

# Valuable Industrial Company

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May 20, 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 our announced plan to reduce the size of our financial services businesses, including expected cash and non-cash charges associated with this plan; 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: obtaining (or the timing of obtaining) any required regulatory reviews or approvals or any other consents or approvals associated with our announced plan to reduce the size of our financial services businesses; our ability to complete incremental asset sales as part of this plan in a timely manner (or at all) and at the prices we have assumed; changes in law, economic and financial conditions, including interest and exchange rate volatility, commodity and equity prices and the value of financial assets, including the impact of these conditions on our ability to sell or the value of incremental assets to be sold as part of this plan as well as other aspects of this plan; the impact of conditions in the financial and credit markets on the availability and cost of GECC's funding, and GECC's exposure to counterparties; 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 Financial 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 and the specifics of any approvals for announced transactions, such as the proposed transactions and alliances with Alstom, Appliances and Real Estate, 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 or other 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](http://www.ge.com).

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

GE's Investor Relations website at [www.ge.com/investor](http://www.ge.com/investor) and our corporate blog at [www.gereports.com](http://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.**

# Environment

-  U.S. growing slowly and Europe slightly better
-  Growth regions mixed ... China is OK for GE
-  Global infrastructure markets still solid
-  Inflation non-existent ... value gap expanding
-  Oil & Gas prices lower, but stable
-  FX creating headwinds, but manageable

Consistent with expectations ... slow growth with volatility



# GE value creation

- ① GE is on track for 2015 framework ... solid organic growth and margin enhancement
- ② Going forward, GE is well-positioned for Industrial growth ... performance driven by the “GE Store”
- ③ GE Capital portfolio execution is ahead of plan creating an opportunity for valuable capital allocation ... returning \$90B+ to investors
- ④ Plan to hit 2018 EPS goals as a high-value Industrial company ... solid double-digit growth

# 1 2015 Industrial segments on track

	Market	GE dynamics		Segment profit	
				with BD	ex-BD
Power & Water	Mixed	+ Gas position + Wind volume	- Distributed Power	++	+
Oil & Gas	Challenged	+ Technology + Diverse portfolio	- Global demand/oil prices - FX headwind	-	-
Energy Management	Mixed	+ Restructuring + Power Conversion	- Execution	++	++
Aviation	Strong	+ Commercial position + Vertical integration	- Military budget	++	++
Healthcare	Mixed	+ U.S. & Europe better + Life Sciences	- FX headwind	+	+
Transportation	Strong	+ Tier 4 position	- Mining challenging	+	++
Appliances & Lighting	Mixed	+ LED growth	- Traditional lighting	-	++
Industrial segments				+ / ++	+

- ✓ No change to expectations for the year
- ✓ Restructuring offset by gains



# 2015 GE operating framework on track

## Operating EPS

- |   |                    |  |
|---|--------------------|--|
| <b>1</b> Industrial                                 | <b>\$1.10-1.20</b> | <ul style="list-style-type: none"> <li>+ Industrial operating EPS up double digits</li> <li>+ Segment organic growth of 2-5% &amp; margin expansion</li> <li>+ Corporate ~\$2.3-2.5B</li> <li>+ BD ... targeting deals to close in mid-2015<sup>-a)</sup></li> </ul> |
| <b>2</b> GE Capital retained businesses (Verticals) | <b>~\$.15</b>      | <ul style="list-style-type: none"> <li>+ Verticals on track</li> <li>+ GE Capital ~\$(0.85) op. EPS<sup>-b)</sup> including exit impacts</li> <li>+ Synchrony split 1/1/16<sup>-a)</sup></li> </ul>  |
- 
- |  |                                    |   |
|--|------------------------------------|---|
| <b>3</b> Capital asset sales                 | <b>~\$90B</b><br>Targeting ~\$100B | <ul style="list-style-type: none"> <li>+ Impact from GE Capital exit<sup>-a)</sup> ... framework ~\$90B ENI sales in 2015 (~50% actioned)</li> </ul>  |
| <b>4</b> Free Cash Flow + Dispositions (\$B) | <b>\$12-15</b>                     | <ul style="list-style-type: none"> <li>+ CFOA of \$14-16B<sup>-c)</sup>; will update based on GECC progress ... \$0.5-7B GE Capital dividend<sup>-a)</sup> based on T1C%</li> <li>+ P&amp;E of ~\$4-4.5B</li> <li>+ Dispositions of \$2-4B</li> </ul> |
| <b>5</b> Cash Returned to Investors (\$B)    | <b>\$10-30</b>                     | <ul style="list-style-type: none"> <li>+ Dividend of ~\$9B; buyback based on GE Capital progress</li> <li>+ Synchrony split-off<sup>-a)</sup> estimate ~\$18-20B</li> </ul>   |



(a- Subject to regulatory approval  
 (b- Subject to change based on timing of asset sales  
 (c- Taxes associated with dispositions included in net disposition proceeds

## 2 Fast growth industrial company

### "New GE"

~\$135B



Revenue

- ✓ Leadership businesses
- ✓ Strong EPS growth (++)
- ✓ "Top performance" in margins & returns
- ✓ \$260B backlog

Returning \$90B+ to investors

+

Potential for balance sheet  
optionality ... ~\$20B

### Built on the GE Store

#### Technical Leadership

Generational gains through NPI strength

GRC

+

#### Lead in Growth Markets

Scale & balanced geographic portfolio

GGO

+

#### Valuable Services Franchise

Increasing growth rate & margins

Service  
Council

+

#### Culture of Simplification

Lean structure and common processes

Shared  
services

+

#### Digital Strength

Lead the intersection of physical & analytical

Software  
COE

Investments in place ... Past 5 years:  
organic ~\$55B / inorganic ~\$35B



# Oil & Gas through the cycles

## 2015 performance

Profit outlook : (5) - (10)%

ex-FX : 0 - (5)%

## Actions

- ✓ Improve operations
- ✓ Some segments very strong partially offsetting challenging onshore segment
- ✓ Aggressive cost take out ... ~\$600MM
- ✓ Sustain technical investment ... double-digit growth in 2015
- ✓ Strengthen customer franchise

Remaining agile ...  
will be well positioned for 2016

## Improving competitive position

### 1 Innovative programs for oil price dynamics

- + Product standardization
- + Technical solutions
- + Asset productivity



### 2 Target ~\$1B of cumulative cost out

- + Footprint rationalization
- + Reduce product cost

### 3 Win where it counts

- + Diversified portfolio ... Services, DTS, M&C
- + Focus on national oil companies/growth markets
- + Improve regional coverage ... add talent



# Alstom strengthens GE

## Foundations of deal are attractive

- + Complementary technologies in segments we know
- + Solid customer support & opportunity to build broader solutions
- + Big pool of cost synergies ... strong track record
- + Improved joint capabilities ... global operations, EPC fundamentals, services
- + Unique opportunity to build a scale Energy Management business

