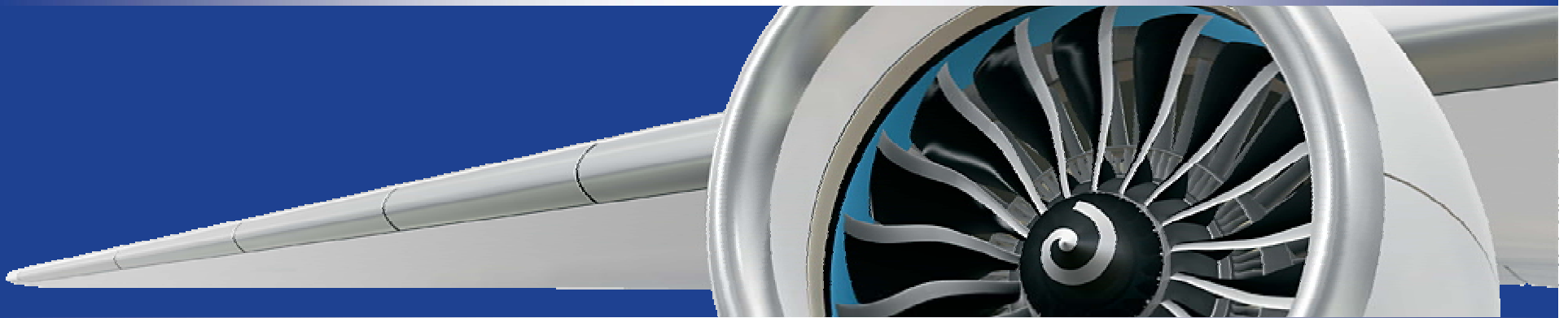


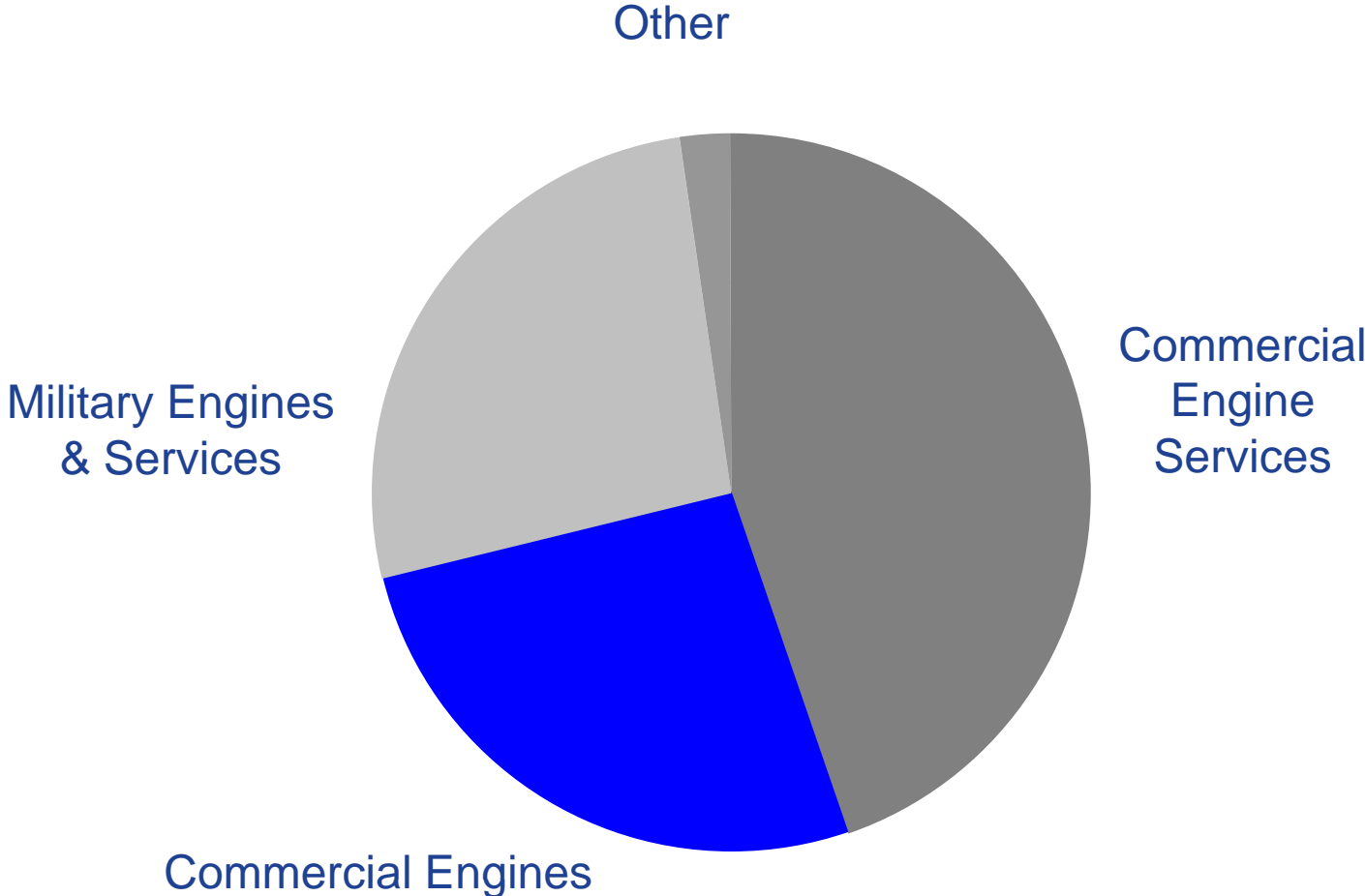
GE Aviation



imagination at work

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GE Aviation '06 Revenues



Military Systems Operation

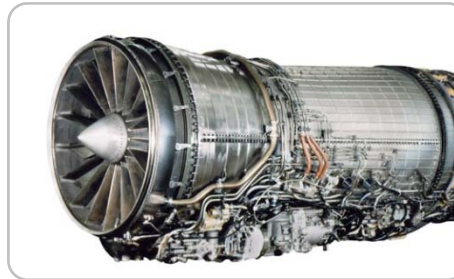


imagination at work

Military ... winning in a tough environment

Environment

- Global war on terror
- Aging equipment ... operating & maintenance cost up 2x in 10 yrs
- Must re-capitalize / modernize
- 3 to 5 year lead-time for procurement funding



F110 (Turkey)



F136 (JSF)



F414 (USN/Australia)



CH-53K (GE38)

