

Innovation in Action: A Corporate Perspective

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imagination at work

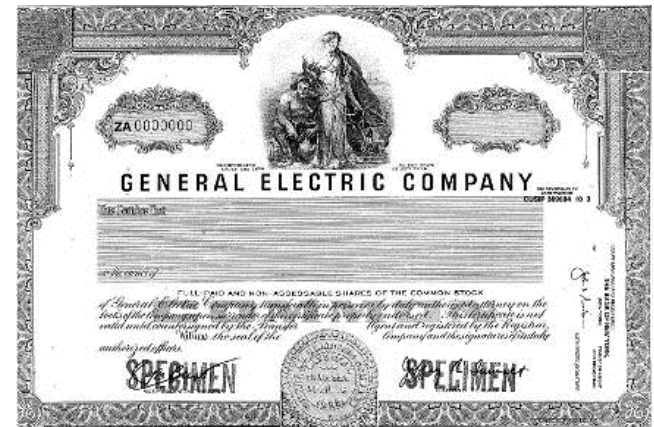
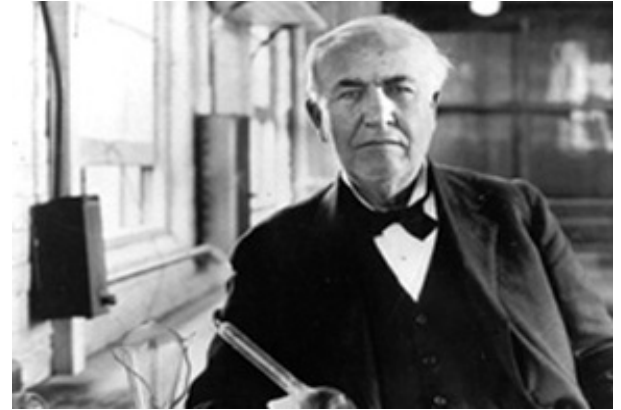
Presentation Roadmap

