Technology investor meeting

March 11, 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: 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 loan repurchase claims and other litigation claims 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 and litigation; 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 Appliances, 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, 2014. 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 also 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.
Win with Technology

Business model

Innovate at scale
Lower product cost
Installed base value
Analytics

Gain share
- LEAP ... 79%-a) share, +15% efficiency
- H gas turbine ... world’s largest & most efficient gas turbine; 15 in backlog + 30 technical selections
- Tier 4 ... 1,355 locos ordered in '14-b); only qualified product

Improve margins
- Advanced manufacturing ... CMCs, 3D, service value
- Design & testing ... Greenville test stand
- Vertical integration ... ↑ GE content, ↓ sole source
- Brilliant Factory

Grow services
- ↑ $/IB ... targeting growth of 3-5%/year
- Predictivity™ revenue of $1.4B in ‘14
- Increasing global presence & value in the aged fleet
- ‘14 Services op profit ~32%

How Technology wins ... GE Advantage

[a- 79% market share to date: 55% on A320neo & 100% for 737MAX; LEAP is a trademark of CFM International a 50/50 JV between GE & SNECMA.
[b- Tier 4 compliant orders]
The GE Store for Technology

GLOBAL RESEARCH CENTER

POWER & WATER
Combustion science & services installed base

APPLIANCES & LIGHTING
LED is gateway to energy efficiency

AVIATION
Advanced materials/ manufacturing & engineering productivity

OIL & GAS
Services technology & first mover in growth markets

HEALTHCARE
Diagnostics technology, software & first-mover in growth markets

ENERGY MANAGEMENT
Electrification, controls & power conversion technology

TRANSPORTATION
Engine technology & growth market localization

DRIVING TECHNOLOGY ADVANTAGE ACROSS OUR BUSINESSES
GE Global Research
THE TECHNOLOGY DEVELOPMENT ARM FOR GE

• First U.S. industrial lab
• Market-focused R&D
• One of the world’s most diversified industrial research organizations
• Leading a team of ~50K world-class engineers
GLOBAL RESEARCH NETWORK ... ALWAYS ON

1900
Global Research Headquarters
Niskayuna, NY

1999
Welch Technology Center
Bangalore, India

2000
China Technology Center
Shanghai, China
+ 3 Customer Innovation Centers

2004
Global Research Europe
Munich, Germany
2X Size + Customer Innovation Center

2009
Advanced Manufacturing and Software Technology Center
Detroit, MI

1999
California
Michigan
Oklahoma
New York

2010
Brazil Technology Center, Customer focused R&D
Rio de Janeiro, Brazil

2011
Software CoE
San Ramon, CA

2012
Israel Technology Center
Tirat Carmel, Israel

2013
O&G Tech Center
Oklahoma City, OK
## GRC role in GE Store

### Invest in foundation
- Advanced manufacturing
- Materials
- Combustion
- High-performance computing
- Thermo systems

- Controls

### Spread ideas
- CMC
- Additive manufacturing
- Repairs
- Design tools
- Aerodynamics

- Inspection

### Value in acquisitions
- Oil & Gas
  - Systems thinking
- Life Sciences
  - Bio-inspired materials
- Power Conversion
  - Electrification

### Nurture innovation
- Solid oxide fuel cell
- Silicon carbide
- Cell therapy
- Brain imaging
- Robotics/AI
- Multi-phase flow meter

### Digital at scale
- Software COE
  - Analytics
  - Big data
  - Physical + Digital

### Develop engineering community
- ~50K Engineers
  - Best practices
  - Tools
  - Careers
  - Leadership development

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Distributed Power
GE – FUEL CELLS ... OUR NEWEST “START-UP”

DISRUPTIVE TECHNOLOGY FOR POWER GENERATION

• 65% efficiency, 1-10MW Distributed Power solution ... best-in-any-class

• Clean energy ... Low GHG Emissions

• Hybrid solution ... 65% SOFC fuel cell, 35% GE Jenbacher

MARKET OPPORTUNITIES ... DELIVER POWER WHERE IT’S NEEDED

• Developing nations, remote communities
• Utility substations
• Industrial/Commercial centers (factories, data centers)
• Retrofit for customers with gas engines

Opened new pilot development facility in Aug. 2014
GE’s Hybrid SOFC system
Extreme machines: GE Store for subsea

SOFTWARE CENTER
Smart BOP and advanced controls

POWER & WATER
Water injection and processing

TURBO MACHINERY
Pumps and compressor technology

ENERGY MANAGEMENT
Power transmission and distribution

SUBSEA SYSTEMS
Subsea production equipment and services

MEASUREMENT & CONTROL
Leak detection and multiphase flow measurement

AVIATION
Valve coatings and advanced materials

HEALTHCARE
Diagnostic software imaging

GLOBAL RESEARCH CENTER
Flow assurance and advanced riser technology

USING THE ENTIRE COMPANY TOOLKIT ... SOLUTIONS FOR CUSTOMERS
Life Sciences: a biological factory
INDUSTRIALIZED AND AUTOMATED FOR CELL THERAPIES

QUALITY ASSURANCE/QUALITY CONTROL

Source/donor ➔ Processing/enrichment ➔ Expansion ➔ Harvesting/washing ➔ Formulation ➔ Delivery

Separation technology ➔ Expansion ➔ Harvesting and QC

ADVANCED MANUFACTURING FOR HEALTHCARE ENABLES WIDESPREAD ADOPTION OF CELL THERAPIES
Technology to win Industrial Internet
THESE DRIVERS ARE A DOORWAY TO ENDLESS OUTCOMES

Software & Analytics
Combining the power of physics-based analytics, predictive algorithms & deep domain expertise

Intelligent Machines
Increasing system intelligence through embedded software to connect facilities, fleets & networks

Big Data
Generating data-driven insights & enhancing asset performance

People at Work
Connecting people to support more intelligent operations, maintenance & safety

Technical investment made
The FastWorks framework

EXPERIMENT ... LEARN ... ITERATE

1 | Problem statement
Define customer problem ... long-term vision to solve

2 | Leaps of faith
Identify assumptions that need to be true to achieve vision

3 | MVPs
Build series of tests to validate assumptions

4 | Learning metrics
Identify and track leading indicators ... validate learnings

