

GE 2014 fourth quarter performance

Financial results & Company highlights January 23, 2015



Forward-Looking Statements:

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 financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” or “target.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about expected income; earnings per share; revenues; organic growth; margins; cost structure; restructuring charges; cash flows; return on capital; capital expenditures, capital allocation or capital structure; dividends; and the split between Industrial and GE Capital earnings. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: current economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation’s (GECC) funding, GECC’s exposure to counterparties and our ability to reduce GECC’s asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; pending and future mortgage securitization claims and litigation in connection with WMC, which may affect our estimates of liability, including possible loss estimates; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flows and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level or to repurchase shares at planned levels; GECC’s ability to pay dividends to GE at the planned level, which may be affected by GECC’s cash flows and earnings, financial services regulation and oversight, and other factors; our ability to convert pre-order commitments/wins into orders; the price we realize on orders since commitments/wins are stated at list prices; customer actions or developments such as early aircraft retirements or reduced energy demand and other factors that may affect the level of demand and financial performance of the major industries and customers we serve; the effectiveness of our risk management framework; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; adverse market conditions, timing of and ability to obtain required bank regulatory approvals, or other factors relating to us or Synchrony Financial that could prevent us from completing the Synchrony split-off as planned; our capital allocation plans, as such plans may change including with respect to the timing and size of share repurchases, acquisitions, joint ventures, dispositions and other strategic actions; our success in completing, including obtaining regulatory approvals for, announced transactions, such as the proposed transactions and alliances with Alstom, and our ability to realize anticipated earnings and savings; our success in integrating acquired businesses and operating joint ventures; the impact of potential information technology or data security breaches; and the other factors that are described in “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013. 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.

This document includes certain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

“This document contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information posted to the investor relations section of our website at www.ge.com.”

In this document, “GE” refers to the Industrial businesses of the Company including GECC on an equity basis. “GE (ex-GECC)” and/or “Industrial” refer to GE excluding Financial Services.”

GE’s Investor Relations website at www.ge.com/investor and our corporate blog at www.gereports.com, as well as GE’s Facebook page and Twitter accounts, contain a significant amount of information about GE, including financial and other information for investors. GE encourages investors to visit these websites from time to time, as information is updated and new information is posted.

Imagination at work.

4Q'14 overview

Environment

- ✓ A lot going on ... still fits path of slow growth and volatility
- GE executing well:
 - ✓ Operating EPS \$.56, +6% ... Industrial operating EPS +23%
 - ✓ Orders +3% ... \$261B backlog; equipment backlog +12%
 - ✓ Industrial segment organic revenue +9%
 - ✓ Margins up 50 bps.
 - ✓ '14 Industrial SG&A 14% of sales
 - ✓ Industrial CFOA \$7.2B, +30% ex. NBCU taxes

Execution versus goals

<u>Goals</u>	<u>2014</u>	
Grow Industrial segments 10%+	10%	✓
Organic growth (4-7%)	7%	✓
Margin expansion	50 bps.	✓
GECC earnings ~\$6.7B ^{-a)}	\$7B	✓
Cash to parent	\$3B dividend	✓
Disciplined/balanced capital allocation		
CFOA \$14-17B	\$15.2B	✓
Buyback + dividend	\$10.8B	✓
M&A	\$2.1B + Alstom ^{-b)}	✓
Dispositions	\$4.7B announced	✓
75/25 Industrial	Synchrony IPO ^{-b)} , Appliances disposition ^{-b)}	✓