## Understood & incorporated

- ✓ Compliance
- ✓ Projects risk

## Difficult

- Markets are challenging
- European processes put company in play for ~15 months

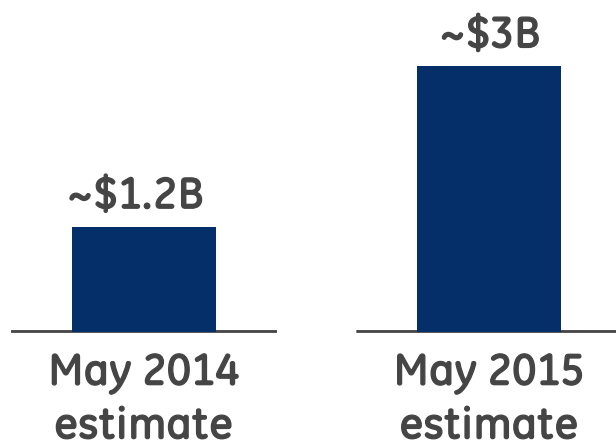
**We plan to do a good deal for investors**





# Alstom value creation

## Cost synergies (yr. 5)



## EPS estimate

2016F ~\$.06-.09

2018F ~\$.15-.20

**Strong returns**

## GE execution creates value

May '14 est. cost synergies ~\$1.2B

- 1 Run services business better 0.2
- 2 Improve manufacturing footprint synergy/insourcing & sourcing economics 0.7
- 3 SG&A consolidation 0.8
- 4 Increase technical resource utilization 0.1

May '15 est. cost synergies ~\$3B

- 5 Growth synergies more robust \$0.6

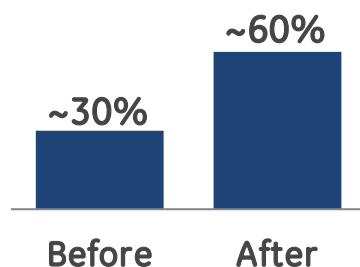
**Will utilize the "GE Store"**



# GE/Alstom technical synergies

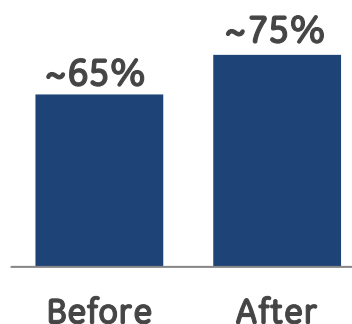
(% content)

## Combined cycle power plant



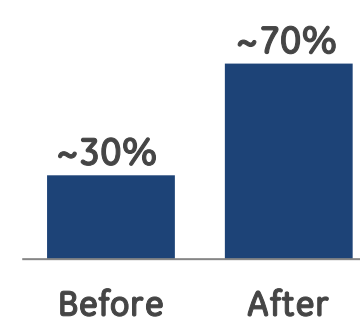
- + Adds generators, HRSG, and balance of plant
- + Enhanced performance and competitiveness
- + Improved project understanding

## Wind farm



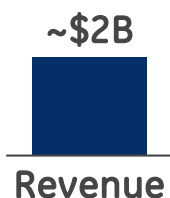
- + Grid pull-through enhancement
- + Power Conversion value and capability
- + Improve supply chain value

## eBOP segment



- + GE fringe player versus ABB and Siemens
- + Enhance marine, oil & gas, and mining
- + Lower cost

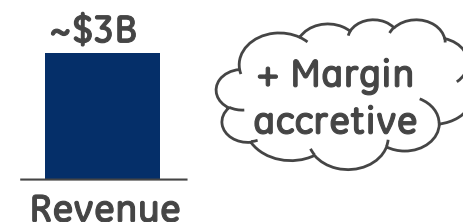
## GE Power Conversion



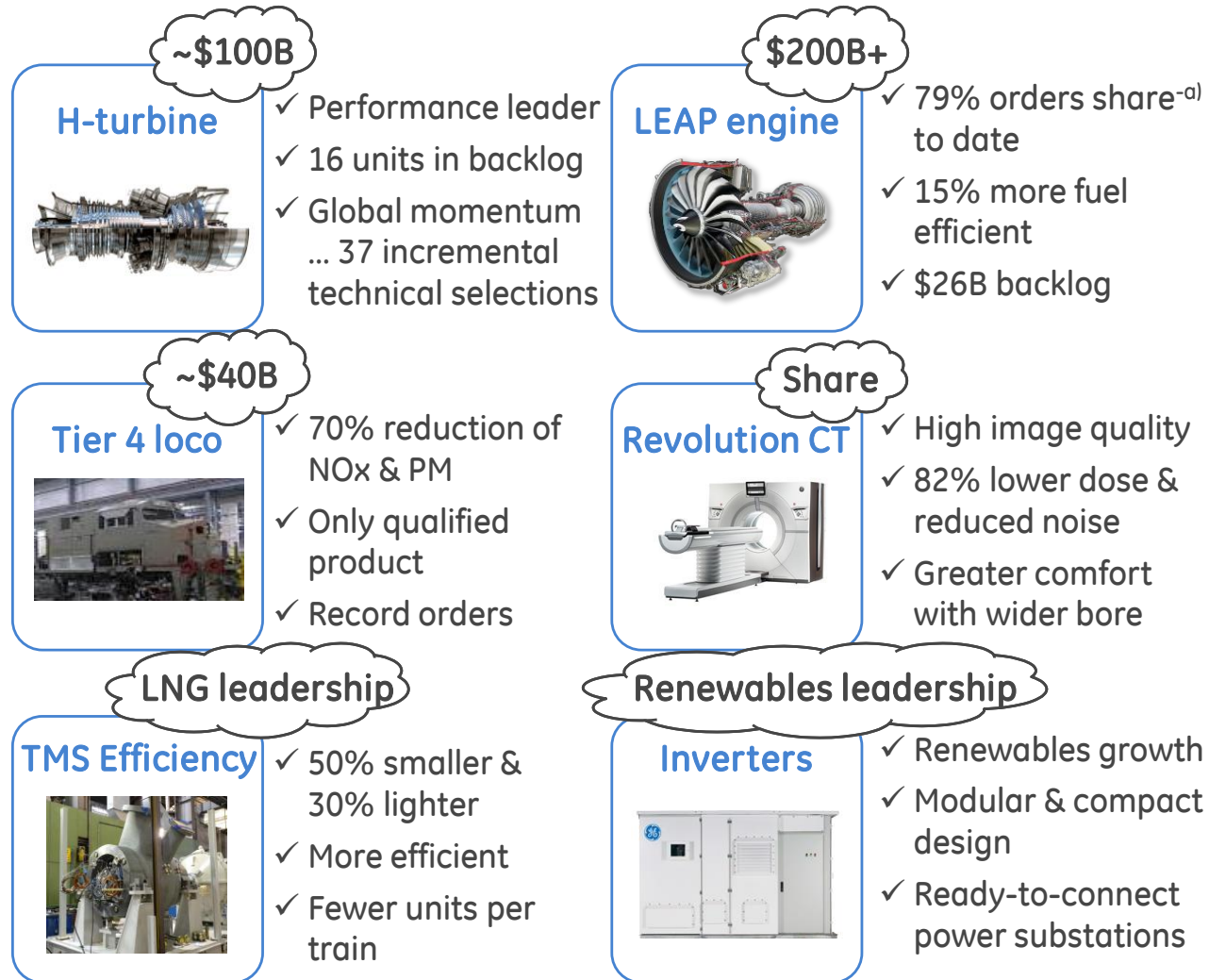
## With Alstom

- ✓ Share in Renewables
- ✓ New capability (silicone carbide)
- ✓ Technical leadership
- ✓ Internal GE supply

