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, disposals 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 may also contain 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.
The Pivot

Investor value: 2015 + 2016

+ World's best Infrastructure company built on GE competitive advantage ... the “GE Store”
+ ~$40B returned to investors through dividends & Synchrony spin
+ Substantial Industrial EPS tailwind with Alstom, restructuring, buyback
+ Smaller GE Capital ... potential for reliable value creation
+ Culture of simplification & accountability

1. Strong Industrial EPS growth
2. Earnings 75%+ Industrial
3. Expanding margins & returns
### Environment

<table>
<thead>
<tr>
<th>&quot;Better&quot;</th>
<th>&quot;No change&quot;</th>
<th>&quot;Tougher&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. recovery</td>
<td>Emerging markets/China</td>
<td>Oil prices</td>
</tr>
<tr>
<td>Air, rail traffic</td>
<td>Natural gas prices</td>
<td>Russia</td>
</tr>
<tr>
<td>Global infrastructure demand</td>
<td>Power demand</td>
<td>FX volatility</td>
</tr>
<tr>
<td>U.S. healthcare</td>
<td>Mining</td>
<td>Military budget</td>
</tr>
<tr>
<td>Retail</td>
<td>Housing</td>
<td>Regulatory costs</td>
</tr>
<tr>
<td>Mexico reforms &amp; exports</td>
<td>Europe</td>
<td>High-cost oil producers</td>
</tr>
<tr>
<td>New technologies stimulating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>growth</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A lot going on … still fits path of slow growth and volatility + plenty of growth available
Oil price decline

**Known:**
- Lower demand ... Europe
- Higher supply ... OPEC

**Planning GE Oil & Gas**
1. Lower cost ... base & variable
2. Complete operational upgrades
3. Segment customers/projects & support
4. Look for opportunity ... share, people

**Remainder of GE**
- Sourcing & deflation opportunity
  =/+ Good for customers in other segments

---

**Other thoughts/observations**
= China going through change ... micro vs. macro ... still ok

=/- Low-cost producers ok (Saudi); high cost will be impacted (Iraq)

=/+ U.S./Europe/Japan/China should improve with cheaper oil

=/+ Aviation & Transportation ... net positive ... usage ↑

=/+ Natural gas favored

**Micro vs. macro**

Pragmatic outlook for 2015
# 2014 operating framework

<table>
<thead>
<tr>
<th>Operating earnings</th>
<th>2014F</th>
<th>Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>++</td>
<td>✓ Strong Industrial segment growth ... +10% 3Q YTD</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Margin expansion ... +50 bps. 3Q YTD</td>
</tr>
<tr>
<td>GE Capital</td>
<td>~$6.7B</td>
<td>✓ Delivering on 2014 framework ... TY ~$6.9B</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Phase 1 of Retail Finance transaction + Nordics sale</td>
</tr>
<tr>
<td>Corporate</td>
<td>–</td>
<td>✓ Will outperform $500MM cost out target</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ Restructuring &gt; gains ... 2¢ higher restructuring &amp; other charges ... TY ~(11)¢</td>
</tr>
<tr>
<td>Total operating earnings</td>
<td>+</td>
<td>✓ Positive impact of share reduction</td>
</tr>
<tr>
<td>CFOA</td>
<td>$14-17B</td>
<td>✓ Total year tracking to framework; ~$3B GE Capital dividends</td>
</tr>
<tr>
<td>Total revenues</td>
<td>0-5%</td>
<td>✓ Industrial segment organic 4-7% ... +5% 3Q YTD; GE Capital 0-(5)% ... (5)% 3Q YTD</td>
</tr>
</tbody>
</table>

**Total year framework on track**
A more valuable portfolio

- Great Infrastructure franchise ... every business embedded with & adds to GE capability ... capitalizing on the big economic themes
- Outperforming competition while expanding margins & returns
- Smaller Financial Services that has competitive advantage & is capital efficient
## Improving the portfolio