✓ R&D benefits both commercial & military

Customer solutions for growth

Customer Challenge

Top line budget pressure

Support - Diminishing supplementals

Transformation

- Smaller, more agile

Aging fleet

Tankers, TACAIR, helos, humvees

Manpower reductions

Logistics' 115,000 6-yr. plan

GE Opportunity

Legacy Operations & upgrades

Investment in rotorcraft

& technology demonstrators

Position for replacements

Performance Based to drive productivity



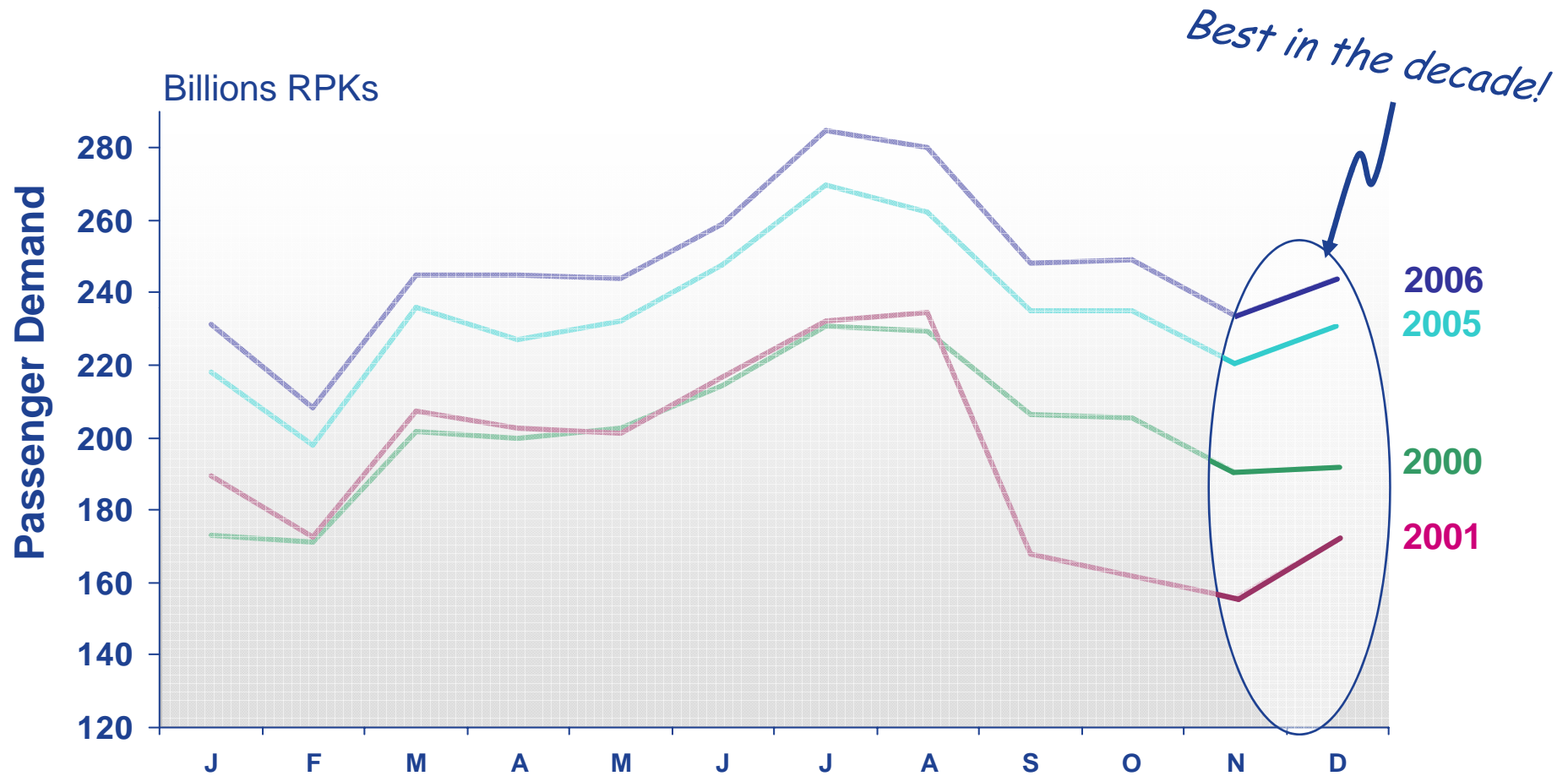
Commercial Engines



imagination at work

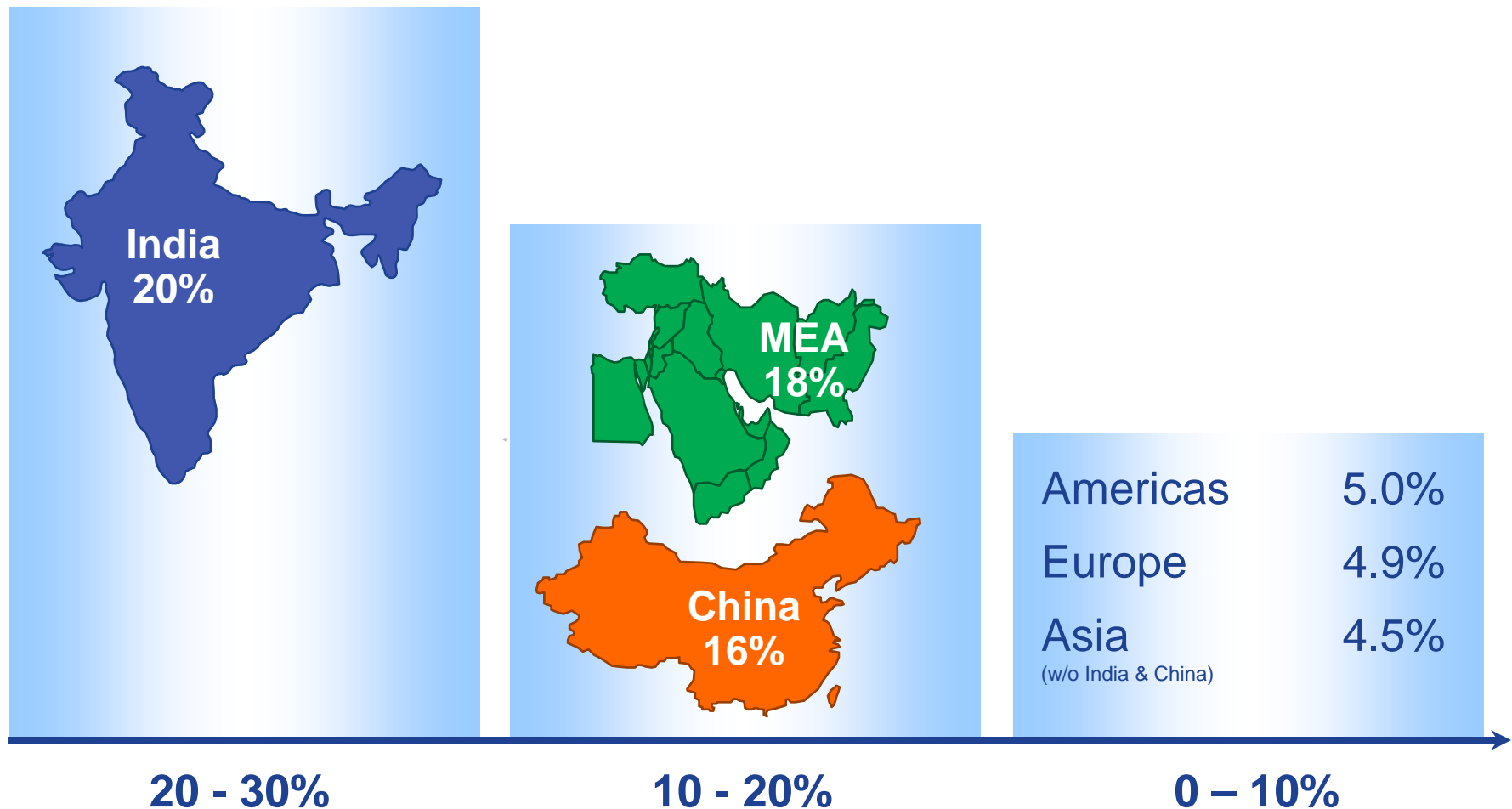
Commercial passenger demand is strong

...