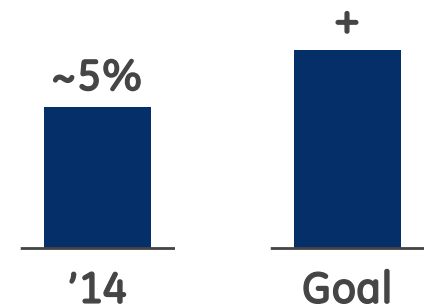
## Business impact (post)



# Winning with new products



## Equipment margins



## What is different

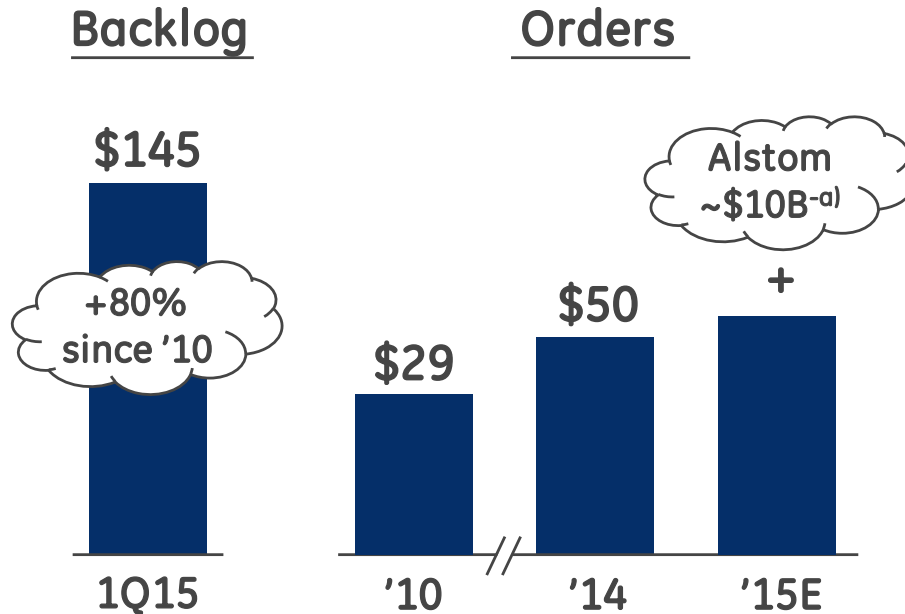
- + Should-cost analysis
- + Advanced manufacturing ... learning curve
- + Digitized factories
- + Backward integration
- + FastWorks & design tools

Generational leadership in technology



# Growth markets

(\$ in billions)



## Alstom + GE

- + More scale in critical regions: Central Europe, Africa
- + More efficient manufacturing and service footprint: India
- + Better customer and partner coverage



## Opportunities for growth



### Egypt power

- Supplying advanced gas turbines for 2.7 GW of power generation

~\$2B



### Ghana gas-to-power

- Making natural gas available to create power generation opportunity

~\$1B



### Brazil & Angola rail

- Supporting local industry with heavy & medium-haul locos

~\$1B



### China aviation

- 1,000 narrow bodies in 2015
- Local service & manufacturing

~\$3B



### Global bioprocess mfg.

- Drug manufacturing growth in emerging markets

~\$0.5B



### Brazil wind

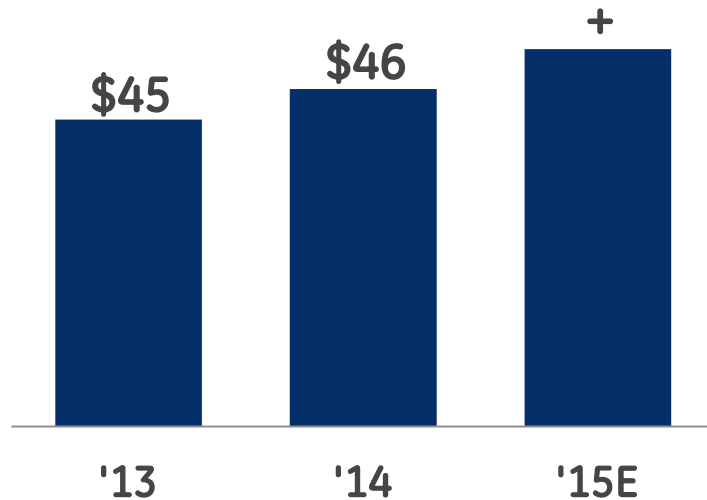
- Winning in a ~2.5 GW/year market with a local supply chain

~\$0.8B

# Services growth

(\$ in billions)

## Services revenue



Backlog \$180 \$189 +

\$/IB growth

**~3%**

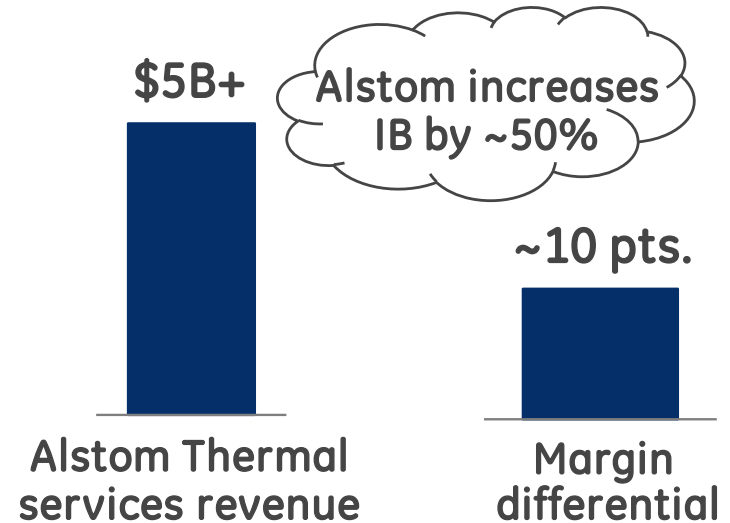
2014 margins

**32%**



(a- Alstom transaction subject to regulatory approval)