- 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%

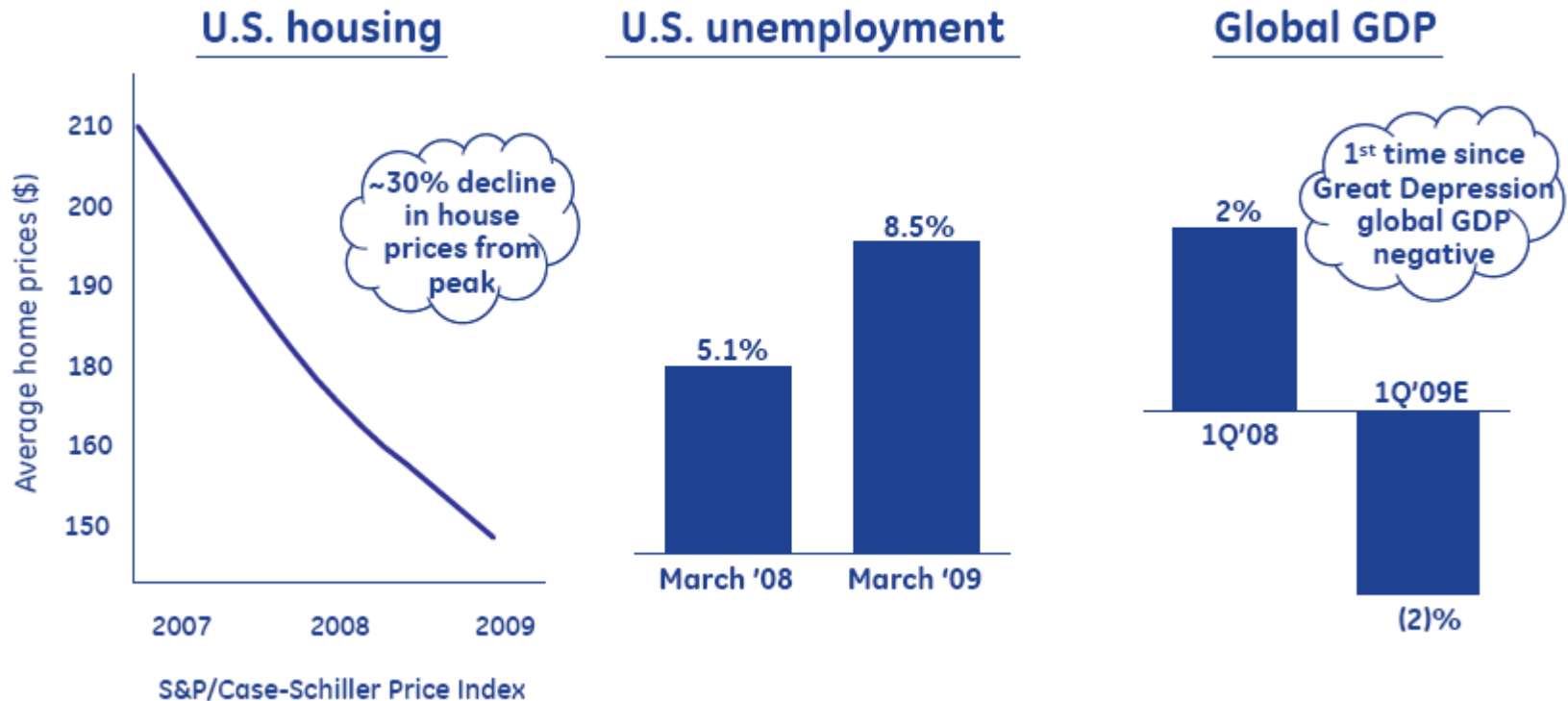
Media



NBC Universal
\$17B / 9%

2008 Revenues / % of total revenues

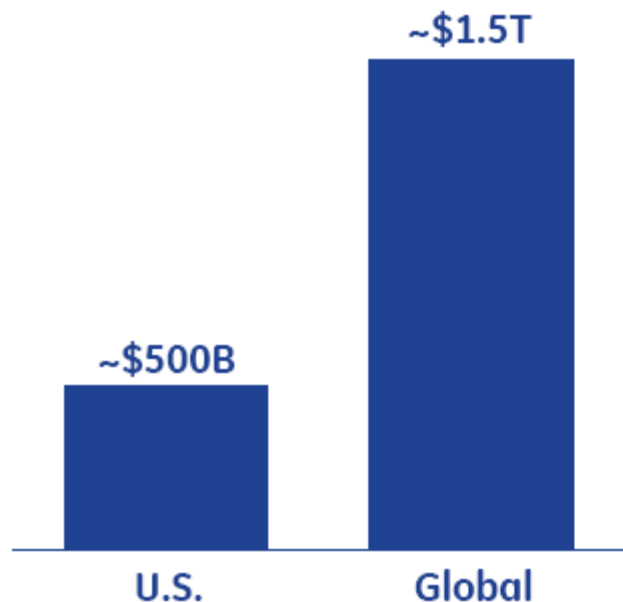
Operating in a difficult environment: Global economic recession