<table>
<thead>
<tr>
<th>Invest</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rebuild &amp; diversify power business post-bubble</td>
<td>+</td>
</tr>
<tr>
<td>✓ DP, Water, Wind</td>
<td></td>
</tr>
<tr>
<td>2. Build a competitive &amp; diverse Oil &amp; Gas franchise</td>
<td>+</td>
</tr>
<tr>
<td>3. Broaden Healthcare diagnostics franchise beyond U.S. DI</td>
<td>=</td>
</tr>
<tr>
<td>✓ Life Sciences, HCIT</td>
<td></td>
</tr>
<tr>
<td>4. Expand profit pools for Aviation</td>
<td>+</td>
</tr>
<tr>
<td>✓ Systems, supply chain</td>
<td></td>
</tr>
<tr>
<td>5. Execute on Alstom</td>
<td>TBD</td>
</tr>
<tr>
<td>✓ Fortify Power</td>
<td></td>
</tr>
<tr>
<td>✓ Scale for EM</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Divest</th>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reposition NBCU for value</td>
<td>+</td>
</tr>
<tr>
<td>+ Add Cable</td>
<td></td>
</tr>
<tr>
<td>✓ Divest @ good return</td>
<td></td>
</tr>
<tr>
<td>2. Sell Industrials that don’t fit Infrastructure platform</td>
<td>+</td>
</tr>
<tr>
<td>✓ Plastics/Silicones</td>
<td></td>
</tr>
<tr>
<td>✓ Appliances</td>
<td></td>
</tr>
<tr>
<td>3. Sell insurance “before the storm” … risk reduction</td>
<td>+</td>
</tr>
<tr>
<td>4. Grow consumer finance &amp; then exit … no competitive advantage</td>
<td>–</td>
</tr>
<tr>
<td>5. Synchrony spin … focus on commercial finance</td>
<td>TBD</td>
</tr>
</tbody>
</table>

---

**Where we are**

- ✓ Every Industrial business improved + fits GE core capability
- ✓ Smaller and more focused GE Capital
- ✓ Lots of lessons learned
2014 portfolio actions

**ALSTOM**
- Acquire Power & Grid ... businesses we know ... for $13B
- Strong synergies
- Teams in place to manage
- Targeting mid-2015 close

**Investor benefits**
- IRR in high-teens
- EPS accretion of $.06-.09 in 2016
- Enhances long-term growth

**synchrony financial**
- Completed 15% IPO in July
- Well received by the market ... up 20%+ since IPO
- Strong leadership team & well funded
- Split-off modeled for 1/1/16

**Investor benefits**
- At current price: gain of ~$2B ... buyback of ~700MM shares
- Focus on commercial finance

**GE Appliances**
- Legacy GE business ... to be sold to Electrolux for $3.3B
- Good stewards for GE brand ... improved global position
- Favorable cycle ... earnings impact minimal
- Targeting mid-2015 close

**Investor benefits**
- Gain ~$.05-.07 EPS
- Unlock value in business that doesn’t fit GE Infrastructure model

All transactions subject to regulatory approval
Capital going forward

($ in billions)

**ENI** evolution

<table>
<thead>
<tr>
<th>Peak</th>
<th>3Q’14</th>
<th>‘15F ex. Synchrony</th>
</tr>
</thead>
<tbody>
<tr>
<td>$637</td>
<td>$365</td>
<td>~$365</td>
</tr>
<tr>
<td></td>
<td>~135</td>
<td>&lt;$300</td>
</tr>
<tr>
<td></td>
<td>~$230</td>
<td>+</td>
</tr>
</tbody>
</table>

Core
- Verticals
- Commercial finance

**Focus**

1. Execute portfolio transformation, including Synchrony, Australia, Hungary, RE equity
2. Focused on growing commercial finance & verticals where we are advantaged
3. Building regulatory capability ... CCAR in 2017
4. Improve returns ... liquidity, underwriting

**Investor “guide post”**

<table>
<thead>
<tr>
<th>Earnings (EPS)</th>
<th>‘15F</th>
<th>‘16F</th>
</tr>
</thead>
<tbody>
<tr>
<td>~$.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>~$.40</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a- 3Q’08 + FAS 167 ex-cash, @ 1Q’10 FX, including disc. ops.
(b- ENI excluding liquidity)
## Alstom update

### Better than expected

- Synergy opportunities are robust
- Strong technology and functional management
- Expanded global operations
- Synergistic global footprint

### As expected

- Technology and services are complementary
- Compatible company culture
- Government processes and compliance matters
- Strong EPC fundamentals ... leveraging our experience in O&G and hired ex-Bechtel leaders to help with backlog execution

### Worse than expected

- Alstom 1H cash reserves were weak

---

Targeting mid-2015 close ... shareholder vote December 19
## Alstom value creation

($ in millions)