## Alstom<sup>a)</sup> Services synergies



## Closing the gap

- ✓ Upgrades & asset life extension
- ✓ Predictive analytics and "big data"
- ✓ Advanced repair & inspection technology
- ✓ Field force automation & productivity
- ✓ Alstom brings multi-vendor capability

# Services expansion: physical & analytical

## Technical platforms

### Predix™



- ✓ World-class Industrial Internet platform
- ✓ Software & analytics – big data
- ✓ Enterprise scale, cloud based

### Asset performance management



- ✓ Fleet-wide, real-time performance monitoring
- ✓ Predictive analytics – reliability/asset uptime

### Controls & SW



- ✓ Huge installed base
- ✓ Performance payback
- ✓ Cyber security

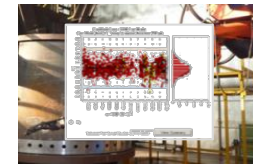
### Enterprise Software



- ✓ Enhanced customer outcomes
- ✓ Workforce optimization
- ✓ Common digital thread – standard, linked processes

## Productivity platforms

### Brilliant Factory



- ✓ Digital thread - linking design, manufacturing & service
- ✓ Optimizing working capital
- ✓ Better cycle time/productivity

### Field services automation



- ✓ Digital field procedures
- ✓ Ask an Expert
- ✓ Wireless devices
- ✓ Robotics – risk/repetitive



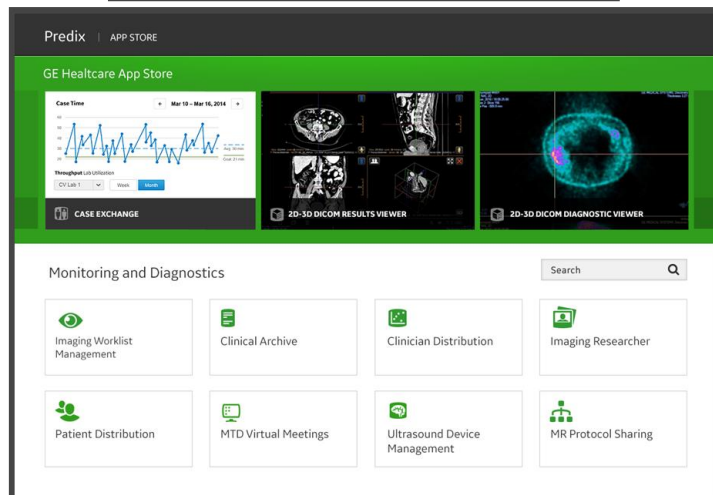
GE combines data & physics

# Growth in software & solutions

## Metrics

	2015E	2017F
Revenue	~\$5B	~\$8B
- % Predix-enabled	50%	70%+
Productivity (\$MM)	\$300	\$500
Assets Under Mgmt. (# in 000's)	~225	~500
\$/IB	~3%	3-4%

## Launch Predix in 2H15



## Industrial Cloud Operating System



## Applications: Customer outcomes

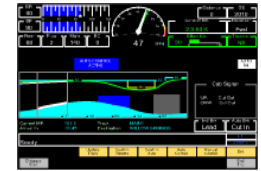
### Asset Performance Management

Services growth

### Field Vantage



### Power Advisor



### Controls/SW

Services growth

### Digital Wind



### Digital Pipeline



### Enterprise SW

Software sales

### Movement Planner



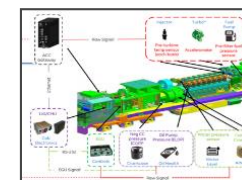
### Imaging Cloud



### Productivity

Margins

### Sensor Enablement



### Aviation TOW



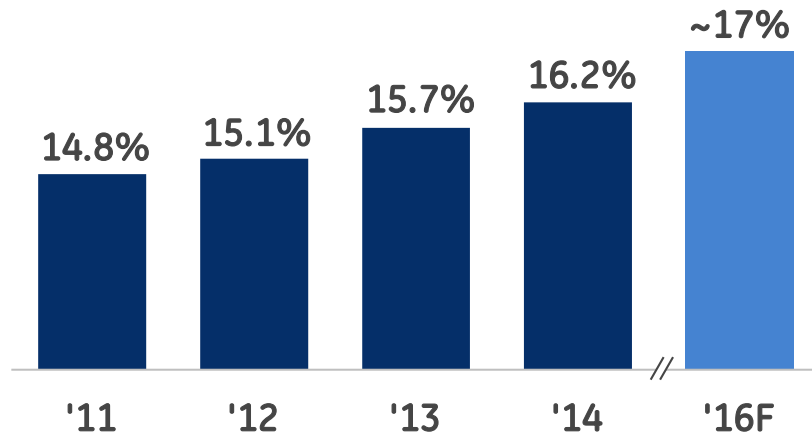


# Sustainable margin improvement (ex-BD)

(\$ in billions)

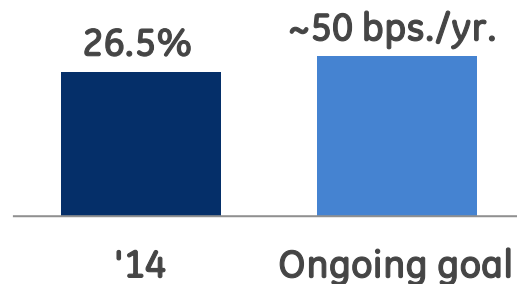
## Op profit margins

(Industrial segments)