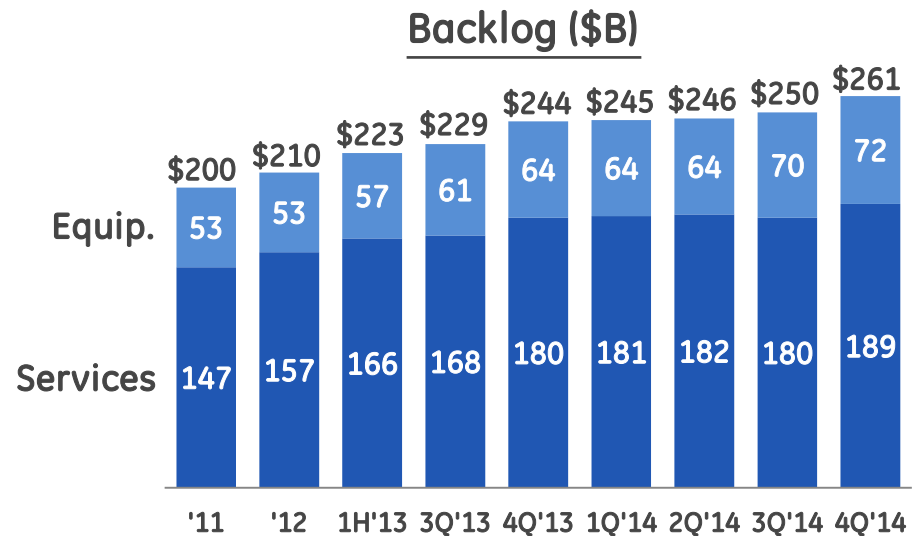
(a - Including the impact from GECC preferred stock dividends

(b - All transactions subject to regulatory approval

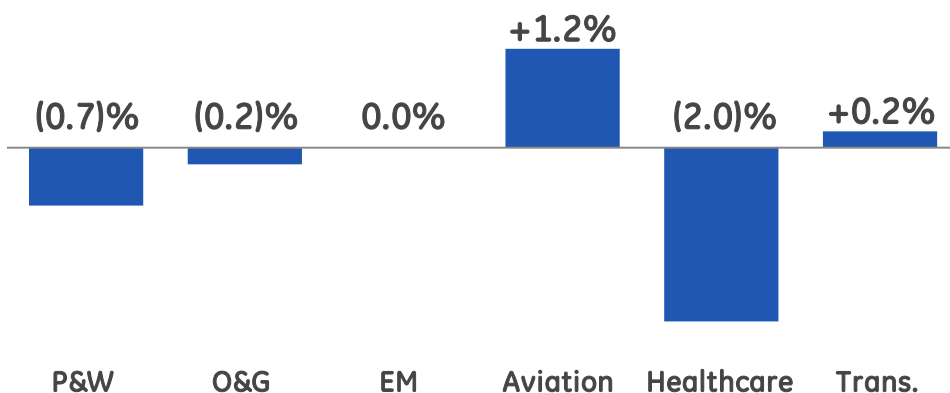
4Q'14 orders \$31.5B, +3%

(\$ in billions)

	Equipment		Services	
	\$	V%	\$	V%
Power & Water	\$5.6	(12)%	\$3.9	(2)%
Oil & Gas	2.5	(15)	2.5	(4)
Energy Mgmt.	1.6	(5)	0.6	8
Aviation	4.4	8	3.7	25
Healthcare	3.4	2	2.1	(1)
Transportation	1.2	F	0.7	19
Total	\$18.4	0%	\$13.1	6%