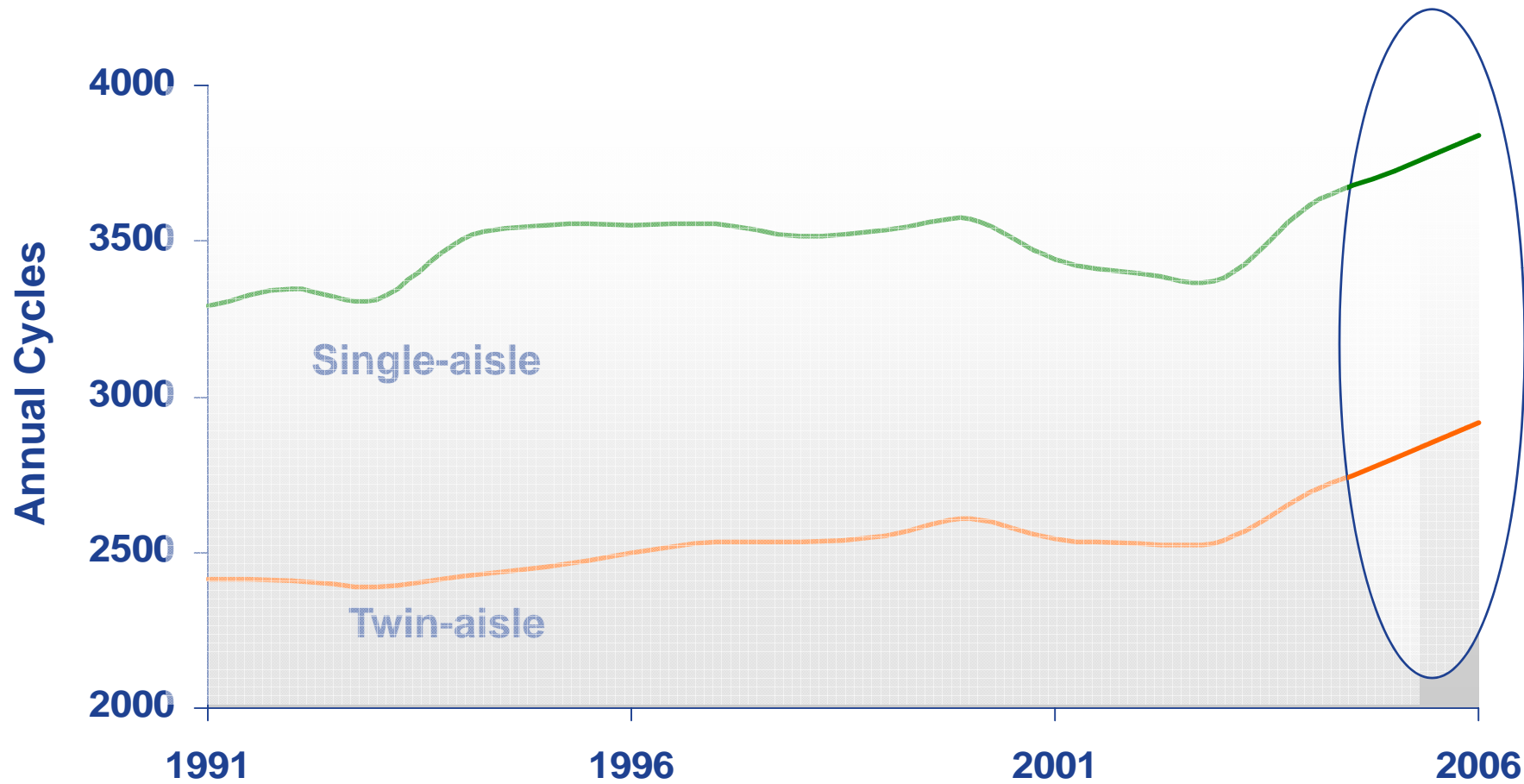


Industry strength continues

1H'07 revenue passenger mileage growth



revenue Aircraft utilization ^{up} *equals more*



Source: ACAS

Since 2001 ...

Labor productivity  33%

Sales and distribution costs  10%

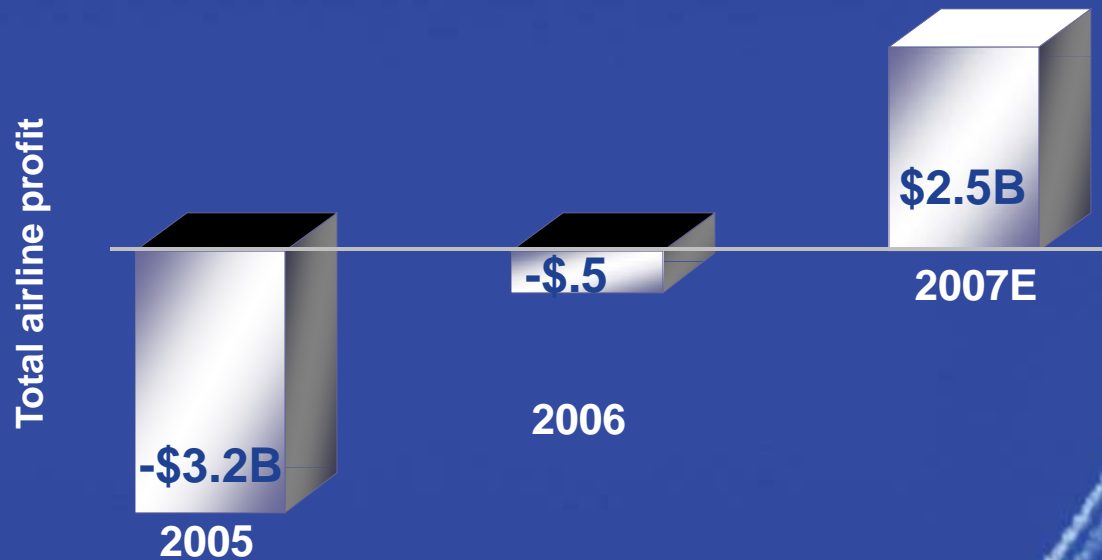
Non-fuel unit costs  13%

The headwind ... fuel price

2001 industry fuel bill ... \$43 billion
... 13% operating cost

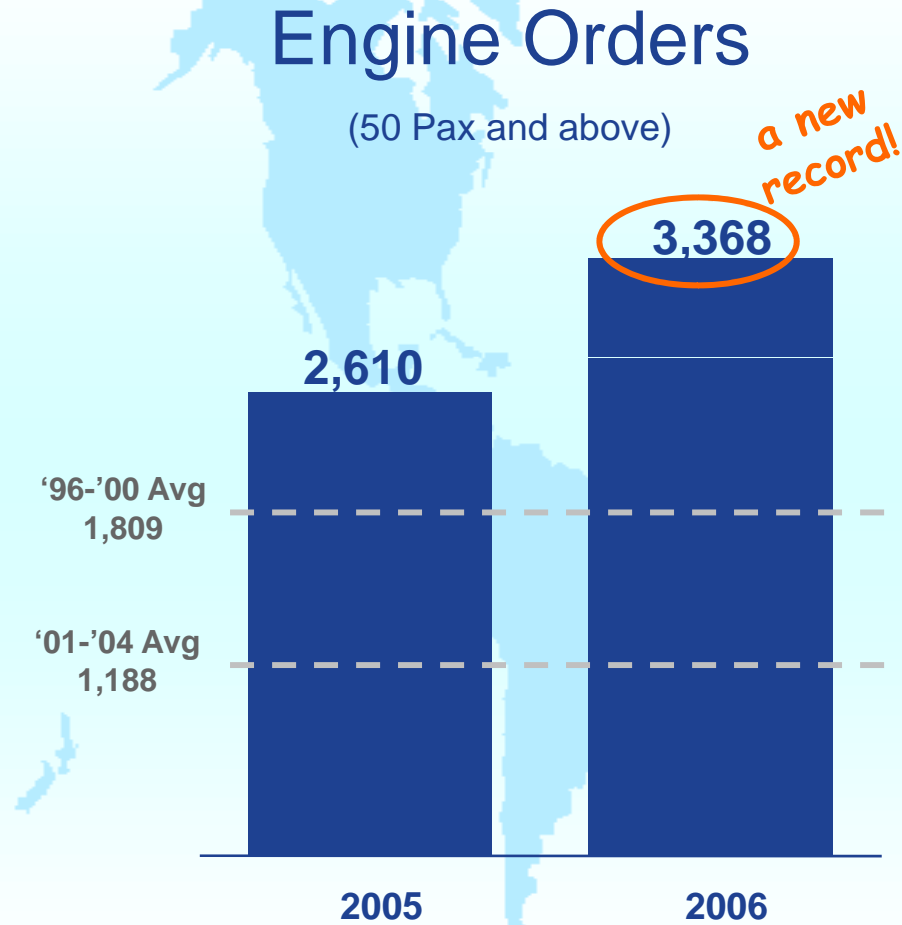
2006 estimate ... \$115 billion
... 26% of operating cost

2007 ... a return to profitability worldwide



Source: IATA

Order Book ... growth



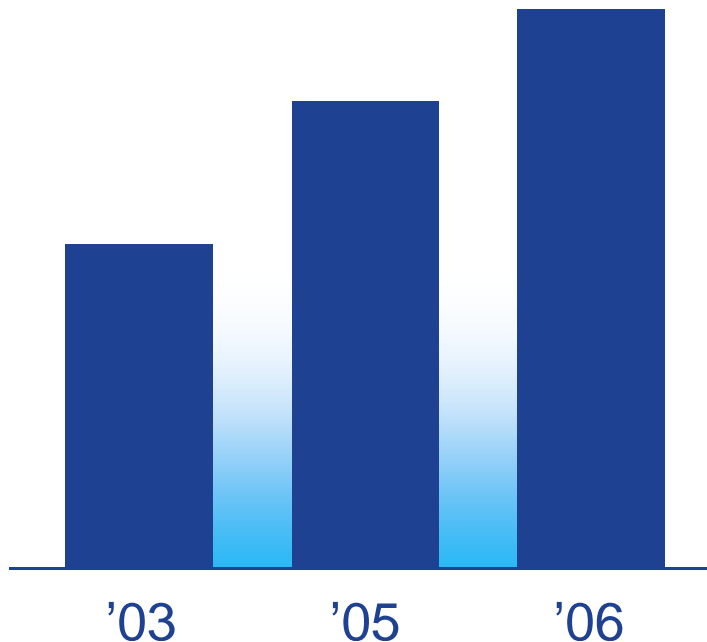
CFM is a 50/50 joint venture with Snecma
*GP7000 developed by Engine Alliance, LLC, a joint company of GE – Aviation and Pratt & Whitney