5 | Pivot or Persevere
Adjust strategy based on validated learnings
## Technology leadership

($ in billions)

<table>
<thead>
<tr>
<th>Investment</th>
<th>Key launches</th>
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<tbody>
<tr>
<td>'10-'12</td>
<td>LEAP</td>
</tr>
<tr>
<td>~$16</td>
<td>H gas turbine</td>
</tr>
<tr>
<td>'13-'15E</td>
<td>Tier 4</td>
</tr>
<tr>
<td>~$16</td>
<td>PET/MR</td>
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<tr>
<td></td>
<td>Predix</td>
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<table>
<thead>
<tr>
<th>R&amp;D</th>
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<tbody>
<tr>
<td>~5%</td>
<td>~5%</td>
</tr>
<tr>
<td>(% revenue)</td>
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</tbody>
</table>

- R&D ramp starting in ’10
- Key investments made ... product + software
- Executed well ... FastWorks, Analytics, GE Store
## Agenda

### Today’s discussion

<table>
<thead>
<tr>
<th>Topic</th>
<th>Presenter</th>
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</thead>
<tbody>
<tr>
<td>Brilliant Factory</td>
<td>Christine Furstoss</td>
</tr>
<tr>
<td>H gas turbine</td>
<td>Vic Abate</td>
</tr>
<tr>
<td>Aviation/LEAP</td>
<td>Bill Fitzgerald</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Anders Wold</td>
</tr>
<tr>
<td>Power Conversion</td>
<td>Joe Mastrangelo</td>
</tr>
<tr>
<td>Turbomachinery Solutions</td>
<td>Rafael Santana</td>
</tr>
<tr>
<td>Tier 4 locomotive</td>
<td>Tina Donikowski</td>
</tr>
<tr>
<td>Gross margins</td>
<td>Dan Heintzelman</td>
</tr>
</tbody>
</table>

### Context

- Leadership products delivering customer value
- Innovation that drives higher margin
  - Product cost
  - FastWorks
- Value in the installed base & long term leadership
- Leverage the GE Store
Brilliant Factory

Christine Furstoss

• Director, Manufacturing & Materials Technologies
• In current role since 2011
• 26 years with GE
Manufacturing from “The Cloud” to the Factory Floor

The Physical and Digital worlds are converging ...

**BRILLIANT FACTORY**

**Advanced Manufacturing**
- Industrial data growing 2X other data, more complex
- Collect, analyze, use physical data to:
  - Engage enterprise, engineering and supply chain
  - Build digital thread

**Industrial Internet**
- Platforms
  - Open source, collaborative
  - Systems talking to each other
- Data storage
- Automation

**NEW COLLABORATIVE ECOSYSTEMS EMERGING**

1% productivity savings = $500MM for GE
Digital thread ... an enterprise simplification

**Design & definition**
- Design system integration
- Model-based definition

**Manufacture/source**
- Model-based manufacturing
- Digital inspection & shop analytics

**Field and service**
- Fleet monitoring
- Field feedback loop

**Why is this important?**
- Brilliant factory
- Cycle time
- Productivity
- Customer
- Industrial Internet
- Margin
- Quality
- Modern Workplace
Making Brilliant Factory **real**

**Turning Greenville into a Brilliant Factory**

- Landscaped 200+ process steps & quantified savings opportunities
- Redefining engineering culture ... moving from 2D to 3D
- Investment approved ($12MM expense, $3MM capex over 3 years) ... goes hand in hand with H Turbine
- Cross functional team

~$100MM (~530K hours) estimated savings over 3 years

($ in millions)

- ~$42 Design
- ~$6 RTS
- ~$8 DSI
- ~$7 Quality
- ~$10 Mfg
- ~$11 Sourcing
- ~$19 Services/Other

Changing **how we work** ... examples:

**Before**
- 3 different documents to maintain
- Manual updates to multiple systems that take hours to run

**After**
- Single source of truth
- Systems synched with instantaneous updates

Making an impact with the digital thread
What is physical + digital?

3D PRINTING

25-50% ↓ NPI time
6 months to 3 weeks tool procurement
20-80% performance improvement with weight reduction

HOLE DRILLING

+50% yield improvement
+20% cycle time
Platform for multiple businesses

ADAPTIVE WELDING

2X-4X productivity
12% → 70% working efficiency
Enabler for new Service repairs

Leading to unprecedented quality, efficiency and speed in manufacturing
Digitizing the factory/supply chain

Real-time factory and supply chain information

Software & analytics

Changes
Trends
Historical
Process physics

UNDERSTAND IMPACT

Reducing factory & supply chain variation

• Predictive maintenance
• Machine, stocking and flow pattern anomalies
• Supplier performance
• Performance data: Feedback to engineering ...
  ... the Digital Thread

Data-driven analytics
Composite fan blade ... complex materials, design
GE manufactured

**INFORMATICS**
- Automated data collection and handling
- Real-time yield analytics
- Adaptive processing

**NEW ECOSYSTEMS**
- IT, Software
- Materials

**VIRTUAL MANUFACTURING**
- ~2x improvement in design cycle

**PRODUCIBILITY**
- Engineering integration
- Robust process designs

**AUTOMATION**
- Repeatable processes
- Real-time feedback for process controls
- In-line inspections for higher quality + speed

First time yield from <20% to >95%

200 million flight hours
Making our 400 factories brilliant

GE STORE

Operational Knowledge & Factory Tools

Controls and Sensors

Software (Predix)

GE Business Customization

Save up to 20% on manufacturing time, cost!
Brilliant Factory

An “App Store” to deliver unprecedented efficiency and speed in manufacturing

Integrate GE’s virtual design/manufacturing and smart factory data though Predix™

Engage with supply chain partners through Digital Manufacturing Commons (DMC)

1% productivity savings = $500MM for GE
H gas turbine

Vic Abate
- Vice President, PowerGen Products
- In current role since 2013
- 25 years with GE
# Power Generation Products

($ in billions)