Orders price profile (0.3)%



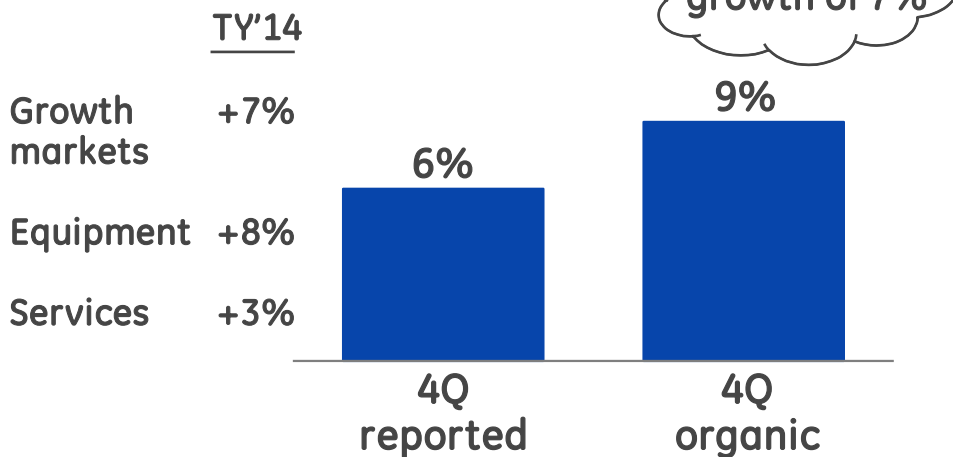
Highlights

- ✓ Equipment orders flat ... strength in Aviation widebody and Tier 4 locomotives ... HC U.S. +17%
- ✓ Services +6% with Aviation spares rate +37%, PGS (4)% driven by Algeria mega deal in 2013
- ✓ Oil & Gas total orders (10)% reported, (4)% organic ... Healthcare +1% reported, +4% organic
- ✓ U.S. +18%, Europe (9)%, growth markets (7)%
- ✓ Strong backlog ... equipment +12%, services +5%
- ✓ TY +7% with equipment +5%, services +10%



Industrial segment operating execution

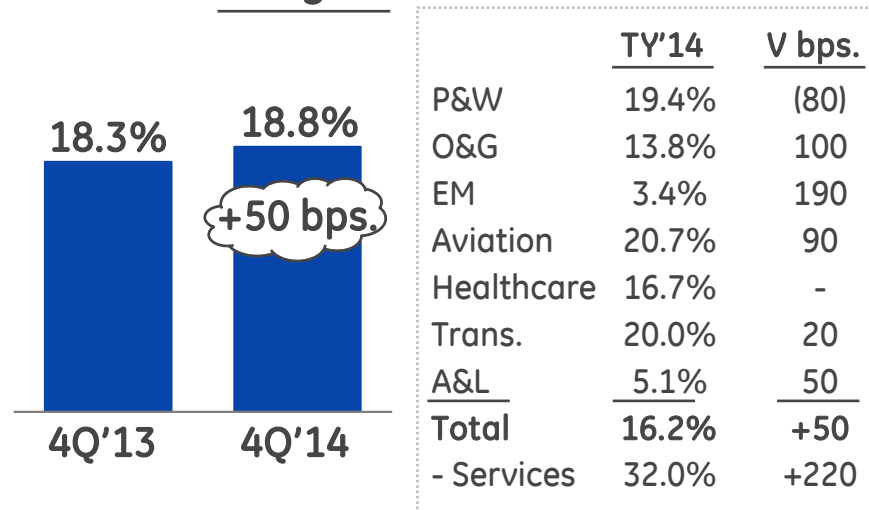
Revenue growth



Growth highlights

- + Power & Water backlog of 15 H units; another 30 units technically selected across 6 countries
- + Aviation commercial engine volume +5% and commercial spares shipment rate +24%
- + Strong 4Q U.S. Healthcare ... revenue +7%
- + Growth market revenue +7% in 2014 with 5/9 ↑
- + Adjacencies delivering ... strong performance in Life Sciences and Water; Avionics 777X win