Tech investment ... family additions

(\$ in billions)

Highest R&D commitment in history ... ~ \$7B since 2000

Total R&D



<p>Service '08</p> <p>Airbus A380</p>	<p>GP7200*</p>	<p>Service '08</p> <p>Boeing 787</p>	<p>GENx</p>
<p>Service '09</p> <p>ARJ21</p>	<p>CF34-10</p>	<p>Service '10</p> <p>747-8</p>	<p>GENx</p>
<p>Service '10</p> <p>GE/Honda**</p>		<p>HF120</p>	

*GP7000 developed by GE/P&W Engine Alliance

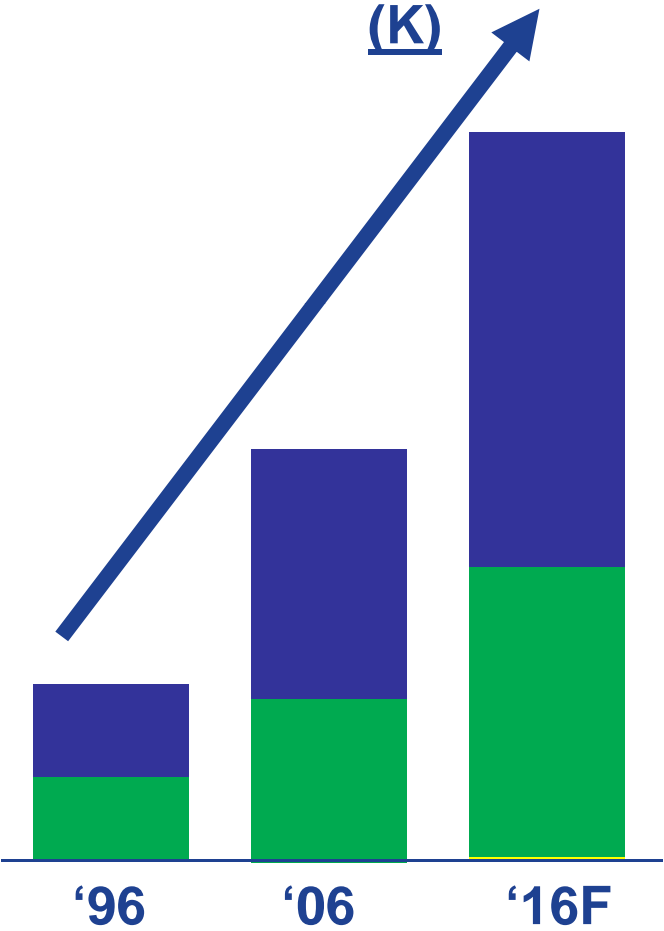
**HF118 developed jointly by 50/50 JV between GE & Honda

Commercial ... win with technology

Product lineage

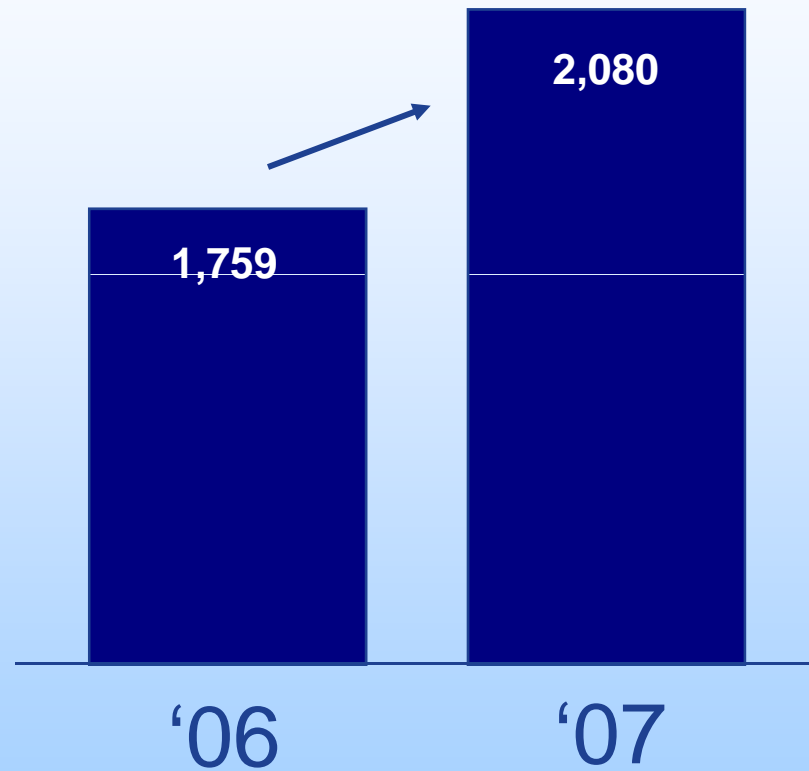
1971		CF6
1979		CFM
1992		CF34
1995		GE90
2008		GP7000
2008		GEEnx
Next		LEAP56™

Commercial installed base

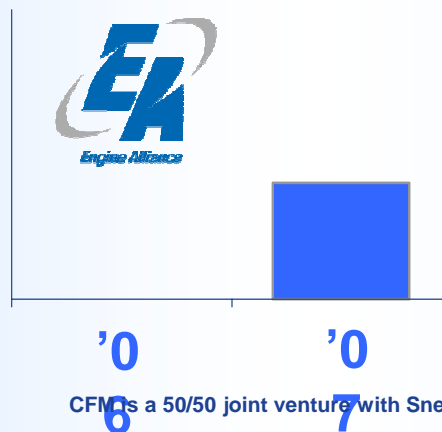
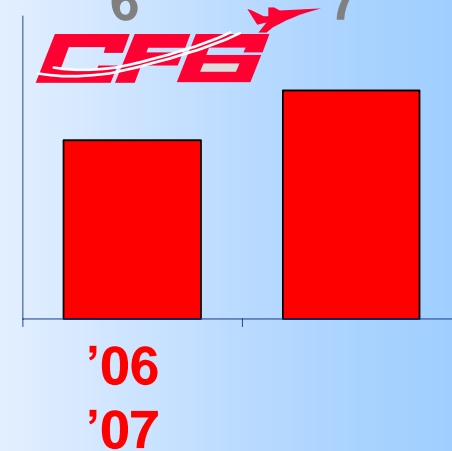
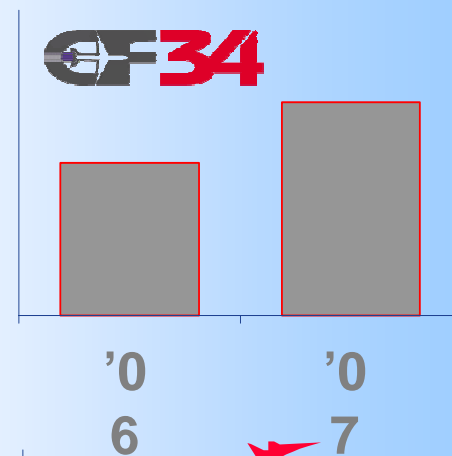
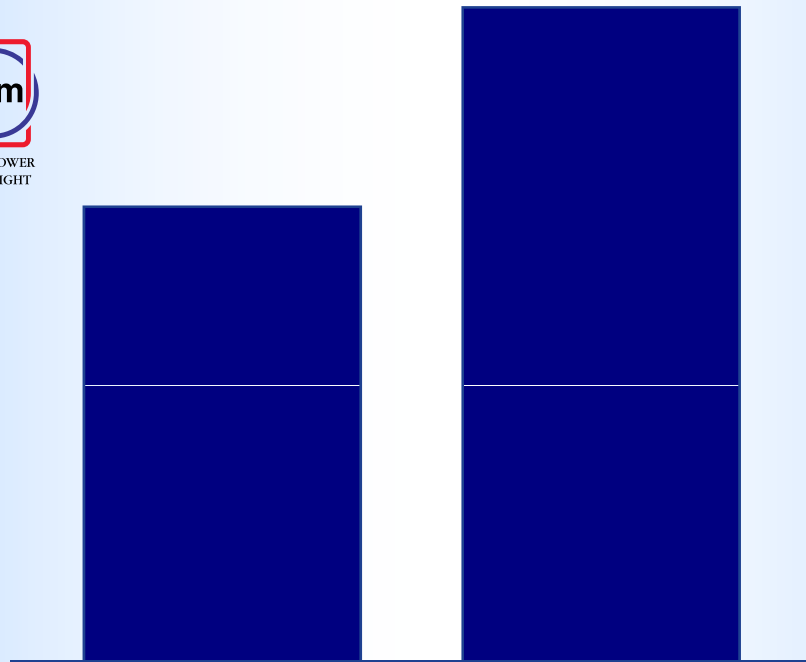
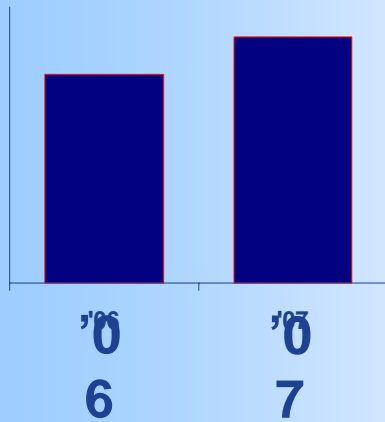