<table>
<thead>
<tr>
<th>Key metrics</th>
<th>'14</th>
<th>'15E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$6</td>
<td>+/++</td>
</tr>
<tr>
<td>Equip. backlog</td>
<td>$5</td>
<td>=</td>
</tr>
</tbody>
</table>

## Technology imperatives

1. **Deliver on customer value**
   - + Best lifecycle economics
   - + Industry-leading plant performance

2. **Grow $/installed base**
   - + Penetration growth in H-class
   - + H technology flow down into IB

3. **Expand margins**
   - + Differentiated performance
   - + Product cost

4. **Improve execution & delivery**
   - + Scale H ramp... advanced manufacturing
   - + PRIME packaging & AMD leverage

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**New product launches**

- ✓ H gas turbine + systems
- ✓ 6F.01 ... 50 MW leader
- ✓ High efficiency steam turbines & generators

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**Power generation technologies delivering the best customer economics**
Power demand growing... fundamentals strong

Energy drivers
- Economic growth (GDP)
- Population growth
- Demand-side efficiency

Capacity drivers
- Environmental policy
- Economic displacement
- Peak demand growth
- Fuel availability & price

Natural gas power ... leads energy & capacity growth

Sources: World Bank, IEA, IHS, EIA, EPRI, Navigant, Brattle, GE Marketing

* Excludes 600 GW of non-grid connected oil capacity additions
Gas turbine industry leader

Largest fleet

4,500 Units
190 MM Operating hours

<table>
<thead>
<tr>
<th></th>
<th>GE Fleet</th>
<th>( \Delta ) pts. vs. others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability %</td>
<td>97.8</td>
<td>+0.4</td>
</tr>
<tr>
<td>Availability %</td>
<td>92.6</td>
<td>+1.5</td>
</tr>
<tr>
<td>Start Reliability %</td>
<td>98.0</td>
<td>+0.4</td>
</tr>
</tbody>
</table>

Source: ORAP®. All rights to underlying data reserved: SPS®. Modified by GE. Rolling 12-month data Apr ’13 – Mar ’14.

Strongest catalog

- **50hz**
  - 9HA: 397 MW
  - 9F: 280 MW
  - 9E: 143 MW

- **60hz**
  - 7HA: 275 MW
  - 7F: 231 MW
  - 7E: 91 MW

- **50hz**
  - 6F: 60 Hz
  - 6B: 60 Hz

World’s largest and most reliable gas turbine fleet
Technology leadership ... key to success

Technology advancements

- H-Class: Introduced 1972, air-cooled, lowest cost of energy
- F-Class: Introduced 1986, steam-cooled, 1st to dispatch, most hours, highest $/kWh service
- E-Class: Introduced 2003, 2013, combined cycle efficiency %

Segment growth

- % of HDGT industry orders by MW
- 0 to 100 scale
- Order year: '05, '10, '15e
- H-Class segment growth
- F-Class segment growth
- E-Class segment growth

H class growing fastest, generates most revenue... well positioned in all three

Sources: McCoy Power Reports historical data for HDGT > 35 MW and GE Sales estimate for '15
GE’s HA gas turbine transforming the industry

F class

55%+ efficient

H class

60%+ efficient

= $30B Capex savings

= $8B/year Fuel savings

= 2X Operating hours

500 HA units vs. F-Class

H launch advancements...

- Unprecedented validation prior to field operation
- FastWorks reduced NPI cycle by 50% vs. F-class
- Ramping to 30 units per year... launched 50 & 60 Hz simultaneously

Creates more customer, consumer, and OEM value
Winning with the HA ... 45 units selected

- Includes 15 units in backlog
- 24+ units shipping in ’15 & ’16
- 84 units current bid activity

Customers recognizing value of H-class performance

(a - Includes orders and units where customer has selected GE H-class technology. Conversion to an order could be affected by factors such as financing, permitting and project award by end-customer.

(b - Bid activity does not mean that these units will all eventually become orders.)
GE’s HA gas turbine exceeds expectations

**Test Stand**
- 1 Unit
- 200 Hours
- Off-grid full speed, full load test capability
- Able to operate beyond “real world” limits
- Comprehensive validation before 1st fire in field
- Enabling rapid acceptance by customers, insurers & lenders

**Field Operation**
- 500 Units
- 1 Year

GE has the world’s most comprehensive GT full speed, full load test facility
Product plans in place to stay ahead

Efficiency %

Now  +4 yrs.  +8 yrs.  Future

61%  65%+

Technology driving differentiation

- Additive manufacturing
- Ceramic matrix composite
- Advanced combustion
- Unsteady physics

H product leadership... leveraging GE store to differentiate
Driving product cost leadership

**Design**
- Understand entitlement
  - Material selection
  - Simplified features
  - Lowest $/kW, $/lb., $/flow

**Source**
- Never pay a higher price
  - Volume commitments
  - Multiple sources
  - Lowest PO

**Manufacture**
- Invest for Brilliant factories
  - 3D engineering culture
  - Advanced manufacturing
  - Integrated data & systems

$/kW cost reductions...
- HA launch 10% below 7F.05 launch
- 7F.05 ↓22% ’13-’15
- Next 12 months... 7HA.02 ↓20%

Relentless drive for cost out ... competitive NPIs across portfolio ... faster

Sources: GE Product Management & Marketing
GE well positioned in growing segment

Gas well positioned to grow
Capacity needs & increasing energy demand

GE has most comprehensive gas portfolio
Leading with largest, most efficient H-class technology

Technology required to differentiate
Investing in clear path to sustain

Investing $2B in H-class leadership
Shipments become one-third of 2016+ PGP revenue

Technology leader, HA revenue ramping ‘15-‘16

Sources: GE Product Management & Marketing
Aviation/LEAP

Bill Fitzgerald
• Vice President, Commercial Engines
• In current role since 2011
• 32 years with GE
Commercial Engines

($ in billions)