<table>
<thead>
<tr>
<th>Drivers</th>
<th>April synergy target</th>
<th>Status</th>
<th>Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimize manufacturing/services footprint</td>
<td>~$400</td>
<td>↑</td>
<td>• ~10 pts. service margin delta</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 1,000 combined sites ... 1/3 in same city</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Alstom has good manufacturing capability</td>
</tr>
<tr>
<td>Combine sourcing buy</td>
<td>~$250</td>
<td>↑</td>
<td>• $12B combined buy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• $1B+ of internal sourcing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Extensive low-cost country footprint</td>
</tr>
<tr>
<td>Optimize R&amp;D</td>
<td>~$300</td>
<td>↑</td>
<td>• Complementary skills ... better system capability</td>
</tr>
<tr>
<td>Consolidate support functions</td>
<td>~$250</td>
<td>↑</td>
<td>• GE SG&amp;A benchmarks ... shared services</td>
</tr>
<tr>
<td>Growth opportunities</td>
<td></td>
<td></td>
<td>+ Global footprint ... complementary</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+ Value for service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+ Good engineering/systems</td>
</tr>
</tbody>
</table>

### Financials

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>’15F</td>
<td>~$.01</td>
</tr>
<tr>
<td>’16F</td>
<td>$.06-.09</td>
</tr>
<tr>
<td>’17F</td>
<td>++</td>
</tr>
</tbody>
</table>

### EPS targets

- High teens return
- Improved strategic position
Valuable Industrial franchise

“New GE”/year 1

$130-140B

Revenue

Profit

2 More scale for GE initiatives
- Extend technical lead (~$6B)
- Grow installed base ... ~$200B
- Global capability ... $60B in growth markets

3 Incremental margins/returns
- Alstom synergies
- Broader focus on gross margins & returns
- More scale on a simpler foundation

4 Winning in the big themes
- Energy transitions
- Analytics/services
- Manufacturing
- Value healthcare
- Growth markets
- Infrastructure
- Efficiency
- Environment

1 Market leadership
- Power #1
- Aviation #1
- Transp. #1
- Healthcare #1
- Energy Mgmt. #3
- Oil & Gas #1-#3

All businesses contribute
The GE Store

Aviation
- Advanced materials
- Manufacturing leader
- Engineering first mover

Power & Water
- Global service footprint
- Manufacturing leader
- Combustion science

Airplane
- Global presence

Technology
- Execute at scale
- Common technology
- Invest in innovation

Transportation
- Localization offset
- Engine science
- Controls/enabling

Healthcare
- Global first mover
- Imaging/sensors
- Software scale

Energy Management
- Control COE
- Electrical BOP
- Industrial differentiation

Services
- Data, analytics, outcomes
- Global footprint
- Material & repair

Oil & Gas
- Global first mover
- Service technology
- Localization offset

Global presence
- Local capability
- Risk management
- Best partners; financing

Simplification
- Low-cost structure
- Shared services/IT
- Culture, leadership

GRC

SW COE

GGO

Crotonville

Control COE

Low-cost structure
Expanding value from the GE Store

1. **Gain share** at higher margins by launching products built on **technical** and manufacturing innovation

2. Capitalize on the **largest growth market footprint** … fueled by best **localization** capability

3. Lead the intersection of **physical & analytical** … software & IT … create a new source of speed & competitiveness

4. **Grow our valuable service franchise** by extending our **business model** & driving **customer outcomes**

5. Intensify process improvement in **gross margins & returns**

6. Achieve a **culture of simplification** supported by GE Beliefs & FastWorks
Gaining share

### H Turbine
- Why we win
  - Performance leader
  - 37 technical selections
  - Global momentum
- World's largest & most efficient gas turbine

### Tier 4 locomotive
- Why we win
  - 70% reduction of NOx & PM
  - Only qualified product
  - Record orders
- Market-leading technology

### LEAP engine
- Why we win
  - 79% share to date
  - 15% more fuel efficient
  - More content
- Most efficient & reliable narrow-body engine

### PET MR
- Why we win
  - Lowest dose, highest sensitivity
  - Proprietary detection... most efficient
  - Clinical winner
- Differentiated product offering

### 20k BOP
- Why we win
  - Access to 20k PSI & 350°F reservoirs
  - ↑ reliability & ↓ downtime
  - Unique control system
- Reliable & durable in ultra-deep water

### Power Conversion
- Why we win
  - $1B marine backlog
  - Impact in wind and solar
  - Differentiates GE (e.g. LNG)
- Focused technology leader
Product cost advantage

**Investments**

**Materials & methods**
- Material scale
- Advanced mfg.
- Service value

**Design & testing**
- Engineering cycle ↓
- Control IP
- Fewer parts

**Vertical integration**
- GE content ↑
- Sole source ↓
- Value gap

**Digitization**
- “In factory” analytics
- Supply chain visibility
- FastWorks

**Impact**

**LEAP Engine launch**
- Leverage GEnx
- Steeper curve

**H Turbine launch**
- 1st unit cost ↓ 10%
- $/kw ↓ 30%

LEAP is a trademark of CFM International, a 50-50 JV between Snecma and GE
Best growth market footprint