*Fleet in active commercial service
 Source: ACAS, GE internal studies
 GP7000 developed by GE/P&W Engine Alliance
 CFM is a 50/50 joint company between GE and Snecma
 LEAP56™ is a trade mark of CFM International, a 50/50 joint company between GE and Snecma*

Production ... another strong year!



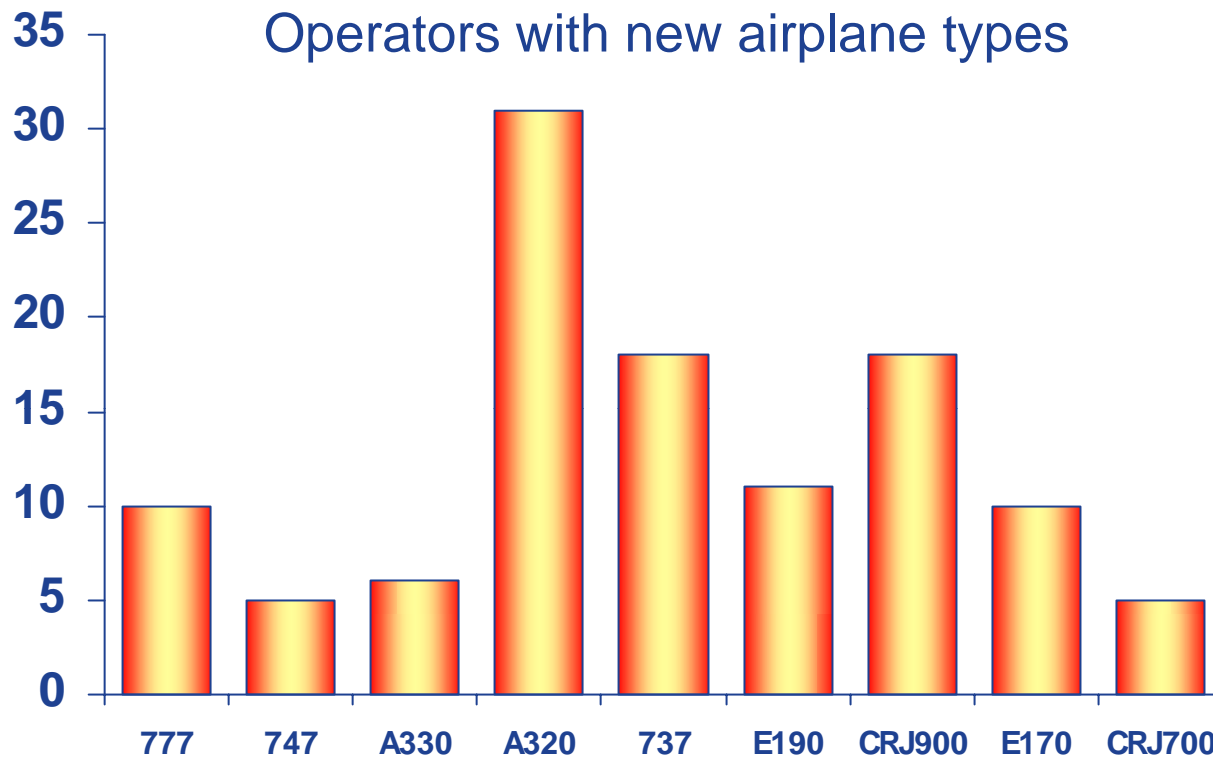
Production ... Delivery, Mix, & Material



CFM is a 50/50 joint venture with Snecma

*GP7000 developed by Engine Alliance, LLC, a joint company of GE – Aviation and Pratt & Whitney

Great first impressions ... priceless



→ New aircraft in service '06 & '07 ... ~1,920

→ New customer experiences ... 1,150

Commercial Engines in 2007. . .

- Aviation remarkably strong
- Production volume will be at record levels
- Product portfolio is solid
- Our Customers have got to win

