



***Transformation Underway...  
But Nobody Cares***

***October 5, 2015***



***© 2015 Triam Fund Management, L.P. All rights reserved.***

# Disclosure Statement and Disclaimers

---

## General Considerations

This presentation is for general informational purposes only, is not complete and does not constitute an agreement, offer, a solicitation of an offer, or any advice or recommendation to enter into or conclude any transaction or confirmation thereof (whether on the terms shown herein or otherwise). This presentation should not be construed as legal, tax, investment, financial or other advice. It does not have regard to the specific investment objective, financial situation, suitability, or the particular need of any specific person who may receive this presentation, and should not be taken as advice on the merits of any investment decision. The views expressed in this presentation represent the opinions of one or more funds managed by Trian Fund Management, L.P. ("Trian" and, together with the funds that it manages, "Trian Partners") and are based on publicly available information with respect to General Electric Company (the "Issuer") and the other companies referred to herein. Trian Partners recognizes that there may be confidential information in the possession of the companies discussed in this presentation that could lead such companies to disagree with Trian Partners' conclusions. Certain financial information and data used herein have been derived or obtained from filings made with the Securities and Exchange Commission ("SEC") or other regulatory authorities and from other third party reports.

Trian Partners has not sought or obtained consent from any third party to use any statements or information indicated herein as having been obtained or derived from statements made or published by third parties. Any such statements or information should not be viewed as indicating the support of such third party for the views expressed herein. Trian Partners does not endorse third-party estimates or research which are used in this presentation solely for illustrative purposes. No warranty is made that data or information, whether derived or obtained from filings made with the SEC or any other regulatory agency or from any third party, are accurate.

Neither Trian Partners nor any of its affiliates shall be responsible or have any liability for any misinformation contained in any third party, SEC or other regulatory filing or third party report. Select figures presented in this presentation, including internal rates of return ("IRRs"), returns on tangible equity and investment values have not been calculated using generally accepted accounting principles ("GAAP") and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. Nothing in this presentation is intended to be a prediction of the future trading price or market value of securities of the Issuer. There is no assurance or guarantee with respect to the prices at which any securities of the Issuer will trade, and such securities may not trade at prices that may be implied herein. The estimates, projections, pro forma information and potential impact of Trian Partners' analyses set forth herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance of the Issuer will not differ, and such differences may be material. This presentation does not recommend the purchase or sale of any security.

Trian Partners reserves the right to change any of its opinions expressed herein at any time as it deems appropriate. Trian Partners disclaims any obligation to update the data, information or opinions contained in this presentation.

Note: Disclosure Statement and Disclaimers are continued on the next page

# Disclosure Statement and Disclaimers

---

## Forward-Looking Statements

This presentation contains forward-looking statements. All statements contained in this presentation that are not clearly historical in nature or that necessarily depend on future events are forward-looking, and the words “anticipate,” “believe,” “expect,” “potential,” “opportunity,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements. The projected results and statements contained in this presentation that are not historical facts are based on current expectations, speak only as of the date of this presentation and involve risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such projected results and statements. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of Trian Partners. Although Trian Partners believes that the assumptions underlying the projected results or forward-looking statements are reasonable as of the date of this presentation, any of the assumptions could be inaccurate and, therefore, there can be no assurance that the projected results or forward-looking statements included in this presentation will prove to be accurate. In light of the significant uncertainties inherent in the projected results and forward-looking statements included in this presentation, the inclusion of such information should not be regarded as a representation as to future results or that the objectives and plans expressed or implied by such projected results and forward-looking statements will be achieved. Trian Partners will not undertake and specifically declines any obligation to disclose the results of any revisions that may be made to any projected results or forward-looking statements in this presentation to reflect events or circumstances after the date of such projected results or statements or to reflect the occurrence of anticipated or unanticipated events.

## Not An Offer to Sell or a Solicitation of an Offer to Buy

Under no circumstances is this presentation intended to be, nor should it be construed as, an offer to sell or a solicitation of an offer to buy any security. Funds managed by Trian currently beneficially own a significant amount of the outstanding common stock of the Issuer. These funds are in the business of trading -- buying and selling -- securities. It is possible that there will be developments in the future that cause one or more of such funds from time to time to sell all or a portion of their holdings in open market transactions or otherwise (including via short sales), buy additional shares (in open market or privately negotiated transactions or otherwise), or trade in options, puts, calls or other derivative instruments relating to such shares. Consequently, Trian Partners' beneficial ownership of Issuer common stock may vary over time depending on various factors, with or without regard to Trian Partners' views of the Issuer's business, prospects or valuation (including the market price of the Issuer's common stock), including without limitation, other investment opportunities available to Trian Partners, concentration of positions in the portfolios managed by Trian, conditions in the securities markets and general economic and industry conditions. Trian Partners also reserves the right to take any actions with respect to investments in the Issuer as it may deem appropriate, including, but not limited to, communicating with management of the Issuer, the Board of Directors of the Issuer, other investors and stockholders, stakeholders, industry participants, and/or interested or relevant parties about the Issuer and to change its intentions with respect to its investments in the Issuer at any time.

## Concerning Intellectual Property

All registered or unregistered service marks, trademarks and trade names referred to in this presentation are the property of their respective owners, and Trian's use herein does not imply an affiliation with or endorsement by, the owners of the these service marks, trademarks and trade names.

# General Electric (“GE”)

---



**Share Price: \$25.47<sup>(1)</sup>**

**Market Cap: ~\$260bn<sup>(1)</sup>**

**Dividend yield: 3.6%<sup>(1)</sup>**

- **Trian beneficially owns approximately \$2.5bn of GE stock, which makes Trian one of GE’s top 10 shareholders**
- **Leading infrastructure and technology company addressing society’s most critical needs**
- **Highly attractive “defensive growth” profile**
- **Compelling valuation at <14x 2015 pro forma earnings<sup>(2)</sup>**
- **Management has taken bold steps to reshape the company**
- **Trian has had a constructive dialogue with management**
- **Trian believes management is motivated and aligned with Trian to enhance shareholder value**
- **Trian believes GE could be worth approximately \$40 to \$45 of implied value per share by the end of 2017 and will seek to work collaboratively with GE’s management to help positively influence corporate events<sup>(3)</sup>**

(1) Represents GE’s share price as of October 2, 2015.

(2) Pro forma for Alstom acquisition, announced GECC capital returns and Synchrony split-off. Alstom acquisition is subject to closing conditions. GECC capital returns and Synchrony split-off are subject to regulatory approval. Please see page 44 of this presentation for more details of this calculation.

(3) Please see pages 68-75 of this presentation for a summary of the estimates, projections and assumptions behind Trian’s implied value per share calculation.

# Our Thesis In Brief

---

## **Skepticism = Mispriced Security**

Trian's White Papers most often highlight a company's underperformance, recommended operating and strategic initiatives, and the value that we believe can be created by successfully executing those initiatives. Occasionally, we identify a company where management is like-minded with Trian and has initiated changes that Trian supports, but the market is skeptical. This was the case in both Lazard and Domino's Pizza. We supported management, believed in their plan, and held them accountable to achieve it. In each of those cases, management and the Board created significant shareholder value.

## **GE's Structure Was Flawed**

Trian has followed GE for many years and has long appreciated GE's core industrial businesses. They are world class assets that, because of their scale, competitive advantages, stable services revenue and long runway for growth, provide among the best "defensive growth" profiles in the market. However, we viewed GE Capital, GE's overall complexity, and its overhead structure unfavorably. We believed that for GE to optimize financial performance, its industrial business needed to be simplified and de-layered. We also believed that GE Capital was disadvantaged versus banks, as it lacked scale in low cost deposits to fund its assets. Meanwhile, GE Capital's ability to earn attractive returns in niche areas of lending was being pressured by regulation and the emergence of "shadow banking" players. In short, prior to GE's "pivot," its great businesses were overwhelmed by the bad ones and the underlying defensive growth of GE's core industrial businesses was obfuscated.

## **GE Has Made Bold Changes**

While management's credibility is low given weak total shareholder returns, we believe management must be given credit for the transformation that is now underway. GE's decision in April 2015 to exit the majority of GE Capital's businesses and return capital to shareholders was a seminal moment. GE will no longer be held back by a capital intensive financial services business with inferior growth and returns. We believe GE's divestment of non-core industrial businesses, reduction in SG&A and corporate costs, and heightened respect for shareholders' capital will drive material improvement in financial performance.

## **Trian's Investment**

We believe in GE's transformation and that management is committed and able to execute on its plan going forward. We believe the stock is undervalued at <14x 2015 pro forma earnings. We see a path to ~\$40-\$45 of implied value per share by the end of 2017 and will seek to work with management to help realize this value. Trian has not asked for a board seat but expects management to deliver on its commitments.

# Why GE?

## World Class Asset

- #1 market share in its largest business lines<sup>(1)</sup>
- Top-tier organic growth profile
- Industries have significant barriers to entry
- Services business model... limited earnings volatility
- Products have limited obsolescence risk
- World-class people

## A Tough Decade

- Outsized dependence on GE Capital
- Historically unfocused portfolio
- Total shareholder returns below peers and the S&P over 3-, 5-, and 10-year periods
- EPS CAGR of ~1% over the past 10 years<sup>(2)</sup>
- Dividend below 2008 levels
- Limited margin improvement
- Share count flat

## Significant Change Underway

- GE Capital <10% of 2018 earnings<sup>(3)</sup>
- Substantial portfolio transformation
- Industrial businesses are gaining share<sup>(1)</sup>
- Focused on driving margins
- Respect for shareholders' capital
- Better execution

## Attractive Investment

- Undervalued at <14x 2015 pro forma earnings<sup>(3)</sup>
- Triun believes there is a path to ~\$40-\$45 of implied value per share by the end of 2017
  - Margin improvement
  - +\$100bn potential capital return through 2018<sup>(4)</sup>
  - Motivated management team
- Triun has a strong relationship with GE management

**GE has undertaken a massive change in its business model. We believe this change is underappreciated in the market today.**

Source: Triun estimates, Company SEC filings, presentations and press releases.

(1) Market share of the largest business lines within GE's three largest segments: Power and Water, Aviation and Healthcare (these segments comprise ~75% of Industrial EBITDA).

Market share gains based on comparison of performance within Power and Water, Aviation, Healthcare, Oil & Gas and Transportation segments (~95% of Industrial EBITDA).

(2) Reflects operating EPS from 2004 through 2014. Operating EPS excludes the impact of non-operating pension costs. CAGR refers to compounded annual growth rate.

(3) Pro forma for Alstom acquisition, announced GECC capital returns and Synchrony split-off. Alstom acquisition is subject to closing conditions. GECC capital returns and Synchrony split-off are subject to regulatory approval.

(4) Reflects Triun estimates and GE Capital Strategy presentation released April 10, 2015. - 5 -

# Triam and GE History

---

- **Triam Principals Nelson Peltz and Ed Garden have a longstanding relationship with Jeff Immelt**
- **In recent years, Triam has periodically engaged in informal dialogue with Jeff Immelt and Jeff Bornstein**
  - In August 2013, Mr. Peltz was invited to speak to ~100 of GE's top executives and some Board members at a corporate offsite with an emphasis on corporate costs
  - Since 2013, Triam has had several discussions with GE management regarding its corporate structure and improving shareholder returns
- **Prior to 2015, Triam had not invested in GE**
  - GE Capital was ~40-50% of earnings: capital intensive business with no competitive advantage
  - Unfocused industrial portfolio with excessive management layers and cost
  - Mixed record of capital allocation
- **Today GE is Triam's largest investment**
  - GE is executing a bold transformation: exiting most of GE Capital's businesses, focusing its industrial portfolio, and beginning to improve industrial profitability
  - We believe investor skepticism towards management has created a mispriced security
- **We believe GE can be worth a total value of ~\$40-\$45 per share by year end 2017<sup>(1)</sup>**
  - In our view, GE can earn at least \$2.20 per share in 2018 if it achieves modest operating margin improvement, efficiently uses its balance sheet, and is disciplined with capital

1) Includes dividends. See pages 68-75 for more detail.

# Trian's Path to ~\$40-\$45 of Implied Value per Share by the End of 2017<sup>(1)</sup>

## 1. Expand Operating Margins to at least 16.0% by 2018 and Target Further Expansion Thereafter<sup>(2)</sup>

- Continue progress on cost reductions to grow operating margins ~50bps per year through 2018 and maintain similar cadence thereafter
- Target margins *net of* corporate expense, not excluding it

## 2. Efficient Capital Structure

- Commit to ~\$20 billion of incremental net leverage (~1x EBITDA) at GE Industrial by 2018...return cash to shareholders through buybacks
- Moderate leverage can alleviate pressure on the income statement and allow management to reinvest in the business
- Consider alternative structures (e.g. JVs, IPOs) to continue to reduce the size of GE Capital's balance sheet over time

## 3. Disciplined Capital Allocation

- Trian recommends that management explore share repurchases beyond GE's initial guidance; we believe there is an opportunity to return over 40% of the current market cap to shareholders by the end of 2018
- Set parameters around M&A (IRR, accretion, leverages GE "Store")

Note: EBITDA is defined as earnings before interest, taxes, depreciation & amortization. IRR is defined as internal rate of return. The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believe to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) See pages 68-75 for more detail.

(2) GE Industrial adjusted operating margins, net of corporate expense and excluding non-recurring items, were 14.0% in 2014 and are expected to be approximately 15% in 2016 (assuming recurring corporate expense of approximately 2% as a percentage of sales).



# Table of Contents

---

## **I. A Strong Company**

## **II. A Tough Decade**

## **III. A Bold Transformation**

## **IV. Trian's Path to ~\$40-\$45 of Implied Value per Share**

## **V. Trian Model**

# The “New GE” Consolidated Overview

---



## GE Industrial

- **“World’s best infrastructure company”**
- **~\$125bn revenue / ~\$20bn EBITDA<sup>(1)</sup>**
- **+90% of EPS in 2018<sup>(2)</sup>**

## GE Capital

- **Finances GE Industrial verticals**
- **11-13% ROTE<sup>(3)</sup>**
- **~\$90bn earning assets<sup>(2)</sup>**
- **<10% of EPS in 2018<sup>(2)</sup>**

Source: Company SEC filings, press releases and Trian estimates.

(1) Reflects LTM revenue and EBITDA and is pro forma for Alstom acquisition and train-signaling divestiture. Alstom acquisition is subject to closing conditions. GECC capital returns and Synchrony split-off are subject to regulatory approval. EBITDA is defined as earnings before interest, taxes, depreciation, amortization and non-recurring items.

(2) Reflects 2018e financials per management guidance provided in GE Capital Strategy presentation published April 10, 2015. GECC capital returns are subject to regulatory approval.

(3) ROTE refers to return on tangible equity. Reflects financial performance of the future GE Capital business. Figures are from GE Capital Strategy presentation published April 10, 2015.

# The World's Premier Industrial Asset

---



**Enviably  
Competitive  
Advantages**

**Sticky,  
Recurring  
Services  
Revenue**

**Long  
Runway  
for  
Growth**

# GE Serves Global Infrastructure Needs

**Power & Water:**  
33% of Industrial EBITDA



*5 Business Units  
Comprise ~95% of GE's  
Industrial EBITDA*

**Aviation:**  
26% of Industrial EBITDA



**Healthcare:**  
17% of Industrial EBITDA



**Oil & Gas:**  
14% of Industrial EBITDA



**Transportation:**  
6% of Industrial EBITDA



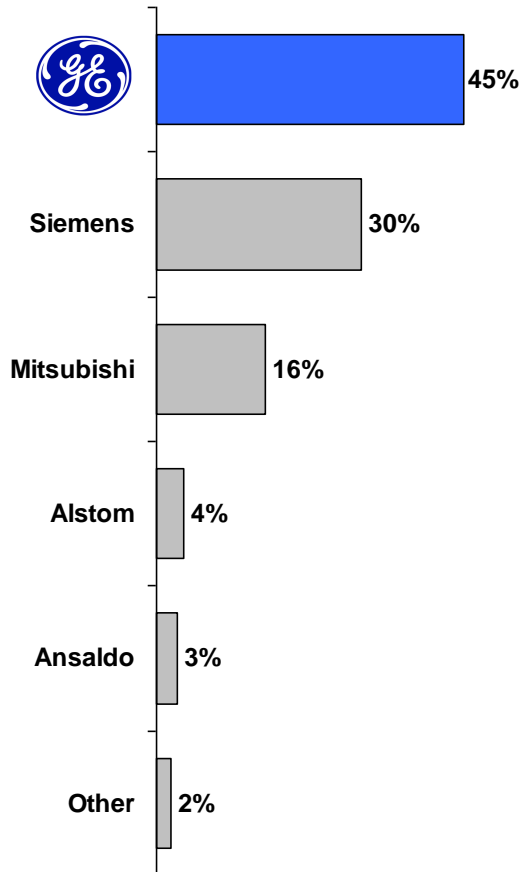
Source: Company SEC filings and press releases.

Note: EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and non-recurring items. Figures are for the year ended December 31, 2014 and are pro forma for the Alstom acquisition (subject to closing conditions) and Appliances divestiture (subject to regulatory approval).

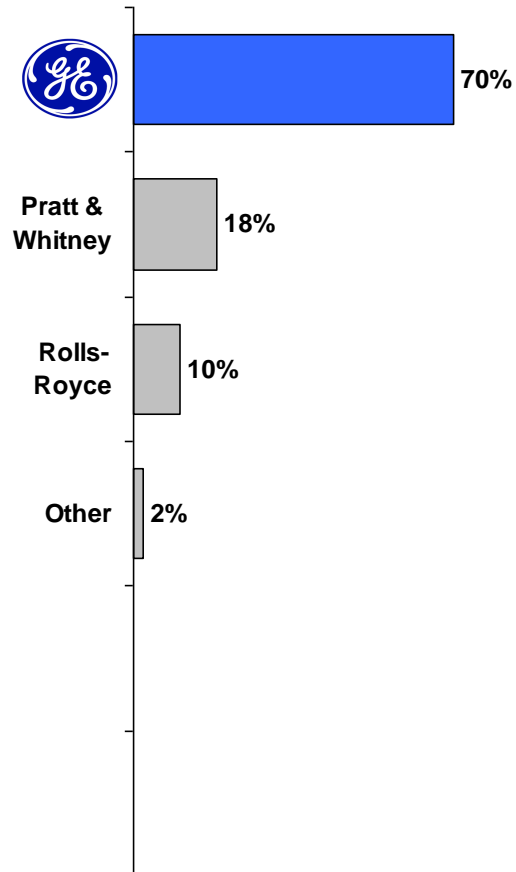
# Leading Market Shares

- GE holds #1 market share in its three largest business lines

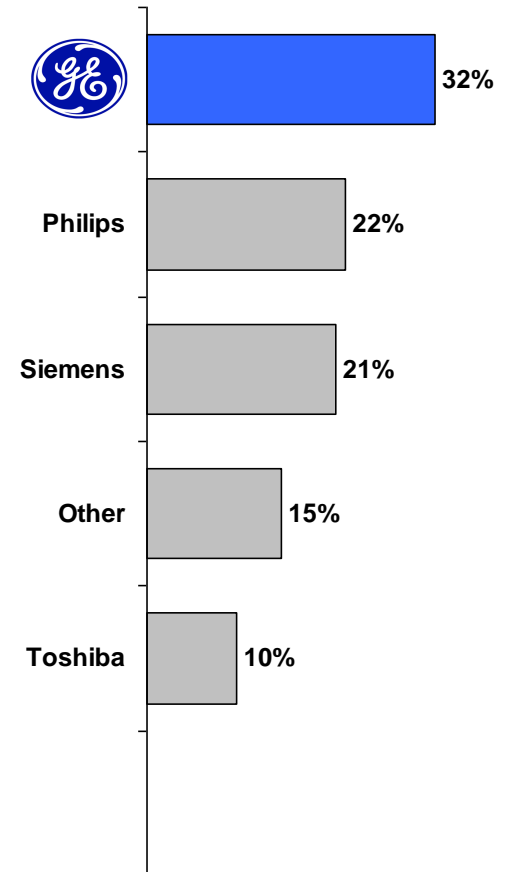
## Global Gas Turbines<sup>(1)</sup>



## Global Commercial Aircraft Engines<sup>(2)</sup>



## U.S. Medical Diagnostic Imaging<sup>(3)</sup>



Source: Barclays research as of February 17, 2015.

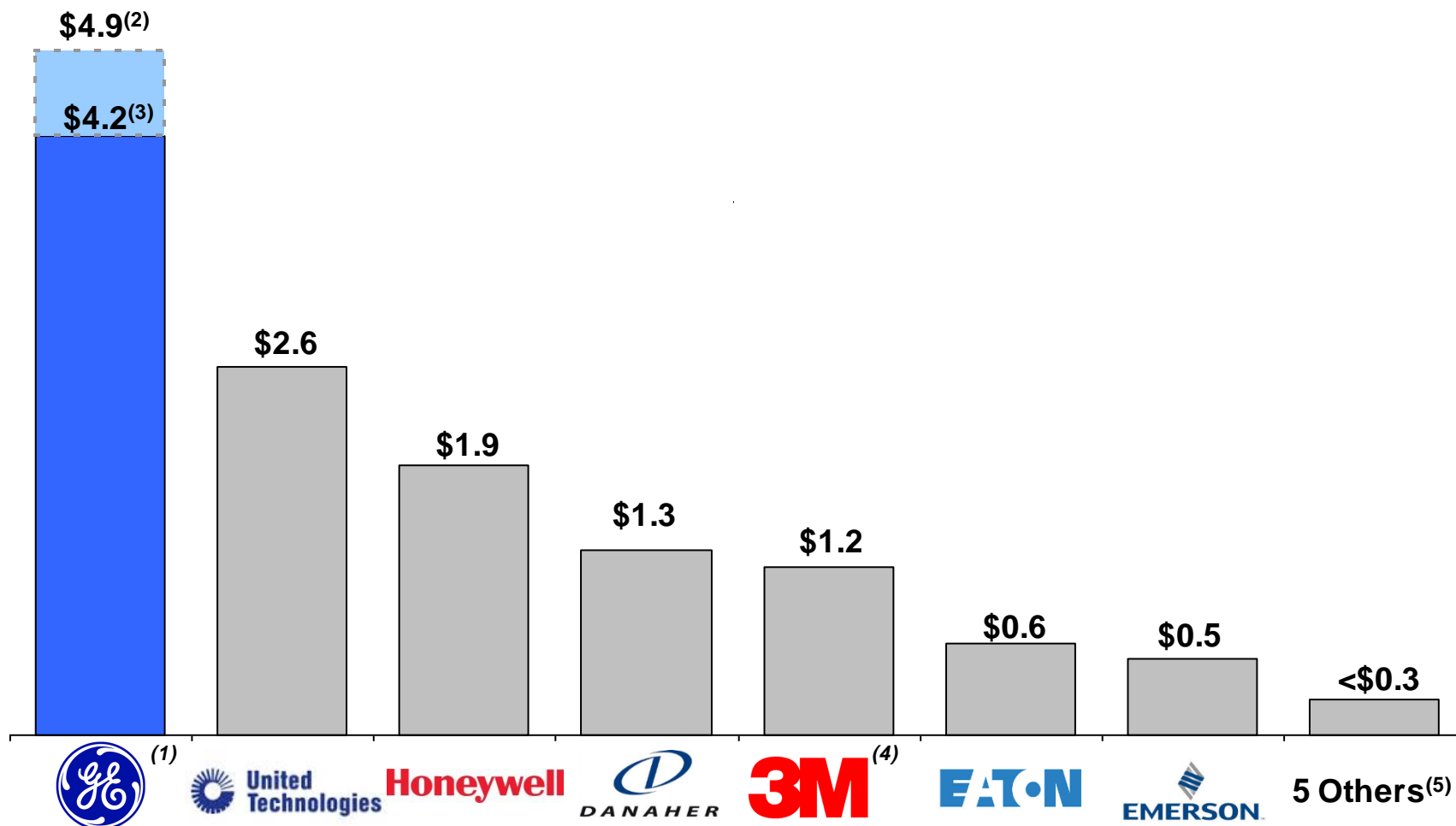
(1) Refers to global share of large gas turbines.

(2) GE's global commercial aircraft engine market share includes GE's JV with Safran.

(3) Reflects collective market shares of CT, MRI, and Ultrasound modalities.

# GE Industrial Has an R&D Scale Advantage...

## Annual Research & Development Expense (\$bn)<sup>(1)</sup>



Source: SEC filings.

(1) Excludes customer- and partner-funded R&D. Reflects latest available fiscal year.

(2) Includes Alstom Power & Grid annual R&D spending of approximately \$700 million in FYE 03/2014. Alstom acquisition is subject to closing conditions.

(3) Excludes Alstom Power & Grid annual R&D spending of approximately \$700 million in FYE 03/2014.

(4) Includes direct research and development expenses but excludes R&D-related expenses such as technical support provided to customers.

(5) Includes Ingersoll Rand, Pentair, Rockwell Automation, Stanley Black & Decker, and Tyco. Represents an average of \$0.2bn with no company above \$0.3bn.