($ in billions)

2014 orders

- **GE**
  - ~$50

- **Alstom**
  - ~$10

**Scale advantage** ... strong foundation in places that count

**Expanding beyond the core** ... power conversion, life sciences, avionics

**Scope of GE** ... ↓ cost through multimodal sites & engineering centers

---

**China**
- Partnering with state champions to deliver clean energy solutions
- Delivering localized affordable healthcare products & services
- Mass transportation expanding... C919

---

**India**
- Significant demand for power gen & T&D... complementary tech with Alstom
- Providing clean power with Wind launches... new tech, local sourcing
- Alstom manufacturing footprint

---

**MENAT**
- Leading with technology... GE9X, Aviation services, HDGT
- Partnering to increase localization... Sonelgaz power gen facility
- Executing amidst volatility

(a - Alstom Power & Grid orders outside of Western Europe & North America, fiscal year 2013/14)
Localization capability

**Seize the market**

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

- **Emergency power**
  - 5-10 active campaigns
  - Local business model

- **Global locomotives**
  - 1,000 locos 2015 – 2018
  - High share

- **Value Healthcare**
  - ~$1B in global sales
  - Compete everywhere

- **Africa Oil & Gas**
  - Big campaigns in Nigeria, Mozambique, Ghana, Angola

**Lower costs & localization**

- **Multi-modal sites**
  - $500MM+ output
  - $100MM+ savings
  - Nigeria next

- **Engineering centers**
  - 3,000 engineers
  - 20%+ ↓ OCPH
  - Vietnam next

- **Shared services**
  - 5 global centers
  - 30% ↓ cost
  - 65% processes
GE differentiation: physical & analytical

For Service:

- Invest $300 - $400MM/year
  - GE Predix™ capabilities
  - 40+ GE Predictivity™ apps
  - Productivity, margins and growth

Value for investors
- $/IB ↑
- Predictivity™ revenue
- Margins ↑
- Product feedback

Delivering customer outcomes...
Power of 1%
- Efficiency
- System cost
- Uptime
- Safety & quality

Enterprise IT
- $2B Annual spend
- Brilliant factory
- Field services
- Commercial tools
- Cyber security

Driving GE’s 1%
- Digital foundation ... 90% ↓ in ERPs
- Data-as-a-service ... sourcing, Alstom synergies, factory productivity
- New way to deliver services ... $1B CSA productivity over 3 years & 10% customer uptime improvements
- Configurator and quoting tools ... commercial productivity, win rates
Horizontal capability: Controls

1. Embed knowledge and create Brilliant machines …
   e.g., 3% increase in output or 20% increase in life through life optimizing controls

2. Harness cloud connectivity and power of Predix …
   • Every GE machine connected to the cloud
   • Ability to better trend and diagnose anomalies
   • Optimize service and time on wing cost

3. Upgrade controls software …
   • Download software to change asset behavior
   • Upgrade machine at minimum costs
   • Key enabler to sell new services

4. Common communications, security and user experience …
   • GE plug and play systems. 50% reduction in commissioning time
   • 30% reduction in engineering requisition time
   • Delight customers due to common UX

Life optimizing controls

✓ Foundation for upgrades
✓ Extends life and output
✓ Reduce CSA cost/risk
Extending our value: Rail customer

- Yard Planning
  - Yard Planner
  - Wayside AM
    - RailDOCs
    - ~5,800 users

- Shipper Mgmt.
  - Shipper connect
  - ~140 customers

- Fuel Mgmt.
  - Trip Optimizer
  - ~3100 locos

- Railcar AM
  - ExpressYard
  - ~75% transactions

- Yard planning
  - Oasis
  - ~50 terminals

---

GE positioning

- Can be “operational ERP supplier” for industry
- Opens up incremental market ... $/IB

8 analytical applications
~$100MM/yr. opportunity

+ Can be “operational ERP supplier” for industry
+ Opens up incremental market ... $/IB
## Transforming IT

### Digital transformation

<table>
<thead>
<tr>
<th></th>
<th>Today</th>
<th>Future&lt;sup&gt;c)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>ER/Manufacturing&lt;sup&gt;a)&lt;/sup&gt;</td>
<td>181</td>
<td>34</td>
</tr>
<tr>
<td>Data Centers</td>
<td>28</td>
<td>~5</td>
</tr>
<tr>
<td>Applications</td>
<td>8,500</td>
<td>~5,000</td>
</tr>
<tr>
<td>Shared Services</td>
<td>~40%</td>
<td>~65%</td>
</tr>
<tr>
<td>Cloud&lt;sup&gt;b)&lt;/sup&gt;</td>
<td>~25%</td>
<td>~70%</td>
</tr>
</tbody>
</table>

