Presentation Roadmap

• GE Innovation Context
• GE’s Approach
  – Innovation Portfolio
  – Innovation Processes
• Recap
• Q&A
GE Innovation Context
GE has a rich company heritage

• Founded by Thomas Edison in 1878 as the Edison Electric Co.
• The only company consecutively listed in the Dow Jones Industrial Index since the original was established in 1896
• 323,000 employees worldwide
• $183 B revenue, $18 B earnings
• International revenue is more than 50% total revenue
Aligned for Growth

Infrastructure
GE Energy Infrastructure
$39B / 22%
GE Technology Infrastructure
$46B / 25%
GE Consumer & Industrial
$12B / 7%

Finance
GE Capital
$67B / 37%

Media
NBC Universal
$17B / 9%

2008 Revenues / % of total revenues
Operating in a difficult environment: Global economic recession

Recession now affecting all pockets of global economy
Financial system in crisis

Cumulative bank losses to date

<table>
<thead>
<tr>
<th>Founded</th>
<th>Peak valuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1850</td>
<td>$46B</td>
</tr>
<tr>
<td>1879</td>
<td>Sold for $15B</td>
</tr>
<tr>
<td>1889</td>
<td>$40B</td>
</tr>
<tr>
<td>1920</td>
<td>$262B</td>
</tr>
<tr>
<td>1923</td>
<td>Sold for $2B</td>
</tr>
<tr>
<td>1938</td>
<td>$86B</td>
</tr>
<tr>
<td>1969</td>
<td>Sold for $4B</td>
</tr>
<tr>
<td>1970</td>
<td>$51B</td>
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</table>

Fundamental reset of financial services landscape
GE Stock
GE’s Approach: Innovation Portfolio

- Creating common vocabulary
- Innovation 9-Blocker
- Imagination Breakthroughs (IBs)
Defining Innovation at GE

Innovation = Identifying & Creating Customer Value + Capturing Value for GE
Approach: Common Vocabulary

Box 1
Core

Box 2
Adjacent

Box 3
New
GE’s Approach:
Innovation Portfolio

- Creating common vocabulary
- Innovation 9-Blocker
- Imagination Breakthroughs (IBs)
### Business Model

Business Model = “How you make money”

Space = Product/Technology, End-Use Market, and Geography

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#### Key:

- **Core / Box 1**
- **Adjacent / Box 2**
- **New / Box 3**

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#### Focus: adjacency “GE sweet spot”

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**Box 2/3 and the Innovation 9-Blocker**

- **Current GE Space**
- **Adjacent GE Space**
- **New GE Space**

- **Selectivity: target powerful opportunities**

- **Core: incremental innovation**

- **Focus: adjacency “GE sweet spot”**
GE’s Approach: Innovation Portfolio

- Creating common vocabulary
- Innovation 9-Blocker
- Imagination Breakthroughs (IBs)
Imagination Breakthroughs: A protected class of ideas

- Strategy as filter
- Marketing led...fully integrated
- Chairman drives 20+ big bets
- Business owns pipeline of Box 1-2-3 ideas & growth operating process
- Reviews include full teams & critical milestones/assumptions
- Innovation tools & coaching
- Metrics aligned to stage of development

$2-3B annual annuity
Imagination Breakthrough Example: GE Energy Infrastructure, Water & Process Technologies

Desalination

Desalination is a breakthrough that removes the saline from seawater or brackish water to provide fresh water for drinking, irrigation or industrial applications.
Imagination Breakthrough Example: GE Technology Infrastructure, Aviation

Very Light Jet Engine

The reliable and durable HF118 engine will power a new generation of Very Light Jets including the potential "Air Taxi" segment of business travel ranging from 300 to 500 miles.
1. **Grow** revenues to $25B
   - by 2010

2. **Double** R&D to $1.5B
   - by 2010

3. **Reduce** GHG 1% absolute
   - by 2012

4. **Reduce** water 20% absolute
   - by 2012

5. **Inform & Engage** public... Transparency & Leadership
   - ongoing
IB Program Innovation

- IB Effort
- IB Projects
- IB Pipeline
- IB Reviews

✓ Learn
✓ Renew
✓ Transform
Innovation Metrics and Box-Specific Goals

Key:
- White = Core / Box 1
- Blue = Adjacent / Box 2
- Blue = New / Box 3

- Invigorate and Sustain
- Grow and Scale
- Validate

New Questions → New Tools
GE’s Approach: Innovation Processes

- Opportunity identification
- Opportunity assessment
Plastics: High Performance Fibers

Current business model
Thermoplastic pellets for injection molding
• Known industry dynamics
• Legacy of skills, customers, people

Organic opportunity initiative
Thermoplastic fibers for the textile industry
• Relatively new space for GE
• Need to accelerate strategy definition
GE Healthcare: Carestation®
GE’s Approach: Innovation Processes

- Opportunity identification
- Opportunity assessment
Imagination markets

Welcome!

The innovation game where you can invest in the best idea from your colleagues. Or submit your own! When colleagues buy-in, the idea stock goes up. Start playing with your $3000 fantasy Imagination Market Bucks now and win!!

Game Overview
Trading Instructions
Winning Trades & Ideas

IMAGINATION MARKETS GAME

Top Price % Movers (last 1 day)

<table>
<thead>
<tr>
<th>IDEA SYMBOL</th>
<th>LAST</th>
<th>CHG</th>
<th>VOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEDGEN</td>
<td>$78</td>
<td>↑34.5%</td>
<td>31</td>
</tr>
<tr>
<td>GEMAX</td>
<td>$49</td>
<td>↑32.4%</td>
<td>43</td>
</tr>
<tr>
<td>CONSIR</td>
<td>$90</td>
<td>↑28.6%</td>
<td>26</td>
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Top Volume Movers (last 1 day)

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</tr>
</thead>
<tbody>
<tr>
<td>GEASIA</td>
<td>$27</td>
<td>↓20.6%</td>
<td>60</td>
</tr>
<tr>
<td>TLG</td>
<td>$85</td>
<td>↓09.6%</td>
<td>45</td>
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</tbody>
</table>
SPARKing new ideas & growth @ GEHC

Project SPARK is:

- **a process** for collecting innovative ideas in response to a business challenge.
- **a tool** for facilitating "virtual" & global brainstorming
- **a method** for expanding the idea funnel

1st Business Challenge:
Improve Nuclear Cardiology Workflow

2nd Business Challenge:
Increase the Services Business
Recap

Innovation in Action: A Corporate Perspective

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  • Innovation Processes
Questions & Answers