# ...Investing in Complex and Highly Differentiated Products

## Traditional Industrial Product



## GE Industrial Product

LEAP



H gas turbine



Tier 4



PET/MR

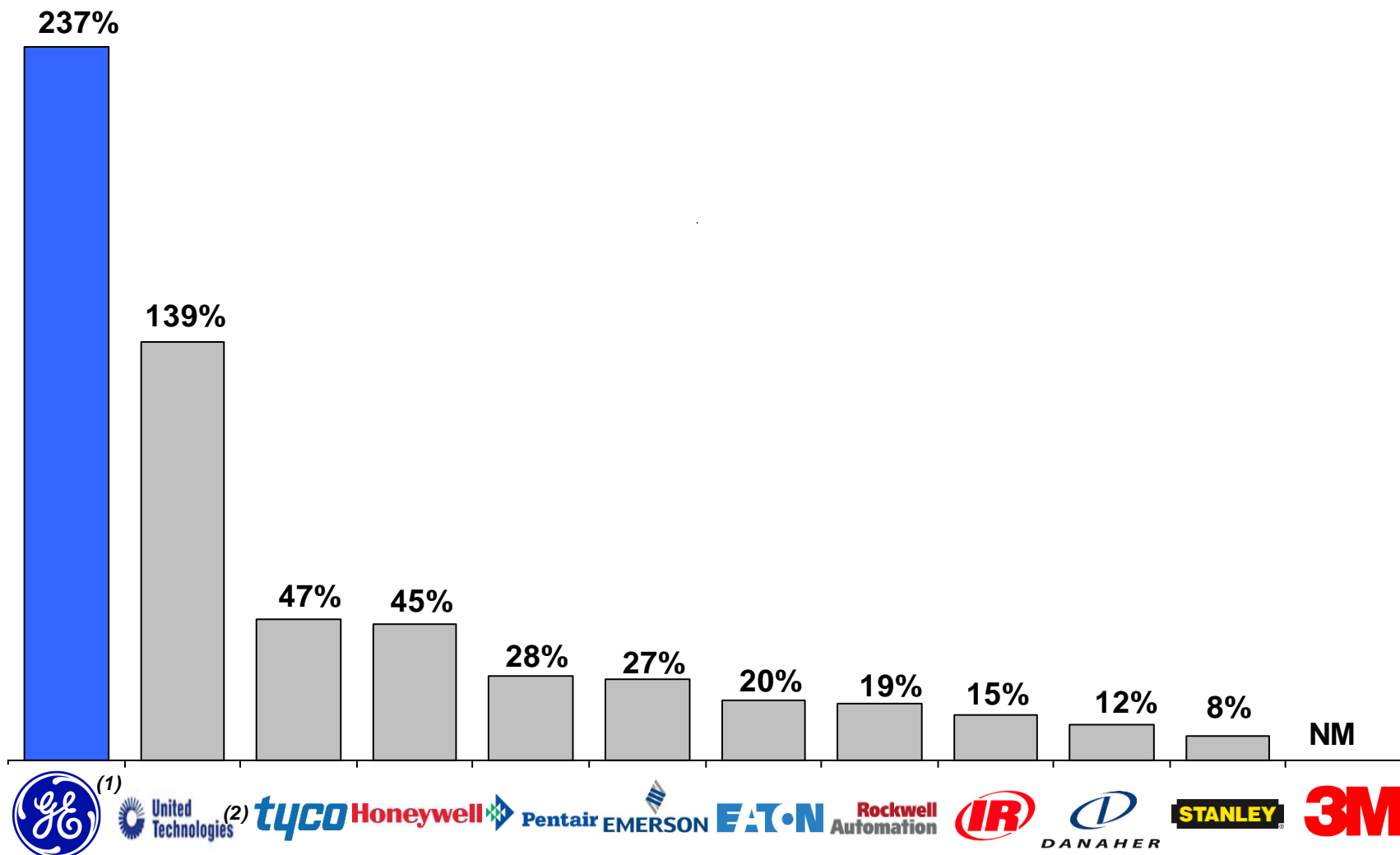


Predix



# GE Industrial has the Largest Backlog of Customer Orders

## Backlog as a % of 2014 CYE Revenue



Source: SEC filings.

Note: Backlog as of year-end 2014.

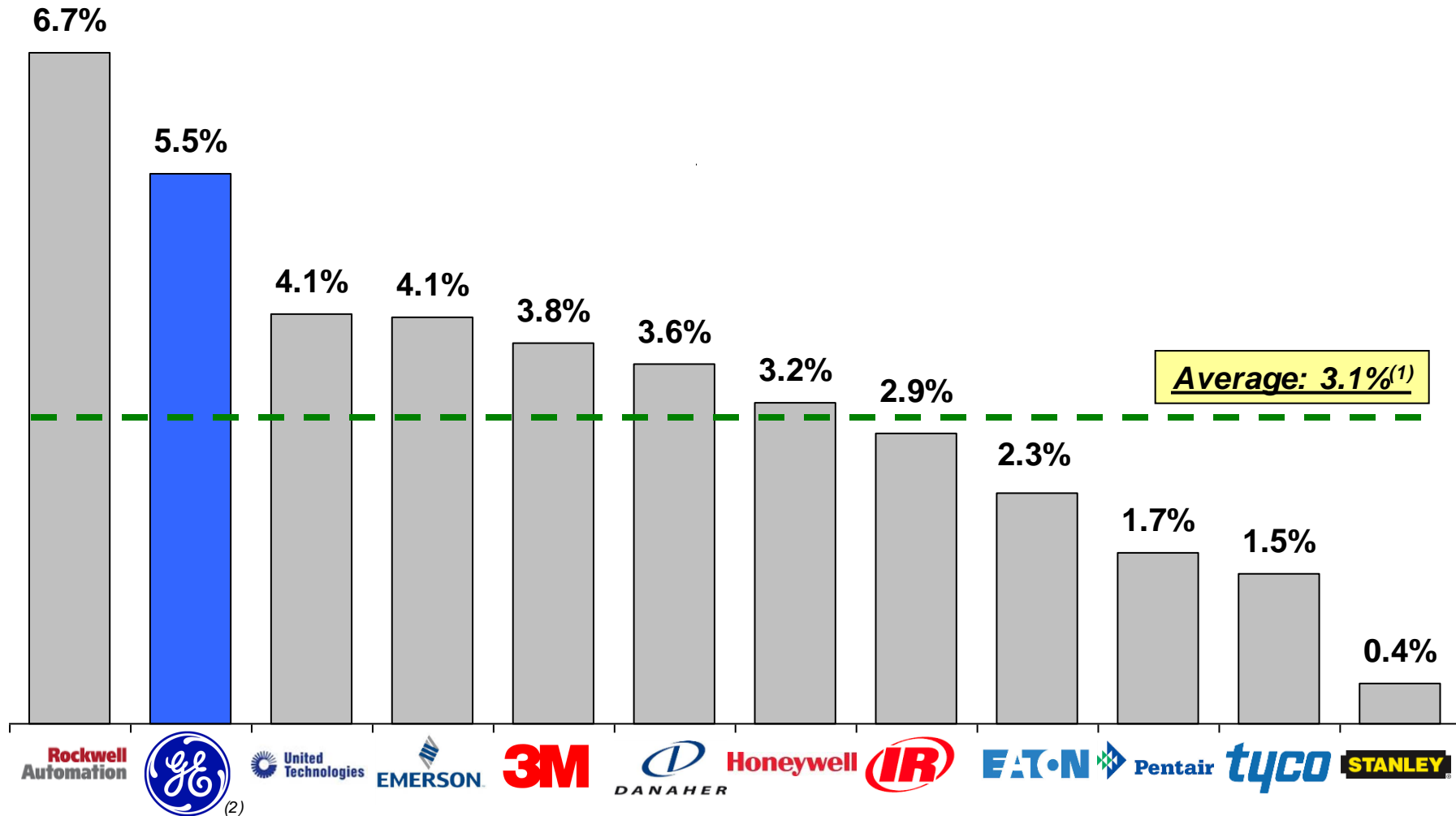
(1) Refers to GE Industrial.

(2) Excludes Sikorsky (announced agreement to divest in July 2015).



# GE Has Grown Revenue Faster Than Peers

## Organic Sales CAGR, 2004-2014



Source: SEC filings, press releases and presentations.

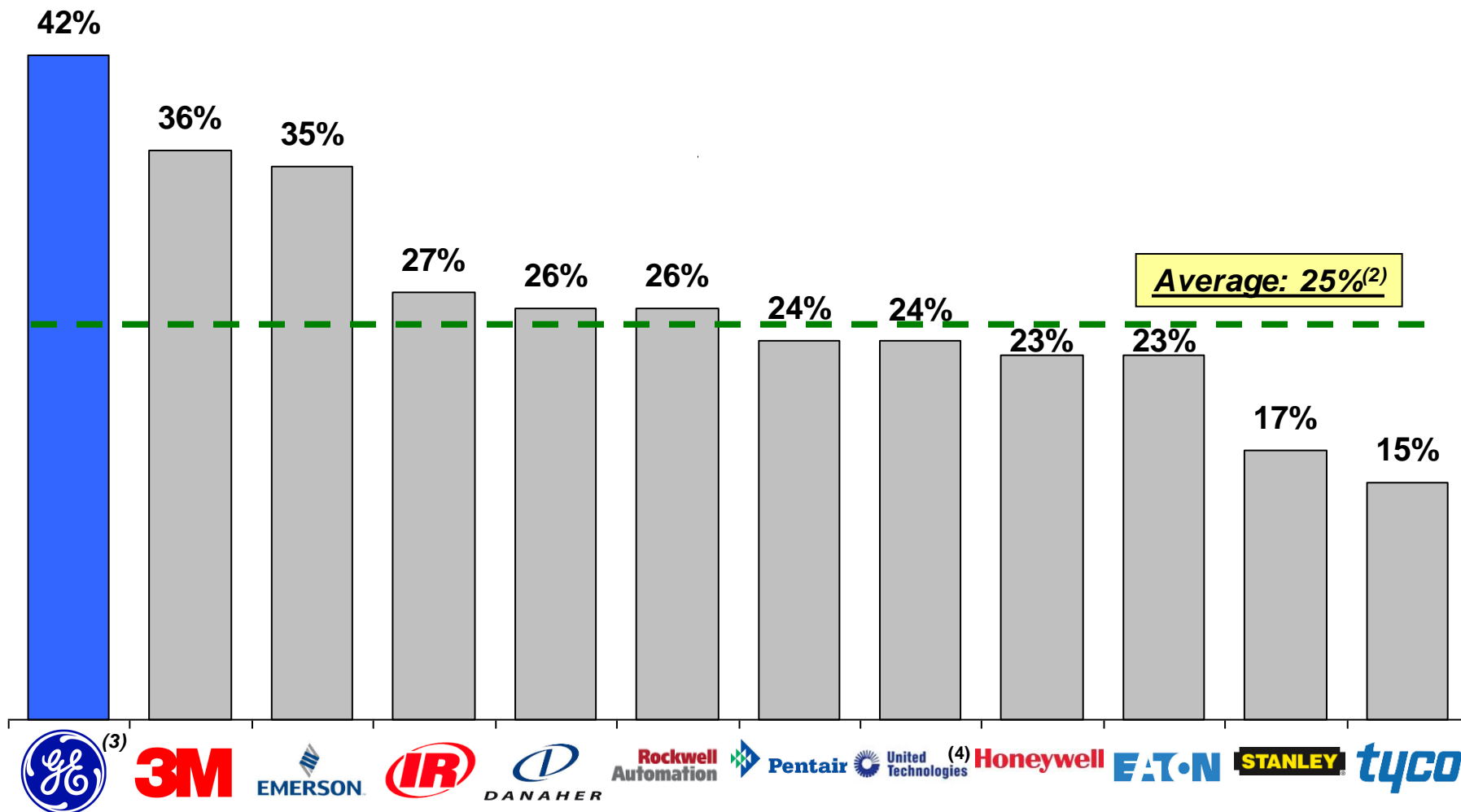
Note: Emerson Electric, Rockwell Automation and Tyco financials reflect fiscal year end September 30.

(1) Average excludes GE.

(2) Reflects GE Industrial organic sales revenue from 2006-2014 but consolidated GE organic sales revenue in 2005 due to lack of disclosure. GE Industrial organic growth includes NBC Universal from 2005-2010 and the businesses of Aviation Financial Services and Energy Financial Services in 2005-2007.

# Leadership Positions in Growth Markets

## Growth Market Revenue (% - Total Revenue)<sup>(1)</sup>



Source: SEC filings and presentations.

(1) Growth markets are generally defined as all markets excluding North America, Western Europe, and Japan. The companies referenced above may differ in their geographic revenue disclosure, and such differences may impact the comparability of figures referenced above. Figures above reflect latest available data.

(2) Average excludes GE.

(3) Reflects operations of GE Industrial. Figures are pro forma for the acquisition of Alstom, which is subject to regulatory approval. GE Industrial growth revenue as a percentage of total revenue would be approximately 39% excluding Alstom.

(4) Figure estimated based on March 13, 2014 Investor and Analyst Meeting.

# Attractive Long-Term Growth Prospects

Segment	Long-term Growth <sup>(1)</sup>	Key Drivers
<u>Power &amp; Water</u>	<u>+LSD-MSD</u>	<ul style="list-style-type: none"> <li>Emerging markets growth (1.3 billion people without access to electricity<sup>(2)</sup>) + aging developed market infrastructure + gas share gains<sup>(3)(4)</sup></li> <li>Gas turbine demand (GWs) +50% in the next decade<sup>(4)</sup></li> </ul>
<u>Aviation</u>	<u>+MSD</u>	<ul style="list-style-type: none"> <li>Airline traffic (revenue passenger kilometers [RPK]) +5% CAGR over the next 20 years<sup>(5)</sup></li> <li>+5% CAGR in GE's in-service commercial and military fleet from 2015 to 2020<sup>(6)</sup></li> </ul>
<u>Healthcare</u>	<u>+LSD-MSD</u>	<ul style="list-style-type: none"> <li>Aging populations + growing wealth in developing markets + replacement cycle in developed markets + life sciences growth</li> <li>Siemens forecasts 3-5% annual organic growth in its healthcare division through 2020<sup>(7)</sup></li> </ul>
<u>Oil &amp; Gas</u>	<u>+LSD</u>	<ul style="list-style-type: none"> <li>~10-15% natural decline in existing liquids base production... requires \$12 trillion of investment from 2013-2035<sup>(8)</sup></li> <li>Primary energy consumption increases by ~1.4% per year between 2013 and 2035<sup>(9)</sup></li> </ul>
<u>Transportation</u>	<u>+LSD-MSD</u>	<ul style="list-style-type: none"> <li>Increase in global GDP and emerging market per capita consumption</li> <li>Increased penetration of data &amp; analytics services</li> </ul>

(1) LSD refers to low -single-digit growth. MSD refers to mid-single-digit growth.

(2) Source: International Energy Agency.

(3) Source: U.S. Energy Information Administration Annual Energy Outlook 2015. Reflects projected increase in the percentage of energy consumption from natural gas from 2013 to 2040.

(4) Per GE presentation at CS Industrials Conference (12/2/14). Reflects projected increase in gas generation from 5,100 TWh in 2013 to 7,600 TWh in 2023.

(5) Boeing 2014 Current Market Outlook.

(6) Source: GE Paris Airshow presentation as of June 16, 2015.

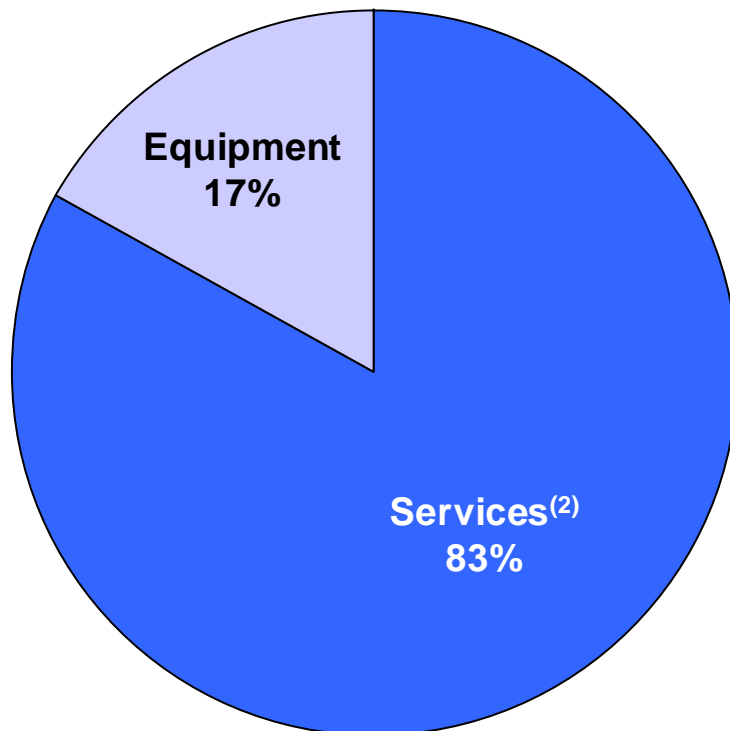
(7) Siemens Investor Relations (Bernstein Strategic Decisions Conference – 5/29/14)

(8) Chevron Investor Presentation, August 2015.

(9) BP Energy Outlook 2035, published February 2015.

# We Believe GE's Services Business Model is Underappreciated

## Industrial EBIT by Business Model<sup>(1)</sup>



### Services business model:

- **Stable, recurring revenue**
- **Promotes brand loyalty through ongoing customer interactions**
- **Captive customer**
- **Local economies of scale**
- **Long-term contracts**
- **High switching costs**
- **Leader in Industrial Internet**

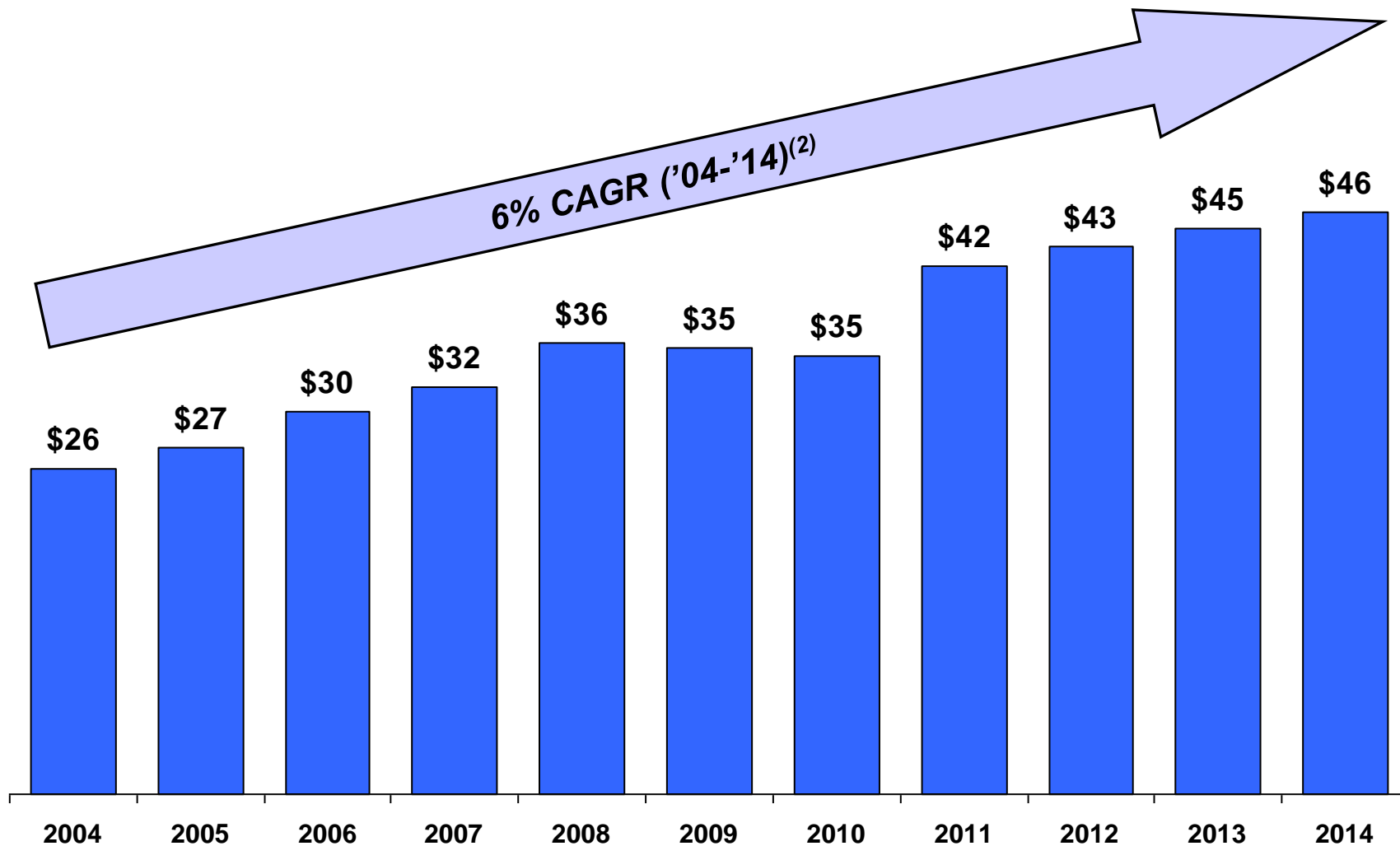
Source: Company SEC filings and presentations.

(1) EBIT refers to earnings before interest, taxes, and non-recurring items.

(2) Services refers to operating profit from product services.

# Services Generates Steady, Growing Revenue...

## GE Services Revenue by Year (\$bn)



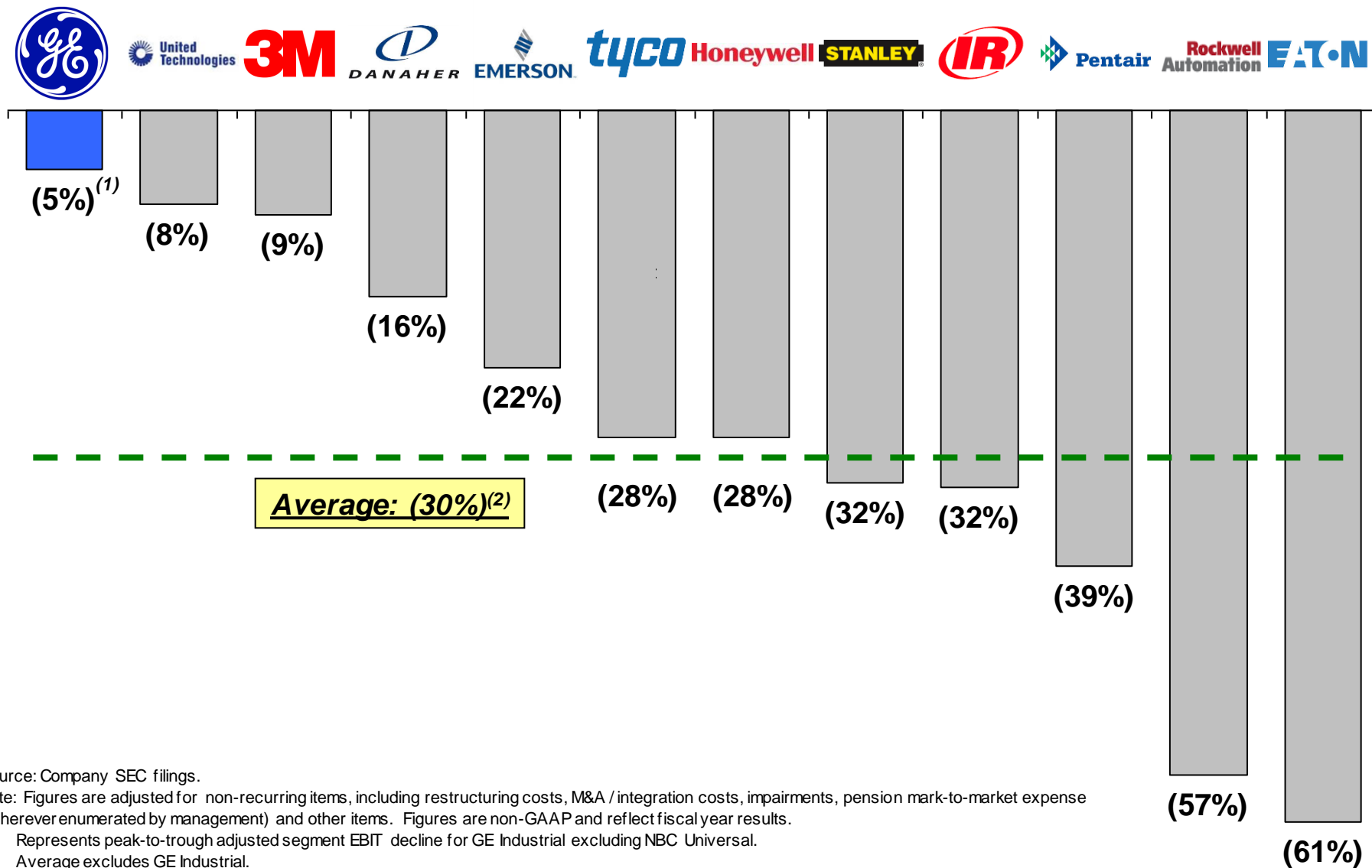
Source: Company SEC filings.

(1) EBIT refers to earnings before interest, taxes, and non-recurring items.