Margins



Margin drivers

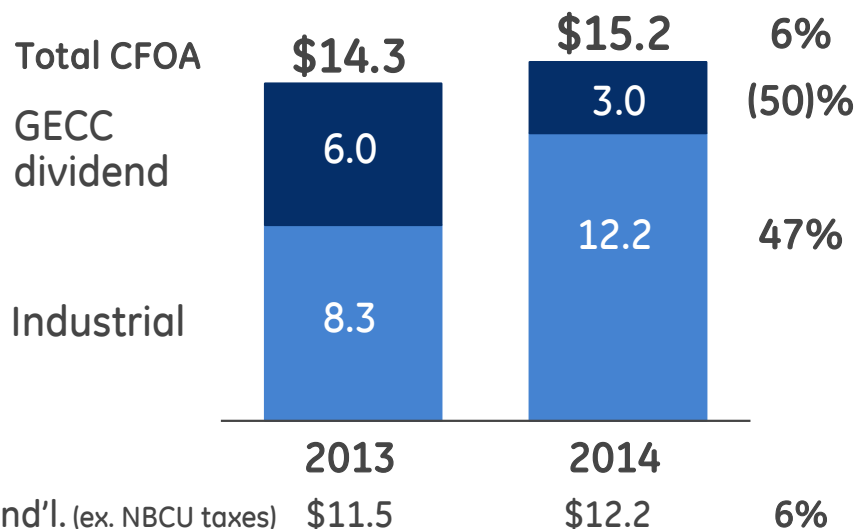
	4Q	TY
Mix	(0.8) pts.	(0.9)
Value gap (price/inflation)	-	0.3
R&D	0.2	0.3
Simplification (SG&A)	1.4	1.1
Other	(0.3)	(0.3)



Generating cash

(\$ in billions)

4Q YTD CFOA V%



- ✓ 4Q Industrial cash flow \$7.2B, +64% ... +30% excluding the impact of NBCU taxes
- ✓ 4Q driven by ↑ Ind'l. earnings & shipments VPY
- ✓ 4Q Capital dividend \$0.8B ... \$3.0B YTD
- ✓ 2014 free cash flow \$11.2B, +6%

GE cash balance walk

	<u>Total</u>
Beginning balance 1/1/14	\$13.7
CFOA	15.2
Change in debt	3.0
Dividends	(8.9)
Acquisitions	(2.1)
P&E	(4.0)
Buyback	(1.9)
Change in other	0.9
December 2014	\$15.9

**Solid 4Q cash performance, in line with framework ...
returned \$10.8B to investors in 2014**



4Q'14 consolidated results

(\$ in billions – except EPS)

(\$ in millions)

	<u>4Q'14</u>			<u>Revenues</u>		<u>Segment profit</u>	
	<u>\$</u>	<u>V%</u>		<u>\$</u>	<u>V%</u>	<u>\$</u>	<u>V%</u>
Revenues	\$42.0	4%					
– Industrial sales	31.0	8	Power & Water	\$9,388	22%	\$2,140	13%
– Capital revenue	11.5	4	Oil & Gas	5,010	(6)	814	1
Operating earnings	5.6	4	Energy Mgmt.	1,978	(2)	113	F
Operating EPS	.56	6	Aviation	6,424	4	1,397	12
Continuing EPS	.52	6	Healthcare	5,133	0	1,020	(4)
Net EPS	.51	59	Transportation	1,577	8	316	13
CFOA YTD	15.2	6	Appliances & Lighting	2,310	5	188	32
– Industrial	12.2	47	Industrial	31,820	6	5,988	9
– Industrial (ex. 2013 NBCU taxes)	12.2	6	GE Capital	11,512	4	1,891	(19)
	<u>4Q'14</u>	<u>4Q'13</u>	Total segments	<u>\$43,332</u>	<u>6%</u>	<u>\$7,879</u>	<u>1%</u>
Tax rate	10%	(11)%					
– GE (ex-GECC)	13	19					
– GECC	5	(77)					

<u>Operating EPS</u>	<u>4Q14</u>	<u>V%</u>	<u>TY14</u>	<u>V%</u>
Industrial	\$.37	23%	\$.96	10%
GE Capital	\$.19	(17)%	\$.69	(10)%



4Q'14 Industrial other items

	<u>EPS</u>	
Restructuring & other items	\$(.04)	<ul style="list-style-type: none"> ✓ Structural cost actions, acquisition-related & other costs \$(353)MM pre-tax, booked at Corporate ✓ Impairment charge \$(217)MM pre-tax, booked at Corporate