---

### Business impact

**GE Water**
- ‘12–’14 profit CAGR 35%+
- SG&A ↓ ~10 pts.
- Past dues ↓ ~60%
- Finance cost ↓ 50%
- Improving returns

**Life Sciences**
- ‘12–’14 profit CAGR 10%+
- SG&A ↓ ~5 pts.
- Margins 20%+
- On-time delivery ↑
- Improving returns

---

Significant progress ... more to go

<sup>a)</sup> Excludes 2014 acquisitions  
<sup>b)</sup> Target percent of new applications that are Cloud enabled  
<sup>c)</sup> Excludes impact of Alstom acquisition
## Grow our service business

($ in billions)

### Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>'12</td>
<td>29%</td>
<td>$157</td>
</tr>
<tr>
<td>'13</td>
<td>30%</td>
<td>$180</td>
</tr>
<tr>
<td>'14E</td>
<td>30%+</td>
<td>~$185</td>
</tr>
<tr>
<td>'15F</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

### Strengthening execution

- $/IB growing by ~3%
- Generating $1B of productivity
- Growing global presence
- Predictivity™ orders of $1.5B+
- Value in the aged fleet

### GE + Alstom Thermal Services

#### GE brings:
- GE technology: coatings, additive manufacturing, robotics
- SW COE: Big data & analytics opportunity, outcome selling

#### Alstom brings:
- 350 GW installed base: EM footprint
- Broad service expertise
- Steam, generator & mature fleet

> +35%  
> ~10 pts.
Expanding service potential: Power Gen

($ in millions)

**CSA capture**
- 37
- 13
- Technical Backlog selections
- ✓ Capture rate high
- ✓ Performance
- ✓ Analytics platform

**Technology upgrades**
- ~205
- '14E: ~80
- '15F: ++
- Margin: ++

**Software solutions**
- ~$300
- '15F
- ✓ 2.5X growth
- ✓ Customers engaged
- ✓ Dedicated sales teams

**Aged fleet**
- 2,800
- # B/E Installed base
- ✓ Grow $/IB
- ✓ Upgrades & controls
- ✓ Alstom capabilities

**Global footprint**
- 17
- Global repair shops
- ✓ Saudi Arabia, Russia, Vietnam
- ✓ Alstom expertise

**Productivity**
- ~$350
- ✓ Materials
- ✓ Repair tech.
- ✓ Field engineer efficiency
- ✓ Analytics

Building a more robust service model
5 Intensify process improvement

($ in billions)

1. Simplification wave 1 – Reduce SG&A costs to reach world-class levels

2. Simplification wave 2 – Address variable & product cost to drive gross margin improvement

3. Improve returns
   - Driven by margin expansion (GM + SG&A)
   - Free cash flow conversion

GE commitments

Industrial SG&A % of sales

<table>
<thead>
<tr>
<th></th>
<th>'14E</th>
<th>'16F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial SG&amp;A % of sales</td>
<td>~14%</td>
<td>~12%</td>
</tr>
</tbody>
</table>

Segment gross margins

<table>
<thead>
<tr>
<th></th>
<th>'13</th>
<th>'16F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment gross margins</td>
<td>~27%</td>
<td>~50 bps. annually</td>
</tr>
</tbody>
</table>

Industrial returns

<table>
<thead>
<tr>
<th></th>
<th>'14E</th>
<th>'16F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial returns</td>
<td>~15%</td>
<td>~17%</td>
</tr>
</tbody>
</table>
Operational simplification

**Horizontal focus – GM + Returns**

- Product cost
- OCPH
- Value gap
- Engineering efficiency
- Service productivity
- Reliability
- P&E efficiency
- Working capital

Converge on drivers of change

Horizontal process → senior leadership & CAS

Common metrics & reporting

Compensation → outcomes drive comp

Make sure targets offset mix

**Aviation example**

- Gross margins: 25%
- SG&A: 7%
- Returns: 18%
- Cash conversion: 90%

**Return sensitivities:**

- **Gross margins:** 1 pt. = 100 bps.
- **P&E:** (10)% = 50 bps.