Aviation Supply Chain

August 2007



imagination at work

Aviation supply chain

GE's plants

28 component shops

6 assembly and test sites



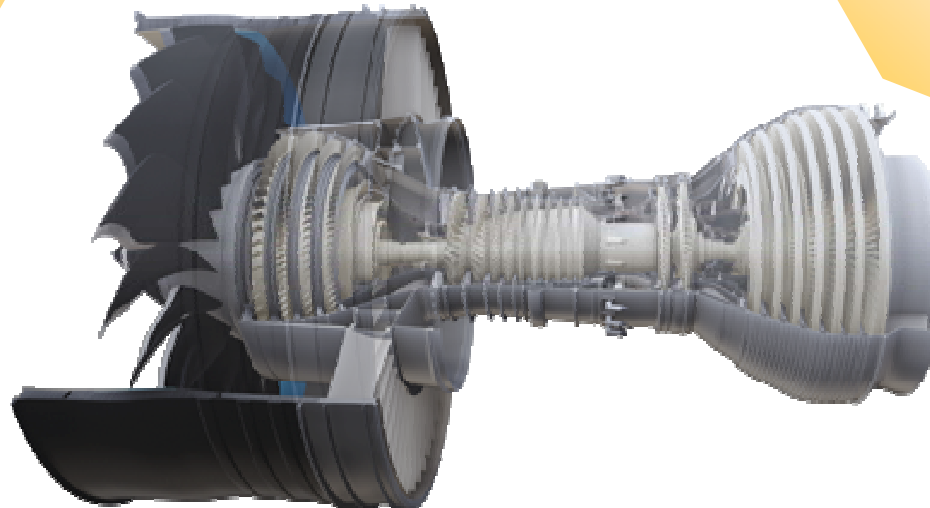
Suppliers

335 domestic

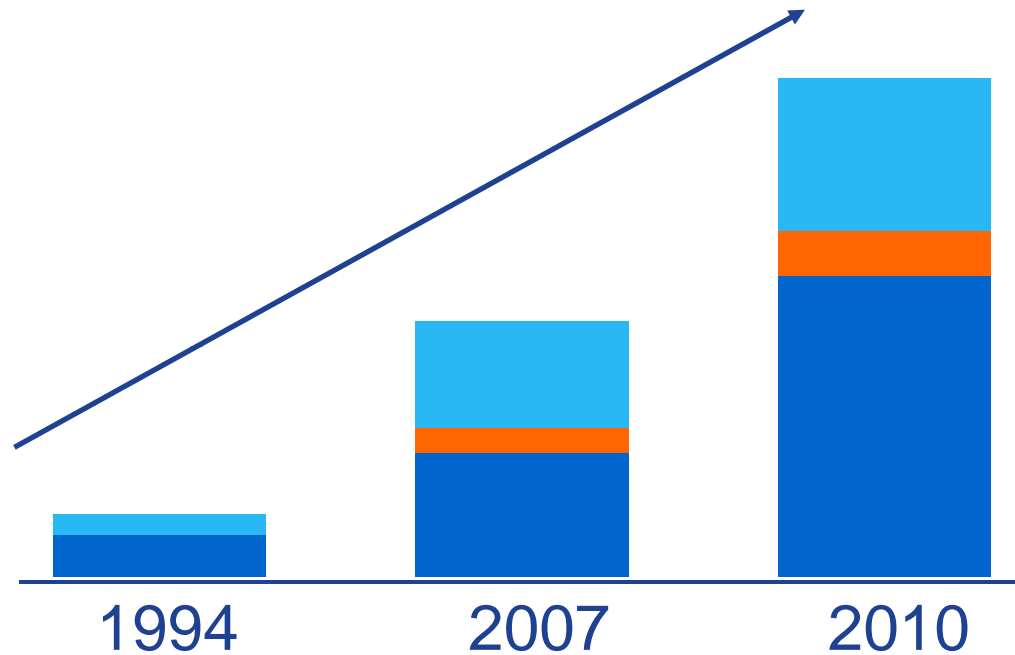
105 global



Partners



Volume ... Total Supply Chain Output



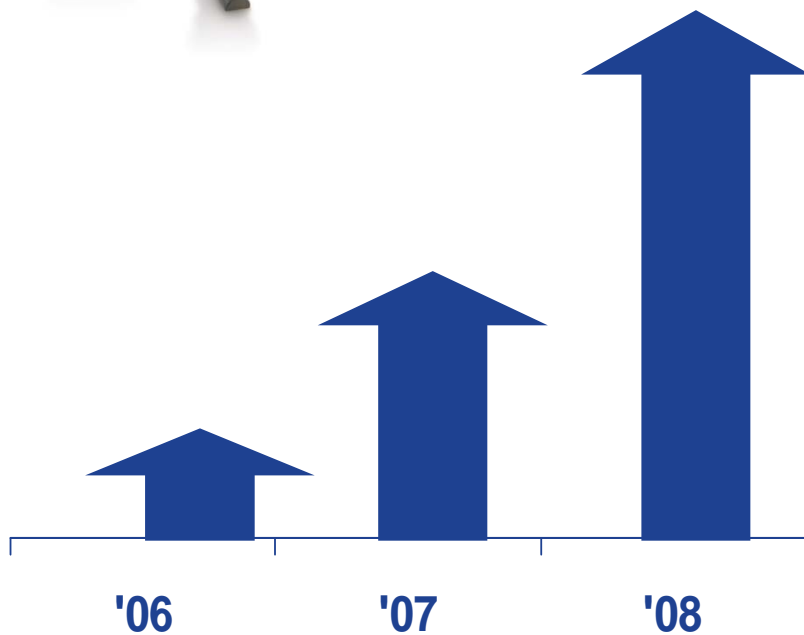
On the horizon ... **GEnx** **JSF** **GE38** **GP7200** **GE Honda** **LEAP56**

CFM, CFM56, LEAP56, and the CFM logo are trademarks of CFM International, a 50/50 joint company between Snecma and General Electric Company

*F136 developed by GE Rolls-Royce Fighter Engine Team
GP7200 developed by GE/P&W Engine Alliance
HF118 developed jointly by 50/50 JV between GE & Honda*

Subject to the Restrictions on the Title Page

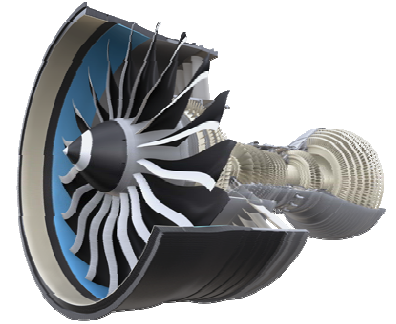
Unprecedented Growth...



Requires...

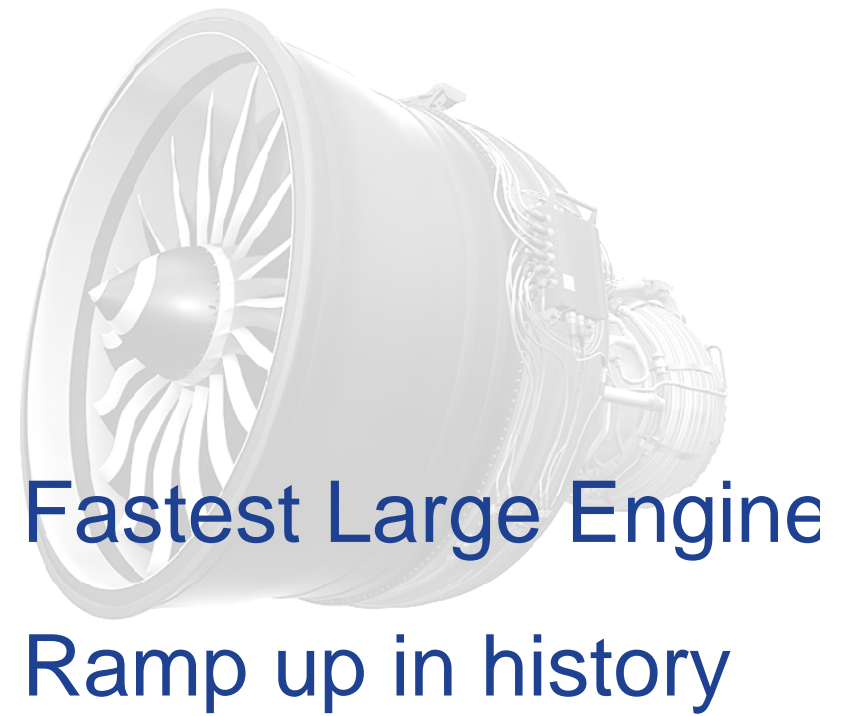
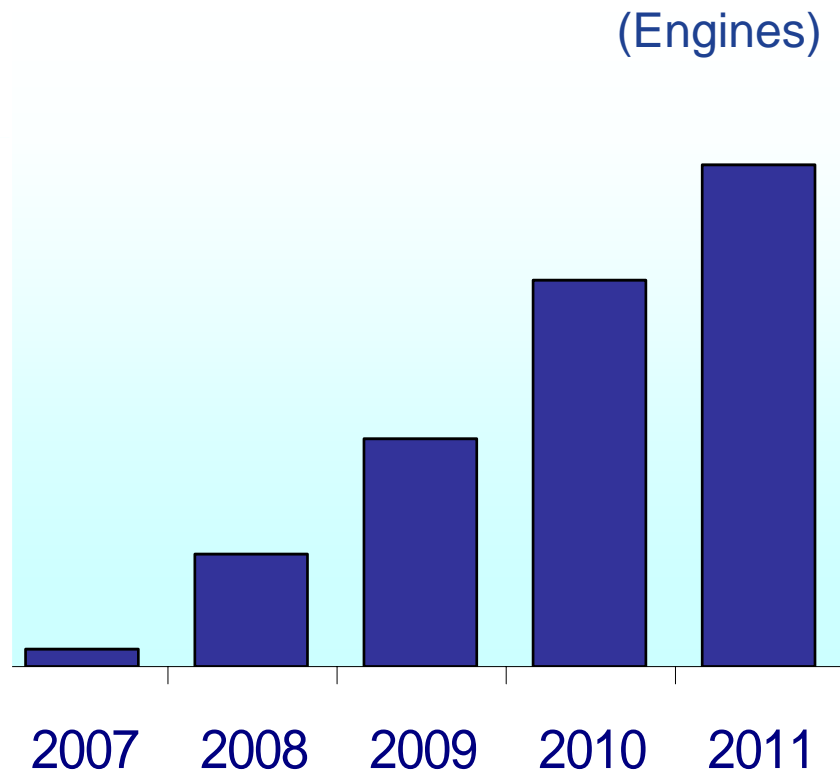
- **More Raw Materials**
- **More Castings**
- **More Machining**
- **More Bearings**
- **And More Titanium**