2014 summary

	<u>1Q</u>	<u>2Q</u>	<u>3Q</u>	<u>4Q</u>	<u>TY</u>
Restructuring & other items	\$(.03)	\$(.03)	\$(.03)	\$(.04)	\$(.12)
Gains	<u>\$-</u>	<u>\$.01</u>	<u>\$-</u>	<u>\$-</u>	<u>\$.01</u>
Total	\$(.03)	\$(.02)	\$(.03)	\$(.04)	\$(.11)

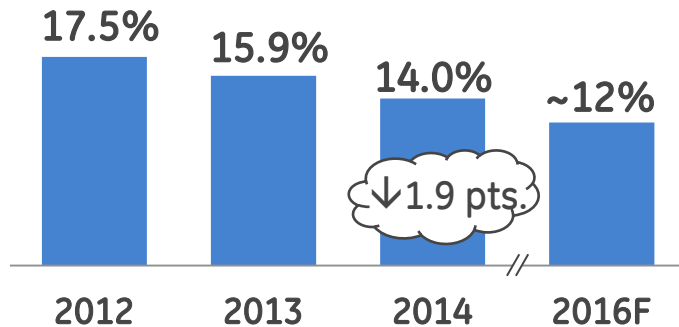


Industrial cost dynamics

(\$ in billions)

SG&A cost out

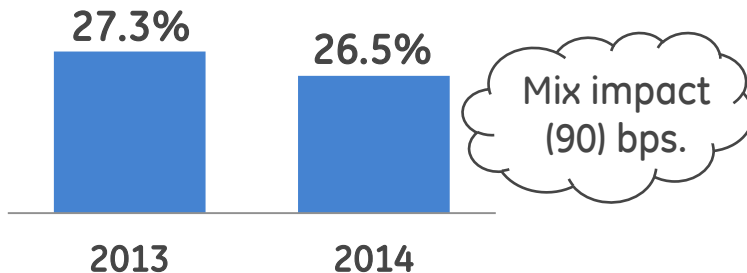
(Industrial SG&A % of sales)



Structural cost out \$(1.6) \$(1.2)

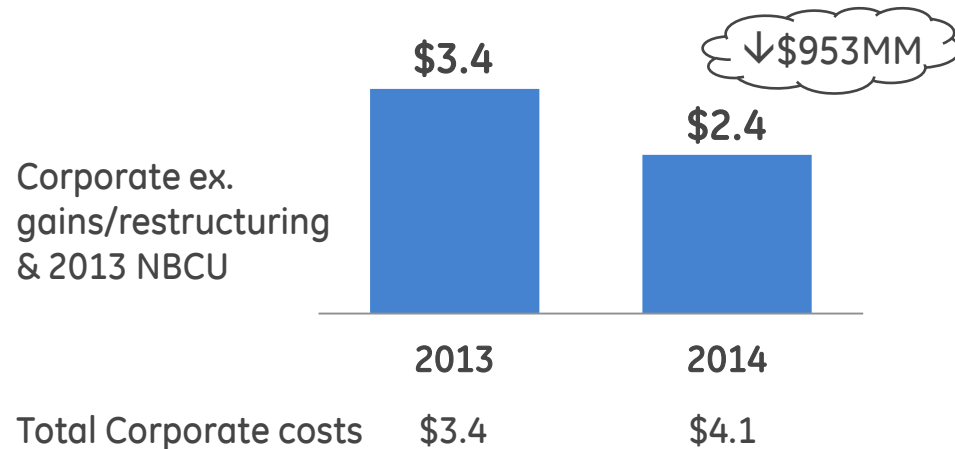
Gross margins

(Industrial segments)



Targeting 50 bps. GM expansion in 2015

Corporate operating cost



- ✓ Invested \$1.7B in restructuring & other items net of gains ... 180 projects across all Industrial segments
- ✓ Corporate operating costs down \$953MM versus 2013 ... pension, growth costs, HQ functions
- ✓ Restructuring/gains create tailwind in 2015



Industrial segments

(\$ in millions)

Power & Water

<u>4Q'14</u>	<u>\$</u>	<u>V%</u>
Revenues	\$9,388	22%
Segment profit	\$2,140	13%
Op profit %	22.8%	(1.9) pts.