<table>
<thead>
<tr>
<th>Equipment revenue</th>
<th>Key metrics</th>
<th>Technology imperatives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$8</td>
<td>=</td>
</tr>
<tr>
<td>'14</td>
<td>'15E</td>
<td></td>
</tr>
</tbody>
</table>

| Equip. backlog    | $27         | =/+                   |

New product launches

- GE Passport ... 2015 entry into service
- CFM LEAP ... 2016 entry into service
- GE9X ... end of decade service entry

1. Deliver our next-generation products
   + Certify Passport and CFM LEAP-1A/1C

2. Industrialize new technologies
   + Position supply chain for volume growth

3. Expand margins
   + Focus on supply chain productivity

4. Operationalize digital capability
   + Improve customer productivity

Committed to technology leadership

LEAP is a trademark of CFM International, a 50-50 JV between GE and Snecma
Commercial equipment growth

**Environment**
- **Passenger demand** (IATA, RPK % YoY)
  - 5.4 → 5.7 → 7.0
    - 2013
    - 2014
    - 2015E

- **Load factors** (%)
  - 80 → 79.9 → 79.6
    - 2013
    - 2014
    - 2015E

- **Jet fuel** ($/gal)
  - 2.92 → 2.69 → 2.38
    - 2013
    - 2014
    - 2015E

**Production volume**
- # of GE and JV engines\(^1\)
  - '14
    - 2,800
    - 1,142
    - 1,550
  - '15E
    - 3,000
    - 1,280
    - 1,600
  - '20F
    - 3,300
    - 1,460
    - 1,790

**In-service fleet**
- # of engines ‘000
  - '14
    - 34
    - 19
  - '15E
    - 36
    - 21
  - '20F
    - 46
    - 26

**Airline profits**
- $Billions (IATA)
  - 2013
    - 10.6
  - 2014
    - 19.9
  - 2015E
    - 25.0

*Source: IATA, EIA and GE analysis*

... airlines feeling good

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1) - Production volume approx. 34% GE, 62% CFM, 4% EA

CFM is a 50/50 JV between GE and Snecma
EA is a 50/50 JV between GE and Pratt & Whitney
LEAP is a trademark of CFM International
Powering right airplanes with great partners ...

Widebody
- 777X
- 747-8
- 787
- A380

Narrowbody
- A320neo
- 737MAX
- C919

Regional/Biz
- ARJ21
- Global 7000
- Turboprop*

*Program currently under evaluation

CFM is a 50/50 JV between GE and Snecma
EA is a 50/50 JV between GE and Pratt & Whitney
GE’s model ... continuous innovation

<table>
<thead>
<tr>
<th>Aviation needs</th>
<th>Targeted technology development</th>
<th>Differentiated products</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fuel efficiency</td>
<td>• Technology roadmaps</td>
<td></td>
</tr>
<tr>
<td>• Reliability</td>
<td>• Cross-disciplinary teams</td>
<td></td>
</tr>
<tr>
<td>• Cost of ownership</td>
<td>• Ongoing R&amp;D investment</td>
<td></td>
</tr>
<tr>
<td>• Emissions</td>
<td>• GE Global research collaboration</td>
<td></td>
</tr>
<tr>
<td>• Noise</td>
<td>• Sustained maturation</td>
<td></td>
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Differentiated products: $38$
Building on technology investment

- **2011**
  - GEnx
  - Scale and design for higher cycle utilization

- **2015-2016**
  - CFM LEAP and Passport
  - Scale & design for higher thrust and advanced materials

- **2020**
  - GE9X

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**EXPERIENCE**
Delivering technology with customer confidence

**6000**
60 **MM**

**6000 ENGINES**

**Commercial launches**

<table>
<thead>
<tr>
<th>70's</th>
<th>80's</th>
<th>90's</th>
<th>00's</th>
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<tbody>
<tr>
<td>3</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>9</td>
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</table>

Technology experience (engines/hours): CFM: ~4,000~/~30MM, GE: ~2,000~/~30MM. Commercial launches: 19 GE, 9 CFM, and 1 EA

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Enabling ...
- Engineering productivity 10%+
- Manufacturing technology readiness
- Supply chain efficiencies

LEAP is a trademark of CFM International, a 50-50 JV between GE and Snecma
Carbon-fiber composites ... improving performance, weight, durability

**GE90-94B**
777-200ER  
'95  
Wide chord design  
22 blades

**GE90-115B**
777-200LR, -300ER, 777F  
'04  
Swept aero  
22 blades

**GENx**
787, 747-8  
'11  
Improved efficiency  
18 blades

**GE9X**
Boeing 777X  
'20  
Improved materials  
16 blades

2020 fan blade experience

100+ million flight hours

Extending to fan cases
- Integrated structure
- Saves 700+ lbs. per aircraft on 787

... and wind blades

Based on GE estimates
Ceramic-matrix composites (CMCs) ... next generation of innovation

CMCs are silicon carbide fibers in a silicon carbide matrix

Newark, DE
CMC Lean Lab ... Producibility & Cost

2,400°F 500°F hotter than metal + 1/3 weight of metal = better fuel efficiency

LEAP is a trademark of CFM International, a 50-50 JV between GE and Snecma
Compression technology ... driving efficiency through pressure

**GE**
- **GEnx**
  - 787, 747-8
- **CFM LEAP and Passport**
  - 737MAX, A320neo Global 7/8000
- **GE9X**
  - 777X

<table>
<thead>
<tr>
<th>Year</th>
<th><strong>Compressor pressure ratio</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>23-1</td>
</tr>
<tr>
<td>2015-16</td>
<td>22-1</td>
</tr>
<tr>
<td>2018 Cert</td>
<td>27-1</td>
</tr>
</tbody>
</table>

Performance claims based on GE estimates

**1** technology platform ... **4** product applications

LEAP is a trademark of CFM International, a 50-50 JV between GE and Snecma
Combustion technology

A 20+ year journey in combustion science, materials, & manufacturing that began in GE Energy

**DAC (GE90-94B)**
777-200ER, 777F

**TAPS I (GEnx)**
787, 747-8

1995
- Set the industry standard

2008
- Evolution in lean combustion

**TAPS II (CFM LEAP)**
737 MAX, A320neo

2015
- Additive fuel circuit

**TAPS III (GE9X)**
777X

2019
- Higher pressure, new standard in industry

Proven innovation & Leader in NOx technology

LEAP is a trademark of CFM International, a 50-50 JV between GE and Snecma
Achieving CFM LEAP cost