Accelerating new product launch



GENx.....0 – 100.....19 months

GEnx growth

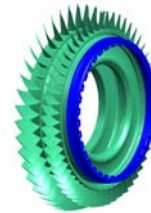


Growth strategy

- Investment



- Technology



-



Lean

- Standardization

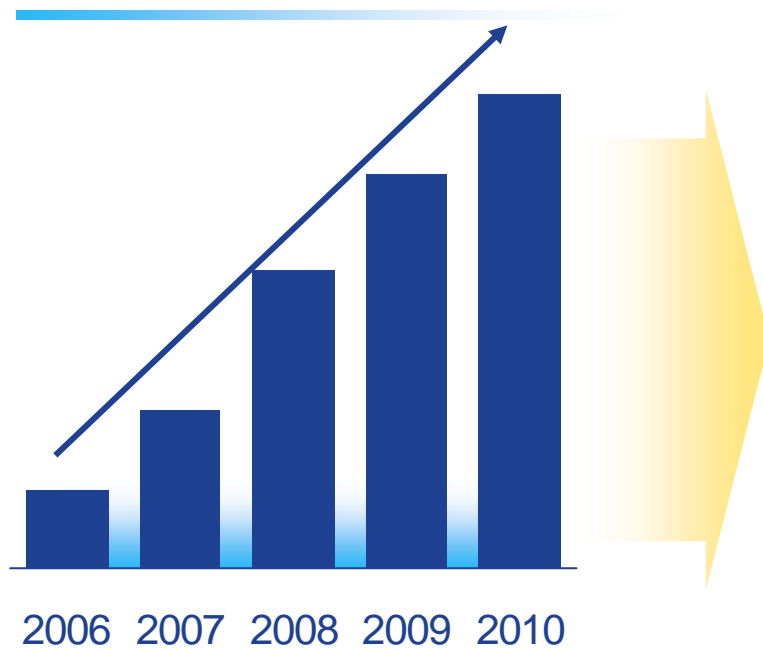


- Productivity



Supply Chain ... investment

Volume



Turbine airfoils

- Greenville plant



Rotating parts

- West Jefferson



Composites

- Mississippi plant



CFAN^{a)} expansion



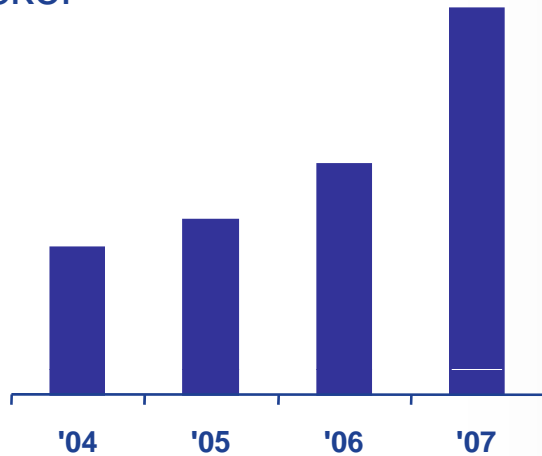
(a - CFAN is a 50/50 joint company between GE and Snecma)

Managing Cost

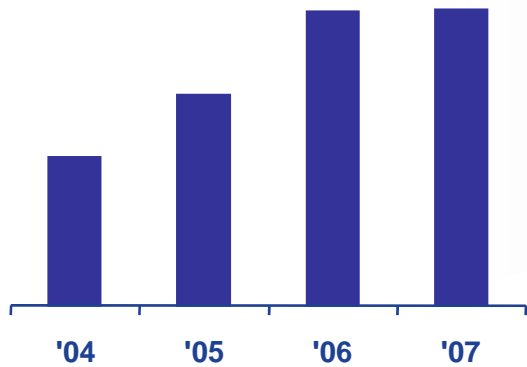


Material pressure

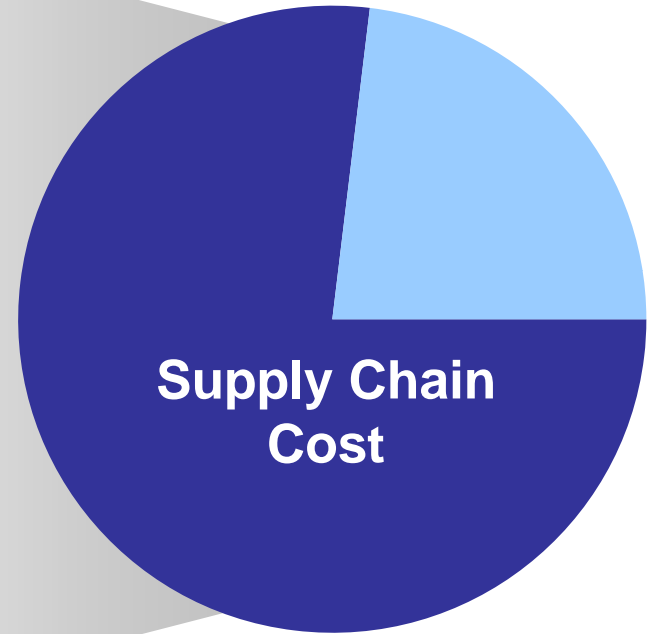
Nickel
\$ lb



Titanium



Conversion



Material

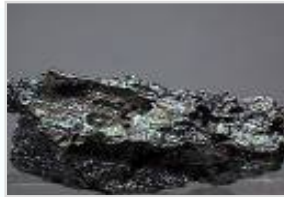
Raw material ... key Aviation demand

Annual usage (lbs)

2007

2010

Titanium



7M

11M

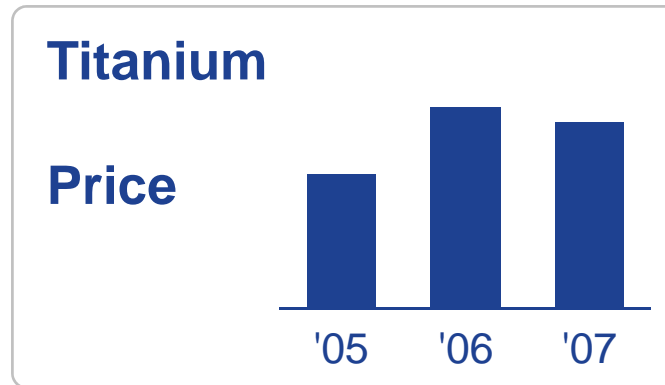
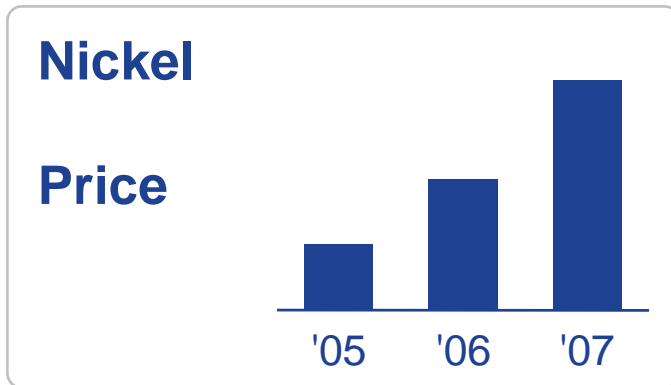
Nickel



17M

27M

Raw material focus

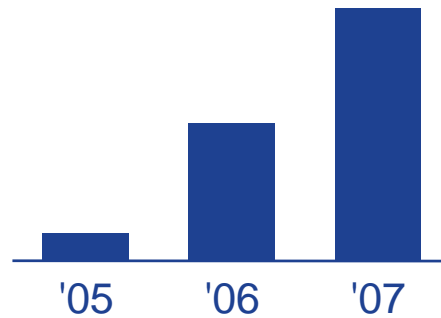


Cost reduction ... playing offense!!