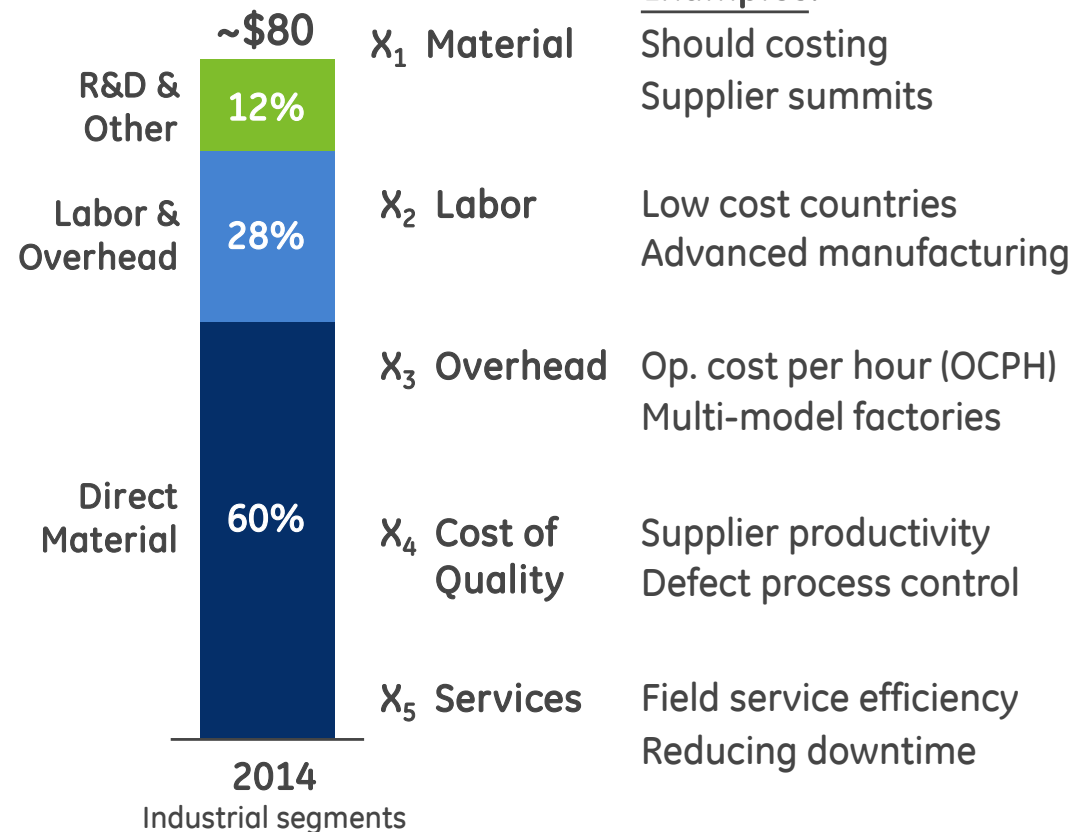
## Gross margins

(Industrial segments)



## How we're attacking gross margins

Y = Product/Service costs



Consistent margin expansion ... all segments contributing

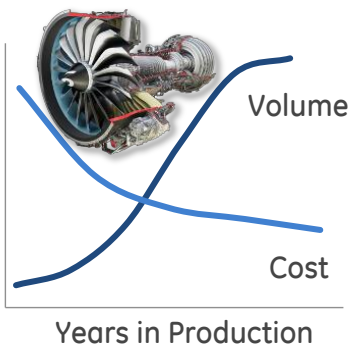




# Business gross margin engagement

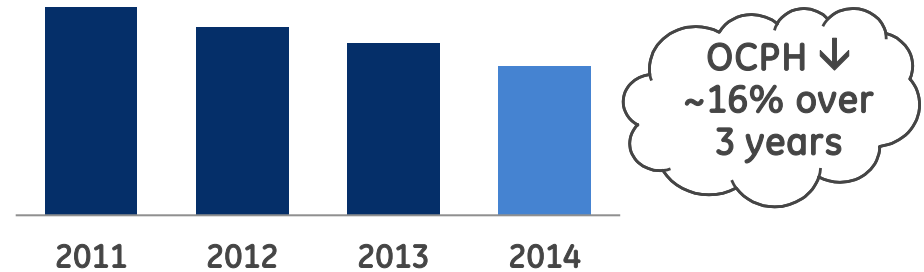
## Aviation ... managing the cost curve

### LEAP engine launch



- ✓ Aggregate NPI volume
- ✓ 10% of supply base to LCC
- ✓ 4-5% annual product cost deflation
- ✓ Position LEAP cost for successful launch

## Power & Water ... PGS repair shops OCPH



- ✓ Utilize multi-modal & low-cost facilities
- ✓ Integrate with unit manufacturing base

## Healthcare ... design for cost



MR Kizuna 3T

- ✓ Should cost tools
- ✓ Install footprint ... 25% smaller
- ✓ Install timing ... 30% faster
- ✓ Power consumption ... 50% lower

## Oil & Gas ... operationalizing "big data"



- ✓ Executing ERP consolidations to drive business critical processes
- ✓ Growing analytics for commodity consolidation, best cost
- ✓ Visibility & tools for ~1,400 users

## Company execution

- + Common tools/IT
- + Best practices → should cost
- + Global scale ... OCPH

## Business execution

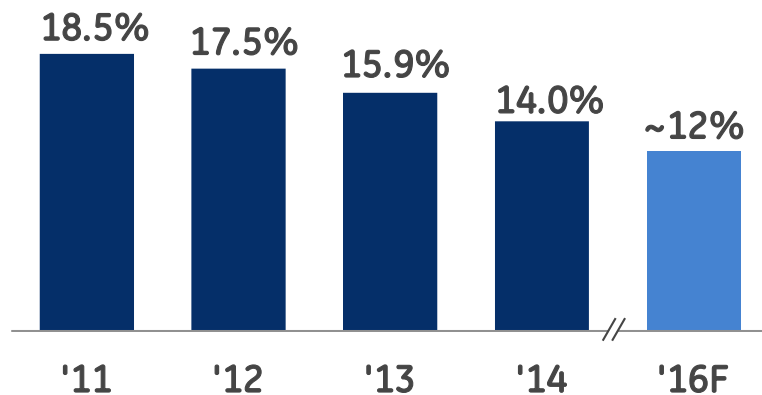
- + Linked to compensation plans
- + Resource allocation → VCP
- + Supplier engagement



# Simplification

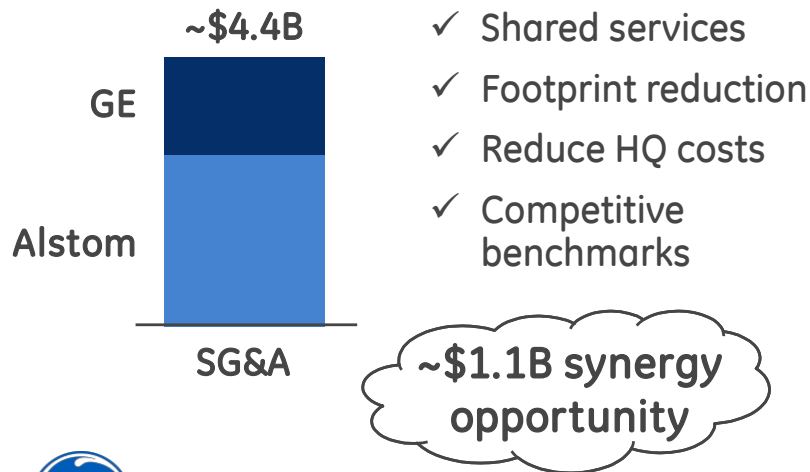
## SG&A cost out

(Industrial SG&A % of sales ex-BD)



## Alstom<sup>a)</sup> + GE

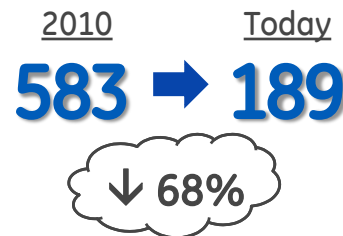
(Thermal, Renewables, & Grid segments)