(2) CAGR refers to compounded annual growth rate.

# ...and Promotes a Highly Resilient Income Statement

## Peak-to-Trough Adjusted EBIT Decline (2007 - 2010)



# Table of Contents

---

**I. A Strong Company**

**II. A Tough Decade**

**III. A Bold Transformation**

**IV. Trian's Path to ~\$40-45 of Implied Value per Share**

**V. Trian Model**

# A Tough Decade

---

## Structural Problems

- 1) **Outsized dependence on GE Capital**
- 2) **Unfocused industrial portfolio**
- 3) **Cost and complexity overwhelmed scale benefits**
- 4) **Capital allocation drove mixed results**



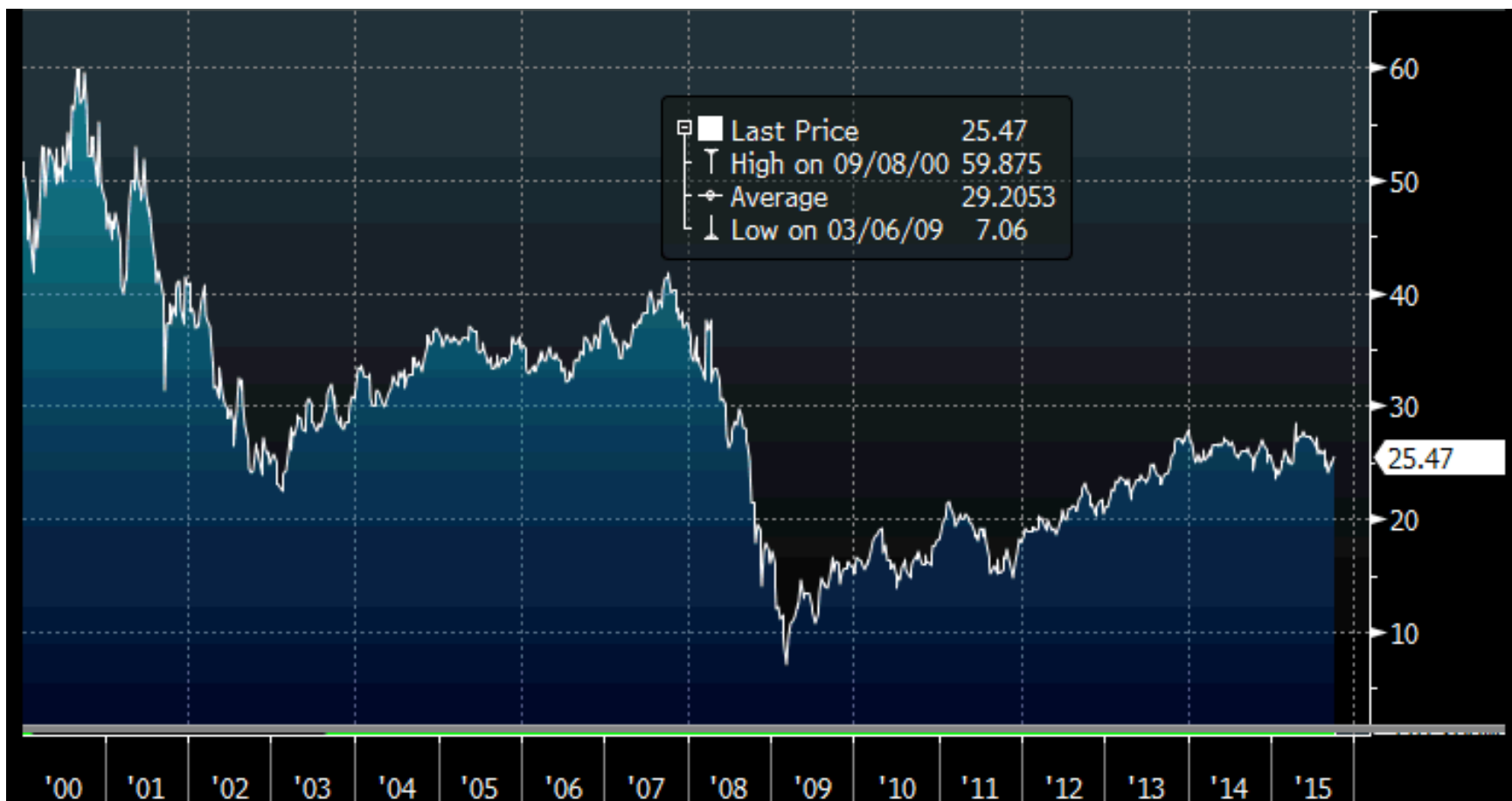
## Financial Impact

- **Share price ~35% below 2001 levels**
- **Total shareholder return (TSR) significantly trails the S&P 500 and industrial peers over the past 10 years**
- **EPS growth of ~1% per year since 2004, significantly below that of industrial peers**
- **Dividend remains ~25% below 2008 levels**



# GE's Share Price Has Been Stagnant

GE's stock trades well below the ~\$40 level it traded when Jeff Immelt became CEO almost 14 years ago<sup>(1)</sup>



Source: Bloomberg as of October 2, 2015.

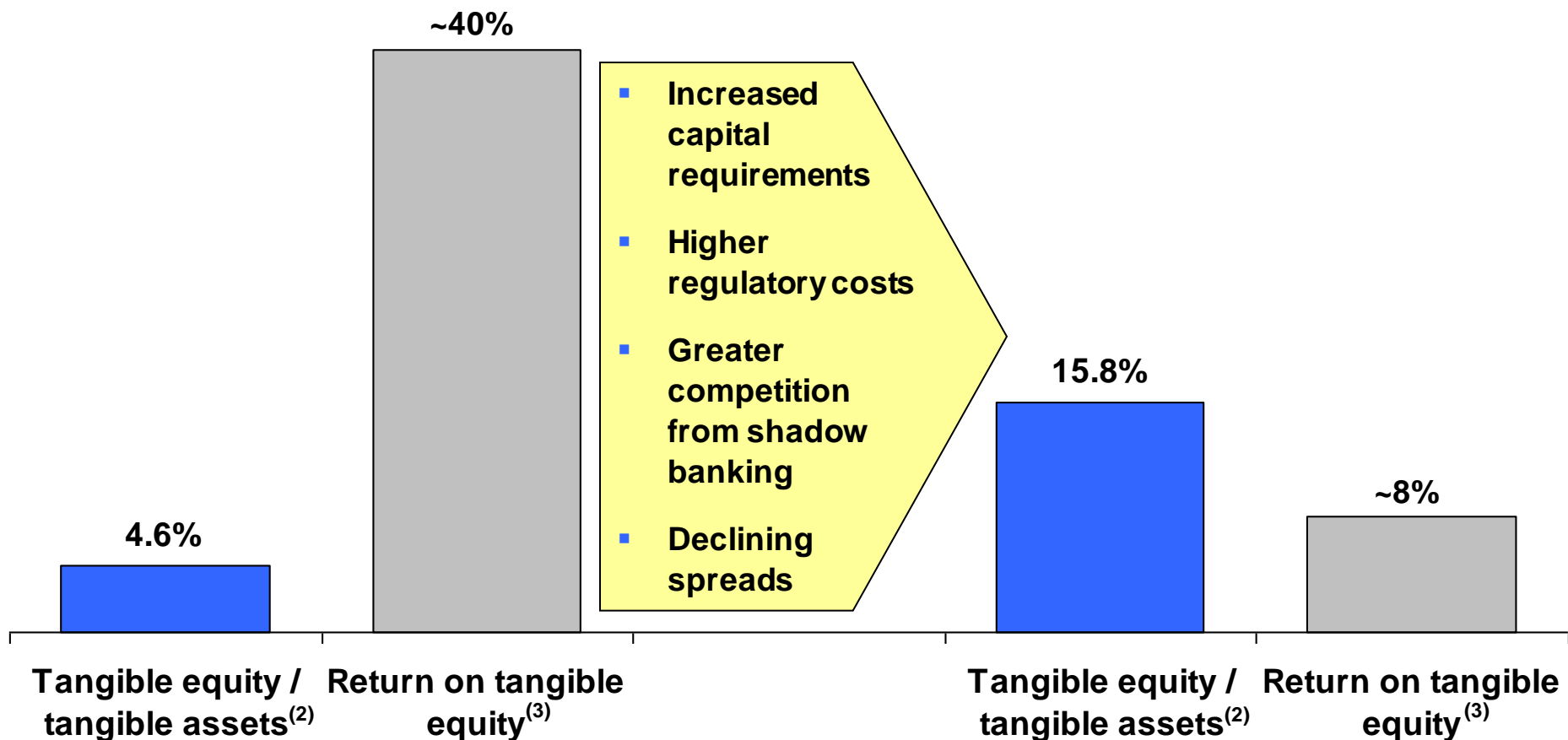
(1) GE stock was \$39.66 on 9/7/2001, the day Mr. Immelt became CEO.

# The Economic Model for GE Capital Deteriorated

- Financial regulation and increased competition from shadow banking led to a material reduction in returns

FYE 2007

FYE 2014PF<sup>(1)</sup>



Source: Company SEC filings.

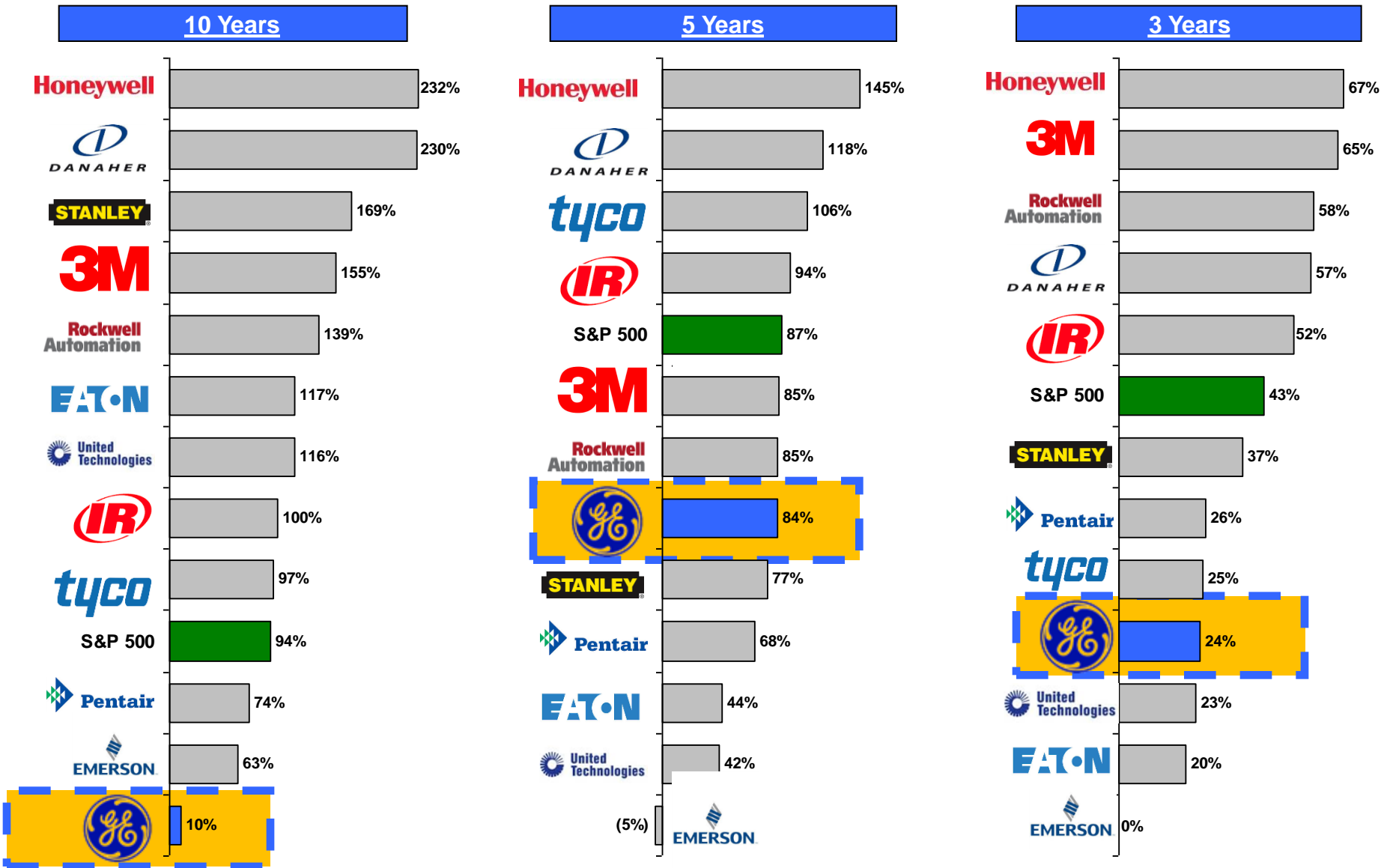
(1) Pro Forma for the divestiture of Synchrony (GE's private label credit card business) expected at year-end 2015, which is subject to regulatory approval.

(2) Tangible equity / tangible assets less cash.

(3) Represents income from continuing operations. 2007 and 2014 results exclude gain on sale of Swiss Re stock and the sale of the Nordics Consumer platform, respectively.

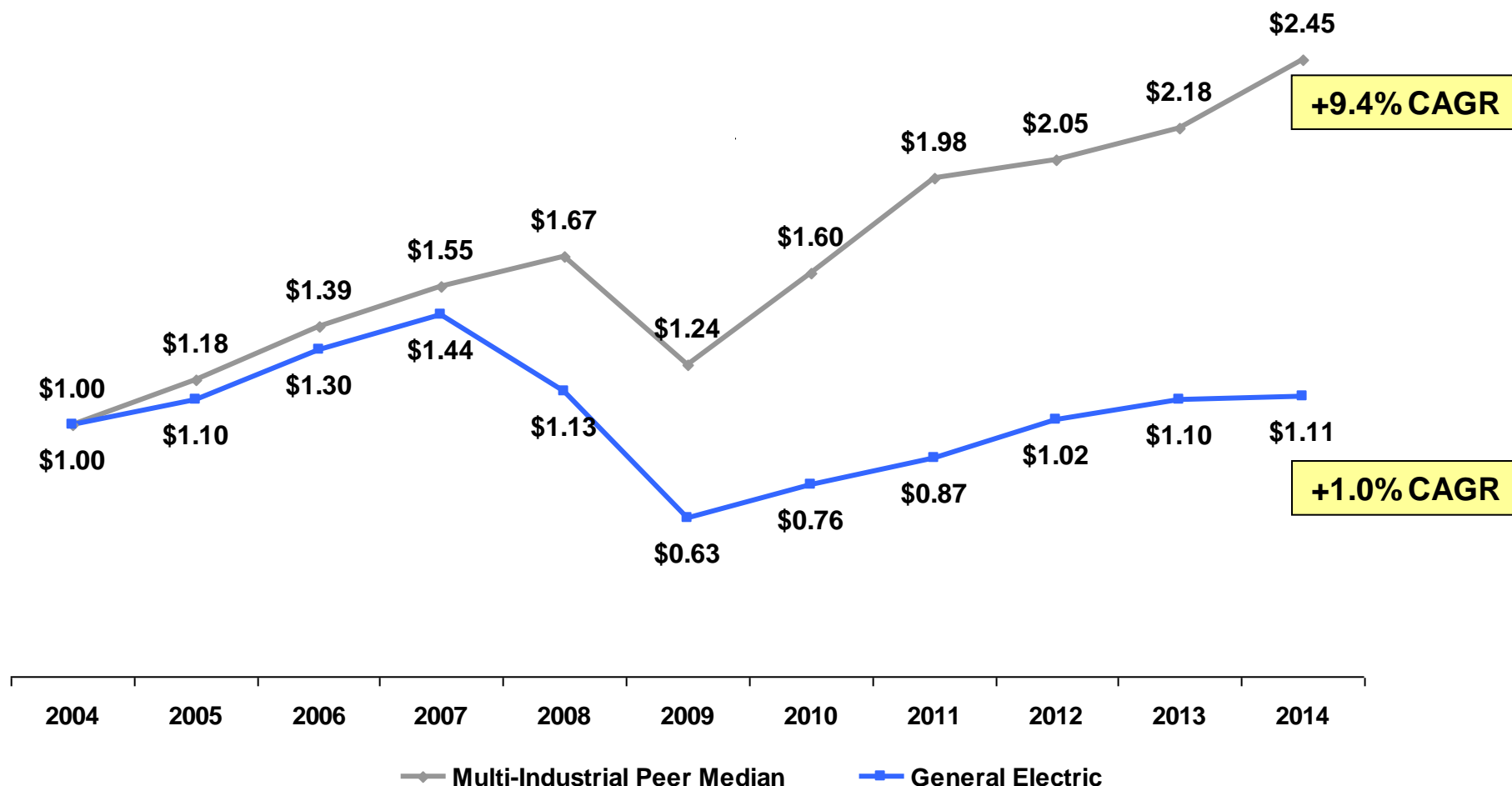
# Total Shareholder Returns Have Significantly Underperformed

## GE Total Shareholder Returns vs Peers



# EPS Growth has Been Uncompetitive

## Median Multi-Industrial Peer vs. GE: Indexed EPS Growth

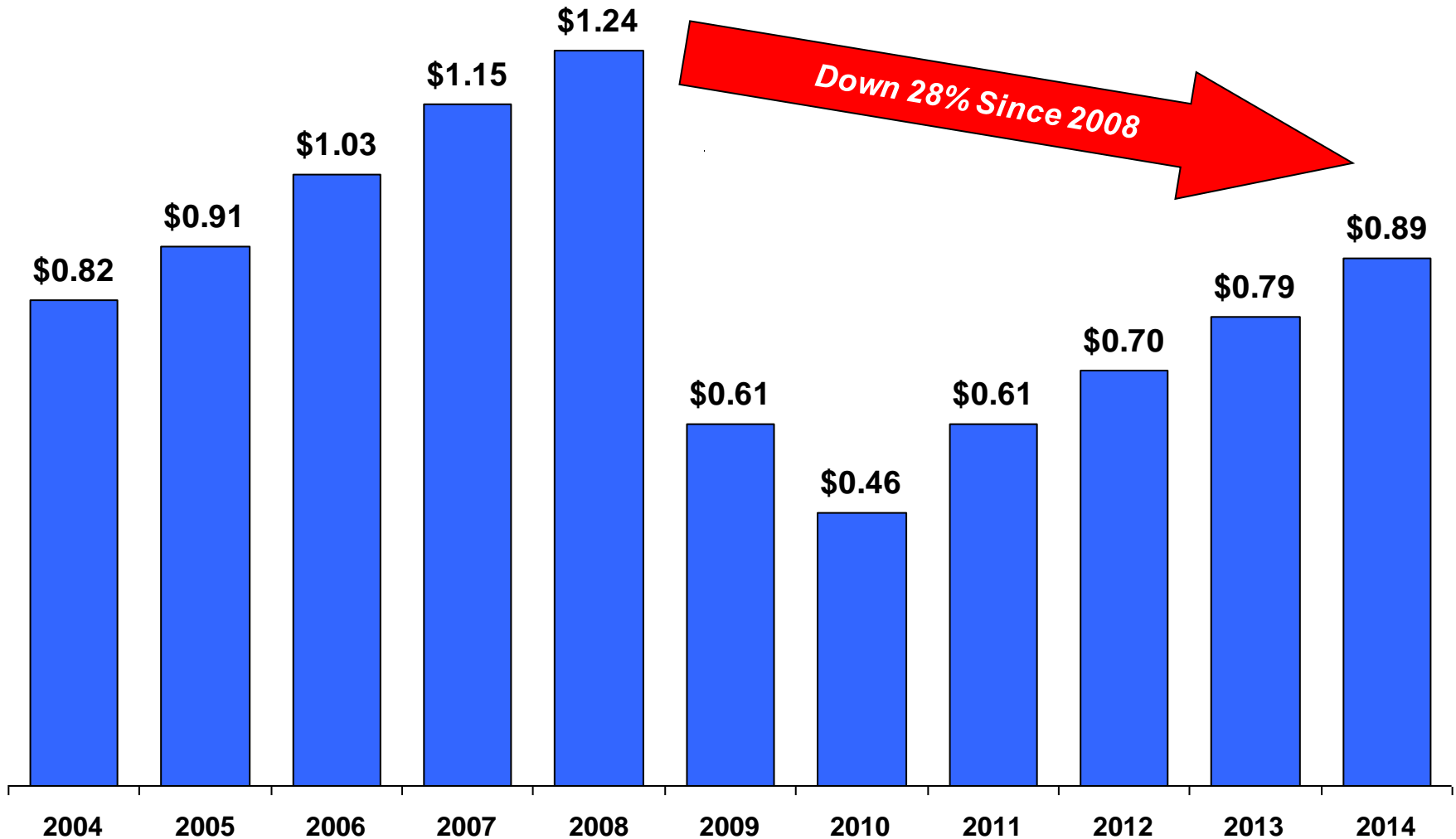


Source: SEC filings and press releases.

Note: Multi-industrial Peer Median includes United Technologies, Honeywell, 3M, Danaher, Emerson Electric, Rockwell Automation, Ingersoll-Rand, Stanley Black & Decker, Pentair and Eaton. Excludes Tyco due to 2012 separation. Ingersoll-Rand's EPS adjusted for Allegion spin. Figures are adjusted for non-recurring items, stock splits and reflect fiscal year results. See appendix for GE operating EPS calculation.

# The Dividend is Still 28% Below 2008 Levels

## GE Dividend Per Share



# Despite Having Great Assets, GE Has Not Been a Great Stock

## What Makes a Great Industrial Asset?



Strong Competitive Positioning



Aftermarket Service & Content



Runway for Organic Growth



Platform for Growth by Acquisitions



## What Makes a Great Industrial Stock?



Organic Growth



Consistent Execution

*Mixed*

Capital Allocation

*Mixed*

Margin Improvement

*Mixed*

### Trend

*Strong*

*Improving*

*Returning +\$85bn to shareholders*

*+250 bps since 2012*

# Table of Contents

---

**I. A Strong Company**



**II. A Tough Decade**

**III. A Bold Transformation**

**IV. Trian's Path to ~\$40-45 of Implied Value per Share**

**V. Trian Model**

# GE's Legacy Problems are Being Addressed

Topic	 Yesterday	 Today
<u>Focus</u>	<ul style="list-style-type: none"> <li>▪ Broad conglomerate</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focused infrastructure company</li> </ul>
<u>Dependence on GE Capital</u>	<ul style="list-style-type: none"> <li>▪ GE Capital 40-50% of EPS...consuming capital<sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ GE Capital &lt;10% of EPS<sup>(1)</sup> by 2018<sup>(1)</sup></li> </ul>
<u>Leveraging Scale</u>	<ul style="list-style-type: none"> <li>▪ Too many management layers...high SG&amp;A ratios</li> <li>▪ Increasing corporate costs</li> <li>▪ Gross margin declines</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reducing management layers... improving SG&amp;A ratios and reducing corporate cost</li> <li>▪ Optimizing scale while minimizing bureaucracy</li> <li>▪ Commitment to improve gross margins</li> </ul>
<u>Capital Allocation</u>	<ul style="list-style-type: none"> <li>▪ Share count flat</li> <li>▪ Mixed M&amp;A at best</li> </ul>	<ul style="list-style-type: none"> <li>▪ Share count declining</li> <li>▪ Disciplined M&amp;A</li> </ul>

Source: Company SEC filings, press releases, presentations and transcripts.

(1) Figures reflect an approximation of GE Capital's EPS contribution per GE Capital Strategy presentation released April 10, 2015. Pro forma for Alstom acquisition, announced GECC capital returns and Synchrony split-off. Alstom acquisition is subject to closing conditions. GECC capital returns and Synchrony split-off are subject to regulatory approval.



# ~\$300bn of Acquisitions & Dispositions Have Repositioned the Company<sup>(1)</sup>

## Key Divestitures

GE  
Plastics

Genworth 

NBC  UNIVERSAL

GE  
Appliances  
*(pending)<sup>(2)</sup>*

GE Capital <sup>(2)</sup>

Antares  
Real Estate

GE Capital Retail Bank  
Commercial & Asset-Based Lending

 **synchrony**  
FINANCIAL

*Private label credit card  
business (pending)<sup>(2)</sup>*

## Key Acquisitions

**ALSTOM**  
*Power & Grid<sup>(3)</sup>*

Avio 

**DRESSER**

**CONVERTTEAM**  
THE POWER CONVERSION COMPANY

**LUFKIN**

 Amersham

Source: Company SEC filings and press releases.

(1) Reflects ~\$100 billion of M&A over the past decade per 2014 Annual Report plus ~\$200 billion of GECC asset divestitures per April 10, 2015 GE Capital Strategy presentation.

(2) Subject to regulatory approval.