Recession now affecting all pockets of global economy

Financial system in crisis

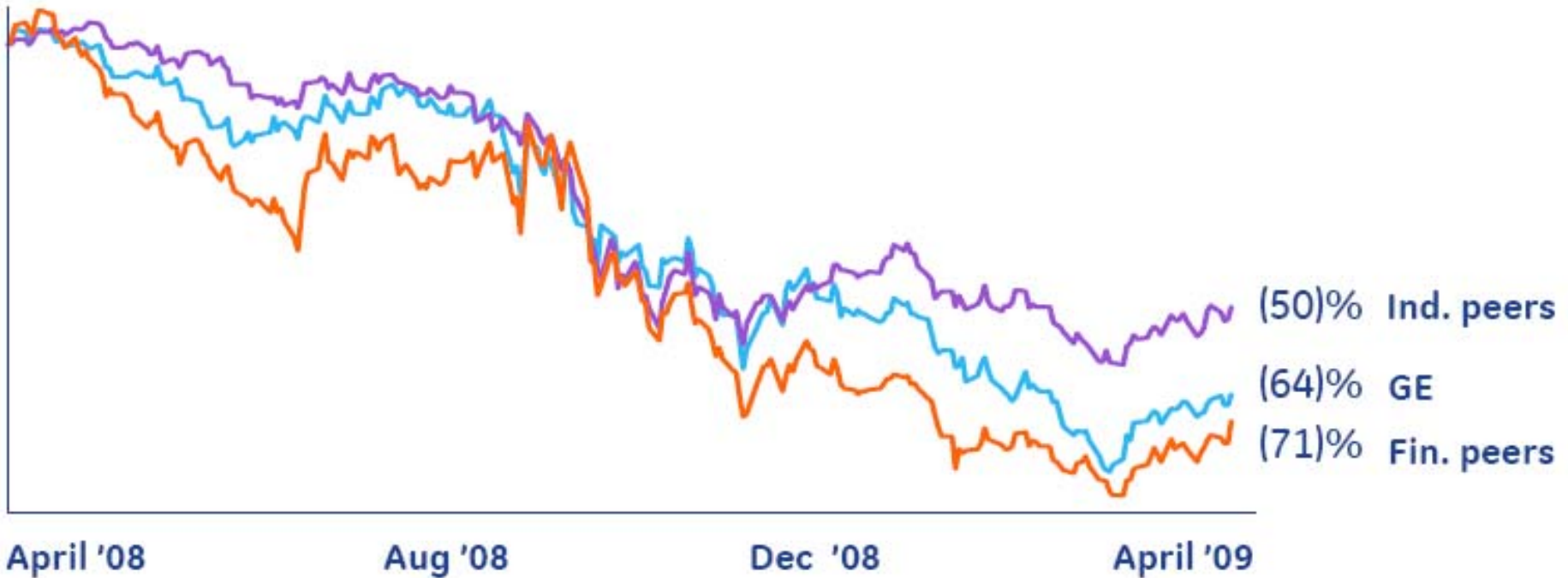
Cumulative bank losses to date



	<u>Founded</u>	<u>Peak valuation</u>	
	1850	\$46B	<i>Bankruptcy</i>
	1879	\$130B	<i>Sold for \$15B</i>
	1889	\$40B	<i>Sold for \$2B</i>
	1920	\$262B	<i>\$4B market cap</i>
	1923	\$20B	<i>Sold for \$2B</i>
	1938	\$86B	<i>\$1B market cap</i>
	1969	\$26B	<i>Sold for \$4B</i>
	1970	\$51B	<i>\$0.5B market cap</i>

Fundamental reset of financial services landscape

GE Stock



GE's Approach: Innovation Portfolio

- ➔ • Creating common vocabulary
- Innovation 9-Blocker
- Imagination Breakthroughs (IBs)