**Target processes**

- X: Product cost/learning curve
- X: P&E efficiency
- X: Engineering efficiency
- X: Service productivity

**Team comp plan**
Operational simplification

**Turbomachinery part design**

- Engineering & Sourcing drove ↓25% console product cost
- Modules + options allow for repeatable customization

**Thermal forgings**

- Sourcing engagement with multiple vendors
- Early volume commitments
- Advanced manufacturing

**Aviation learning curve**

- Continue to deliver on GEnx cost out
- Ensure LEAP readiness at cost
- Execute unprecedented NPI portfolio

**Aviation commercial engines**

- Favorable pricing from markets on new technology
- Driving service productivity by leverage analytics

**Ultrasound**

- Reduce product cycle time to market
- Improve product reliability to reduce downtime

**Analytics → Productivity**

- Co-development of new algorithms @ SW COE
- Optimizing material & repair cycles across installed base
- Field engineer efficiency

LEAP is a trademark of CFM International, a 50-50 JV between Snecma and GE
Culture of simplification

**Lean management**
+ Go from 14% to 12% SG&A/sales
+ 65% of processes in shared services, FastWorks
+ Corporate costs ↓ $500MM+
+ Improved product cost

**Speed & competitiveness**
+ Invest in IT ... speed & transparency... ERPs ↓ 90%
+ Fewer P&L, layers, process, ↓ headquarters
+ Driven by FastWorks ... lower product cost

**Commercial intensity**
+ “Customers define our success”
+ “Stay lean to go fast”
+ “Learn & adapt to win”
+ “Empower & inspire each other”
+ “Deliver results in an uncertain world”

**Digital capability**

---

**Lower-cost company**

**Faster & smarter company**

**Driven by beliefs**
Aligning to investor goals

**Annual incentive compensation**
- Target-based program to align to annual metrics
  - More transparency, reset each year
  - Threshold, target, maximum
- Key metrics:
  - Op profit
  - Cash

**Eligible employees**
- Officers: 190
- Senior executives: 500
- Executives: 4,800

**CEO & senior leadership**
- Combination of performance stock units (PSUs) + options
- CEO & senior leadership alignment on objectives
- 3-year PSU performance period aligned to company’s strategic plan
- Two PSU performance metrics with threshold and target
  - Total cash
  - Op margin %

**Aviation example:**

<table>
<thead>
<tr>
<th>Financial - 50%</th>
<th>Strategic - 50%</th>
<th>Total company performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Op profit</td>
<td>✓ Growth</td>
<td>✓ Services/analytics</td>
</tr>
<tr>
<td>✓ Free cash flow</td>
<td>✓ Returns</td>
<td>✓ Enterprise risk</td>
</tr>
<tr>
<td>✓ OP margin</td>
<td>✓ Talent</td>
<td></td>
</tr>
<tr>
<td>✓ Gross margins</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
GE store = results

**Organic growth**
(Industrial segments)

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>'13</td>
<td>0%</td>
</tr>
<tr>
<td>'14E</td>
<td>4-7%</td>
</tr>
<tr>
<td>'15F</td>
<td>2-5%</td>
</tr>
</tbody>
</table>

Ongoing goal: 5%

- Strong portfolio
- Product line → share
- Growth initiatives goal of 5-10% ... service + growth markets
- Offset short-term market dynamics (O&G)

**Margins**
(Industrial segments, ex. BD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Margins</th>
</tr>
</thead>
<tbody>
<tr>
<td>'13</td>
<td>15.7%</td>
</tr>
<tr>
<td>'14E</td>
<td>+</td>
</tr>
<tr>
<td>'15F</td>
<td>+</td>
</tr>
<tr>
<td>'16F</td>
<td>~17%</td>
</tr>
</tbody>
</table>

Achieving 17%

- SG&A to 12% of sales
- Segment gross margins ~50 bps. each year ... R&D in line with revenue
- Offset mix

**Returns**
(Industrial ROTC, ex. BD)

<table>
<thead>
<tr>
<th>Year</th>
<th>Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>'13</td>
<td>14.3%</td>
</tr>
<tr>
<td>'14E</td>
<td>+</td>
</tr>
<tr>
<td>'15F</td>
<td>+</td>
</tr>
<tr>
<td>'16F</td>
<td>~17%</td>
</tr>
</tbody>
</table>

Achieving 17%

- Hit margin goals
- Improve cash conversion
- Leverage P&E ... multi-modal
- Drive acquisition integration
Executing our financial plan
2015 operating framework

**1. Industrial**
- EPS: $1.10-1.20
- Industrial 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

**2. GE Capital**
- ~$0.60
  - Growth in verticals and Commercial Finance
  - Synchrony split 1/1/16
  - Non-strategic assets of ~$60B ex-Synchrony

**3. Free Cash Flow**
- $12-15
  - CFOA of $14-16B\(^a\)
  - P&E of ~$4-4.5B
  - Dispositions of $2-4B

**4. Cash Returned to Investors**
- $10-30
  - Dividend of ~$9B
  - Synchrony split-off est. ~$18-20B

\(^a\)- Taxes associated with dispositions included in net disposition proceeds
## Summary