Cost reduction funding (\$MM)



Engineers applied to cost reduction



“Buy-to-Fly”

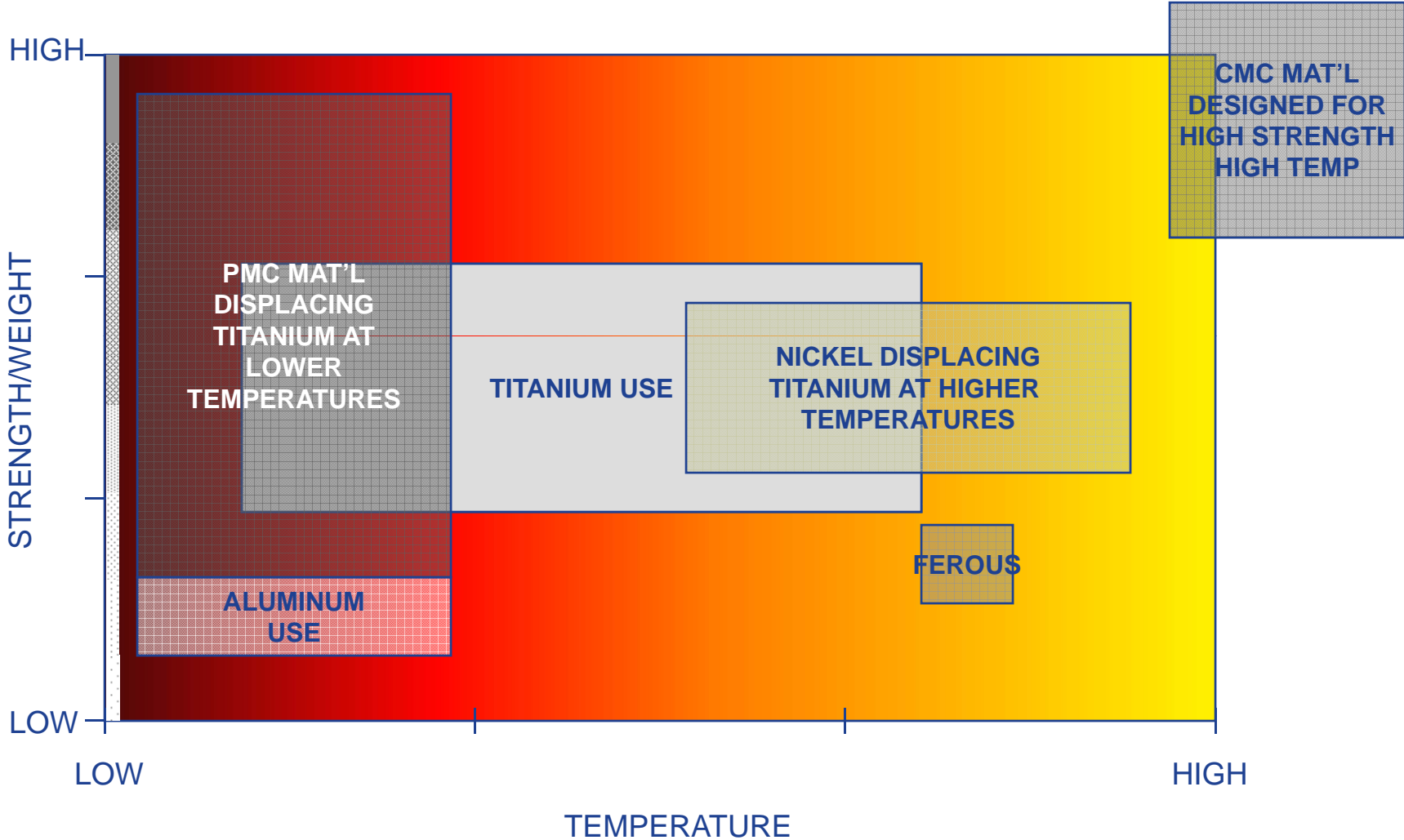
GE90-115B TCF

From: 1 pc forging ... **1878 lbs**

To: 4 pc UEC welded rings ... **1082 lbs**

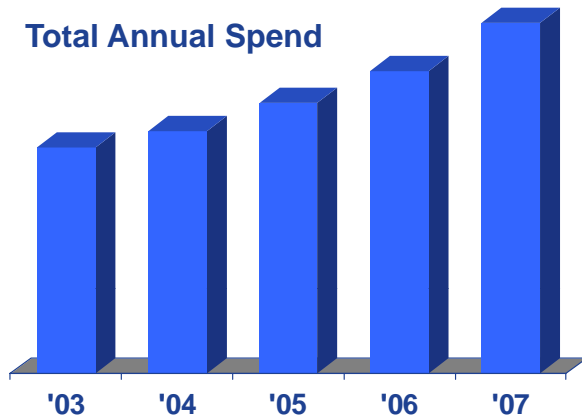
Driving material efficiency

Material options to titanium



GE Aviation 2007-08 Sourcing Strategy

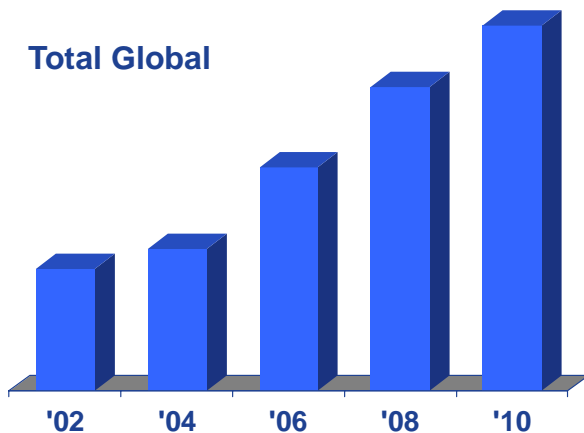
Opportunity



Strategy

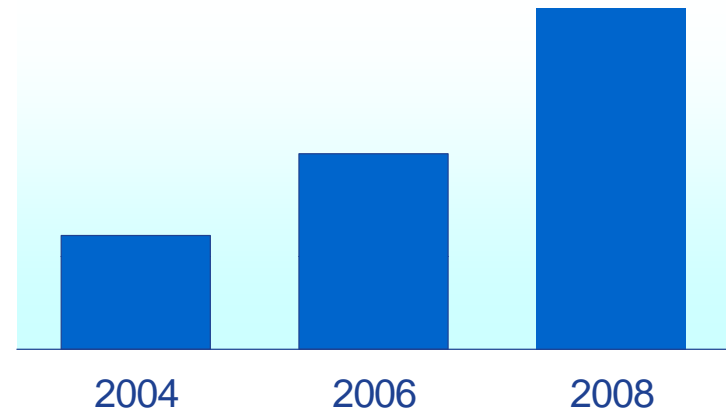
- ✿ Continue Global Push...Asia/China Still Priority - Accelerate India
- ✿ Leverage Aviation Growth and GE Infrastructure Synergy
- ✿ Sustain Raw Material Buffers to Protect Supply - Plus On-going Capacity Checks

Total Global

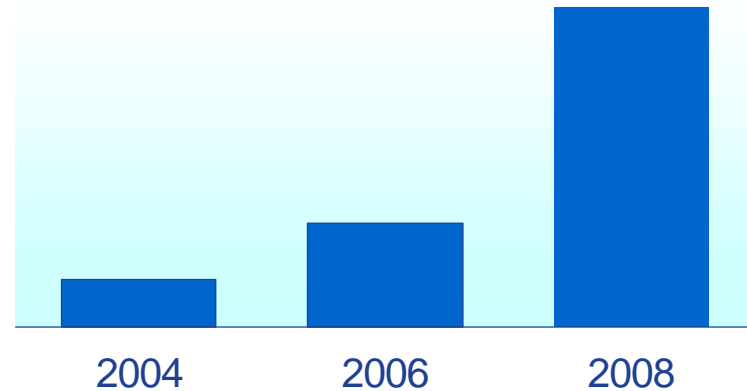


Global capacity ... China

Xian Aero Engine



Smiths Suzhou



Global capacity ... Europe

Turkey



Rotating parts
Fabricated Assemblies

Major Product Lines:
F110, CFM56, CF6, CF34, GE90,
GEnx

Romania



Combustors

Major Product Lines:
CFM56, CF34-3, CF34-8, CF34-10

Supply chain summary

Tremendous growth

Investing in capacity

Strong focus on productivity

- Material ... “Buy to Fly”

Delivering on customer expectations



Summary

- Tremendous Business Cycle that has some breath
- Need to keep material lines healthy
- Outlook for titanium from an engine perspective looks strong
- Must continue to drive cost Alternatives are available
- Counting on your continued support to do the right thing for the Buy America Act