**CFM LEAP engine launch**

- **Volume**
- **Cost**
- **Years in Production**

**First three years**
- ✓ Leverage GEnx learnings
- ✓ Steeper learning curve
- ✓ Greater volume

**How launch is different**

**Performance**
- • Executive NPI excellence leader
- • SFC, weight, and noise critical

**Schedule**
- • Customer readiness support & training
- • Focus on supplier and site readiness

**Cost**
- • Enterprise-wide cost team; 11 Lean Labs
- • Engine should-cost analysis

2016 Entry into service

Claims based on GE estimates
LEAP is a trademark of CFM International, a 50-50 JV between GE and Snecma
Building our most efficient commercial engines ever

**GE9X** ... 700+ engines sold with 5 years until service entry
- Unparalleled technology maturation

**CFM LEAP** ... executing on technology, ramping up to production
- 79% of all narrowbody orders\(^a\)

**GE9X** ... 2% better Fuel Burn and 62% win rate on 787

\(^a\) - 79% market share to date: 55% on A320neo & 100% for 737MAX; LEAP is a trademark of CFM International a 50/50 JV between GE & SNECMA.
Healthcare

Anders Wold

• President & CEO, Ultrasound
• In current role since 2009
• 17 years with GE
Healthcare

($ in billions)

<table>
<thead>
<tr>
<th>Key metrics</th>
<th>Equipment Revenue</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>'14</td>
<td>$10</td>
<td>30%</td>
</tr>
<tr>
<td>'15E</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

**Technology imperatives**

1. **Develop products with improved outcomes**
   - Clinical, Economic, Operational benefits
   - Customer backed R&D ... speed

2. **Product cost out improvement**
   - Launch NPIs with expanded GM rates
   - Engineering focus on material cost

3. **Drive software-enabled growth platforms**
   - Drive digital capabilities & solutions
   - Leverage big data to drive value

4. **Services margin accretion**
   - Grow value added SW enabled offerings
   - Increase material & labor productivity

Select new product launches

- Revolution CT, Discovery IQ PET/CT
- MR silent scan, SIGNA PET MR
- Voluson E10, Vscan Dual Probe

Placing the right bets in R&D
GRC technology framework & key NPIs

**Technology for core**

- Nanotechnology & materials science
- Detector and sensor technology
- Electronics, miniaturization & MEMS
- Signal processing and analytics
- Image analysis and computer vision

**Drive growth & adjacencies**

- Regenerative medicine
- Digital and molecular pathology
- Low cryogen head-only MR
- 4D Intra-Cardiac Echo (4D ICE)

**Shape clinical & consumer trends**

- Brain health
- Precision medicine
- Digital health

**CT Revolution**

- e4D Cardiac Ultrasound

---

Accelerates product development for operating units ... game changer
Ultrasound history

1995

2015

Largest & fastest growing market ... GE path to leadership

Today ...

- Global - #1 in all geographies
- Tech lead & customer innovation
- Product - broad & deep portfolio
- Speed - 10+ NPI’s & cost out annualy
- Expand - new users/applications

Ultrasound revenue

$0.2B

$2.5B

"95

"14
GE Ultrasound... Technology & Customer value

Womens Health - Voluson

- Real time
- Safe
- Easy to use
- Portable
- Low cost

Cardiac - Vivid

Primary Care - Vscan
Ultrasound driving gross margin ...

Gross margin

<table>
<thead>
<tr>
<th>'14</th>
<th>'15E</th>
</tr>
</thead>
<tbody>
<tr>
<td>+</td>
<td>++</td>
</tr>
</tbody>
</table>

1. **Sourcing driving input cost ↓**
   + Equipment & service materials
   + Utilize strategic suppliers & leverage scale

2. **Value engineering & design**
   + Optimize design, drive standardization
   + Ensure product vitality & leverage software platforms

3. **FastWorks principles guide NPIs**
   + Embrace sprints & minimally viable products
   + Understand key “leap of faith” assumptions

4. **Quality & reliability forefront**
   + Employ advanced manufacturing engineering
   + Enhance remote capabilities & self service

Culture of cost out drives gross margin accretion
Ultrasound success story built on all customers ...

- **Customer backed R&D** ... ensures success in market, Premium to Value in all care settings
- **Product cost out** ... non-negotiable, cardinal rule to drive growth
- **We work fast, one team** ... Embedded in culture, winning

Customer driven R&D ... drives customer value & GE margin
Power Conversion

Joe Mastrangelo
- Vice President, Power Conversion
- In current role since 2011
- 22 years with GE
Power Conversion
($ in billions)

<table>
<thead>
<tr>
<th>Key metrics</th>
<th>Revenue</th>
<th>Equip. backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>'14</td>
<td>$2</td>
<td>$3</td>
</tr>
<tr>
<td>'15E</td>
<td>++</td>
<td>++</td>
</tr>
</tbody>
</table>

New product launches
- Medium voltage low power drives
- Large high speed induction motors
- SeaStream dynamic positioning

Business imperatives

1. High efficiency products
   - Power density & power quality

2. Multi-industry systems capability
   - Integrated mech/elec/sw solutions

3. Gross margin improvement
   - Global fulfilment capability

4. Fix the platform
   - Bought from private equity, turnaround

A focused technology leader
The world needs reliable & efficient energy

+78% Electricity demand

By 2040

Source: IEA World Energy Outlook
Our applications span the energy value chain

What we do

14% Motion into Electricity
12% Electricity into Electricity
19% Electricity into Motion

11-15% CAGR Backlog

Renewables & Power Generation
Power Quality & Micro-grids
Marine, Oil & Gas & Industry

How we do it

World class products
Integrated systems
Flawless Delivery

Broad electrical domain expertise
GE Store accelerating new applications

Advanced Induction Motors

- Magnetic bearings - GRC
  - Oil-free operation

- Shaftless Rotor - Convertteam
  - Electromagnetic design

- Rotor Dynamics - GE Aviation
  - Design tools - 6X speed

- Cooling - GE Aviation
  - Air flow design

- Honeycomb casing - GE O&G
  - Weight ↓30%

- GE Oil & Gas - Massa
  - Fully tested technology
  - 80MW induction eLNG testbed