<table>
<thead>
<tr>
<th>Op Profit</th>
<th>2014E</th>
<th>2015F With BD</th>
<th>2015F ex-BD</th>
<th>High end of range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power &amp; Water</td>
<td>+</td>
<td>++</td>
<td>+</td>
<td>Better U.S./developed markets</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>++</td>
<td>=/−</td>
<td>=/−</td>
<td>U.S. healthcare market improves in line with procedures</td>
</tr>
<tr>
<td>Energy Management</td>
<td>+++</td>
<td>++</td>
<td>++</td>
<td>Aviation/Transportation ... volume ↑ + mix ↑</td>
</tr>
<tr>
<td>Aviation</td>
<td>++</td>
<td>+/+</td>
<td>+/+</td>
<td>Decent DP &amp; Wind volume ... policy</td>
</tr>
<tr>
<td>Healthcare</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>Cost execution ... sourcing</td>
</tr>
<tr>
<td>Transportation</td>
<td>−</td>
<td>+</td>
<td>++</td>
<td>Alstom upside</td>
</tr>
<tr>
<td>A&amp;L</td>
<td>+</td>
<td>−</td>
<td>++</td>
<td></td>
</tr>
<tr>
<td>Industrial Segments</td>
<td>++</td>
<td>+/+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Capital ($B)</td>
<td>~$6.9</td>
<td>~$6</td>
<td>~$6</td>
<td></td>
</tr>
</tbody>
</table>

**Low end of range**

- Tougher China ... impact on rest of world
- Oil & gas capex freeze
- Higher social cost ... pension & union
- Public policy ... energy/taxes
- Materially stronger U.S. dollar than today
Power & Water

Operating dynamics

+ Diverse technology & solutions ... growing demand for H-technology

+ Strong services model ... ~65,000 units in installed base & growing; high-margin software

+ Continued focus on simplification... moving beyond SG&A to drive greater product cost efficiency

− Volatile public policy

✓ Continuing to invest in product leadership across portfolio

✓ Alstom integration planning progressing

Environment

+ Continued natural gas growth

+ Strong global renewables demand

− Excess capacity in developed markets, Europe remains tough

− Macro & geopolitical uncertainty

Outperforming competition in a challenging environment
Aviation

Operating dynamics

+ Next generation platforms progressing as planned … technology a differentiator

+ Installed base continues to grow with new launches. Service backlog ~$100B … driving customer productivity through data & analytics

+ Strong supply chain momentum … Expanding footprint & additive capability, accelerating cost out curve on new products

+ Spares activity continues to be strong

– Military shipments down

✓ Manage engine development & launch costs

Business positioned for long-term growth

Revenue

Op. profit

Environment

+ ↓ fuel costs … airline profitability ↑
+ Continued growth in passenger traffic
+ Positive growth trend in freight
– Military budget pressure continues
Oil & Gas

**Environment**
- Low price of oil creates short-term industry challenges
- Reductions in capex forecast
- Some customers challenged
- Opex & standardization opportunities

**Operational planning**

**Revenue → (0-5)])**
- Surface & Drilling biggest impact (25%) ... ↓ double digits
- Subsea projects continue/orders shift (15%) ... ~70% in backlog
- TMS, M&C, downstream still buying (60%)

- Position for right market/customers
- Diversification helps

**Op profit → (0-5)%**
- Significant cost out ... supplier opportunity
- Complete operational integration
- Prepare for price pressure

- Aggressive cost out
- Ready for multiple scenarios
Healthcare

Revenue

Op. profit

Environment

'14E

'15F

Growing through product leadership & disciplined operations

Operating dynamics

+ Life Sciences expanding through bioprocess growth ... emerging markets strong

+ World-class data & analytics capability to ↓ hospital opex ... integrating offerings

+ Installed base growing ... requires service capabilities

- Uncertain regulatory & economic environment pressuring hospital spend

✔ Focus on commercial intensity & cost out to drive margins

+ Emerging markets continue to grow

+ Hospital demand for services & IT/cloud solutions

+ U.S. improving ... remain cautious

- Europe/Japan markets slow
Transportation

Operating dynamics

+ Volume demand strong ... U.S. growth driven by early demand for Tier 4 locomotives, international volume increasing

+ Expanding services ... growing loco mods volume, partnering to deploy RailConnect360™

+ Leveraging FastWorks & investing in new technologies ... LNG, next-gen control solutions