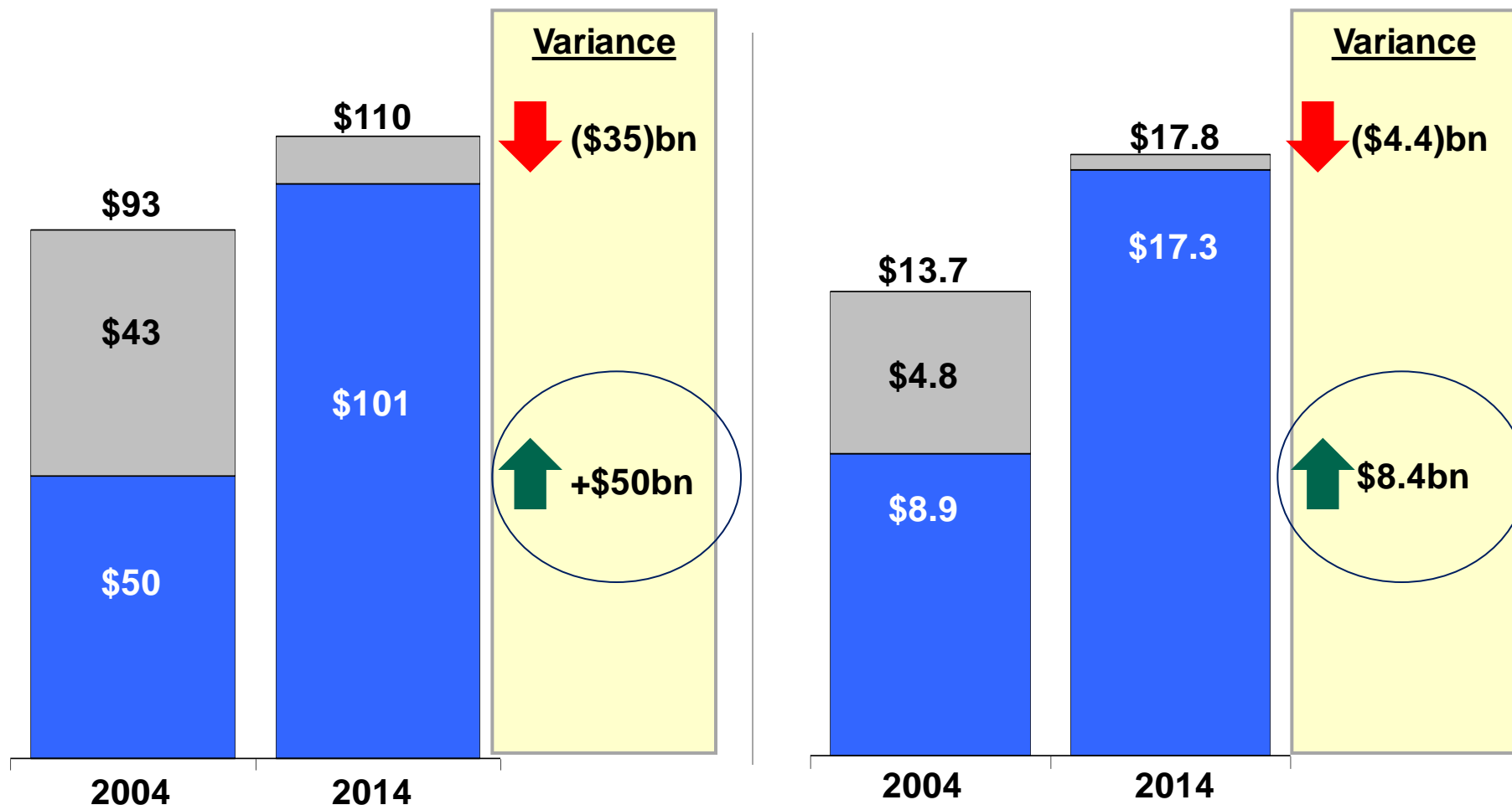
(3) Subject to closing conditions.

# GE's Core Industrial Businesses Have Doubled in Size

## GE Industrial Revenue (\$bn's)

## GE Industrial EBIT (\$bn's)<sup>(1)</sup>

■ Core Industrial<sup>(2)</sup>
■ Non-Core Industrial<sup>(3)</sup>



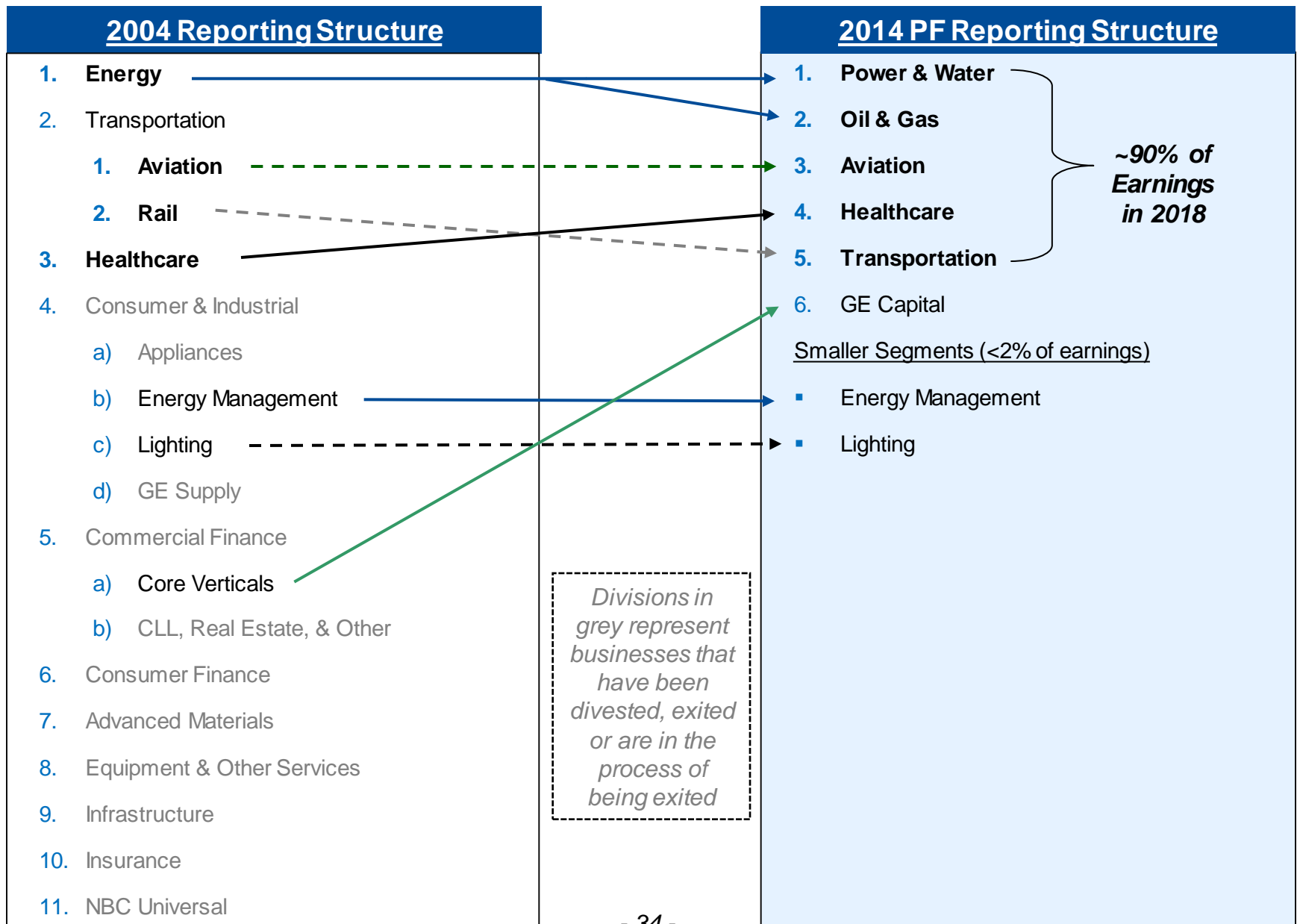
Source: Company SEC filings.

(1) Segment level EBIT; excludes corporate and other unallocated costs.

(2) Includes Power & Water, Aviation, Healthcare, Oil & Gas, Transportation, and Energy Management and predecessor segments that included these businesses in 2004.

(3) Includes Advanced Materials, Consumer & Industrial, Equipment & Other Services and NBC Universal, and Appliances & Lighting.

# GE Has Simplified and De-Layered



# In April 2015, GE Announced a Bold Plan for GE Capital

## GE Capital Strategy (GE Public Presentation 4/10/15)

### **1) Execute plan to create a focused infrastructure & technology company**

- 90%+ of earnings from Industrial businesses in 2018
- Shrink GE Capital to core verticals (sell ~\$200bn of earning assets)
- Pursue SIFI de-designation<sup>(1)</sup>

### **2) Maintain GE Capital's core verticals:**

- Aviation Services
- Energy Financial Services
- Healthcare Equipment Finance

# GE Capital Had Been a Substantial Earnings & Capital Drag

- Contrary to popular perception, GE Capital's run-off did not free up capital to return to shareholders
- From 2007 to 2014, GE Capital lost \$0.50 in earnings while also requiring an ADDITIONAL ~\$3.30 per share of capital

## GE Capital: Financial Impact to GE

<u>I. Earnings Impact</u>	<u>\$/Share</u>
2007 GECC EPS	\$1.22
Less: 2014 GECC EPS	<u>\$0.69</u>
EPS Increase / (Decline)	(\$0.53)
x P/E Multiple	<u>15x</u>

<b>I. Value Decline</b>	<b>(\$7.90)</b>
-------------------------	-----------------

## II. Capital Impact (Tangible Book Value Per Share ("TBVPS"))

2007 GECC TBVPS	\$2.80
Less: 2014 GECC TBVPS	\$6.10

<b>II. Capital (Invested)/ Released</b>	<b>(\$3.30)</b>
---	-----------------

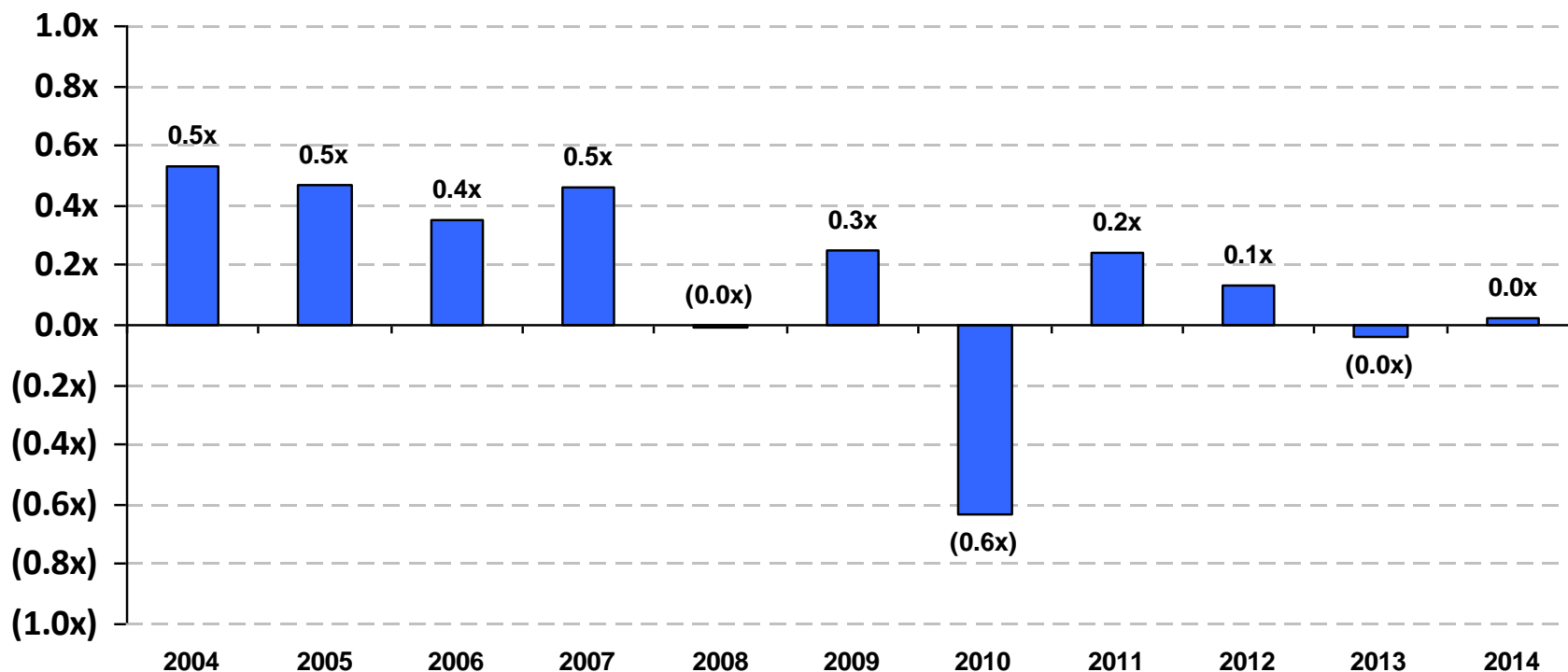
<b>Total Value Decline</b>	<b>\$11.20</b>
----------------------------	----------------

~\$11 per share of value degradation...~45% of today's share price

## It Encumbered GE Industrial's Balance Sheet...

- GE's industrial balance sheet supported GE Capital's credit rating and therefore precluded GE Industrial from utilizing an efficient capital structure

### GE Industrial Net Leverage Over Time<sup>(1)</sup>



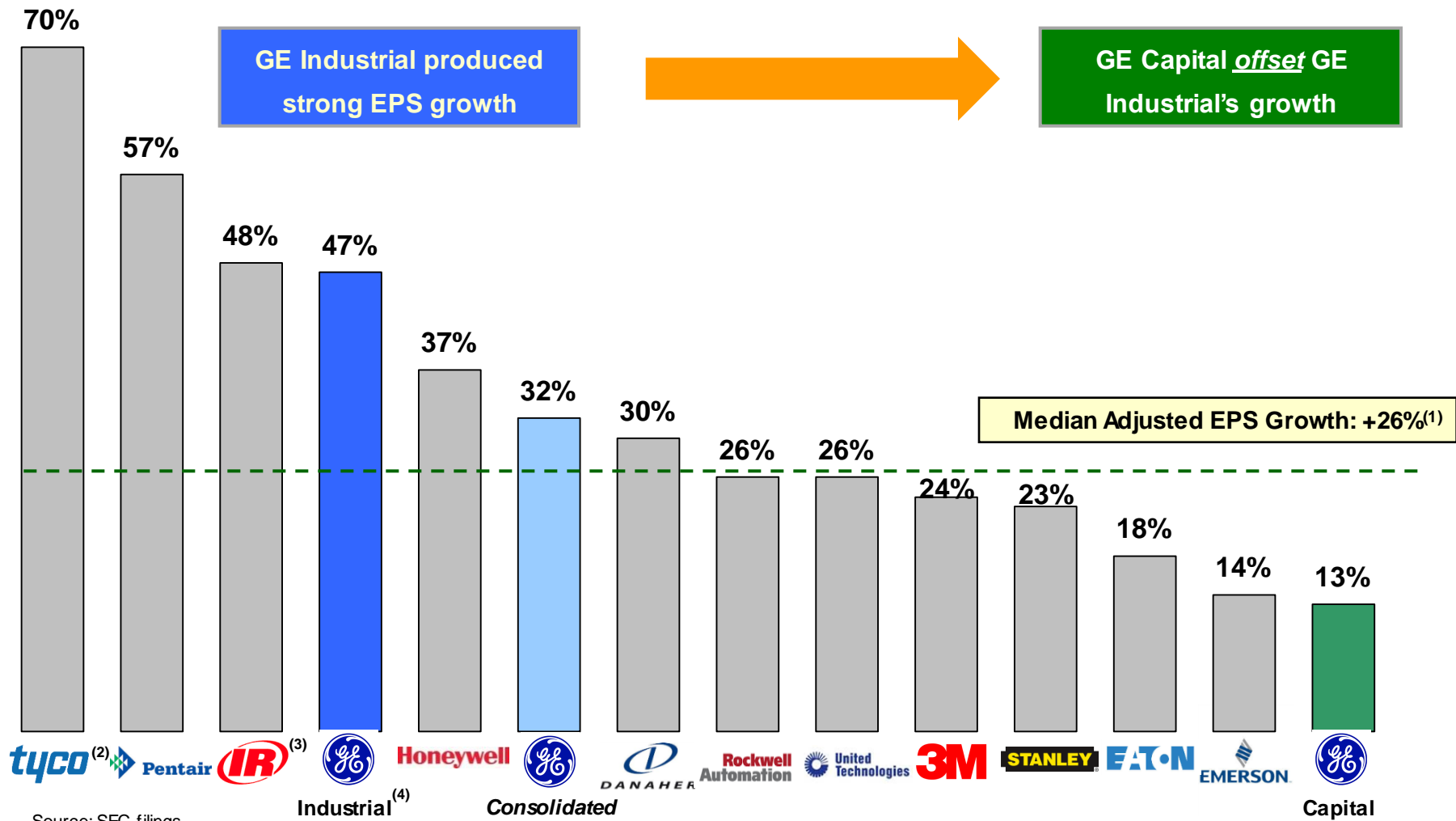
Source: Company SEC filings.

- 37 -

(1) Net leverage is defined as debt, minus cash & short-term investment securities, divided by earnings before interest, taxes, depreciation, amortization, non-operating pension cost and other non-recurring items over the prior twelve-month period. Excludes cash and debt held at GE Capital.

# ...And Offset Recent Momentum at GE's Industrial Business

## Adjusted EPS Growth (2011 – 2014)



Source: SEC filings.

Note: Adjusted EPS is defined as earnings per share excluding non-recurring items.

(1) Average excludes GE Industrial, GE consolidated and GECC.

(2) Reflects diluted EPS from continuing operations.

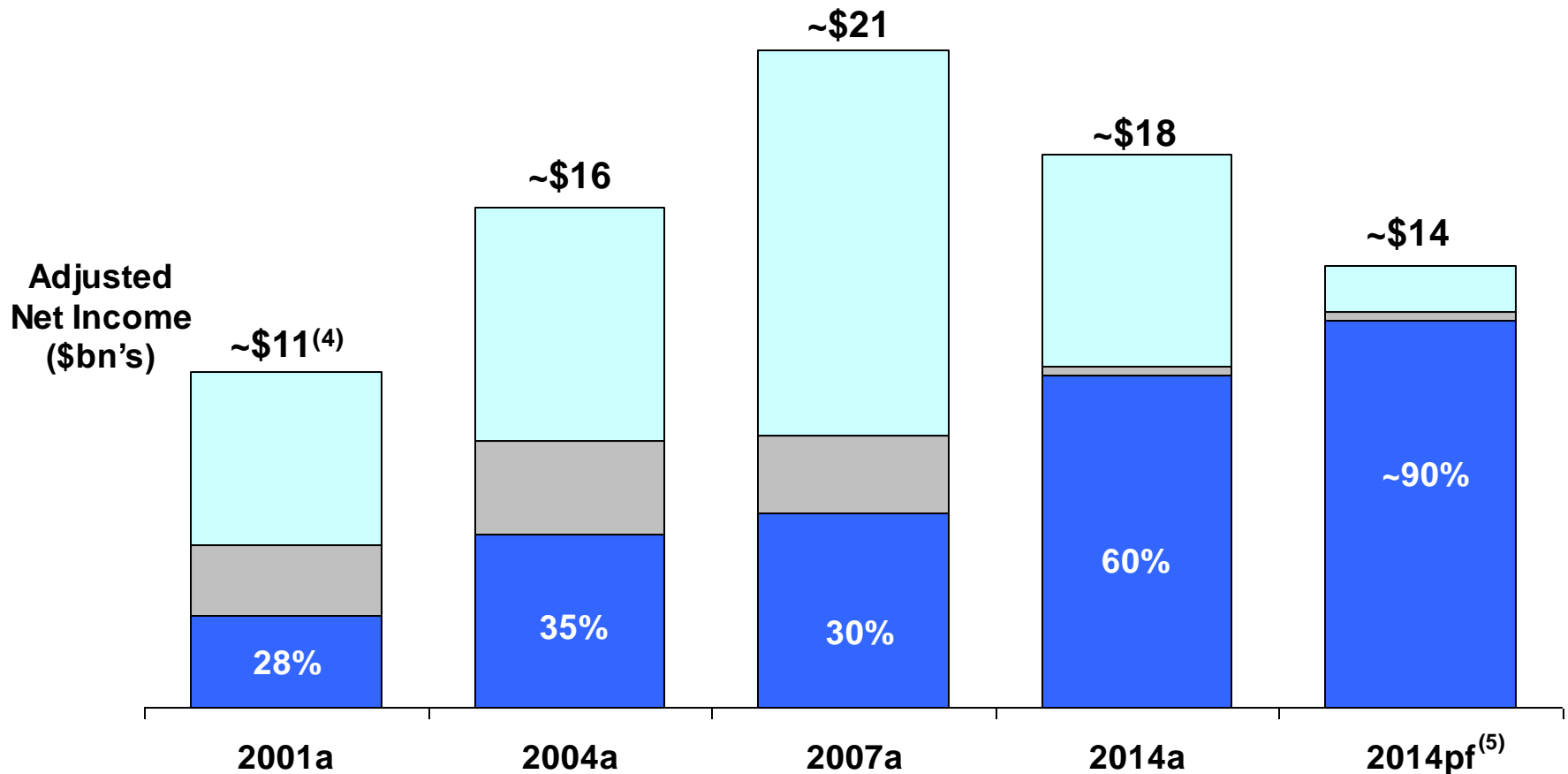
(3) Pro forma for Allegion spin.

(4) Reflects Industrial operating EPS, which excludes reported GECC EPS, NBC Universal equity earnings and non-operating pension costs. Also excludes items Trian believes are non-recurring in nature, such as restructuring, gains (losses) on disposed or held for sale, to better reflect underlying operating performance.

# Going Forward, GE Capital Will Comprise <10% of Earnings

## GE - % Adjusted Net Income<sup>(1)</sup> Over Time

■ Core Industrial<sup>(2)</sup> ■ Non-Core Industrial<sup>(3)</sup> ■ GE Capital



Source: Company SEC filings.

(1) Adjusts for non-recurring pension, restructuring, and gains.

(2) Includes: Power & Water, Aviation, Healthcare, Oil & Gas, Transportation, and Energy Management.

(3) Represents: Advanced Materials, Consumer & Industrial, Equipment & Other Services and NBC Universal and Appliances & Lighting, and other non-core.

(4) Adjusts for pension gains and the impact of the US Power Bubble based on Trián estimates. Trián assumes 2001 Power Systems EBIT ex-the power bubble would have grown at a 10% CAGR from 1998-2001. If the impact of the Power Bubble were included, core industrial would have comprised 38% of net income, and net income would have been ~\$14 billion.

(5) Pro forma for Alstom acquisition, announced GECC capital returns, Synchrony split-off and is adjusted for non-recurring items. Alstom acquisition is subject to closing conditions. GECC capital returns and Synchrony split-off are subject to regulatory approval. Reflects Trián estimates and GE Capital Strategy presentation released April 10, 2015.



# Today GE is Effectively Leveraging its Scale

## GE Enterprise Wide Functions

### Global Growth Organization

- ✓ *Leverages GE's scale to grow market share in emerging countries*
- ✓ +22 countries each generating \$1bn+ in revenues<sup>(1)</sup>

### Global Research Center

- ✓ *Develops leading technology shared across GE's businesses* (materials science, combustion technology, diagnostics, additive manufacturing, controls)

### Software

- ✓ *Provides common, cloud-based platform (Predix) and software applications across GE's businesses*
- ✓ Largest software business in the industrial space: ~\$5bn revenue in 2015 → \$8bn by 2017F<sup>(2)</sup>

### Shared Services

- ✓ *Leveraging functional costs across 5 low-cost centers*

**GE Business Model**

**1. Grow profitable share with great products**

**2. Maximize value of the installed base for the customer & shareholder**

Source: Company SEC filings, presentations and Triam diligence.

(1) 2014 Annual Report.

(2) GE Software presentation released June 3, 2015.