Multi-industry customer outcomes

- Marine
  - ↑2–5% efficiency

- Renewables
  - ↑10–20% power density

- Oil & Gas
  - ↓15–25% footprint

Innovation from proven GE technology
Operational experience + SW CoE capabilities

**Power Reliability**
- 4x reduction of power blackouts
- Up to 4 days ↑ production per year

**Dynamic Positioning**
- 750 System fleet

**Power Quality**
- Up to 5x voltage fluctuation reduction
- ↑ 10-20% production capacity

**Energy Efficiency**
- 10% fuel savings & 20% NOx reduction
- Enhanced safety and situational awareness
- 5-10% production improvement
- Maximum energy harvesting

Improving complex systems performance
Higher efficiency renewables technology

**Wind**
- 6MW Direct-drive turbine
- Permanent magnet generator
  - GRC structural design
- 1.5kV power converter
  - ≥50% power quality
- Drive train test facility
  - GRC controls modelling

**Solar**
- 1.5kV Inverter product lines
- GRC developing Silicon Carbide power devices
  - 1/2 Losses
  - >2x Power density
  - 2x Reliability

Delivering cost-effective performance
# Advanced technology applications

## Marine

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
<th>Potential Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>Integrated controls + configurable microgrids</td>
<td>Up to 50% reduced emissions</td>
</tr>
<tr>
<td>Propel</td>
<td>Induction motor + variable speed pumpjet pods</td>
<td>5-10% efficiency gain</td>
</tr>
<tr>
<td>Position</td>
<td>SeaStream energy optimization software</td>
<td>7-10% fuel savings</td>
</tr>
<tr>
<td>Predictivity</td>
<td>Software + deep mec/elec operational domain</td>
<td>Targeting (10)% non-productive time</td>
</tr>
</tbody>
</table>

## Oil & Gas

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
<th>Potential Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost effective</td>
<td>High power density motor + power quality drives</td>
<td>Up to (30)% weight &amp; footprint</td>
</tr>
<tr>
<td>Higher efficiency</td>
<td>Variable speed drivetrain operability</td>
<td>3-7% efficiency gain</td>
</tr>
<tr>
<td>Integrated solutions</td>
<td>Gas to wire system modelling to increase reliability</td>
<td>5-8% Production increase</td>
</tr>
<tr>
<td>De-risk projects</td>
<td>Full module construction + test capability</td>
<td>Up to (40)% installation time</td>
</tr>
</tbody>
</table>

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Continued investment for customer productivity

---

$7.5B SAS

$3.2B SAS
Infusing technology into product platforms

<table>
<thead>
<tr>
<th>Lean process improvements</th>
<th>GE enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
<td>After</td>
</tr>
<tr>
<td>Rugby, UK</td>
<td><img src="image1.png" alt="Image" /></td>
</tr>
<tr>
<td>Campinas, Brazil</td>
<td><img src="image3.png" alt="Image" /></td>
</tr>
<tr>
<td>Pittsburgh, USA</td>
<td><img src="image5.png" alt="Image" /></td>
</tr>
<tr>
<td>Berlin, Germany</td>
<td><img src="image7.png" alt="Image" /></td>
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</tbody>
</table>

+5pts gross margin improvement over 3 years

$350M invested
Ready for tomorrow’s energy challenges

1. **Technology development** ... ↑ Power density for efficiency & footprint

2. **Systems capability** ... simulation & testing to ↑ reliability

3. **Expand gross margins** ... Product structuring = variable cost-out

4. **Consistent performance** ... building a new GE platform

**GE Store = accelerated innovation with proven technology**
Turbomachinery Solutions

Rafael Santana
- Vice President, Turbomachinery Solutions
- In current role since 2013
- 15 years with GE
Turbomachinery Solutions

($ in billions)

<table>
<thead>
<tr>
<th>Key metrics</th>
<th>Revenue</th>
<th>Equip. Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>'14</td>
<td>$5</td>
<td>$4</td>
</tr>
<tr>
<td>'15E</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

Growth imperatives

1. **Deliver on customer value**
   - Speed to market ... plug & play modularized solutions
   - Maximizing value ... Power Density & Outage Excellence
   - Incubating new technologies with customers

2. **Excellence in Execution**
   - World-class project execution
   - Unparalleled testing capabilities
   - Delivering 6% Variable Cost Productivity in ‘15

3. **Maximize GE returns**
   - GE Store as a differentiator
   - Investing 15%+ in new technologies

**New product launches**
- NovaLT16 gas turbine
- HPRC High Pressure Ratio Compressor
- Outcomes based services ... Max Predictivity series

Profitable growth driven by maximizing customer ROIC
A compelling portfolio for gas infrastructure

PRODUCTION

Upstream onshore & offshore gas

PROCESSING

LNG/FLNG

TRANSPORTATION

Pipeline

Aeroderivative Gas Turbines

Heavy Duty & Industrial Gas Turbines

LNG & Pipeline Compressors

Electric Motors & Generators

Controls & Sensors

Financial Services

Industry we serve & our presence

Upstream power & gas handling

Liquefaction

Compression stations

The GE Store

Turn-key Solutions

Industrial Modules

Upgrades

Integrated turbocompression packages

Customer Service Agreements + Monitoring & Controls

Our differentiator

20 Years in GE ... Strong foundation of growth throughout cycles
Different customers, common challenges

Time to market

- 70%+ of projects delayed
- 50% decline in Upstream labor productivity

Design to Cost

- Offshore topside weight has ↑4X in past 10 yrs.
- 60%+ of projects facing cost overruns