4Q dynamics

- \$9.5B orders, (8)% ... equipment (12)% with Thermal (62)% partially offset by Renewables +47%, DP +66%; services (2)%
- Revenue ... equipment +37% driven by Thermal, Renewables and DP; services +7%
- Segment profit ... margins (190) bps. driven by higher Thermal & Wind volume partially offset by simplification

Oil & Gas

<u>4Q'14</u>	<u>\$</u>	<u>V%</u>
Revenues	\$5,010	(6)%
Segment profit	\$814	1%
Op profit %	16.2%	1.1 pts.

4Q dynamics

- \$4.9B orders, (10)%, (4)% organic ... equipment (15)%, (9)% organic; services (4)%, +1% organic
- Revenue ... flat organically with equipment (5)%, +1% organic and services (6)%, (1)% organic
- Segment profit ... margins +110 bps. driven by positive value gap & cost productivity

Solid performance in tough markets



Industrial segments

(\$ in millions)

Aviation

<u>4Q'14</u>	<u>\$</u>	<u>V%</u>
Revenues	\$6,424	4%
Segment profit	\$1,397	12%
Op profit %	21.7%	1.4 pts.

4Q dynamics

- \$8.1B orders, +15% ... equipment 8% on GENx + GE90 strength; services +25% with comm'l. spares +37% ... \$134B backlog, +7% VPY
- Revenue ... equipment +5% driven by higher commercial engine shipments; services +3%
- Segment profit +12% driven by higher volume & value gap ... margins +140 bps.

Healthcare

<u>4Q'14</u>	<u>\$</u>	<u>V%</u>
Revenues	\$5,133	-%
Segment profit	\$1,020	(4)%
Op profit %	19.9%	(0.9) pts.

4Q dynamics

- \$5.5B orders, up 1%, +4% organic ... emerging markets (4)%, U.S. +9%, Europe (1)%
- Revenue ... total +3% organically ... HCS (3)%, Life Sciences +9% ... emerging markets (1)% and developed markets +1%
- Segment profit (4)% driven by price and FX headwinds ... margins (90) bps.

- ✓ Aviation ... strong 4Q and total year performance
- ✓ Healthcare ... strong execution in tough environment



Industrial segments

(\$ in millions)

Transportation

<u>4Q'14</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,577	8%
Segment profit	\$316	13%
Op profit %	20.0%	0.8 pts.

4Q dynamics

- \$1.9B orders, +62% ... equipment +2x driven by Tier 4 locomotive orders; services +19%
- Revenues ... equipment +4% on higher locomotive shipments; services +14%
- Margins +80 bps. driven by deflation & simplification

Energy Management

<u>4Q'14</u>	<u>\$</u>	<u>V%</u>
Revenues	\$1,978	(2)%
Segment profit	\$113	F
Op profit %	5.7%	3.4 pts.

4Q dynamics

- \$2.3B orders, (2)% ... equipment (5)% driven by lower Power Conversion marine orders, services +8%
- Revenues ... Industrial Solutions (6)%, Digital Energy +1%, Power Conversion +6%
- Margins +340 bps. ... continued restructuring actions

Appliances & Lighting

<u>4Q'14</u>	<u>\$</u>	<u>V%</u>
Revenues	\$2,310	5%
Segment profit	\$188	32%
Op profit %	8.1%	1.6 pts.

4Q dynamics

- Revenue ... Appliances +8%; Lighting (1)% with traditional channels (15)%, LED +72%
- Op profit +32% with 160 bps. of margin improvement driven by cost productivity