# Without Added Bureaucracy

**We believe that GE has done a good job ensuring enterprise wide functions are structured to cost-effectively drive value for the individual business units...while minimizing corporate bureaucracy**

## 1. Not Forced on GE Business Segments

- **Business units can use third party services in lieu of GE's shared services...ensures cost and quality of shared services is competitive**

## 2. Costs Are Allocated To Segments Based on Segment Usage

- **Healthy tension exists between business units and shared services to deliver quality at cost-effective levels**

## 3. Relevant to Business Units

- **All business segments leverage each of GE's shared services**
- **GRC (Global Research Center) and GGO (Global Growth Organization) are led by former business segment heads**
- **Scope of shared services limited to where GE Enterprise is more effective than GE Segment**
  - **GRC:** Manages primary research but +90% of R&D spend completed at the segment level
  - **GGO:** Utilized only where segments lack scale to more effectively go to market independently

# GE is Leveraging Scale to be the Leader in Industrial Software

## GE Software Center Overview

- **Significant scale**
  - \$5bn revenue in 2015e
  - 1,200+ employees  
(San Ramon, CA headquarters)
  - +10,000 software engineers
  - 225,000 assets monitored
- **Long runway for growth**
  - Business started in late 2011
  - ~\$5bn of revenue in 2015...GE projects ~\$8bn by 2017
- **Predix Platform is a BIG IDEA**
  - Common cloud-based platform
  - Applications shared across GE business units
  - Potential to create applications for non-GE industrial businesses

## Impact to GE Business Units

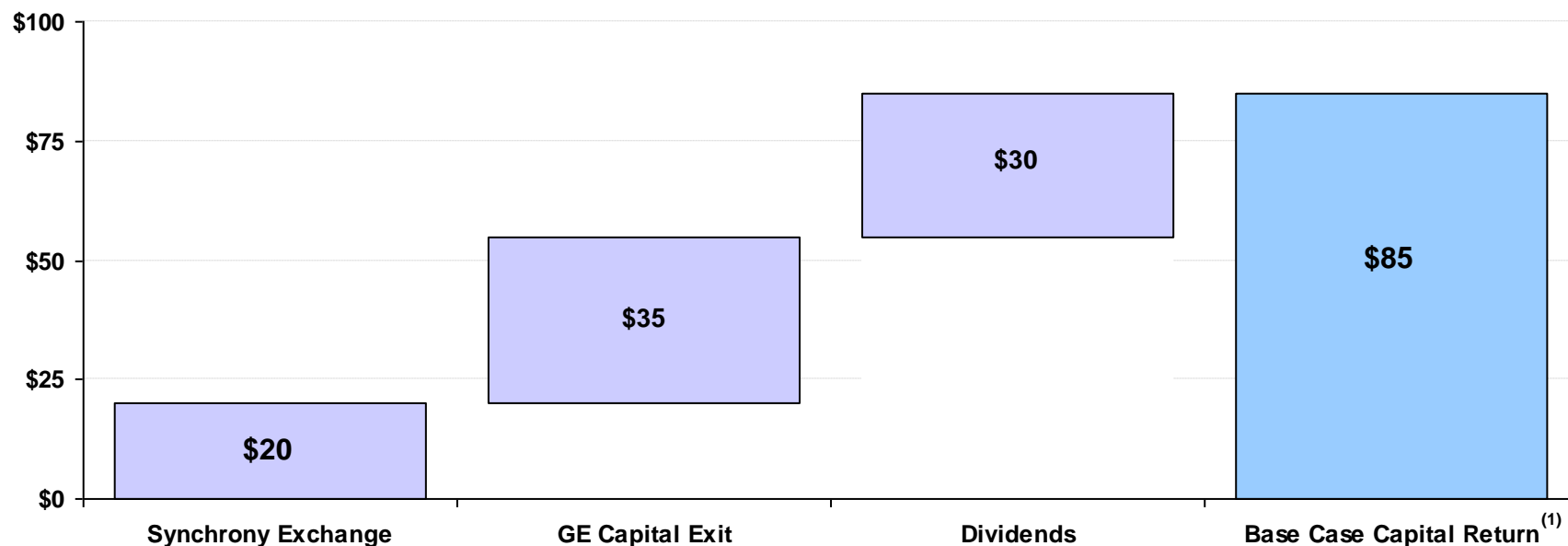
- **Incremental revenue source**
  - Subscription based payments from customers
  - High incremental margin; capex investments made
- **Improves product ROI for customers**
  - Applications improve asset performance and reduce unplanned downtime
  - Improves GE's durability against competitive threats from technology firms
- **Increases value of services backlog**
  - Better project servicing needs based on data...maximizes uptime between servicing
- **Potential to improve GE productivity**
  - Enhanced analytics at GE factories

# GE Has Identified \$85 billion of Cash to Return to Investors Through 2018

- Management has committed to maintain its current dividend (~3.6% dividend yield at current prices) and buyback approximately \$55 billion of stock
- Strong capital return stories can be powerful for shareholders
  - Creates large buyer of stock...retires significant float
  - Magnifies impact of operational improvements...divided over fewer shares

## Potential Capital Returned to Shareholders – Base Case, 2H15 – 2018 (\$ billion)

*Management is expecting to return approximately 1/3 of the current ~\$260bn market cap to shareholders through 2018*



Source: Company SEC filings, press releases, and GE Capital Strategy presentation released April 10, 2015.

(1) Potential capital return for Synchrony exchange, GE Capital exit and dividends per April 10, 2015 GE Capital Strategy presentation (excludes approximately \$5 billion of dividends paid in 1H 2015).

# However, We Believe the Market Remains Skeptical

## GE Price / 2015 Pro Forma EPS

### GE P/E Calculation - Method 1: Use Cash Proceeds From Sales of Discontinued Operations to Repurchase Shares

<b>i. GE Stock Price<sup>(1)</sup></b>	<b>\$25.47</b>
2015 Operating EPS estimate <sup>(2)</sup>	\$1.32
(+) Alstom benefits per management guidance <sup>(3)</sup>	\$0.18
(+) GECC exit <sup>(4)</sup>	\$0.25
(+) Synchrony split-off <sup>(4)</sup>	\$0.10
<b>ii. Pro Forma 2015e EPS</b>	<b>\$1.84</b>
<b>Method 1: Implied Price / Pro Forma EPS (i. ÷ ii.)</b>	<b>13.8x</b>

### GE P/E Calculation - Method 2: Deduct Discontinued Operations from Current Share Price

<b>i. GE Stock Price<sup>(1)</sup></b>	<b>\$25.47</b>
Less: GECC Exit Proceeds <sup>(4)</sup>	\$3.47
Less: Synchrony Share (Net 7.5% Discount) <sup>(4)</sup>	\$2.06
<b>ii. GE Continuing Operations Value per Share</b>	<b>\$19.93</b>
2015 Operating EPS <sup>(2)</sup>	\$1.32
(+) Alstom benefits per mgmt. guidance <sup>(3)</sup>	\$0.18
<b>iii. 2015 Pro Forma EPS</b>	<b>\$1.49</b>
<b>Method 2: Implied Price / Pro Forma EPS (ii. ÷ iii.)</b>	<b>13.4x</b>

*<14x P/E for what we believe is one of the world's best industrial companies WITH potential margin and capital structure opportunities*

Source: Company SEC filings, press releases and presentations.

Note: Alstom acquisition is subject to closing conditions. GECC capital returns and Synchrony split-off are subject to regulatory approval. The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) GE stock price as of October 2, 2015.

(2) Reflects the mid-point of GE Industrial EPS guidance for 2015 (\$1.13-\$1.20), plus management's guidance of \$0.15 EPS for the GE Capital verticals.

(3) Reflects the mid-point of GE guidance on the impact of Alstom on EPS by 2018. Acquisition is subject to closing conditions.

(4) Reflects management guidance published at EPG conference presentation released May 20, 2015. Transaction is subject to regulatory approval.

# Table of Contents

---

**I. A Strong Company**

**II. A Tough Decade**

**III. A Bold Transformation**

**IV. Trian's Path to ~\$40-45 of Implied Value per Share**

**V. Trian Model**

**After years of underperformance, we  
believe GE finally has the right collection  
of businesses and structure...  
now it is time to execute**

# Trian's Path to ~\$40-\$45 of Implied Value per Share by the End of 2017<sup>(1)</sup>

## 1. Expand Operating Margins to at least 16.0% by 2018 and Target Further Expansion Thereafter<sup>(2)</sup>

- Continue progress on cost reductions to grow operating margins ~50bps per year through 2018 and maintain similar cadence thereafter
- Target margins *net of* corporate expense, not excluding it

## 2. Efficient Capital Structure

- Commit to ~\$20 billion of incremental net leverage (~1x EBITDA) at GE Industrial by 2018...return cash to shareholders through buybacks
- Moderate leverage can alleviate pressure on the income statement and allow management to reinvest in the business
- Consider alternative structures (e.g. JVs, IPOs) to continue to reduce the size of GE Capital's balance sheet over time

## 3. Disciplined Capital Allocation

- Trian recommends that management explore share repurchases beyond GE's initial guidance; we believe there is an opportunity to return over 40% of the current market cap to shareholders by the end of 2018
- Set parameters around M&A (IRR, accretion, leverages GE "Store")

Note: EBITDA is defined as earnings before interest, taxes, depreciation & amortization. IRR is defined as internal rate of return. The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believe to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) See page 68-75 for more detail.

(2) GE Industrial adjusted operating margins, net of corporate expense and excluding non-recurring items, were 14.0% in 2014 and are expected to be approximately 15% in 2016 (assuming recurring corporate expense of approximately 2% as a percentage of sales).



# 1. Margin Improvement: We Believe GE Can Improve EBIT Margins

Area of Focus	Area for Improvement	Opportunity
Gross margins	<ul style="list-style-type: none"> <li>Reduce materials spend</li> <li>Equipment operating margins below historical levels; only ~2% EBIT margins net of corporate</li> </ul>	<ul style="list-style-type: none"> <li>Trianel estimates equipment EBIT margins can improve ~500 bps through initiatives to enhance gross margin<sup>(1)</sup></li> </ul>
SG&A	<ul style="list-style-type: none"> <li>Reduction in shared services costs and ERP systems</li> <li>Corporate expenses of ~2% of sales vs. closest peers &lt;1%</li> </ul>	<ul style="list-style-type: none"> <li>Industrial SG&amp;A from ~18% of sales in 2011 to ~12% in 2016</li> <li>Leverage fixed cost beyond 2018 with 5% organic growth<sup>(2)</sup></li> <li>Reasonable reduction in corporate costs of ~\$600mm while still investing in enterprise-wide functions</li> </ul>

***Trianel believes management can achieve at least 16.0% operating margins by 2018 and ultimately reach 18% operating margins over time...gross margins are a substantial opportunity***

Source: Company SEC filings, press releases and presentations.

Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Trianel Partners herein are based on assumptions that Trianel Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) Trianel estimates.

(2) 5% organic revenue growth reflects GE's ongoing goal per EPG presentation published May 20, 2015.

# While GE's Segment Margins are Generally Above Peers...

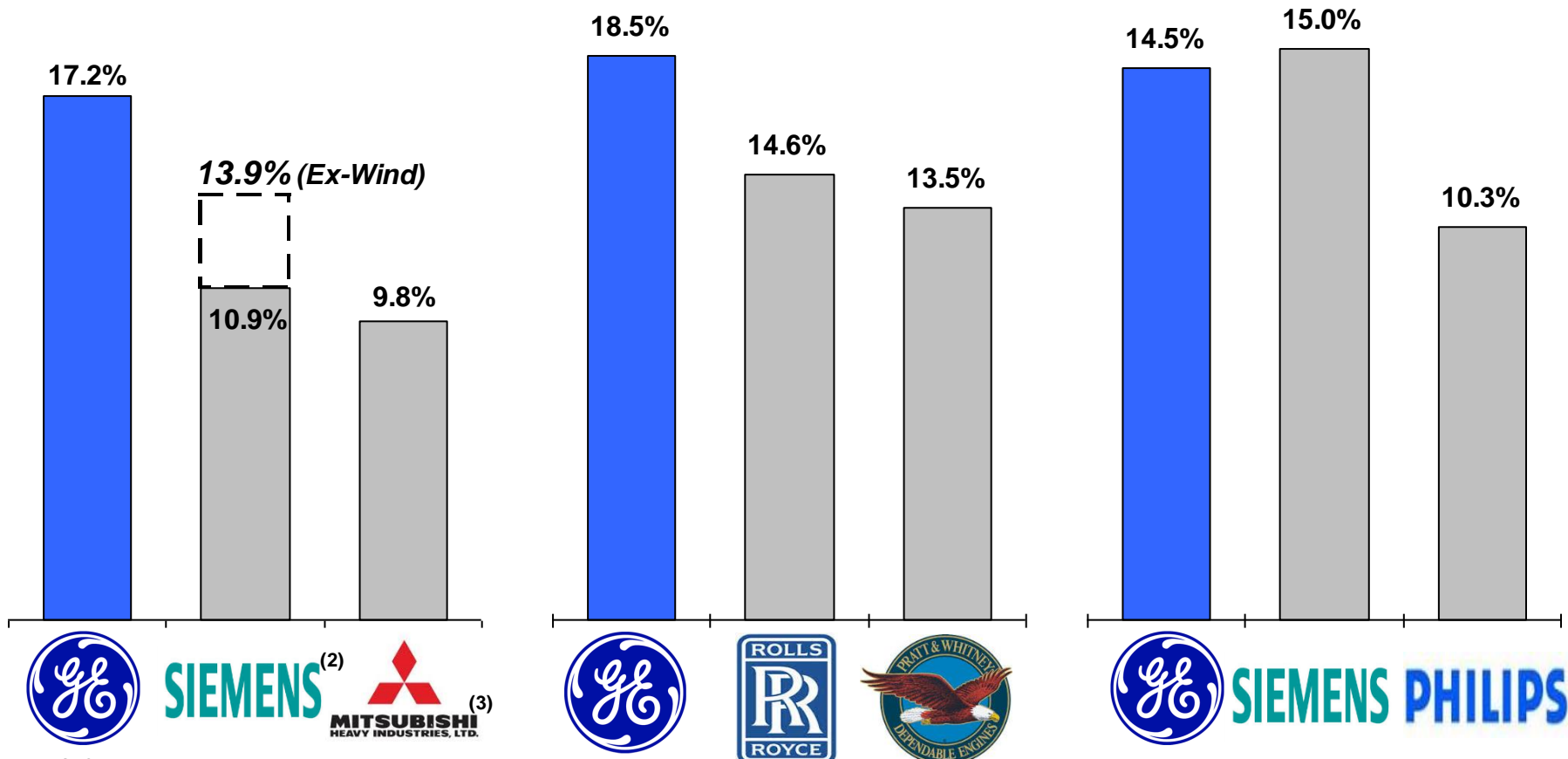
## GE Segment EBIT Margins vs. Peers

### Power and Water

### Aviation

### Healthcare

*These segments comprise ~75% of GE's Industrial EBITDA<sup>(1)</sup>*



Source: SEC filings.

Note: Unallocated corporate expenses are allocated on a percentage of revenue basis. Figures are adjusted for non-recurring items including restructuring charges. Reflects FY14 results for all companies except where noted otherwise. Philips figures excludes intangible amortization expense.

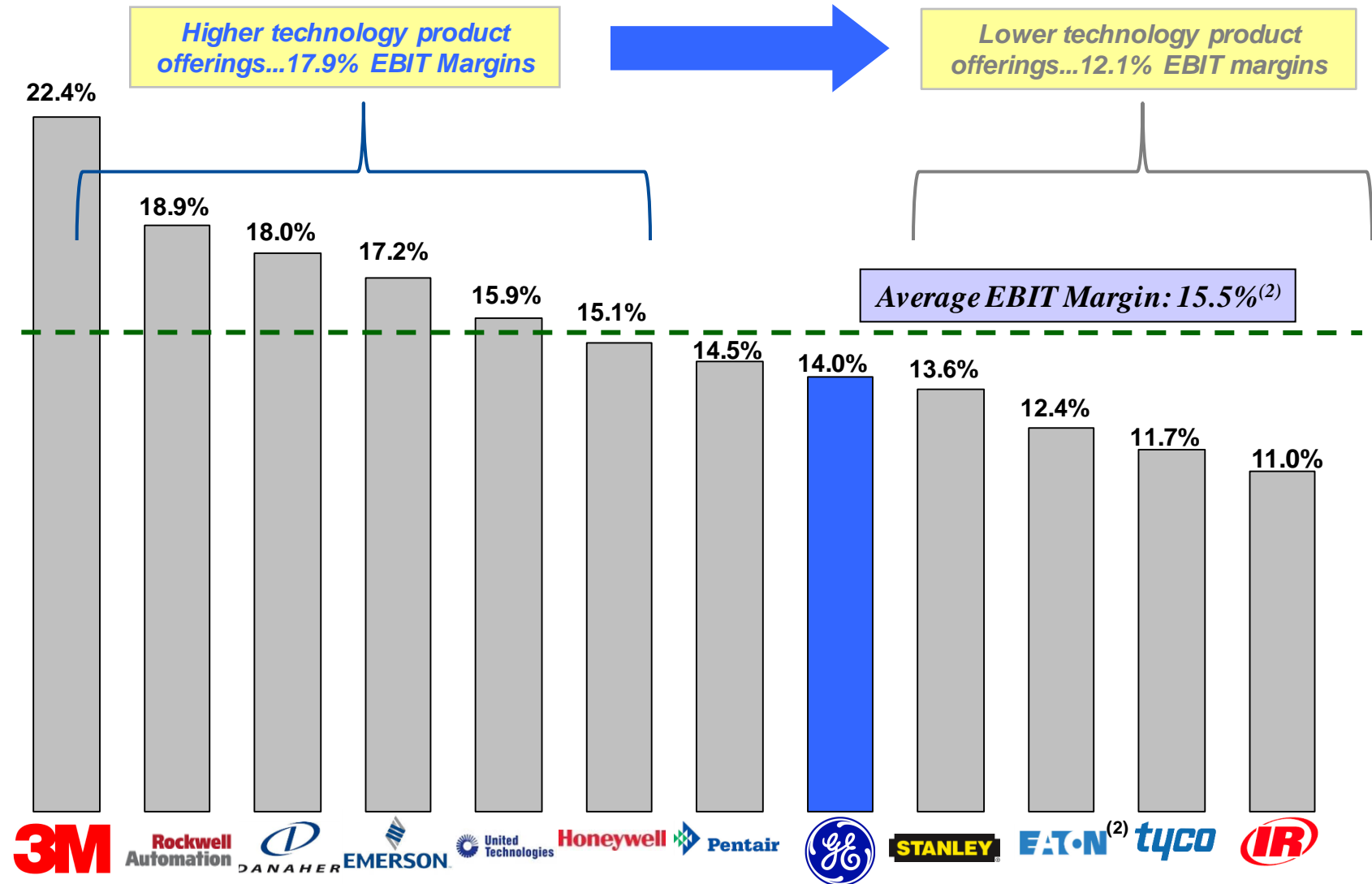
(1) Per 2014 Annual Report.

(2) Includes performance of the Power Generation and Wind Power segments (excludes power transmission revenue).

(3) Reflects performance of the Energy & Environment segment for fiscal year end March 2015.

# ...GE Industrial's Consolidated EBIT Margin Trails Industrial Averages

## 2014 EBIT Margins<sup>(1)</sup>



Source: SEC filings and press releases.

Note: Emerson Electric, Rockwell Automation and Tyco financials reflect fiscal year end September 30.

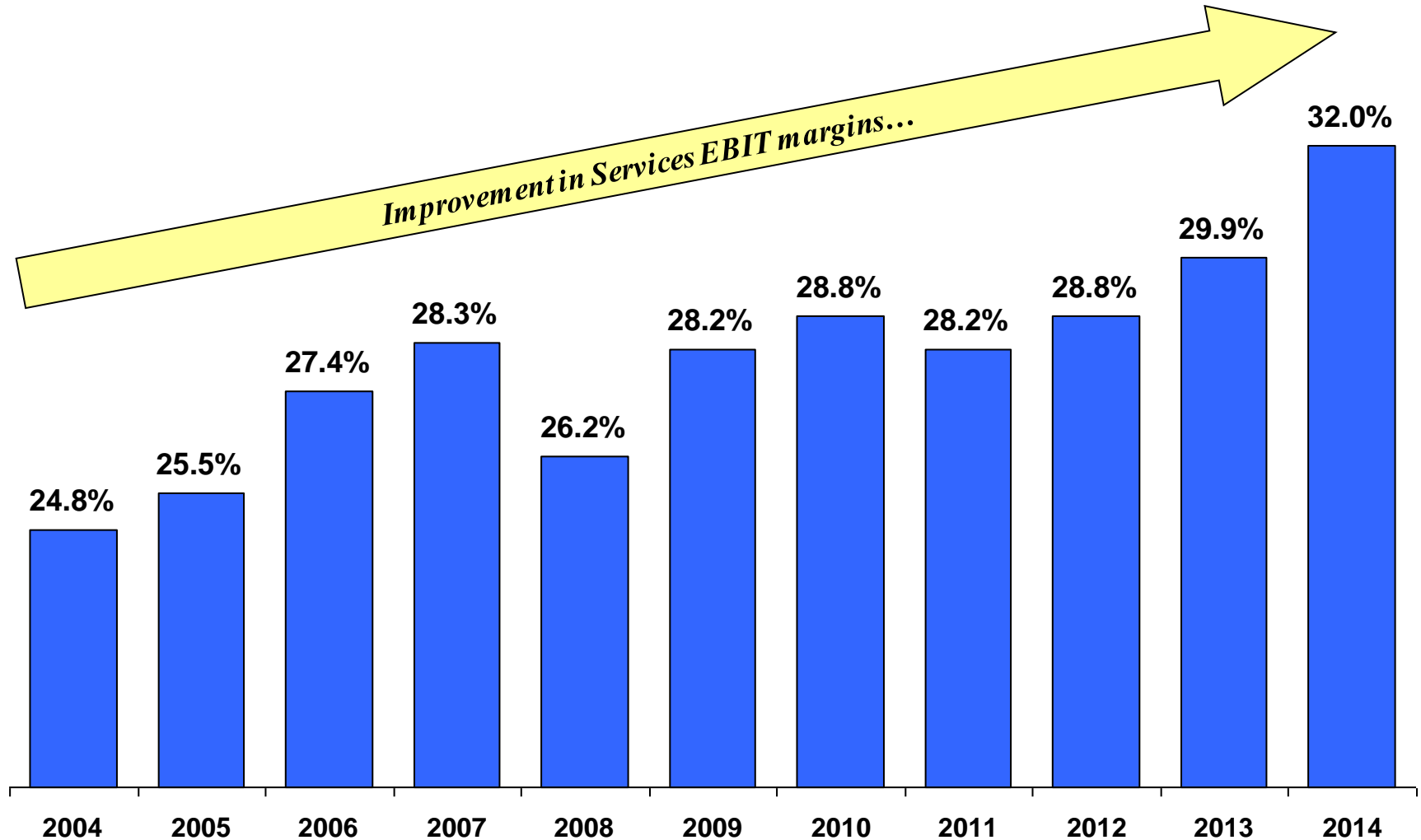
(1) EBIT margins include corporate expenses for all companies; GE corporate is allocated as a percentage of revenue

(2) Average excludes GE Industrial.

(3) Eaton EBIT margin is net of \$424mm of amortization of intangible assets; excluding these expenses, Eaton's adj. EBITA margins would be 14.3%

# A Steady Rise in Services Operating Profit Margins ...

## GE Industrial Services Operating Profit Margins<sup>(1)</sup>



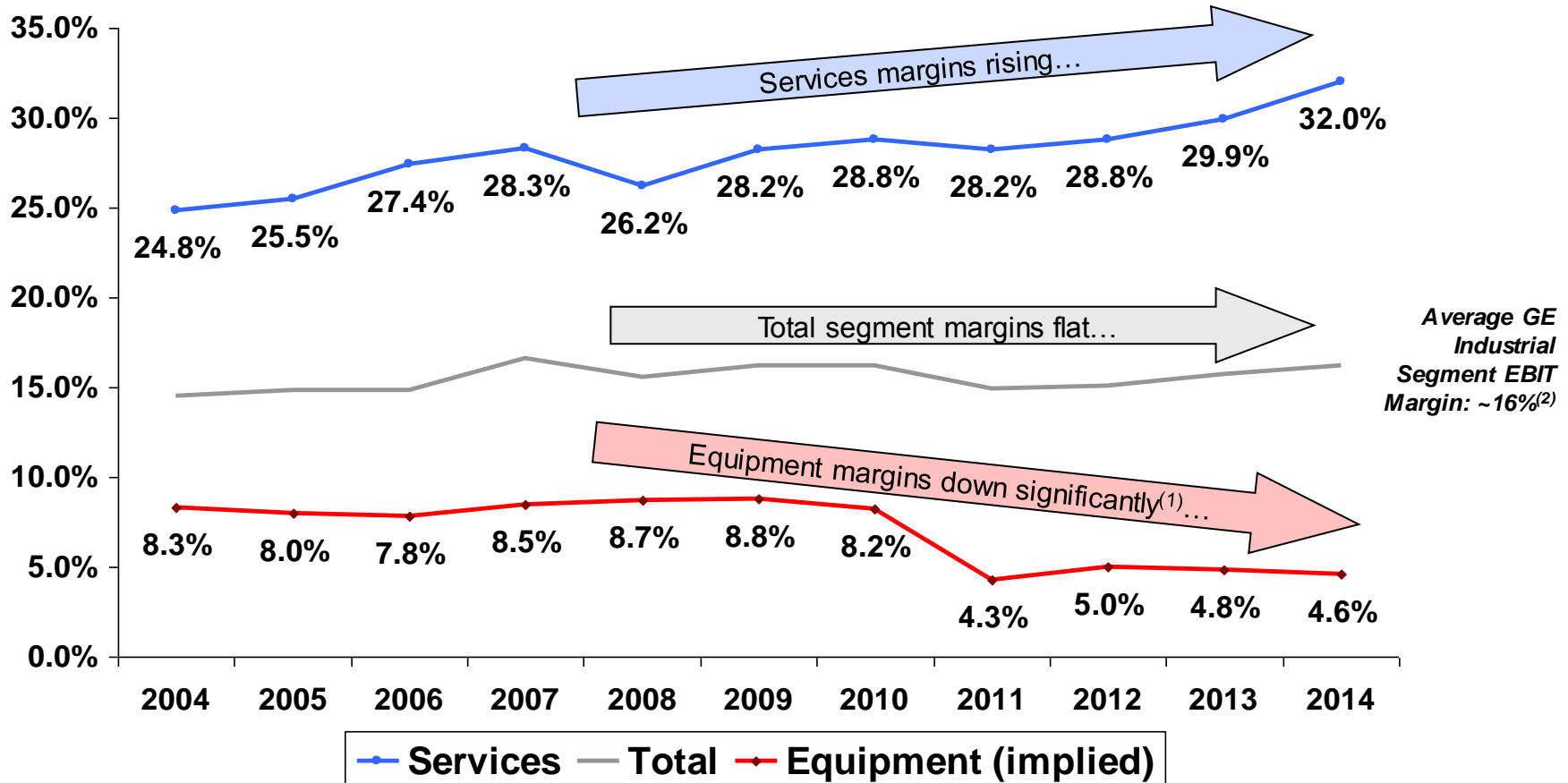
Source: Company SEC filings.