Technology/Efficiency

- $15B of gas flared every year
- 65% of discovered oil fields still undeveloped

Solutions to maximize customer ROIC
Solving challenges with technology

**Modules**
*Reducing time to market*

- ↓8 months Lead Time
- ↓90% On-site man hours
- 3x Workscope vs. stick-built

- Orders: '11-'12, '13-'14

**Offshore**
*Design to cost*

- ↓22% Weight of product
- ↓22% Footprint of product
- ↓20% Product Lead Time

- '11-'12, '13-'14

**Upgrades**
*Extending asset life*

- ↑10% Fuel efficiency availability
- ↓50% Time vs. Greenfield
- ↓40% Cost vs. Greenfield

- '11-'12, '13-'14

*Improving returns for customers, driving margins for GE*
Maximizing value for the GE Store

**Power & Water**
- Aero generators
- HD Frames – FR6/7/9
- Services

**Energy Management & GE Capital Financing**
- Motors & Generators
- Drivers & E-house
- Debt & export credit

**Aasta Hasten Project**
- Statoil... first deep-water development in Norwegian Sea ... deepest 36' pipeline
- 1st LM6000 MD application in Offshore and **SeaSmart Package** ... optimizing footprint↓ weight↓

**Freeport LNG Project**
- North America’s **1st eLNG project** ... from equipment supplier to turn-key systems integration & project financing
- **GE LNG solution** ... Main refrigeration compression trains driven by electric motors ... Integrated plant & power grid modelling

Integrating GE technology into value-added solutions for Oil & Gas customers
NovaLT16 ... entering into a $5B space

- Aviation tech into Light Industrial turbine ... Best in class efficiency, ↓ emissions
- FastWorks approach ... from concept to 1st engine test in 30 months
- Should-cost and design-to-cost embedded
- Asset Performance Management ... maximizing customer value through Predix

Incremental $1B equipment space in 2015

15-20MW GT Orders

<table>
<thead>
<tr>
<th></th>
<th>$1.0B+</th>
</tr>
</thead>
<tbody>
<tr>
<td>'13</td>
<td>☐</td>
</tr>
<tr>
<td>'14 - 17F</td>
<td>☐</td>
</tr>
</tbody>
</table>
Turbomachinery leading customer solutions

- Leading through technology & expertise — Best of GE Store for Oil & Gas combined with advanced services knowledge
- Strategically positioned to lead major industry trends
- Partnering with Customers — fostering continuous improvement & flexible solutions
- Differentiated project execution, product testing and scalable supply chain capabilities
- Consistent margin expansion ... Design to Cost & Lean structure

Positioned to drive profitable growth
Tier 4 Locomotive

Tina Donikowski
• Vice President, Global Locomotive Operations
• In current role since 2013
• 38 years with GE
Transportation

($ in billions)

<table>
<thead>
<tr>
<th>Key metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>'14</td>
</tr>
<tr>
<td>$6</td>
</tr>
<tr>
<td>'15E</td>
</tr>
<tr>
<td>++</td>
</tr>
<tr>
<td>Equip. backlog</td>
</tr>
<tr>
<td>$6</td>
</tr>
<tr>
<td>-</td>
</tr>
</tbody>
</table>

New product launches
- Evolution Series Tier 4 locomotive
- Marine Series Diesel Tier 4 engine
- 400 ton Mining truck

Technology imperatives

1. Lead in product and technology
   + Execute Tier 4 commercialization and manufacturing plan – successful launch
   + Tier 4 Marine penetration
   + Develop LNG locomotive

2. Grow services… Build RailConnect 360
   + Deliver improved customer outcomes
   + Continue to develop software capabilities
   + Have the most reliable products

3. Globalize platforms
   + Utilize platform strategy, vital organs technology
   + JVs and partnerships to grow in strategic regions
   + 32% revenue outside U.S.

Continued investment in technology drives business growth
Strategic technologies ... Scaled from core

Vital components

- Engine
- CMU/RM&D
- Cooling System
- Alternator
- Control/Power Electronics
- Traction Motor

Services | Mining | Drill | Stationary | Marine
---|---|---|---|---
Installed base upgrades, prognostics, asset mgmt | Drive systems for Mining trucks | Motors for Drill | Engines for power gen | Engines for boats
The message was clear

MESSAGE FROM EPA

MESSAGE FROM CUSTOMERS

Contractual Commitments: “Had to guarantee that our T4 solution would not use urea-based aftertreatment... or provide 25 locomotives free of charge.”
Leveraging the GE Store

<table>
<thead>
<tr>
<th>Aviation</th>
<th>Maximizing that last drop of efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power &amp; Water</td>
<td>Manages fuel, combustion, and power</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>Turbocharger technology</td>
</tr>
<tr>
<td>GRC</td>
<td>GE’s very own “Google”</td>
</tr>
</tbody>
</table>

Red Team/Blue Team approach – internal teams compete

Draw on experts across multiple businesses

Tier 4 - elements from both teams
Where we were

39+

Starting up new Fort Worth locomotive build site and 2nd remanufacturing site

Customers told us they wouldn’t purchase Tier 4 locomotives

Communicated to suppliers to reduce their capacity
What changed? Market forces.

**DEMAND**

- CRUDE OIL
- INTERMODAL
- GRAIN

**+4-5%**

**VELOCITY**

- WINTER

**-15%**

Where we ended

GE sold out 2014 capacity

Competitor announced no product until 2017

GE announces 1,000+ Evolution Series Tier 4 locomotives on order for 2015 – 2017... A record year!
Tier 4 execution

**Technical execution**
- Field test units operating
- Enhanced endurance testing
- EPA certification received
- Preproduction units launched
- Bi-monthly RR CMO briefings

**Cost actions**
- Critical “X’s” identified/tracked
- Loco, engine, test labor ↓
- Multiple sources qualified
- Supplier volume commitments
- Design changes on 1st production unit

**Team**
- Top talent draft in support of launch
- Dedicated resources - all functions
- Shared scorecard - “T4 on a Page”
- Weekly rhythm with CEO & staff
- Increased speed, focus, intensity
Investing for success

Fort Worth

• North American locomotive production CoE
• Best-in-class facility ... 2,000+ external visitors

Erie

• Investment in technology, manufacturing upgrades, and facility improvements
• Focused on international and overflow