(a- Alstom transaction subject to regulatory approval)

## Program advancement

### ERP reduction



- ✓ Maximize shared services capabilities
- ✓ Data access/visibility enables margin expansion
- ✓ Critical to SG&A and gross margins efforts

### Restructuring

2013-2015E

**\$5B+**

- ✓ Investing to right-size cost structure
- ✓ ~300 projects averaging ~1.5-year payback
- ✓ All segments contributing

### FastWorks



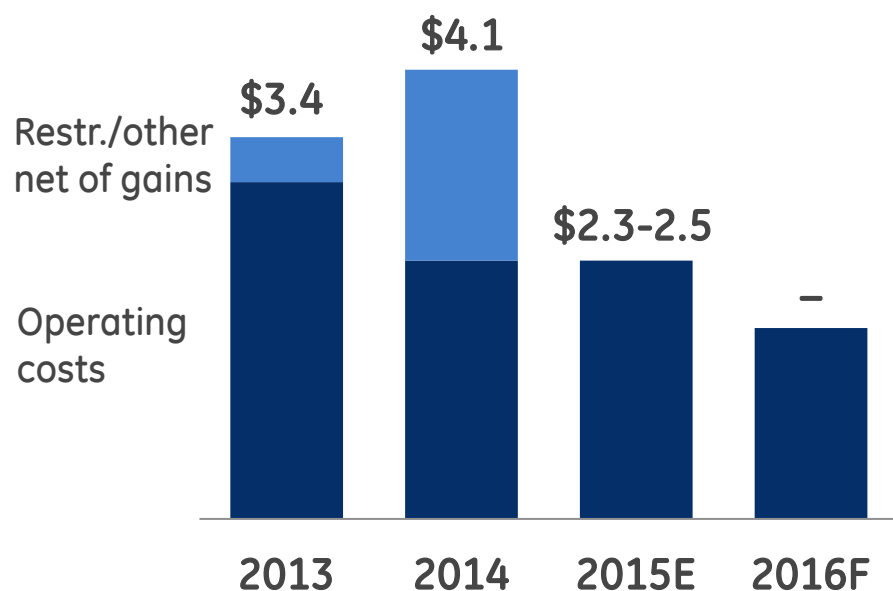
- ✓ "FastWorks everyday" ... cultural shift
- ✓ Creating value for our customers & GE ... 500+ projects to date
- ✓ FastWorks principles guide NPIs ... embrace minimally-viable products

# Corporate

(\$ in billions)

## Corporate operating costs

(excluding non-operating pension)



- + Continued reduction in HQ operating costs ... ~\$0.2B cost-out from HQ staff & growth costs
- Pension headwind from mortality & discount rates
- ✓ Invested \$5B+ in restructuring & other items from 2013-2015



### 1 Corporate with Capital strategy

- ✓ Significant synergies with GE Capital plan

### 2 Corporate with Alstom

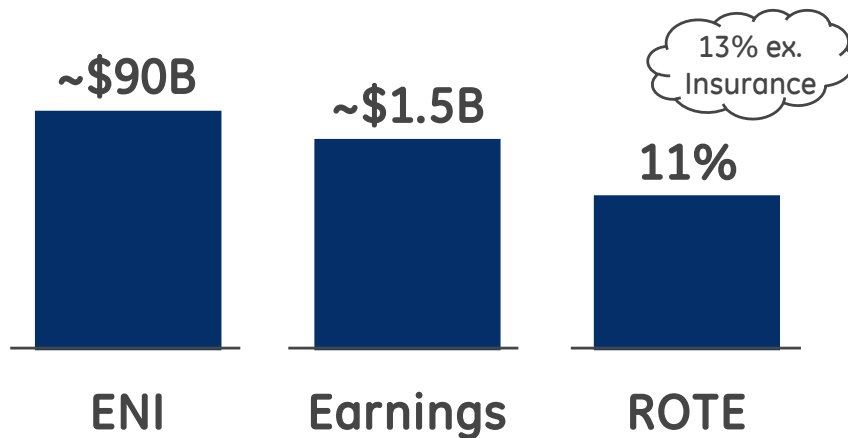
- ✓ Utilize global operations
- ✓ Streamline with best talent
- ✓  $1 + 1 = 1$

### 3 Corporate in the future

- ✓ Support & accelerate GE Store
- ✓ One layer of governance

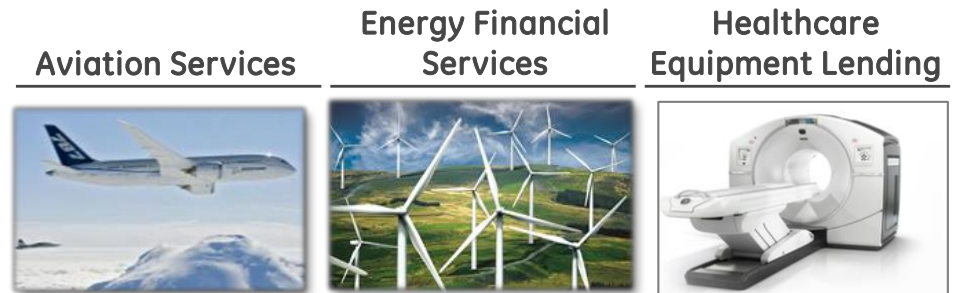
# Advantage of Capital verticals

## Attractive financial profile<sup>-a)</sup>



- ✓ Aviation, energy & healthcare focus
- ✓ High quality earnings
- ✓ Returns > cost of equity
- ✓ Strong operational & risk mgmt. skills

## GE & Verticals synergies



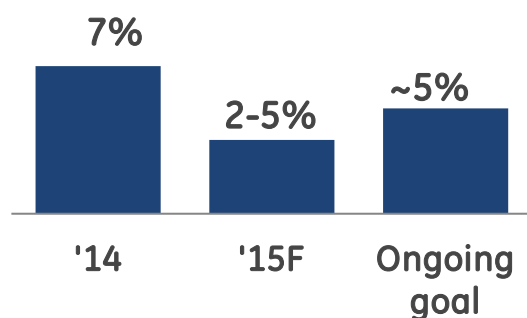
- + Deep knowledge of assets supports customer-centric financing
- + Long-term investment horizon with global **project finance** experience
- + Flexible financing products that help our customers grow ... **capex to opex**
- + **Strong penetration** ... ~85% of GECAS aircraft powered by GE/partner engines; ~50% in EFS/Healthcare



(a- Excluding excess liquidity and debt costs)