(1) Figures exclude corporate expenses.

# ...Has Masked Declines in Equipment Margins<sup>(1)</sup>

- GE has exhibited limited margin improvement - despite a beneficial mix shift toward higher-margin services revenue – because equipment margins have significantly declined

**GE Industrial Segment EBIT Margin Composition Over Time<sup>(1)(2)</sup>**



Source: Company SEC filings.

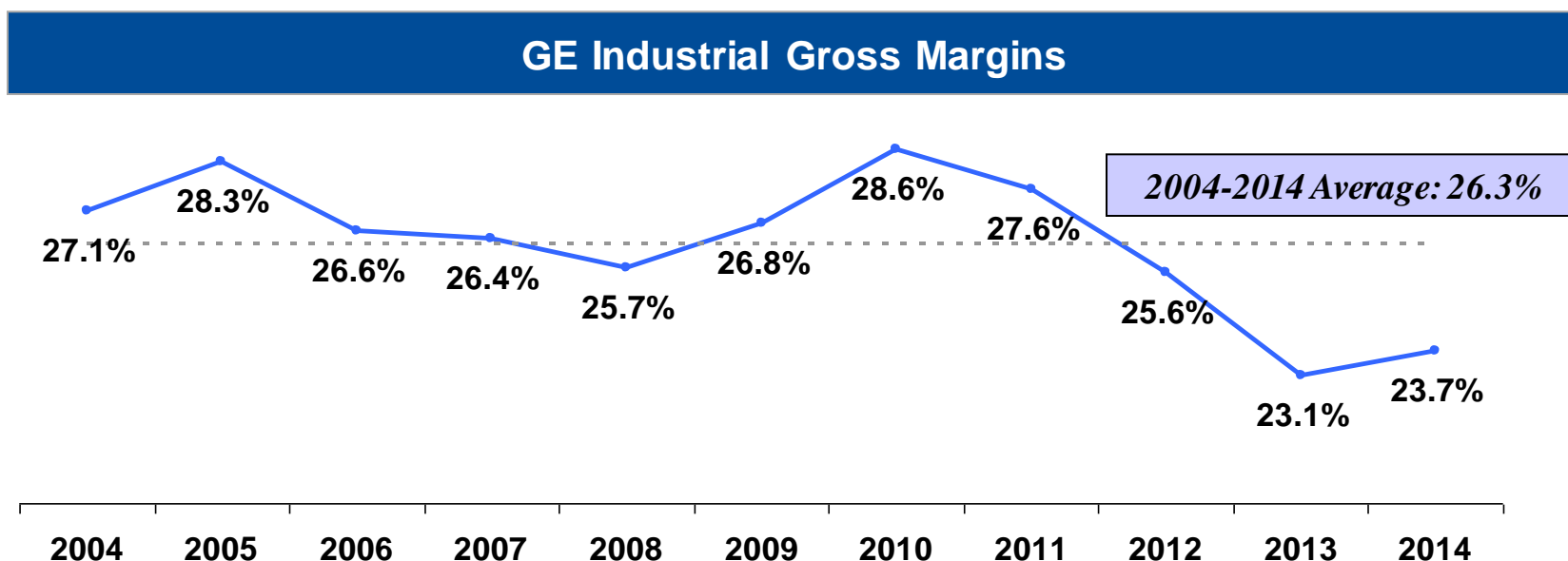
Note: GE Industrial segment EBIT margins exclude the financial services components reported in the Infrastructure segment from 2005-2007.

(1) The calculation of equipment operating profit margins are estimated by Trian. Equipment segment profit margins are implied by subtracting product services sales and segment operating profit from GE Industrial total sales and segment operating profit. Figures exclude NBC Universal sales and segment EBIT for purposes of comparability. Figures assume NBC Universal revenue and EBIT are not included in product services. See appendix for calculation.

(2) Segment EBIT margins exclude corporate costs.

# Gross Margins Have Substantial Room for Improvement

- GE Industrial's gross margins have declined over the past few years and are ~260 bps below historical averages<sup>(1)</sup>
- With operating margins on equipment sales of only ~2% net of corporate expense, we believe both GE and Trian are aligned in the view that there are a number of opportunities to enhance gross margins<sup>(2)</sup>:
  - Material savings (better sourcing, engineering, supply chain)
  - Factory productivity (multi-modal factories)
  - Services and other (field services productivity, reducing downtime, leverage overhead)



Source: Company SEC filings, Technology Investor Day held March 11, 2015..

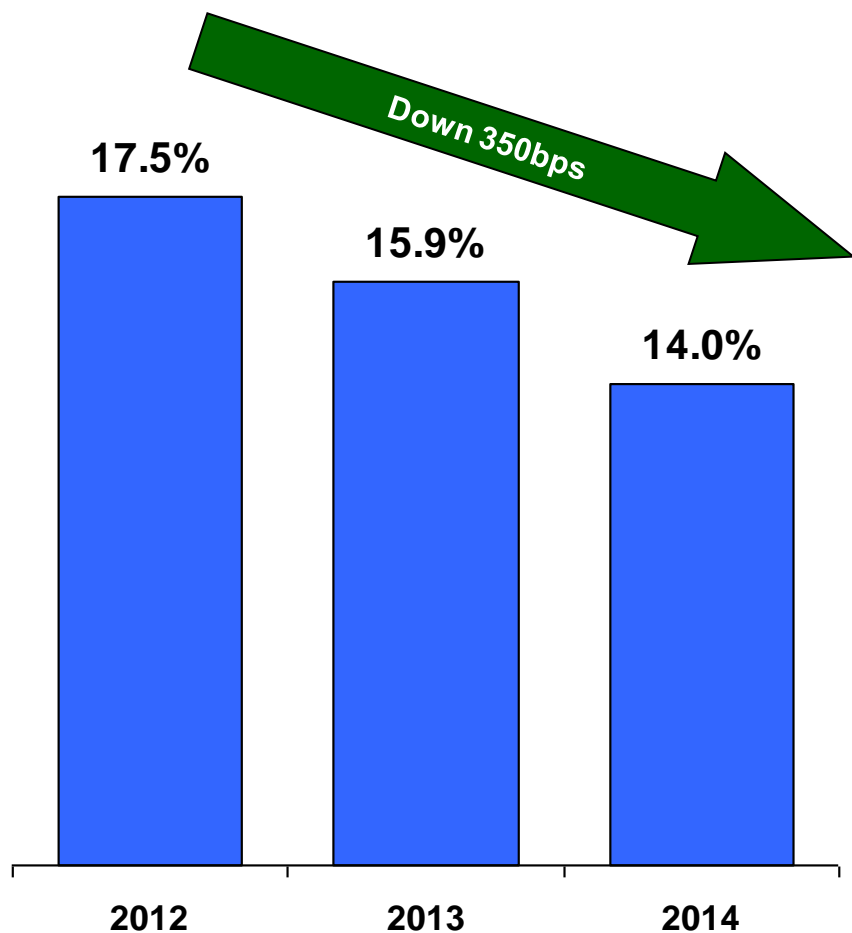
Note: Gross margins are calculated based on the sales and costs of goods and services as reported in GE's consolidated financial statements and may differ from management's presentation of gross margins.

(1) 2014 GE Industrial gross margins (23.7%) are ~260 bps below GE Industrial's average gross margins from 2006-2014. Equipment margins net of corporate expense.

(2) Reflects equipment operating profit margins net of corporate expense (i.e. 4.6% equipment operating profit margins less 2.2% adjusted corporate as a % of sales).

# While SG&A and Corporate Costs Have Been Reduced...

## Industrial SG&A as a % of Revenue



## Corporate Costs (\$bn's)<sup>(1)</sup>



**GE improved industrial EBIT margins ~250 basis points since 2012 (to ~14% in 2014)**

Source: Company SEC filings, GE 2014 Investor Outlook transcript as of December 16, 2014, and EPG Conference presentation released May 20, 2015.

(1) Reflects adjusted corporate costs. See appendix for calculation.

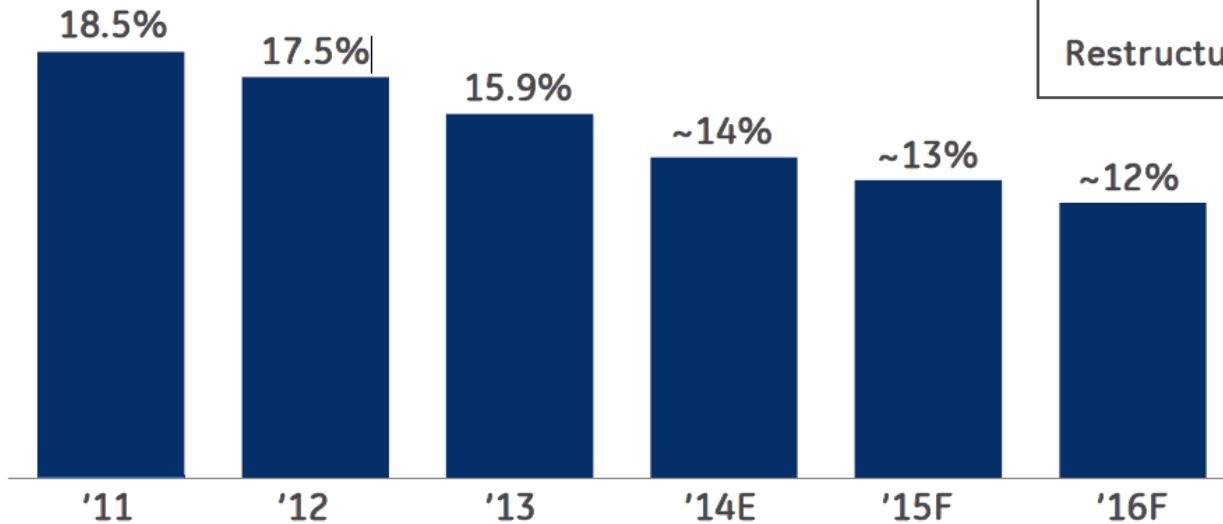
# ...SG&A Ratios Can Improve Further...

Slide from GE Investor Presentation (10/9/2014)

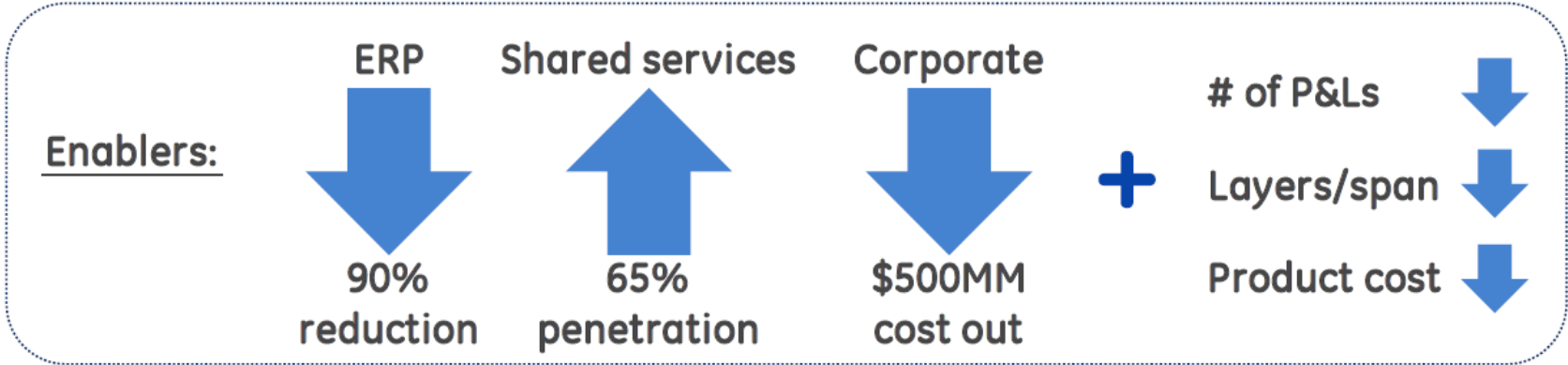
## Lower cost

(\$ in billions)

Industrial SG&A % sales



<u>'12-'14E investment</u>	
Gains	~\$2.5
Restructuring	~\$(4.3)



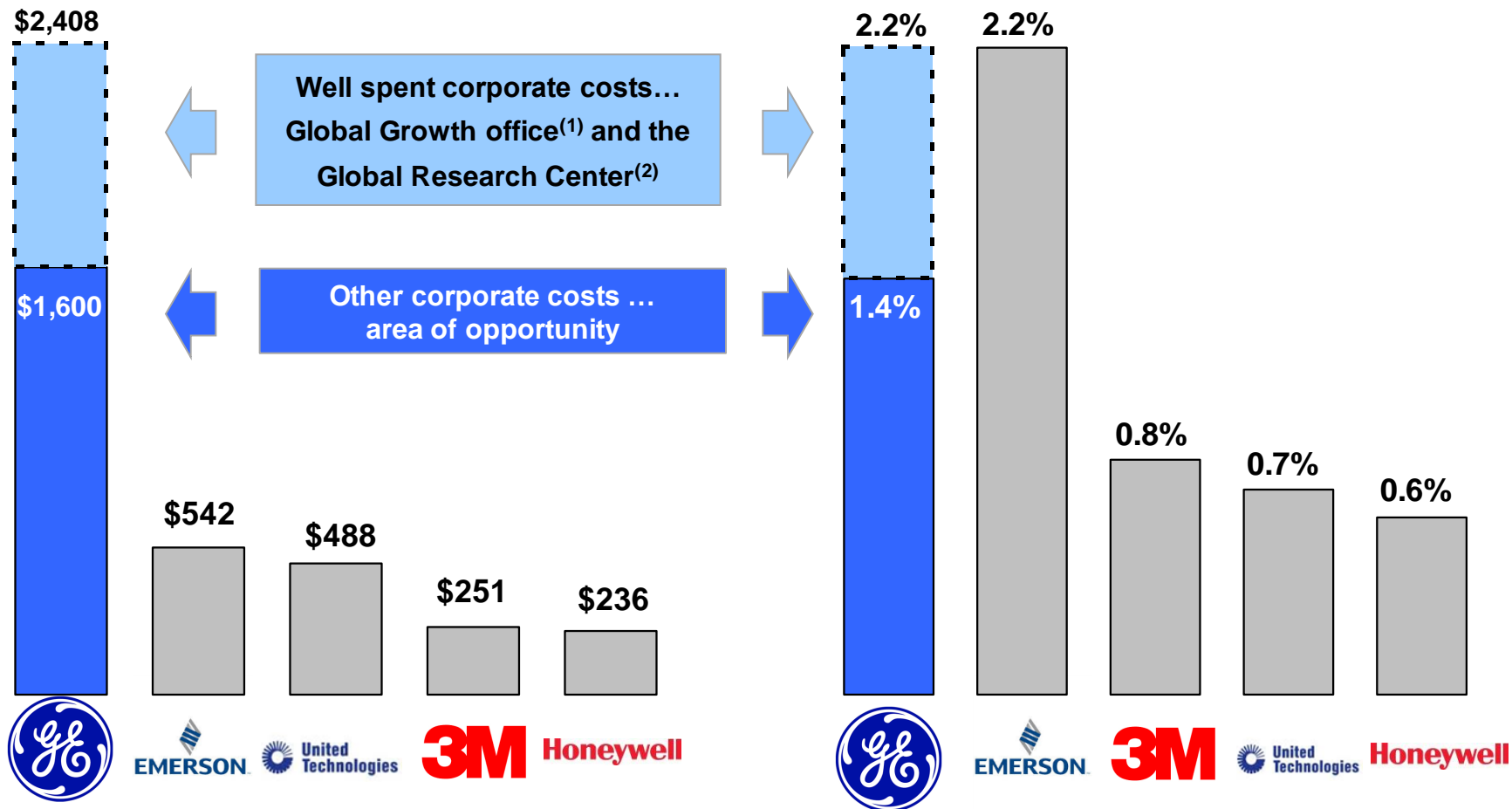


# ...And Corporate Costs Have More Room to Decline

## Corporate Costs (\$mm)

## Corporate Costs/Industrial Revenue

(2014 financials)



Source: SEC filings, press releases and transcripts.

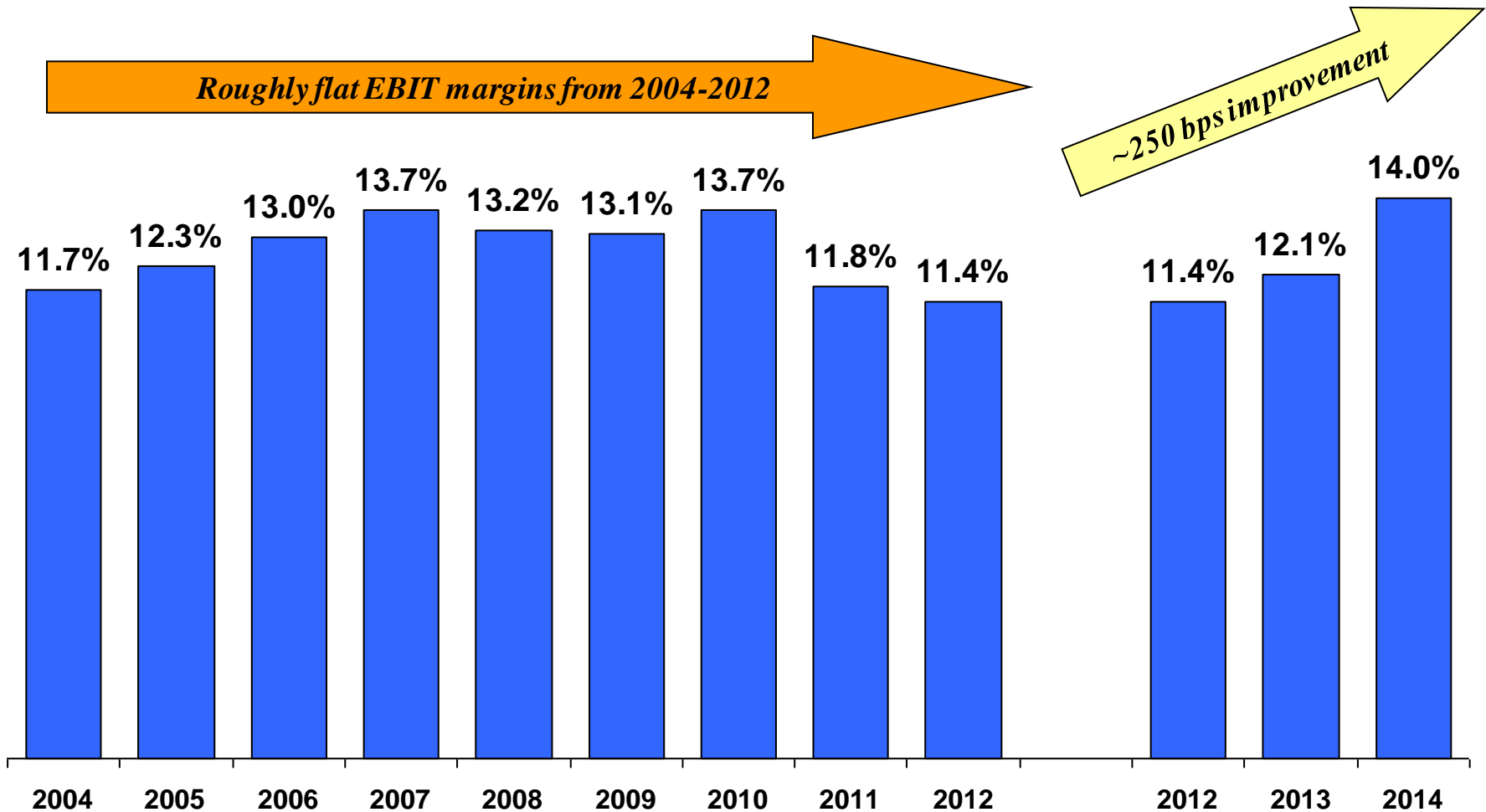
Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) GE spends approximately \$400 million in Global Growth per commentary from conference transcript held March 5, 2015.

(2) Trian estimates approximately ~10% of GE funded R&D is allocated to the segments.

# While GE Margins Have Begun to Improve after Years of Stagnation...

## GE Industrial Adjusted EBIT Margins<sup>(1)(2)</sup>



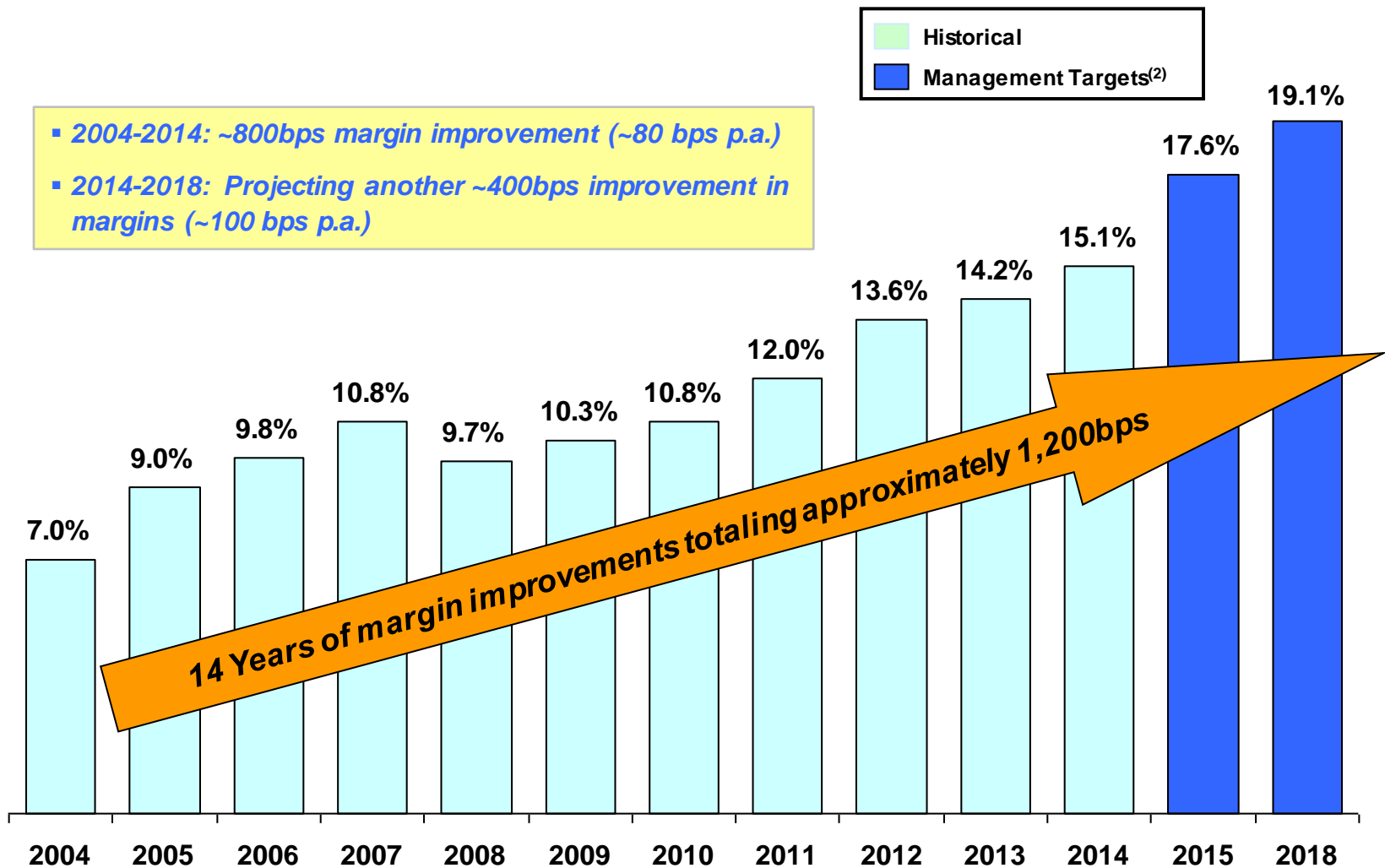
Source: Company SEC Filings.

(1) Adjusted EBIT refers to earnings before interest, taxes, and non-recurring items. Figures are net of corporate expenses.

(2) GE Industrial Adjusted EBIT margins exclude the financial services components reported in the Infrastructure segment from 2005-2007.

# ...Industrial Margin Expansion Stories Can Last For Many Years

## Honeywell Consolidated EBIT Margins<sup>(1)</sup>



Source: Honeywell SEC filings and press releases.

1) Excludes pension mark-to-market and gain on sales.

2) 2015 represents the midpoint of management's guidance of 17.5-17.7% (Q2 2015 Earnings); 2018 represents the high end of management's segment guidance of 18.5-20.0% less 90bps of corporate expenses, in line with 2015 targets. Consensus for 2018 is ~20% EBIT margins.