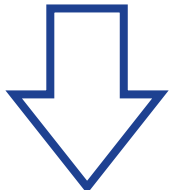
Defining Innovation at GE



Approach: Common Vocabulary



Box 1



Core



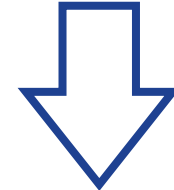
Box 2



Adjacent



Box 3

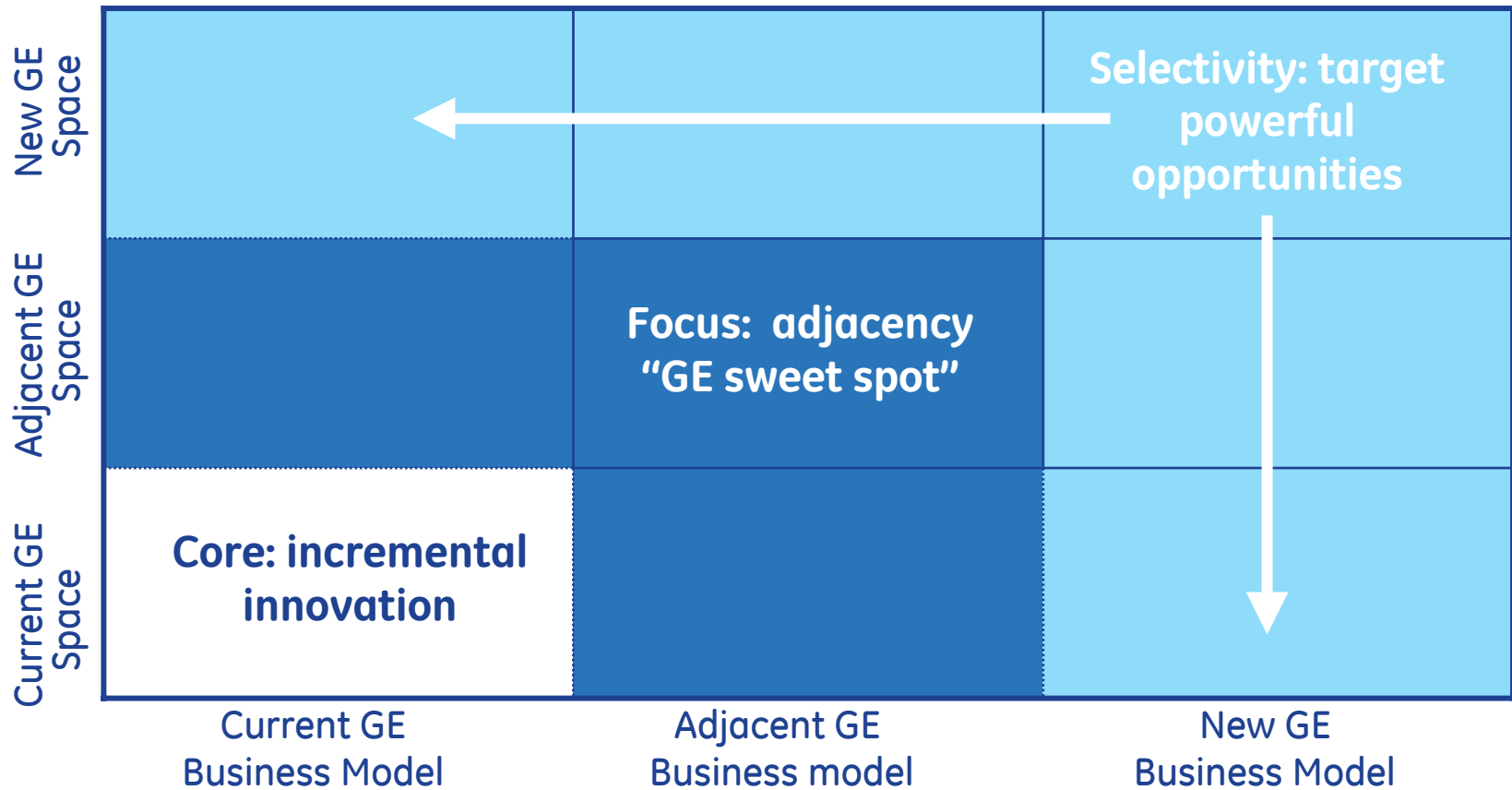


New

GE's Approach: Innovation Portfolio

- Creating common vocabulary
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Box 2/3 and the Innovation 9-Blocker



Business Model = "How you make money"
 Space = Product/Technology, End-Use Market, and Geography

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

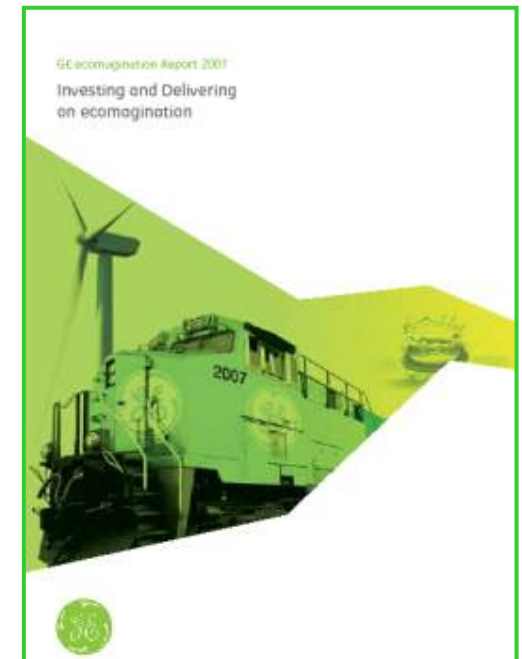
Very Light Jet Engine

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.



ecomaginationSM

1. **Grow revenues to \$25B**
 2. **Double R&D to \$1.5B**
 3. **Reduce GHG 1% absolute**
 4. **Reduce water 20% absolute**
 5. **Inform & Engage public...
Transparency & Leadership**
- by 2010
- by 2012
- ongoing