- Softness in global commodity prices pressuring mining ... equipment & services

✓ Volume growth & cost-out actions offsetting pressures from mining; must execute Tier 4 ramp-up

Environment

+ ↓ parked locos & network velocity
+ Commodity volume up ... agriculture
- Continued global mining softness

Earnings growth through technology leadership
Energy Management

Environment
+ LNG & onshore electrification demand
+ Moderate grid automation growth
- European economic recovery

Revenue
'14E
- 
++
'15F
++

Op. profit
+++ 
'14E
++
'15F
With BD
++

Operating dynamics

Power Conversion
✓ Essential GE technology
✓ Investing in operating systems
✓ Fix installed base
   → Vast improvement

Digital Energy
✓ Significant opportunity with Alstom
   → Strong #3

Industrial Solutions
✓ Restructuring while investing in technology
✓ On path to ~10% margin rate
✓ Significant earnings growth

Restructuring + simplification + investment + Alstom = solid growth
Appliances & Lighting

Environment

+ U.S. housing up but normalizing
= Strong global shift to energy efficient lighting ... traditional shrinking faster
− Professional non-LED market slowing

+ Exit Appliances by mid-year ... cash & gain
+ Lighting going forward
  ✓ LED $1B+
  ✓ Creating a strong service capability
  ✓ Manage investment
  ✓ Restructure the old

Operating dynamics

Revenue

Op. profit

Revenue = '14E + '15F \(\text{ex-BD} \)

Op. profit = '14E - '15F \(\text{ex-BD} \)

Smaller & incremental benefits
Corporate ($ in billions)

Corporate operating costs (excluding non-operating pension)

- Continued reduction in HQ costs
- Expect gains and restructuring & other charges to be balanced
- Variability in quarterly profile due to timing of gains vs. restructuring & other charges
- Growth investments focused on Software, IT, and Services Predictivity™

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014E</th>
<th>2015F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restr./Gains</td>
<td>$3.4</td>
<td>~$4.1</td>
<td>$2.3-2.5</td>
</tr>
<tr>
<td>Operating costs</td>
<td>~$0.2</td>
<td>~$1.4</td>
<td></td>
</tr>
</tbody>
</table>

2015 Corporate dynamics

- Pension dynamics:
  - EPS impact: Operating $(.01)-(.02)
  - Non-operating ~$ (.03)
  - Total $(.04)-(.05)

Mortality & discount rate headwinds partly offset by lower amortization

Continuing to reduce Corporate costs
Going forward: Capital allocation

### Available cash

- **~$76B**
  - Debt refinance
  - Synchrony
  - GECC dividends
  - Industrial CFOA/Dispositions/Other
  - Parent cash

### '15F-’16F

### Capital allocation

- **~$76B**
  - Debt maturity
  - Alstom/M&A
  - Buyback/Synchrony exchange
  - GE dividend
  - Parent cash, organic growth & operating needs

#### Generation

+ Focus on FCF ... CFOA – P&E
  - Compensation target
+ Synchrony ... investor friendly
+ Capital dividend
+ Dispositions ... ~$2B/year

#### Allocation

1. Return ~$40B to investors in dividend and buyback (Synchrony)
2. Alstom the priority ... other M&A focused and smaller
3. Organic investment
The Pivot
GE strategy

Best Infrastructure company

Industrial 75%+

Financial 25%↓

+ Great Infrastructure franchise ... deliver what the world needs with massive domain expertise
+ Lead in the big global themes
+ Strong Industrial EPS growth
+ Smaller Financial Services with competitive advantage & returning cash to parent

Enhancing the GE store

1. **Gain share** by launching products built on technical & manufacturing innovation
2. Capitalize on the **largest growth market footprint** ... fueled by best **localization** competency
3. Lead the intersection of **physical & analytical** ... software COE & IT ... create a new source of competitiveness
4. **Grow our valuable service franchise** by extending our business model & driving customer outcomes
5. Intensify process improvement in **gross margins & returns**
6. **Achieve a culture of simplification**

**Thoughts on 2016**

Capital ~$(.20)
Synchrony + non-core

Industrial
Organic + Alstom
Restructuring benefits
Buyback

= EPS growth
I am running GE differently

1. Shift from portfolio remix “heavy lift” to higher returning Industrial portfolio

2. Change the blend of talent ... experienced operators everywhere ... transition in Capital toward risk

3. Win in the market ... globalization, technology, customers ... we are in a business where winning pays off for decades ... but make sure investments drive share & margins

4. Modernize the capability ... every Industrial company must be good at IT & analytics

5. Modernize the culture ... lean, faster, risk based, competitive ... with compensation to match