
“Unresponsive to requests on parts pricing and delivery”
“The one thing you should focus on to drive customer loyalty is responsiveness”

Key improvement areas
1. Parts quote cycle: 20 → 4 days
2. Outage cycle: 10-30% down
3. GT parts repair cycle: 30% down

NPS transforms customer experience

Customer feedback drives focus

NPS feedback
Lean six sigma ...cycle time reduction
Creates customer value
• Time to yes
• Higher sales
• Lower costs

Creates GE value ...growth & margins
• Higher close rate
• Increased capacity
• More price & lower cost

NPS + lean tools = customer & GE value

Lean Work Out
- ID key customer facing process
- Understand “as is” state
- Lean, CAP & 6σ tools to establish “to be”
- Make impact changes “on the spot”
Growth initiatives delivering
($ in billions – revenue)

**Services**
- **Services**
  - CSA backlog $93B, +7%
  - Operating profit % +1.5 pts.

**Global**
- MEA +31%
- India +25%
- Latin America +26%
- China +8%

**Growth platforms**
- Oil & Gas +21%
- HCIT +29%
- Water +11%
- Security +4%
- Hispanic Media +6%

**Imagination Breakthroughs**
- Technical leadership in
  - Wind, EVO, VCT
- Dual Card, Mortgage
- Entertainment Vertical

- Margin growing 100 bps/year
- ROTC on track for 20% in '08

**Invest & deliver**

**Safe & reliable growth company**
- 2-3X GDP
- 10%+
- 20%

**“Built for the future”**
+ Infrastructure technology
+ Demographics
+ Developing markets
+ Value from liquidity
+ Digital connections
+ Scarcity/environmental