Grove City

• New dedicated remanufacturing site ... ↑ cleanliness for reliability, record output ... new + service
• Investments in automation, machining and IT + sensing capability ... drive ↓ cost
• 2 new production lines added for Evolution Series locomotive engine
Ensuring return on investment

*Simultaneously worked design and product cost to optimize both*

<table>
<thead>
<tr>
<th>DESIGN</th>
<th>OLD MODEL</th>
<th>TIER 4 MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Serial process</td>
<td>Blue and Red Team competition</td>
</tr>
<tr>
<td></td>
<td>Complete design before allowing for improvements</td>
<td>Received customer/market input which influenced improvements</td>
</tr>
<tr>
<td>MATERIAL</td>
<td>Single source throughout the development/launch, consider secondary supplier later</td>
<td>During development worked with multiple suppliers from the start... Encouraged competition</td>
</tr>
<tr>
<td>LABOR</td>
<td>One factory, 100% made in one location</td>
<td>Multiple factories &amp; production lines Implementing Brilliant Factory</td>
</tr>
</tbody>
</table>

**BENEFIT:** Accelerate cost-out process
We’re a technology company that invests despite market uncertainty

We leverage the scale and expertise of the GE Store

Inspire, empower, and focus employees to work towards one single purpose

Adapt and learn to improve cost-out process
Gross margins

Dan Heintzelman
- Vice Chairman, Enterprise Risk & Operations
- In current role since 2013
- 35 years with GE
**Gross margin focus**

($ in billions)

<table>
<thead>
<tr>
<th>Segment margin performance</th>
<th>2011</th>
<th>2014</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Op profit margins</td>
<td>14.8%</td>
<td>16.2%</td>
<td>- Programmatic approach to gross margin expansion</td>
</tr>
<tr>
<td>SG&amp;A/sales(^{a)})</td>
<td>18.5%</td>
<td>14.0%</td>
<td>- Business &amp; functional deep dives</td>
</tr>
<tr>
<td>Gross margins</td>
<td>28.0%</td>
<td>26.5%</td>
<td>- Cross-functional engagement</td>
</tr>
</tbody>
</table>

\(^{a)} - SG&A/sales on Industrial basis, including Industrial segments and Corporate

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<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>~28%</td>
<td>~32%</td>
<td></td>
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</tbody>
</table>


Competition = best technology at the right cost

More to do
How we’re attacking gross margins ...

\[ Y = \text{Product/service costs} \]

<table>
<thead>
<tr>
<th>(X_1) Material</th>
<th>Product design</th>
<th>Drive to should cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Deflation</td>
<td>Supplier diversification</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(X_2) Labor</th>
<th>Competitive wage</th>
<th>Low cost countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Labor productivity</td>
<td>Lean</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(X_3) Overhead</th>
<th>OCPH</th>
<th>Multi-modal factories</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Indirect cost</td>
<td>Bullet train reviews</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(X_4) COQ</th>
<th>Supplier recovery</th>
<th>T&amp;C enforcement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scrap/rework reduction</td>
<td>Defect process control</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(X_5) Services</th>
<th>Unplanned outages</th>
<th>Reducing downtime</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Labor productivity</td>
<td>Field services efficiency</td>
</tr>
</tbody>
</table>

1. Multi-functional approach ... everyone engaged
2. 100% of costs allocated to an owner ... mechanisms in place to track progress
3. Incentive compensation structure that supports gross margin framework
How we are driving gross margins ...

GE Corporate

Jeff Bornstein
CFO

Dan Heintzelman
Vice Chairman

Product management

Supply Chain

\(X_1\) Product cost
\(X_2\) Factory OCPH
\(X_3\) Labor

Sourcing

\(X_1\) DM deflation
\(X_2\) Indirects
\(X_3\) Should cost

Engineering

\(X_1\) Target/should cost
\(X_2\) Eng. OCPH
\(X_3\) R&D cost

Services

\(X_1\) Reliability
\(X_2\) Field Services
\(X_3\) Big data

Every \(X\) has a target and owner
Supply chain and Sourcing

Ideas & levers to improve product cost

- Achieve product cost & operating expense targets
- Drive labor productivity & reduce operating cost per hour (OCPH)
- Implement advanced manufacturing technology to improve competitiveness
- Optimize the use of low cost countries to decrease labor/conversion cost
- Understand supplier cost drivers & work with engineering to optimize product design

Examples

PGS repair shops ... operating cost per hour

<table>
<thead>
<tr>
<th>Year</th>
<th>OCPH</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
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</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td>~16%</td>
</tr>
</tbody>
</table>

Oil & Gas ... operationalizing “big data”

- Visibility & tools for ~1400 users
- 80% spend ingested, real-time feeds
- Growing analytics for commodity consolidation, best cost, open PO variances

- ERP consolidation key enabler
- Leverage across all businesses
Engineering

**Design to cost targets**

- Achieve target product cost early in design phase ... **launch NPIs at target cost**
- Embrace should cost tools & work with Supply Chain/Sourcing to **reduce direct material cost**
- **Design cost out** of legacy products
- Manage variable engineering cost & **reduce engineering operating cost per hour**

**Examples**

**Industrial Solutions ... product teardown**

- Teardown of 7 top competitor products
- Scoring for part count vs. ideal, fabrication, assembly
- Detailed part costing
- Reverse assembly exercise

**Target cost < best-in-class competitor**

**Healthcare ... design for cost**

- Install footprint ... 25% smaller
- Install timing ... 30% faster
- Power consumption ... 50% lower

**MR Kizuna 3T**

**Reduced total cost for GE & customers**
2015 gross margin framework

**Segment gross margins**

<table>
<thead>
<tr>
<th></th>
<th>'14</th>
<th>'15E goal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26.5%</td>
<td>~50 bps.</td>
</tr>
</tbody>
</table>

- Teams aligned and executing
- Every X has an owner
- Incentive structure in place

**Summary**

- Technology leadership
  - H gas turbine
  - LEAP engine
  - Healthcare
  - Power Conversion
  - Turbomachinery
  - Tier 4 locomotive
  - Brilliant factories

- GE Store: GRC/business partnership
- Competitiveness = best technology at the right cost

Running teams to ~50 bps. gross margin expansion in 2015