# Industrial earnings capability

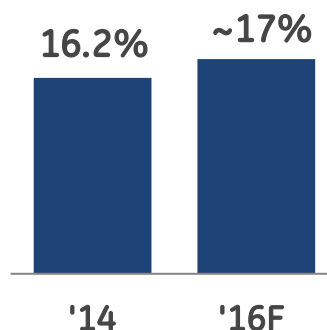
## Organic revenue growth



- + Win NPI share
- + Accelerate services growth
- + Portfolio & geographic diversification

## Margins

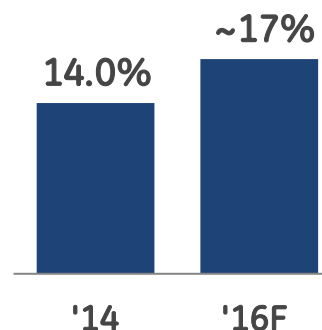
(ex-BD)



- + Gross margins ↑ ~50 bps.
- + SG&A/sales ~12%
- + Fix underperforming businesses

## Returns

(ex-BD)



- + Improve cash conversion to ~95% over 3 years
- + Get investments back to 1:1 reinvestment ratio
- + Healthy vertical finance company

## Alstom<sup>a)</sup>



- + Execute on synergies
- + Drive growth
- + Utilize GE's services playbook

Levers driving Industrial growth are in place

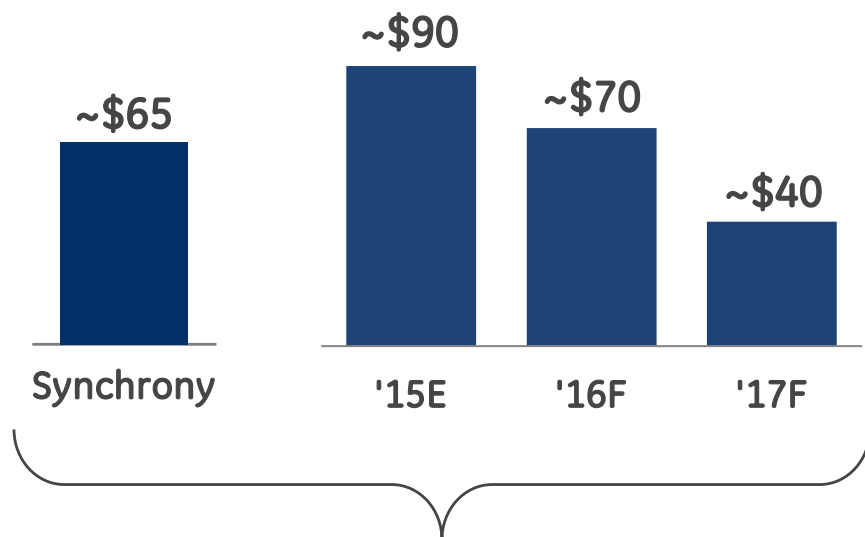


(a- Alstom transaction subject to regulatory approval)

### 3 GE Capital execution

(4Q'14 ENI ex-liquidity, \$ in billions)

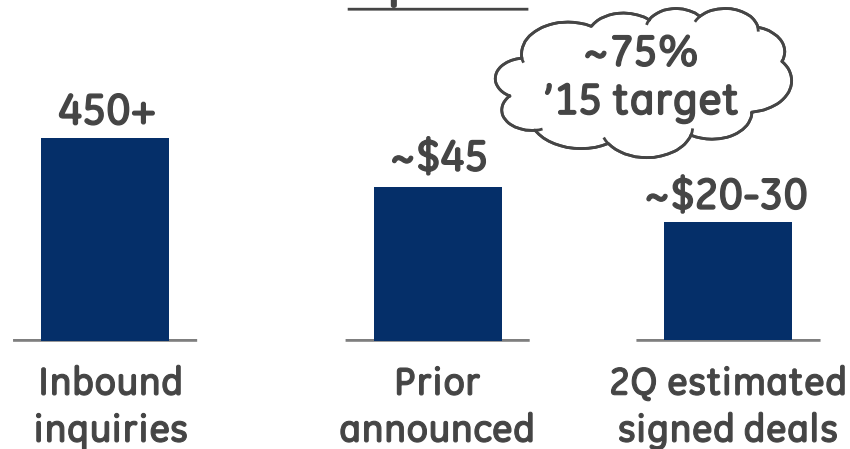
#### What we said



#### Capital to be released

Synchrony	~\$20
GE Capital exits	~\$35

#### Update



#### Goals

- 1 ~\$90B asset sales in '15
- 2 All sales committed by '17
- 3 ~\$35B dividend to GE
- 4 Timing of dividends
- 5 SIFI de-designation application