IB Program Innovation

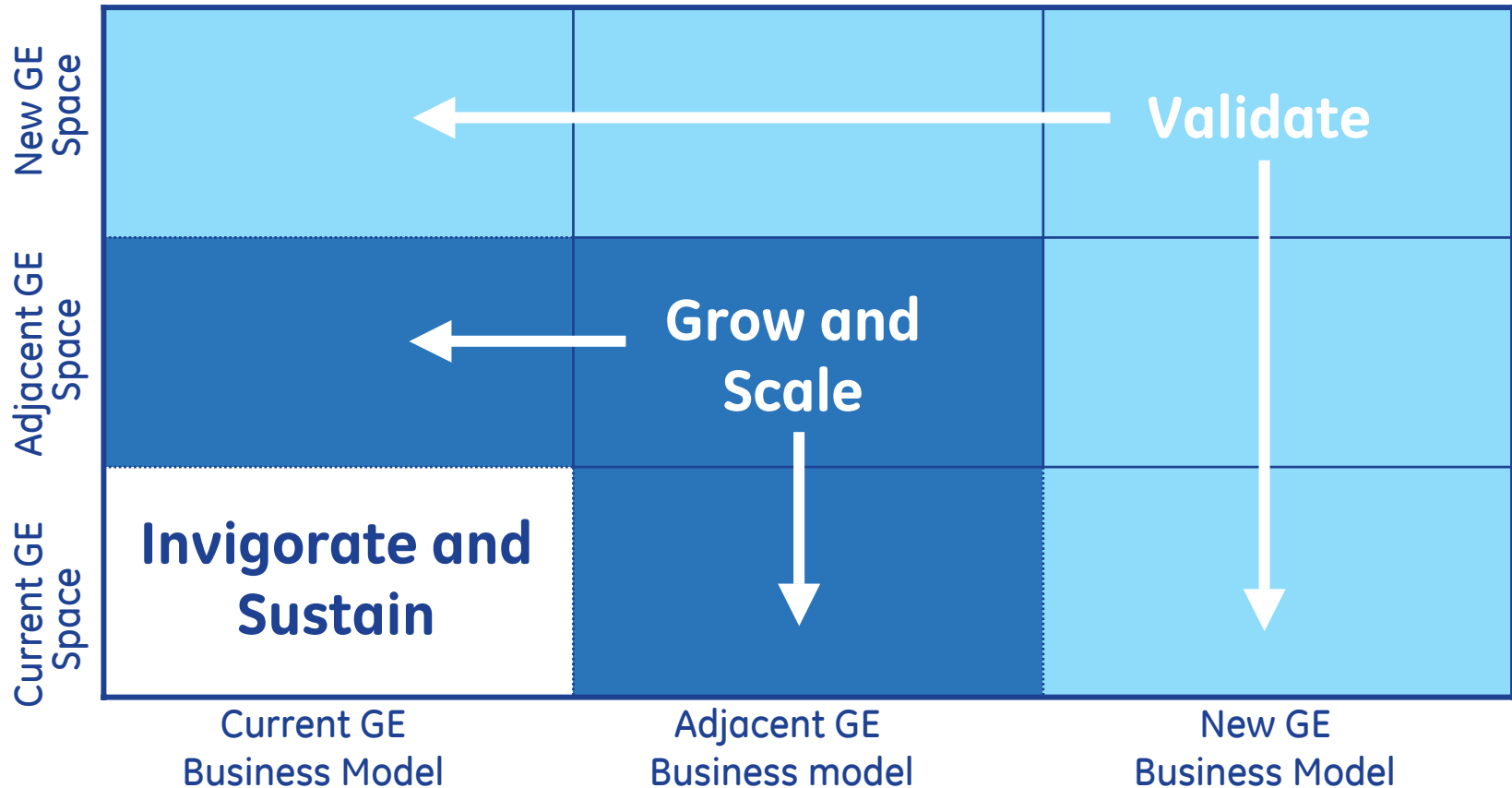
- IB Effort
- IB Projects
- IB Pipeline
- IB Reviews

- ✓ Learn
- ✓ Renew
- ✓ Transform



Innovation Metrics and Box-Specific Goals

Key:  = Core / Box 1
 = Adjacent / Box 2
 = New / Box 3

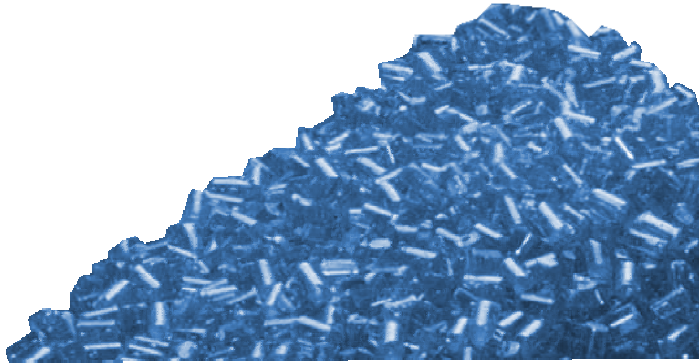


New Questions → New Tools

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



Imagination Markets

Submit your Idea NOW!

Welcome Movers My Portfolio Trading Floor Leaderboard My Ideas How to Play

[TEST SITE] **Welcome !** [TEST SITE]

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

Win Great Prizes !
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IMAGINATION MARKETS GAME

Top Price % Movers (last 1 day)

IDEA SYMBOL	LAST	CHG	VOL
MEDGEN	\$78	↑ 34.5%	31
GEMAX	\$49	↑ 32.4%	43
CONSR	\$90	↑ 28.6%	26

Top Volume Movers (last 1 day)

IDEA SYMBOL	LAST	CHG	VOL
GEASIA	\$27	↓ 20.6%	60
TLG	\$85	↓ 09.6%	45

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

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Questions & Answers



imagination at work