## We Believe GE's Operating Margins Can Reach 18% Over Time

- We believe GE can reach 18% operating margins through (i) a recovery in equipment profit margins to historical levels, (ii) stable improvement in the services portfolio over the next few years and (iii) a modest reduction in corporate costs
- We believe this margin target allows GE to continue to invest in its workforce and support peer-leading R&D spend while moving margins in-line with its higher technology product peers

### GE Industrial Operating Margin: Actual vs. Pro Forma

(Reflects 2014 financials)

	GE Industrial: Product Services		GE Industrial: Equipment		GE Industrial: Total	
	Actual	Pro Forma <sup>(1)</sup>	Actual	Pro Forma <sup>(1)</sup>	Actual	Pro Forma <sup>(1)</sup>
Revenue	\$46,400	\$46,400	\$63,502	\$63,502	\$109,902	\$109,902
Segment EBIT	\$14,848	\$15,776	\$2,916	\$5,715	\$17,764	\$21,491
% - Segment EBIT Margin	32.0%	34.0%	4.6%	9.0%	16.2%	19.6%
Margin Improvement (bps)		200 bps		440 bps		340 bps
Unallocated Corporate					\$2,408	\$1,758
Unallocated Corporate - % of Sales					2.2%	1.6%
GE Industrial EBIT					\$15,356	\$19,733
% - EBIT Margin, Net of Corporate					14.0%	18.0%

Source: Company SEC filings and Triam estimates.

Note: See page 52 for historical segment EBIT margins by product.

(1) Pro forma figures are unaudited.

## 2. Efficient Capital Structure: We Believe an Efficient Capital Structure Can Drive Better Returns with Low Risk

### GE Is a Strong Credit

- Attractive businesses & assets
- Leading market positions & strong brand
- Diversified
- Limited earnings cyclicality
- Strong cash flow profile

### Prudent Leverage is Desirable

- Provides a more balanced growth algorithm that relieves pressure on the income statement
- Improves earnings growth profile
- Lowers cost of capital

**Tran recommends ~\$20 billion in incremental net leverage by 2018<sup>(1)</sup>**

- **Leadership approach to capital structure among industrials**
  - *We believe industrials as an industry are inefficiently capitalized*
- **Better monetizes GE's stable servicing revenues**
- **Strong investment grade credit (we believe GE would be at least A rated)**
  - *Should not impair ability to win long-cycle business*
- **Should not restrict M&A opportunities (leverage capacity + ability to issue equity)**
- **We believe there are a number of alternative structures (JVs, IPOs) for GE to utilize to further reduce the balance sheet of GE capital**

(1) Reflects GE Industrial net debt of \$3.5 billion as of June 30, 2015 per Company SEC filings, which represents approximately 0.2x LTM GE Industrial EBITDA. EBITDA refers to earnings before interest, taxes, depreciation, amortization and non-recurring items.

## Moderate Leverage can Alleviate Pressure on the Income Statement...

- **Balancing short-term results with long-term investment is critical for public companies:**
  - Typical shareholder's goal: Top-tier EPS growth
  - Management's goal: Top-tier EPS growth...WHILE investing for the long-term
- **A levered company can use an efficient capital structure and the income statement to generate more balanced EPS growth that is less contingent upon margin expansion**

### Illustrative Income Statement: UnleveredCo vs. LeveredCo @ 2.0x Debt/ EBITDA

	<u>No Debt</u>	<u>Modest Leverage</u>
<b><u>EPS Growth Target over 5 Years</u></b>		
(i) Starting EPS	\$1.00	\$1.00
Target EPS Growth per Year	10%	10%
<b>(ii) Target EPS, Year 5</b>	<b>\$1.60</b>	<b>\$1.60</b>
Total EPS Growth Over 5 Years (ii-i)	\$0.60	\$0.60
<b><u>Impact of 2x Leverage</u></b>		
Starting EPS	\$1.00	\$1.00
Accretion from 2x Leverage	--	0.13
<b>(iii) Pro Forma EPS</b>	<b>\$1.00</b>	<b>\$1.13</b>
<b>Implied EPS Growth from Operations (ii-iii)</b>	<b>\$0.60</b>	<b>\$0.47</b>
% - Implied EBIT CAGR Required to Hit EPS Goal	10%	7%
<b><u>Margin Expansion Required to Hit Target EPS Growth</u></b>		
Implied EBIT CAGR	10%	7%
Memo: Sales CAGR Assumed	5%	5%
<b>Margin Expansion per year Required to Hit EPS Goal (bps)</b>	<b>64</b>	<b>19</b>
<b>Reinvestment opportunity per year (bps)</b>		<b>45</b>

**~45 bps  
reinvestment  
opportunity with a  
levered income  
statement...  
equivalent to ~10%  
increase in GE's  
R&D budget**

*A company levered only 2x requires ~45bps less margin expansion per year to achieve the same EPS growth than an identical company with no debt*

Source: Trian estimates.

Note: Figures above are illustrative and not indicative of actual results, which may differ materially. Assumes 35% tax rate, 4% cost of debt and proceeds from modest leverage used to repurchase shares.

# We Believe GE Can Incur just over \$20 billion in Leverage and Maintain an Upper Investment Grade Rating

## GE Estimated Incremental Leverage Capacity by 2018

(\$ in billions)

2018e Financial EBITDA	\$24.0
(+) Operating pension costs	1.7
(+) Operating lease payments	1.2
<b>Adjusted EBITDA</b>	<b>\$26.8</b>
x Target Adjusted Leverage	2.00x
<b>Target Adjusted Debt</b>	<b>\$53.6</b>
Current pension funded status, after-tax	(\$23.0)
Interest rate adjustment <sup>(1)</sup>	7.4
(-) Year-end 2018 pension funded status	(\$15.6)
(-) PV of minimum operating lease obligations	(\$2.1)
Target Financial Debt	\$35.8
Less: Financial Debt in 2018	(14.3)
<b>Financial Debt Capacity</b>	<b>\$21.5</b>
<i>Memo: Estimated credit rating</i>	AA / A
<i>Memo: Implied Financial Debt ÷ EBITDA</i>	1.5x

Source: Company SEC filings, presentations and transcripts.

Note: EBITDA refers to earnings before interest, taxes depreciation, amortization, and non-recurring charges. See appendix for Trian's estimated leverage bridge through 2018.

Figures are pro forma for the proposed acquisition of Alstom, which is subject to closing conditions, and the announced divestiture of GE Appliances, which is subject to regulatory approval. The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) Assumes 100 bps increase in 10-year interest rates and corresponding increase in GE's discount rate. As of October 2, 2015, the yield on the US Government 10-year note is expected to rise from 2.0% at current prices to 3.0% by year-end 2016 per Bloomberg. According to GE's 2014 Annual Report, a 25 bps increase in discount rate would decrease the pension benefit obligation (PBO) for the principal pension plans by \$2.3 billion. Trian assumes a 25 bps increase in the discount rate would decrease the PBO for the non-principal (i.e. "other") pension plans by \$0.3 billion. Figures are tax-affected.

### 3. Capital Allocation: Set Parameters on M&A and Reduce Shares Methodically

#### 1. M&A Parameters

- **Strategic:** Acquisition targets should fit within the GE “Store”
- **Minimum unlevered IRR:** Publicly commit to minimum return threshold for M&A
- **Accretive in 2-3 years:** Acquisitions should provide a better return than purchasing GE shares

#### 2. Annually Sweep Excess Capital to Reduce Shares

- **No cash drag:** Consistent distribution of excess cash to shareholders through buybacks
- **Diluted shares should go down almost every year**

*We believe that consistent, methodical, and well-articulated capital allocation policies improve valuation over time*



## Industrial M&A Must Be More Disciplined

- In the past five years, GE has spent more than \$30 billion on major acquisitions at a weighted average price of 10.3x EBITDA
- Despite success in several more recent deals, we believe GE's overall M&A track record has been mixed

### General Electric: Major Acquisitions Since 2010

<u>Date</u>	<u>Target Acquired</u>	<u>Segment</u>	<u>Transaction Value (TV) (\$bn)</u>	<u>TV / EBITDA</u>
Dec 2010	Clariant	Healthcare	\$0.6	NM
Feb 2011	Dresser	Oil & Gas <sup>(1)</sup>	3.0	9.4x
Feb 2011	Wellstream	Oil & Gas	1.3	13.4x
Mar 2011	Lineage Power	Energy Mgmt.	0.5	8.0x
Apr 2011	Wood Group - Well Support	Oil & Gas	2.8	16.9x
Sep 2011	Converteam	Energy Mgmt.	3.2	13.6x
Jul 2013	Lufkin	Oil & Gas	3.3	15.8x
Aug 2013	Avio	Aviation	4.4	8.5x
Mar 2014	Thermo Fisher - Life Sciences	Healthcare	1.1	14.0x <sup>(2)</sup>
Jun 2014	Cameron - Reciprocating Compression	Oil & Gas	0.6	11.3x <sup>(3)</sup>
Fall 2015	Alstom Power & Grid Business	Power / Energy Mgmt.	9.5	7.9x <sup>(4)</sup>
<b>Total (11 acquisitions)</b>			<b>\$30.3</b>	<b>10.3x</b>

Source: SEC filings and press releases.

Note: Excludes API Healthcare acquisition (February 2014) due to lack of available data.

(1) Some of Dresser's revenue was allocated to GE's Power & Water segment.

(2) Per Citi research as of January 6, 2014.

(3) Per Jefferies and Sterne Agee estimates on Cameron on January 20-21, 2014.

(4) Transaction value per September 8, 2015 press release. TEV/EBITDA per April 30, 2014 GE acquisition presentation.

# We Believe the Alstom Transaction Creates Value

---

## Strategic



- Complementary technologies in businesses GE knows well
- Increases scope of GE's power plant offering and power generation installed base (+50%)(1)
- Positions GE's Energy Management business as a more formidable competitor

## Attractive IRRs



- High teens IRRs(1)
- ~7.9x EBITDA pre-synergies(1)
- <3x EBITDA run rate for revised synergy guidance(2)(3)
- \$3 billion of cost synergies by year 5(3)

## Accretive



- \$0.15-\$0.20 accretive to EPS by 2018(3)
- We believe upside could exist to accretion targets
  - \$1bn of standalone EBIT and year 5 synergies of \$3bn implies ~\$0.28c of accretion per share on ~10bn shares(4)

1) Per GE April 30, 2014 acquisition presentation, April 30, 2014 conference call and September 8, 2015 press release.

2) Adjusts original transaction for \$3bn of synergies per GE EPG presentation released May 20, 2015. Figures also reflect Trianestimates.

3) Per GE's September 8, 2015 press release.

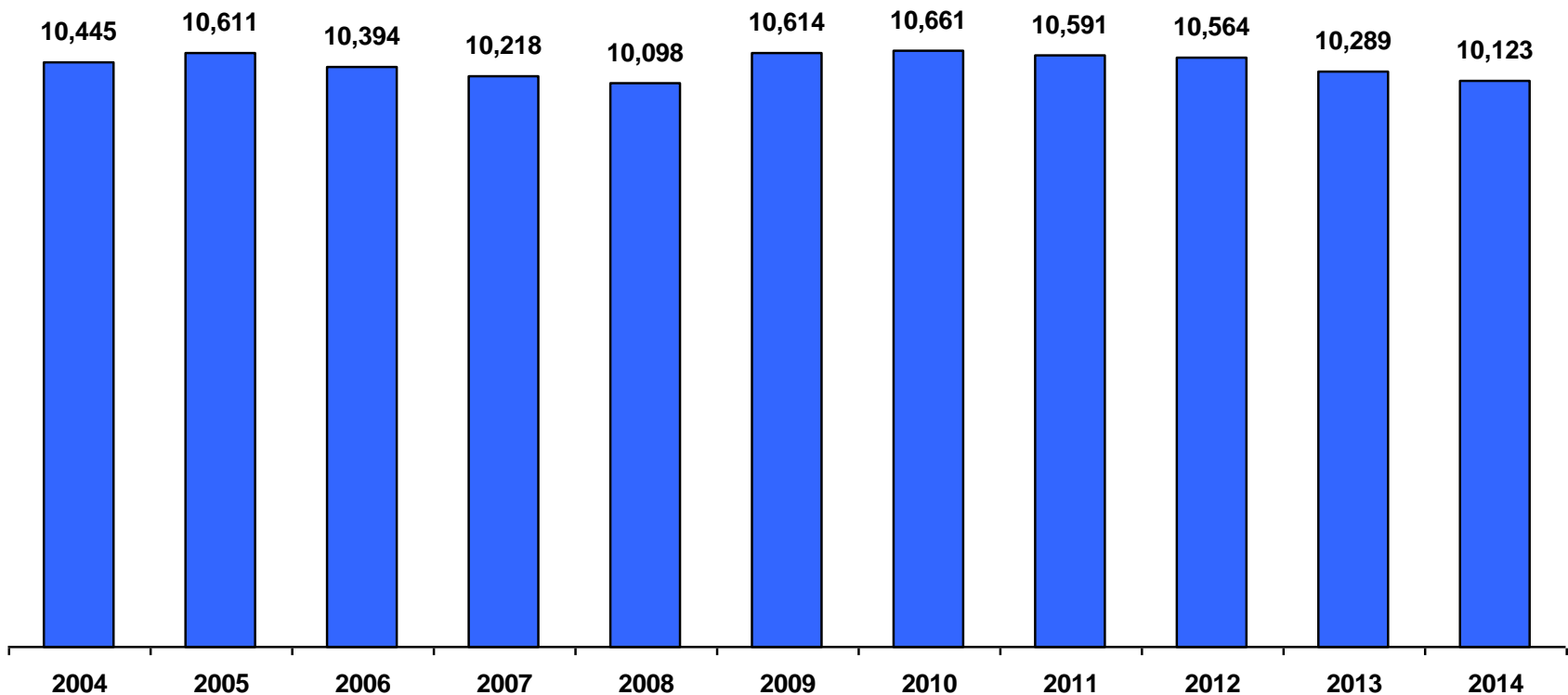
4) Assumes year 5 synergies and cost to achieve synergies is completed. Accretion figures are net of \$0.2 billion of estimated incremental interest expense.

# GE Should Commit to Reduce the Share Count Beyond 2018

- A major factor behind GE's historically below-average EPS growth has been limited share count reduction
- Once the initial share repurchases from the GECC asset divestitures, Synchrony swap and balance sheet use are executed, we believe GE should commit to ongoing share count reduction

## GE Fully Diluted Share Count

(shares in millions)

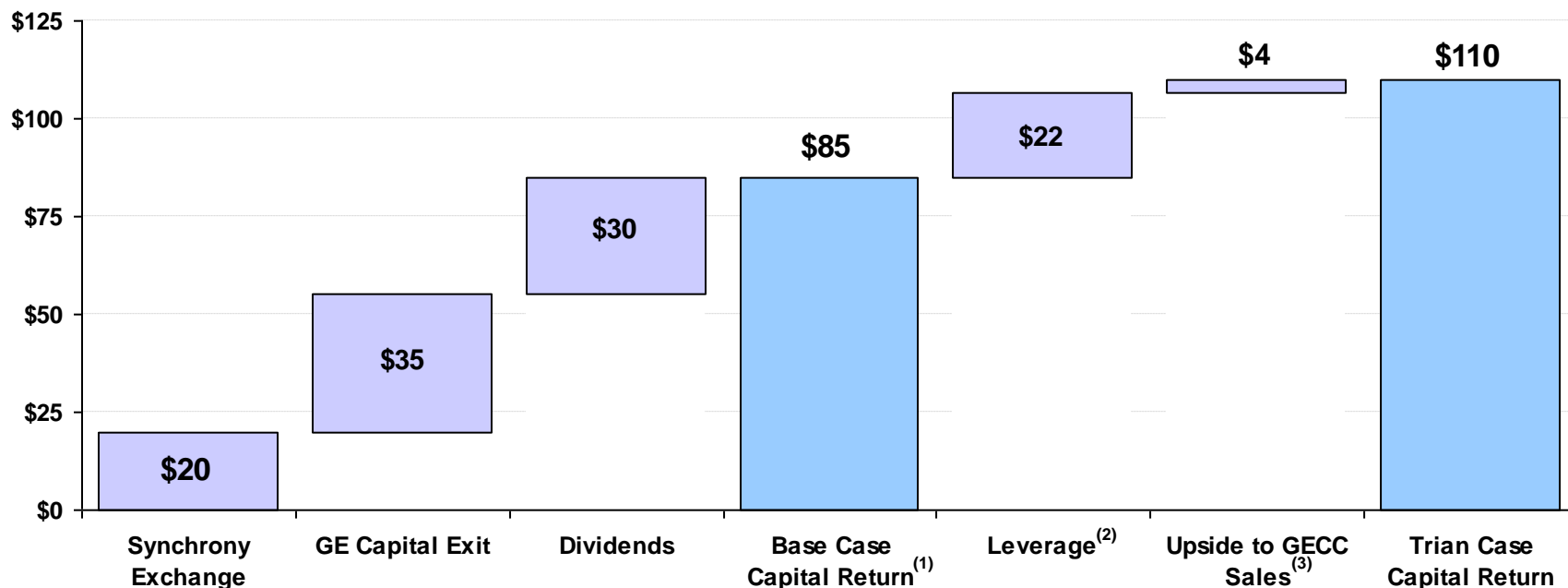


# We Believe GE Can Return Over 40% of its Market Cap to Shareholders by 2018

- In addition to the already announced capital return plans (base case), we believe management should utilize proceeds from incurring incremental leverage and other capital sources to buy back its undervalued shares

## Potential Capital Returned to Shareholders, 2H15 – 2018 (\$ billion)

*We believe GE can return more than 40% of its current ~\$260bn market cap to shareholders by 2018*



Source: Company SEC filings, press releases, presentations and transcripts.

(1) Potential capital return for Synchrony exchange, GE Capital exit and dividends per April 10, 2015 GE Capital Strategy presentation (excludes an estimated \$5 billion of dividends expected to be paid in 1H 2015).

(2) Reflects financial debt capacity at 2.00x adjusted debt (including postretirement and lease obligations) to adjusted EBITDA. See calculation on page 62.

(3) Reflects potential 10% premium to expected cash proceeds of \$35 billion for GECC asset sales based on Trian's estimated expected value (\$35 billion implies ~1.1x TBV).

# Table of Contents

---

**I. A Strong Company**

**II. A Tough Decade**

**III. A Bold Transformation**

**IV. Trian's Path to ~\$40-\$45 of Implied Value per Share**

**V. Trian Model**

# GE Believes it Can Earn At Least \$2.00 Per Share by 2018

“If you grow your Industrial EPS...4% a year over the next couple of years, that gets you to \$2.00 [EPS in 2018]...**Now I’m going to run the company to a higher number than that...**So if you get 5% organic growth, if we’re able to do the job with margins, if we execute the way we think we can execute...**we’re going to be substantially above 4% annual growth”** – Jeff Immelt EPG Conference 5/20/15

## GE Investor Slide from EPG Conference: May 20, 2015

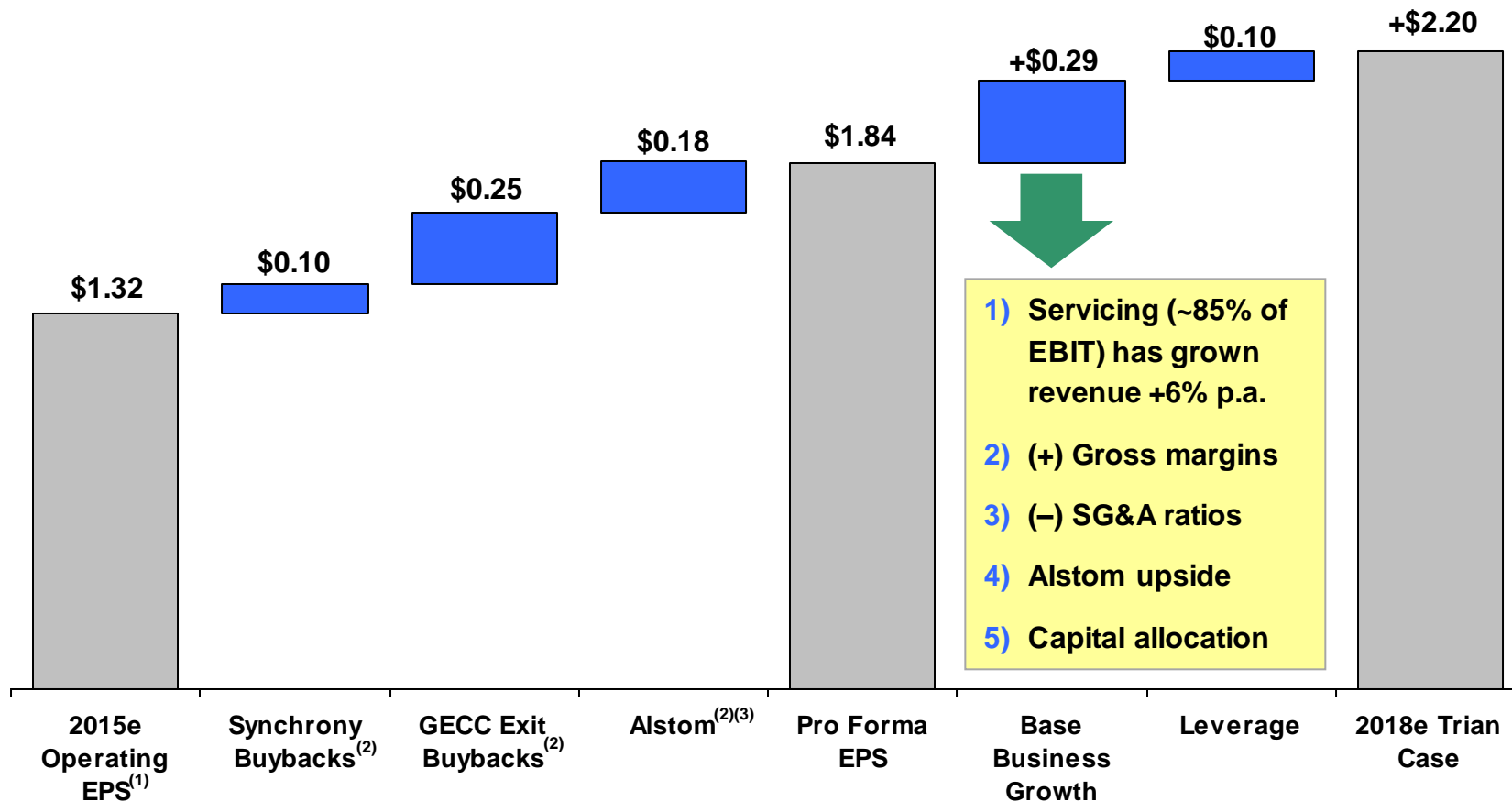
### 4 GE in the future

#### GE Operating EPS



# We Believe GE Can Drive At Least \$2.20 in 2018 Under Realistic Assumptions

## General Electric – 2018 Earnings Per Share Bridge



Source: Company SEC filings, presentations, press releases, and Trian Estimates.

Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) Reflects the mid-point of GE Industrial EPS guidance for 2015 (\$1.13-\$1.20), plus management's guidance of \$0.15 EPS for the GE Capital verticals.

(2) Synchrony buybacks and GECC capital exit buybacks are subject to regulatory approval. Alstom acquisition is subject to closing conditions.

(3) Alstom figures reflect mid-point of management's accretion guidance of \$0.15-\$0.20 per EPG presentation released May 20, 2015.

# We Believe GE's Defensive Growth Profile Should be Valued at a Premium Multiple

---

## Characteristics of Defensive Growth



1) Strong competitive advantages



2) Industry leader



3) Growing end markets / industry



4) Attractive organic growth potential



5) Limited cyclicalty (“stable compounder”)



6) Consistent dividend/capital return



7) Limited obsolescence risk






Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

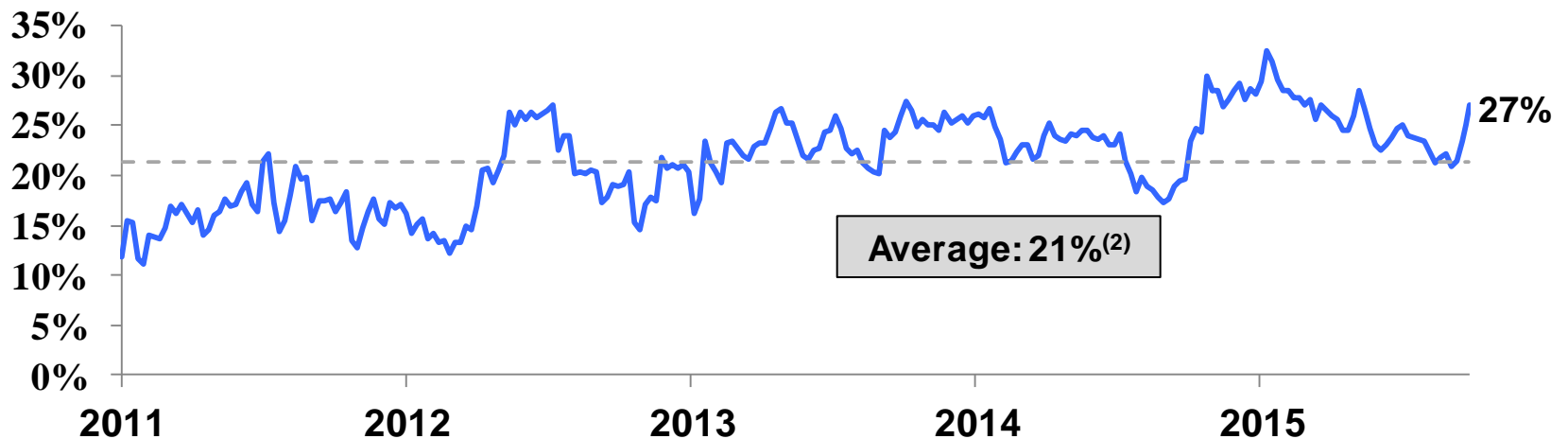


# Mega-Cap Companies With High Quality, Defensive Growth Profiles Consistently Trade at Strong Premiums to the Market

## Select Mega-Cap Defensive Growth Companies

<u>Company</u>	<u>NTM P/E</u>	<u>Market Cap (\$bn's)</u>	<u>5-year Average Premium to S&amp;P 500<sup>(1)</sup></u>
	21.4x	\$58	33%
	19.7x	\$138	18%
	18.9x	\$174	13%
	18.0x	\$59	22%
<b>Average</b>	<b>19.5x</b>	<b>\$107</b>	<b>21%</b>

## Mega-Cap Defensive Growth: % Premium to S&P 500 Over Time<sup>(2)</sup>



Source: Capital IQ and Bloomberg as of October 2, 2015.