#### Latest view

~\$100B
Largely done by '16
On track
On track
'16, on track

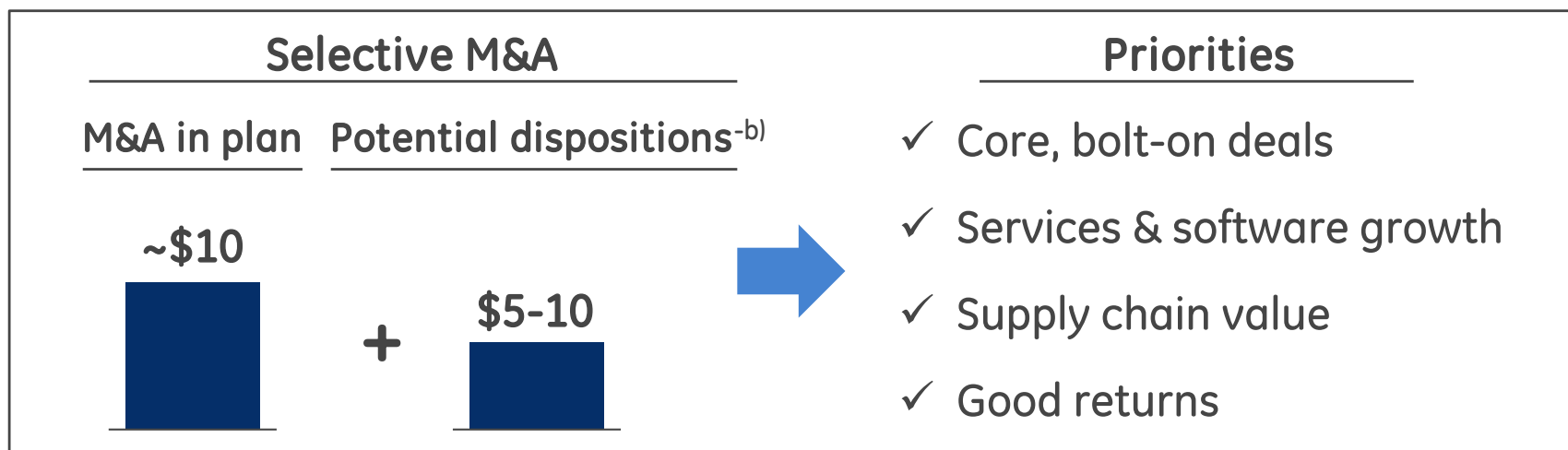
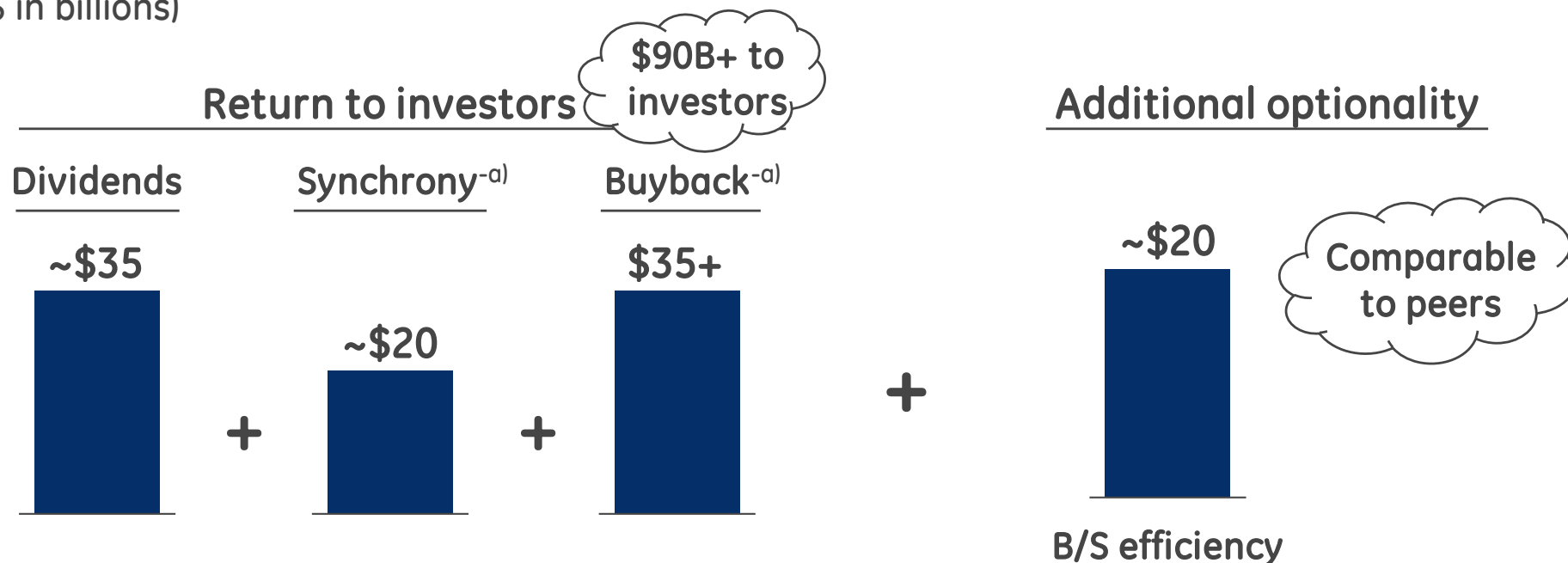
Strong buyer interest ... team executing



Subject to regulatory approval

# Capital allocation ('15E-'18F)

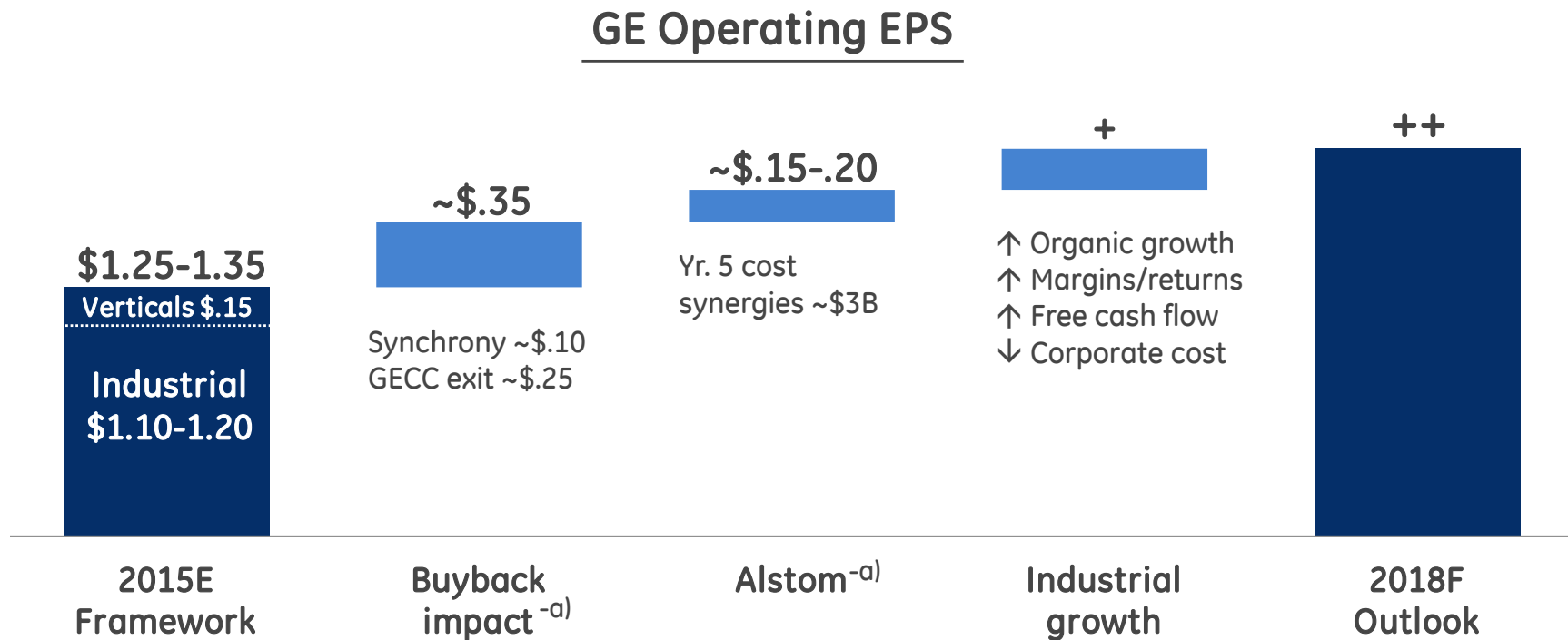
(\$ in billions)



(a- Subject to regulatory approval

(b- Excludes Appliances & Signaling transactions

## 4 GE in the future



How we will  
measure the  
GE team

- 1 Execute Capital dispositions faster & at high value
- 2 Accountable Industrial performance by business & key metrics
- 3 Detailed Alstom execution
- 4 Balance sheet value ... improve returns



(a - Subject to regulatory approval)