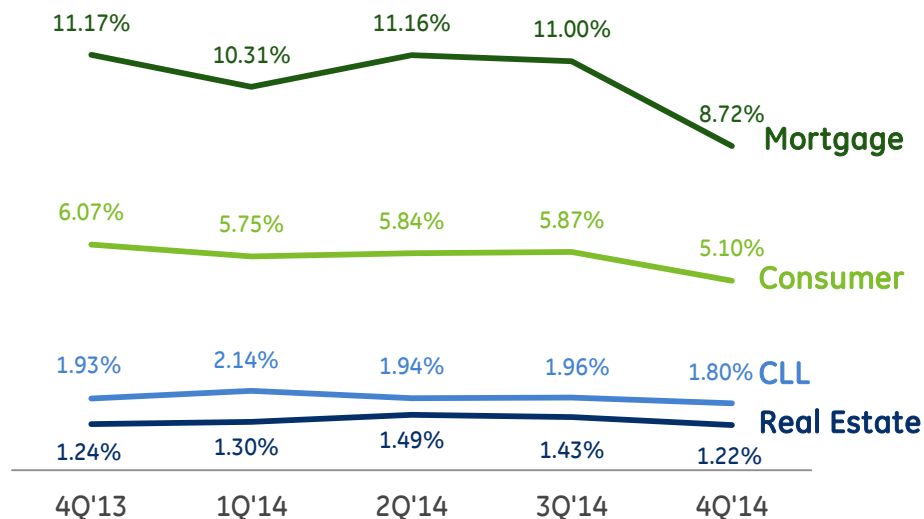


GE Capital

(\$ in millions)

4Q'14	\$	V%
Revenue	\$11,512	4%
Pretax earnings	2,247	59
Net income	1,891	(19)
ENI (ex. liquidity)	363B	(5)
Net Interest margin	5.0%	1 bps.
Tier 1 common % (B1)	12.7%	1.5 pts.

30+ delinquencies



	Assets (\$B)		Segment profit (\$MM)		4Q segment dynamics
	\$	V%	\$	V%	
CLL	\$172	(1)	\$549	F	Lower impairments and higher gains; attractive returns
Consumer	136	3	1,137	(45)	Lower gains & tax benefits; portfolio transformation continues
Real Estate	34	(11)	299	F	Strong debt originations; equity assets down 35%, higher gains
GECAS	43	(7)	218	F	Lower impairments ... TY volume up 40%; Milestone to close 1Q'15
EFS	15	(5)	111	(5)	Earnings down in line with assets



✓ \$7.0B TY earnings ... \$3B dividend

2015 dynamics

	Op Profit	
	2015F With BD	2015F ex-BD
Power & Water	++	+
Oil & Gas	=/-	=/-
Energy Management	++	++
Aviation	+ / ++	+ / ++
Healthcare	+	+
Transportation	+	++
A&L	-	++
Industrial Segments	+ / ++	+
Capital (\$B)	~\$6	~\$6

Dynamics since year-end

- Encouraging signs in U.S. Healthcare market ... orders +9% with equipment up 17%
- Stronger Aviation ... spares, RPK & freight growth continues, industry benefiting from lower oil prices
- U.S. dollar strengthened since December ... ~5% against euro
- Oil price at ~\$45/bbl ... aggressive cost out; ready for multiple scenarios



2015 operating framework

EPS

1 Industrial	\$1.10-1.20	<ul style="list-style-type: none"> + Industrial operating EPS up double digits + Segment organic growth of 2-5% + Margin expansion + Corporate ~\$2.3-2.5B + BD ... targeting deals to close in mid-2015^{-b)}
2 GE Capital	~\$.60 Could be lower if faster ENI ↓	<ul style="list-style-type: none"> + Growth in verticals and Commercial Finance + Synchrony split 1/1/16^{-b)} + Non-strategic assets of ~\$60B ex-Synchrony
<hr/>		
3 Free Cash Flow + Dispositions (\$B)	\$12-15	<ul style="list-style-type: none"> + CFOA of \$14-16B^{-a)} + P&E of ~\$4-4.5B + Dispositions of \$2-4B
4 Cash Returned to Investors (\$B)	\$10-30	<ul style="list-style-type: none"> + Dividend of ~\$9B + Synchrony split-off est. ~\$18-20B



(a - Taxes associated with dispositions included in net disposition proceeds

(b - All transactions subject to regulatory approval