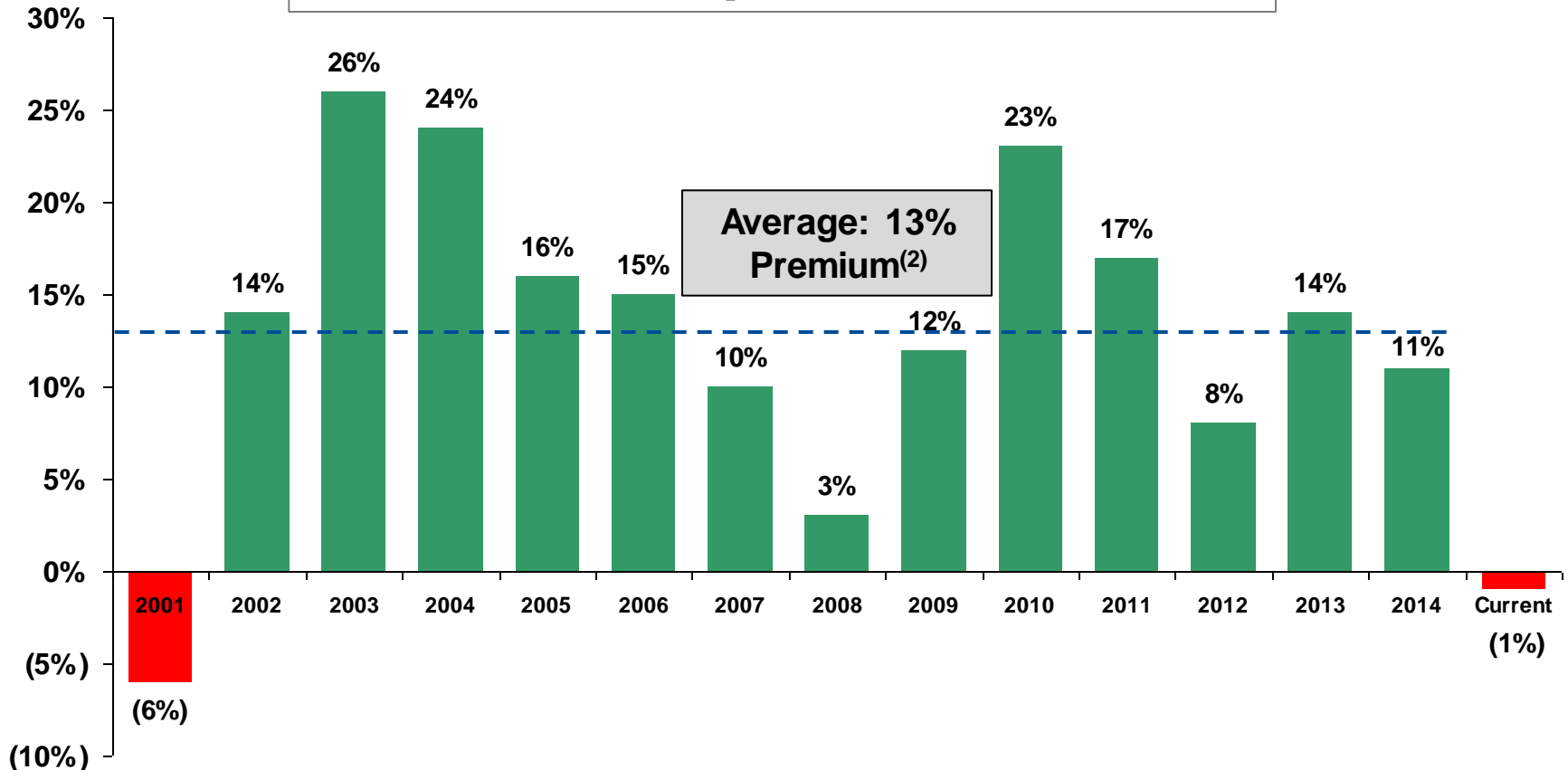
(1) Reflects average historical forward P/E multiple relative to the current S&P 500 forward P/E multiple since 2011.

(2) Reflects the average premium to the S&P 500 of Colgate, PepsiCo, Disney and DanaHER over time.

# We Believe GE Should Trade at a Premium to Leading Large Cap Multi-Industrial Companies which Have Historically Been Valued Above the S&P 500

## Leading Large-Cap Multi-Industrials: % Premium to S&P 500 Over Time<sup>(1)(2)</sup>

*Despite recent weakness, large-cap multi-industrials have historically traded at ~13% premium to the S&P 500*



Source: Bloomberg as of October 2, 2015.

Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Triam Partners herein are based on assumptions that Triam Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) Reflects average historical forward P/E multiple relative to the current S&P 500 forward P/E multiple.

(2) Includes Honeywell, 3M, Emerson, Danaher, United Technologies and Rockwell. Note Ingersoll-Rand, Eaton, Stanley, Pentair, and Tyco were excluded because their respective business mixes have not been consistent with that of leading multi-industrial companies over the time period.

# Today GE Trades at a 14% Discount to the Market<sup>(1)</sup>

	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015pf<sup>(1)</sup></u>		
<b><u>GE Scale</u></b>						
Industrial revenue	\$64bn	\$90bn	\$100bn	\$125bn	+	<b>Greater Scale &amp; Leadership</b>
R&D	\$1.9bn	\$2.7bn	\$3.9bn	\$4.9bn	+	
<b><u>GE Business Mix</u></b>						
% - Services EBIT	NA	60%	71%	83%	+	<b>Substantially Better Business Mix</b>
% - Industrial EPS	59%	56%	54% <sup>(2)</sup>	90%	+	
<b><u>GE Valuation<sup>(3)</sup></u></b>						
NTM P/E Multiple	28.4x	18.9x	13.4x	13.2x <sup>(4)</sup>	=	<b>=</b>
S&P 500 NTM P/E Multiple	23.2x	15.7x	13.4x	15.3x		
Premium / (Discount)	46%	21%	0%	(14%)	✗	<b>Worse Valuation?</b>
Dividend Yield	1.4%	2.4%	2.7%	3.61%		
30-Year Treasury Yield	5.5%	4.6%	4.3%	2.83%		
Dividend Less Treasury Yield	(407)bps	(214)bps	(159)bps	+78bps	✗	

Source: Company SEC filings and Triam estimates.

Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Triam Partners herein are based on assumptions that Triam Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security. NTM refers to next twelve months.

(1) Pro forma for Alstom acquisition, Synchrony spin, and GECC wind down. Alstom acquisition is subject to closing conditions. GECC capital returns and Synchrony split-off are subject to regulatory approval.

(2) Represents 2011 EPS given substantial crisis-related loan loss provision in 2010 (note GE valuation is on forward estimates).

(3) Represents yearly average valuations and yields per Bloomberg.

(4) See page 44 for framework (reflects 2015 pro forma EPS plus \$0.09 of core growth to bridge to NTM earnings).

# Trian's View on GE's Implied Value Per Share

## General Electric – Implied Target Value Per Share, Year-End 2017

	<u>Low</u>	<u>Base</u>
<b>GE premium to S&amp;P 500</b>	<b>10.0%</b>	<b>25.0%</b>
x. S&P 500 forward P/E	15.3x	15.3x
<b>Implied GE 2017 forward P/E</b>	<b>16.8x</b>	<b>19.1x</b>
GE 2018 EPS	\$2.23	\$2.23
<b>Implied value per share (year-end 2017)</b>	<b>\$37</b>	<b>\$43</b>
(+) Cumulative dividends	2	2
<b>Total implied value (year-end 2017)</b>	<b>\$40</b>	<b>\$45</b>
Current price	\$25.5	\$25.5
<b>% - Potential upside</b>	<b>56%</b>	<b>76%</b>
<b>% - Potential IRR</b>	<b>22%</b>	<b>28%</b>
<b>Time (years)</b>	<b>2.25</b>	

Source: Company SEC filings and Trian estimates.

Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation, including internal rates of return ("IRR"), have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

# Conclusion

---

- **GE is one of the world's great businesses**
- **We have followed GE for many years and have a strong relationship with management**
- **GE's transformation is significant: +90% Industrial EPS (vs. 40-60% historically); significant potential capital return; continued margin improvement; focused industrial portfolio**
- **At <14x pro forma 2015 earnings, we believe the market underestimates this change<sup>(1)</sup>**
- **We intend to work with management to help realize the substantial value in GE**

Source: Company SEC filings, presentations, press releases, and Trian estimates.

Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

(1) Pro forma for Alstom acquisition, announced GECC capital returns and Synchrony split-off. Alstom acquisition is subject to closing conditions. GECC capital returns and Synchrony split-off are subject to regulatory approval.

# Appendix: GE Operating EPS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
i. Reported EPS from continuing operations	\$1.59	\$1.72	\$1.99	\$2.20	\$1.78	\$1.03	\$1.15	\$1.23	\$1.39	\$1.47	\$1.51
<u>a. Non-operating pension adjustment</u>											
Expected return on plan assets	(\$3,958)	(\$3,885)	(\$3,811)	(\$3,950)	(\$4,298)	(\$4,505)	(\$4,344)	(\$3,940)	(\$3,768)	(\$3,500)	(\$3,190)
Interest cost on benefit obligations	2,199	2,248	2,304	2,416	2,653	2,669	2,693	2,662	2,479	2,460	2,745
Net actuarial loss amortization	146	351	729	693	237	348	1,336	2,335	3,421	3,664	2,565
Non-oper. pension cost/(gain), pre-tax	(\$1,613)	(\$1,286)	(\$778)	(\$841)	(\$1,408)	(\$1,488)	(\$315)	\$1,057	\$2,132	\$2,624	\$2,120
Tax on non-operating pension cost/(gain)	565	450	272	294	493	521	110	(370)	(746)	(918)	(742)
Non-oper. pension cost/(gain), net of tax	(\$1,048)	(\$836)	(\$506)	(\$547)	(\$915)	(\$967)	(\$205)	\$687	\$1,386	\$1,706	\$1,378
Avg. diluted shares	10,445	10,611	10,394	10,218	10,098	10,614	10,661	10,591	10,564	10,289	10,123
ii. Non-oper. pension cost/(gain) / share	(\$0.10)	(\$0.08)	(\$0.05)	(\$0.05)	(\$0.09)	(\$0.09)	(\$0.02)	\$0.06	\$0.13	\$0.17	\$0.14
<b>Operating EPS (i. + ii.)</b>	<b>\$1.49</b>	<b>\$1.64</b>	<b>\$1.94</b>	<b>\$2.15</b>	<b>\$1.69</b>	<b>\$0.94</b>	<b>\$1.13</b>	<b>\$1.29</b>	<b>\$1.52</b>	<b>\$1.64</b>	<b>\$1.65</b>
% - Tax rate on non-operating pension adj.	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%

Source: Company SEC filings.

# Appendix: Calculation of Segment EBIT Margins by Product

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>GE Industrial Financials</u></b>											
Core industrial sales	\$80,353	\$84,734	\$91,644	\$85,958	\$96,624	\$89,311	\$84,022	\$93,986	\$102,811	\$103,602	\$109,902
(+) NBCU sales	12,886	14,689	16,188	15,416	16,969	15,436	16,901	--	--	--	--
Industrial sales	\$93,239	\$99,423	\$107,832	\$101,374	\$113,593	\$104,747	\$100,923	\$93,986	\$102,811	\$103,602	\$109,902
Core industrial segment EBIT	\$10,940	\$11,583	\$13,074	\$13,674	\$14,597	\$14,731	\$14,042	\$14,022	\$15,486	\$16,220	\$17,764
(+) NBCU segment EBIT	2,558	3,092	2,919	3,107	3,131	2,264	2,261	--	--	--	--
Industrial segment EBIT	\$13,498	\$14,675	\$15,993	\$16,781	\$17,728	\$16,995	\$16,303	\$14,022	\$15,486	\$16,220	\$17,764
<b>% - Industrial Segment EBIT Margins</b>	<b>14.5%</b>	<b>14.8%</b>	<b>14.8%</b>	<b>16.6%</b>	<b>15.6%</b>	<b>16.2%</b>	<b>16.2%</b>	<b>14.9%</b>	<b>15.1%</b>	<b>15.7%</b>	<b>16.2%</b>
<b><u>Product Services Financials (per 10-K footnotes)</u></b>											
Sales from product services	\$25,800	\$27,400	\$30,300	\$32,200	\$35,500	\$35,400	\$34,700	\$41,900	\$43,400	\$44,800	\$46,400
EBIT from product services	\$6,400	\$7,000	\$8,300	\$9,100	\$9,300	\$10,000	\$10,000	\$11,800	\$12,500	\$13,400	\$14,848
<b>% - EBIT Margin for Product Services</b>	<b>24.8%</b>	<b>25.5%</b>	<b>27.4%</b>	<b>28.3%</b>	<b>26.2%</b>	<b>28.2%</b>	<b>28.8%</b>	<b>28.2%</b>	<b>28.8%</b>	<b>29.9%</b>	<b>32.0%</b>
<b><u>Implied Equipment Financials (GE Industrial - Product Services)</u></b>											
<b><u>As reported</u></b>											
Sales from equipment (implied)	\$67,439	\$72,023	\$77,532	\$69,174	\$78,093	\$69,347	\$66,223	\$52,086	\$59,411	\$58,802	\$63,502
EBIT from equipment (implied)	\$7,098	\$7,675	\$7,693	\$7,681	\$8,428	\$6,995	\$6,303	\$2,222	\$2,986	\$2,820	\$2,916
<b>% - EBIT Margin for equipment</b>	<b>10.5%</b>	<b>10.7%</b>	<b>9.9%</b>	<b>11.1%</b>	<b>10.8%</b>	<b>10.1%</b>	<b>9.5%</b>	<b>4.3%</b>	<b>5.0%</b>	<b>4.8%</b>	<b>4.6%</b>
<b><u>Remove NBCU</u></b>											
NBCU Sales	\$12,886	\$14,689	\$16,188	\$15,416	\$16,969	\$15,436	\$16,901	--	--	--	--
NBCU Segment EBIT	2,558	3,092	2,919	3,107	3,131	2,264	2,261	--	--	--	--
<b><u>Pro Forma Estimate of Core Industrial Equipment Financials</u></b>											
Pro Forma Sales from equipment	\$54,553	\$57,334	\$61,344	\$53,758	\$61,124	\$53,911	\$49,322	\$52,086	\$59,411	\$58,802	\$63,502
Pro Forma EBIT from equipment	\$4,540	\$4,583	\$4,774	\$4,574	\$5,297	\$4,731	\$4,042	\$2,222	\$2,986	\$2,820	\$2,916
<b>% - PF Equipment EBIT Margin</b>	<b>8.3%</b>	<b>8.0%</b>	<b>7.8%</b>	<b>8.5%</b>	<b>8.7%</b>	<b>8.8%</b>	<b>8.2%</b>	<b>4.3%</b>	<b>5.0%</b>	<b>4.8%</b>	<b>4.6%</b>

Source: Company SEC filings and presentations.

Note: GE Industrial segment EBIT margins exclude the Financial services components reported in the Infrastructure segment from 2005-2007. The calculation of equipment operating profit margins are estimated by Trian. Equipment segment profit margins are implied by subtracting product services sales and segment operating profit from GE Industrial total sales and segment operating profit. Figures exclude NBC Universal sales and segment EBIT for purposes of comparability. Figures assume NBC Universal revenue and EBIT are not included in product services. Figures are unaudited.

# Appendix: Calculation of Adjusted EBIT Margin

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b><u>GE Industrial Financials</u></b>											
Core industrial sales	\$80,353	\$84,734	\$91,644	\$85,958	\$96,624	\$89,311	\$84,022	\$93,986	\$102,811	\$103,602	\$109,902
(+) NBCU sales	12,886	14,689	16,188	15,416	16,969	15,436	16,901	--	--	--	--
<b>Industrial sales</b>	<b>\$93,239</b>	<b>\$99,423</b>	<b>\$107,832</b>	<b>\$101,374</b>	<b>\$113,593</b>	<b>\$104,747</b>	<b>\$100,923</b>	<b>\$93,986</b>	<b>\$102,811</b>	<b>\$103,602</b>	<b>\$109,902</b>
Core industrial segment EBIT	\$10,940	\$11,583	\$13,074	\$13,674	\$14,597	\$14,731	\$14,042	\$14,022	\$15,486	\$16,220	\$17,764
(+) NBCU segment EBIT	2,558	3,092	2,919	3,107	3,131	2,264	2,261	--	--	--	--
<b>Industrial segment EBIT</b>	<b>\$13,498</b>	<b>\$14,675</b>	<b>\$15,993</b>	<b>\$16,781</b>	<b>\$17,728</b>	<b>\$16,995</b>	<b>\$16,303</b>	<b>\$14,022</b>	<b>\$15,486</b>	<b>\$16,220</b>	<b>\$17,764</b>
Corporate items & eliminations	\$1,507	\$968	\$1,251	\$1,780	\$2,691	\$3,904	\$3,321	\$359	\$4,842	\$6,300	\$6,225
Non-operating pension (costs)/gain	1,613	1,286	778	841	1,408	1,488	315	(1,057)	(2,132)	(2,624)	(2,120)
Restructuring and other charges	(500)	0	(500)	(1,300)	(1,200)	(2,300)	(1,200)	(932)	(732)	(1,992)	(1,788)
Insurance activities profit / (cost)	0	131	57	145	(202)	(93)	(58)	0	0	0	0
Gains on sale	0	100	400	1,466	0	303	105	3,705	186	447	91
NBCU LLC	0	0	0	0	0	0	0	830	1,615	1,528	0
Adjusted corporate costs	\$2,620	\$2,485	\$1,986	\$2,932	\$2,697	\$3,302	\$2,483	\$2,905	\$3,779	\$3,659	\$2,408
% of Sales	2.8%	2.5%	1.8%	2.9%	2.4%	3.2%	2.5%	3.1%	3.7%	3.5%	2.2%
<b>Adjusted Industrial EBIT</b>	<b>\$10,878</b>	<b>\$12,190</b>	<b>\$14,007</b>	<b>\$13,849</b>	<b>\$15,031</b>	<b>\$13,693</b>	<b>\$13,820</b>	<b>\$11,117</b>	<b>\$11,707</b>	<b>\$12,561</b>	<b>\$15,356</b>
<i>% - Margin</i>	<i>11.7%</i>	<i>12.3%</i>	<i>13.0%</i>	<i>13.7%</i>	<i>13.2%</i>	<i>13.1%</i>	<i>13.7%</i>	<i>11.8%</i>	<i>11.4%</i>	<i>12.1%</i>	<i>14.0%</i>

Source: Company SEC filings.

Note: Figures are unaudited.



# Appendix: Leverage Bridge

	2Q15a	Acquisition of Alstom <sup>(2)</sup>	Sale of Appliances <sup>(3)</sup>	2Q15pf	Discretionary FCF & EBITDA Growth, 2H15-2018 <sup>(4)</sup>	YE 2018
Debt	\$20.6	\$3.0	--	\$23.6	(9.3)	\$14.3
Cash & marketable securities	17.1	(6.5)	2.0	12.6	9.3	21.9
<b>(i) Net debt</b>	<b>\$3.5</b>	<b>\$9.5</b>	<b>(\$2.0)</b>	<b>\$11.0</b>	<b>(\$18.6)</b>	<b>(\$7.6)</b>
Principal pension plans under-funded status, LFY	\$22.5	--	--	\$22.5	--	\$22.5
Other pension plans under-funded status, LFY	3.2	--	--	3.2	--	3.2
Total pension plan under-funded status, LFY	\$25.7	--	--	\$25.7	--	\$25.7
(-) Principal pension plans deferred tax asset, LFY	(7.9)	--	--	(7.9)	--	(7.9)
Net pension under-funded status, LFY	\$17.8	--	--	\$17.8	--	\$17.8
(+) Other benefit obligations (retiree health, other)	5.2	--	--	5.2	--	5.2
(ii) Total After-tax Postretirement Obligation <sup>(1)</sup>	\$23.0	--	--	\$23.0	--	\$23.0
(iii) Operating lease factor (see exhibit a)	\$2.1	--	--	\$2.1	--	\$2.1
<b>"Adjusted" Gross Debt</b>	<b>\$45.7</b>	<b>--</b>	<b>--</b>	<b>\$48.7</b>	<b>--</b>	<b>\$39.4</b>
<b>"Adjusted" Net Debt (i. + ii. + iii.)</b>	<b>\$28.6</b>	<b>--</b>	<b>--</b>	<b>\$36.1</b>	<b>--</b>	<b>\$17.5</b>
LTM EBIT excluding restructuring	\$15.9	\$1.3	(\$0.2)	\$17.0	\$4.0	\$21.0
(+) D&A	2.6	0.4	(0.2)	2.8	0.1	2.9
LTM EBITDA	\$18.5	\$1.7	(\$0.4)	\$19.8	\$4.1	\$24.0
(+) Operating pension plan costs <sup>(5)</sup>	1.7	--	--	1.7	--	1.7
(+) Operating lease payments	1.2	--	--	1.2	--	1.2
<b>"Adjusted" EBITDA</b>	<b>\$21.3</b>	<b>--</b>	<b>--</b>	<b>\$22.7</b>	<b>--</b>	<b>\$26.8</b>
<b>Leverage Metrics</b>						
Financial Debt ÷ EBITDA	1.1x	--	--	1.2x		0.6x
Financial Net Debt ÷ EBITDA	0.2x	--	--	0.6x		(0.3x)
"Adjusted" Debt / EBITDA	<b>2.1x</b>	--	--	2.2x		1.5x
"Adjusted" Net Debt / EBITDA	<b>1.3x</b>	--	--	1.6x		0.7x

## Exhibit A: Calculation of Present Value of Lease Payments

	\$
2015	\$0.6
2016	0.5
2017	0.4
2018	0.4
2019	0.3
Thereafter	0.6
<b>Total</b>	<b>\$2.9</b>

## Exhibit B: Calculation of Discretionary FCF

	2015	2016	2017	2018	Total
Operating cash flow	\$15.0	\$16.0	\$16.9	\$17.9	
Less: P&E	(4.3)	(4.0)	(4.0)	(4.0)	
GE FCF	\$10.8	\$12.0	\$12.9	\$13.9	
Less: GE dividend	(9.3)	(8.1)	(7.8)	(8.0)	
GE Discretionary FCF	\$1.5	\$3.9	\$5.2	\$5.9	
(-) IH15 DFCF Outflow	2.2	0.0	0.0	0.0	
<b>Discretionary FCF</b>	<b>\$3.7</b>	<b>\$3.9</b>	<b>\$5.2</b>	<b>\$5.9</b>	<b>\$18.6</b>

Source: Company SEC filings, presentations, press releases, and Trian estimates.

Note: The estimates, projections, pro forma information and potential impact of the opportunities identified by Trian Partners herein are based on assumptions that Trian Partners believes to be reasonable as of the date of this presentation, but there can be no assurance or guarantee that actual results or performance will not differ, and such differences may be material. Unless otherwise indicated, the figures set forth in this presentation have not been calculated using generally accepted accounting principles (GAAP) and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected in this presentation will be realized. This presentation does not recommend the purchase or sale of any security.

- (1) Reflects S&P's after-tax adjustment to debt for postretirement obligations as of April 10, 2015.
- (2) Reflects purchase price of approximately \$9.5 billion per GE September 8, 2015 press release. Assumes deal funded with \$3bn of debt issuance (versus \$4bn guidance at April 2014 announcement) due to a reduction in purchase price.
- (3) Cash proceeds per "GE 2015 second quarter performance" presentation released July 17, 2015. EBITDA per September 8, 2014 Electrolux press release.
- (4) Assumes 50% of discretionary FCF generation is used to repay debt and 50% is held on balance sheet. See Exhibit B.
- (5) Adds back operating pension costs for principal and other pension plans; non-operating pension costs have already been excluded from EBITDA calculation.