



GE

GE to Acquire Aviation Business of Avio S.p.A

- **Global supplier of propulsion components and systems**
 - **Strengthens GE Aviation's global supply chain**
- **Provides opportunity to utilize Avio's capabilities beyond aviation**
 - **Price multiple of 8.5x based on estimated 2012 earnings**

FAIRFIELD, CT (USA) and MILAN (Italy) – December 21, 2012 – GE announced today that it has agreed to purchase the aviation business of Avio S.p.A., an Italy-based manufacturer of aviation propulsion components and systems for civil and military aircraft, for \$4.3 billion U.S. (€3.3 billion).

The announcement was made today in Milan, Italy, by David Joyce, president and CEO of GE Aviation, and Nani Beccalli, president and CEO of GE Europe.

GE plans to acquire Avio's aviation business from Cinven, a leading European private equity firm that has owned Avio since 2006, and Finmeccanica, the Italian aerospace group. The transaction is subject to regulatory and governmental approvals. GE will not be purchasing Avio's space unit.

The acquisition of Avio's aviation business, which provides components for GE Aviation and other engine companies, would further GE's participation in jet propulsion, one of the most attractive sectors of the aviation industry.

Avio will strengthen GE's global supply chain capabilities as its engine production rates continue to rise to meet growing customer demand. Avio and its customers will benefit from GE's planned investment in expanding Avio's products and services. Additionally, GE sees excellent opportunity in the acquisition of Avio related to margin expansion.

Founded in 1908 and headquartered in Turin, Italy, Avio operates in four continents and employs about 5,300 people, 4,500 of whom are in Italy, including approximately 800 in the space unit. In the jet propulsion industry, Avio is a provider of low-pressure turbine systems, accessory gearboxes, geared systems, combustors and other components. Avio's 2011 revenues in the aviation sector were €1.7 billion (\$2.4 billion U.S. dollars) with more than 50 percent of that revenue derived from components for GE and GE joint venture engines.

The purchase price to be paid by GE for Avio's aviation business represents a multiple of approximately 8.5x based on 2012 estimated earnings before interest, taxes, depreciation, and amortization.



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Avio has supplied components to GE Aviation since 1984 and has content on engines ranging from the large GE90 and GENx turbofan engines for the commercial aircraft sector, to the smaller CT7/T700 turboshaft engine family for civil and military helicopters. These GE engines are among the best-selling in aviation and are expected to provide a profitable, long-term revenue stream for the company.

This acquisition will create additional opportunities to offer Avio's products and services beyond the aviation industry. GE plans to pursue new opportunities for Avio in power-generation, oil, and marine products. For example, Avio's capabilities in transmission systems present potential growth opportunities in multiple sectors.

"We look forward to Avio joining the GE family," said David Joyce, president and CEO of GE Aviation. "We have worked closely with Avio for decades, and we anticipate a bright future together. This acquisition is a great strategic fit with our existing portfolio. Avio has technologies, capabilities and outstanding engineers to help grow our business. GE is an excellent corporate citizen in Italy, and we are very excited to grow the relationship."

"The deal with General Electric is a recognition of Avio's competencies, technologies and growth record," said Francesco Caio, CEO of Avio. "It lays the foundations for the next phase of development for our company and will enable our teams and plants to become centers of excellence in transmissions and turbines for one of the leading companies in this field. This will open up many new opportunities for our people, our research centres and manufacturing in Italy. Our space division, which will not see a change of ownership in the short term, enters a new phase. Cinven and Finmeccanica will work together to establish the most appropriate set of industrial alliances to ensure long-term competitiveness and compliance with national and European interests."

GE, parent company to GE Aviation, already has a significant presence in Italy with more than 7,000 employees in seven GE businesses at more than 20 locations in-country, including a research and development center and learning center. Almost 20 years ago, GE acquired Nuovo Pignone in Florence, which has been transformed into the global headquarters of GE Oil & Gas.

GE Aviation, an operating unit of GE (NYSE: GE), is a leading provider of jet, turboshaft, and turboprop engines, components and integrated systems for commercial, military, business and general aviation aircraft. GE Aviation has a global service network to support these offerings. For more information, visit us at www.ge.com/aviation. Learn more about GE Business & General Aviation at <http://facebook.com/GEAviation>. Follow GE Aviation on Twitter at <http://twitter.com/GEAviation> and YouTube at <http://www.youtube.com/user/GEAviation>.

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GE Aviation overview

GE Aviation, an operating unit of GE (NYSE: GE), is a leading provider of jet and turboprop engines, components and integrated systems for commercial, military, business and general aviation aircraft and has a global service network to support these offerings. GE Aviation recorded revenues of \$18.8 billion (US) in 2011.

Headquartered in Cincinnati, Ohio (USA), GE Aviation employs about 40,000 people and operates manufacturing, overhaul, and repair facilities worldwide. More than 9,500 GE jet engines and 16,000 jet engines from CFM International, a 50/50 joint company between GE and Snecma (SAFRAN) of France, are in airline service. An aircraft powered by GE or CFM engines takes flight every 2 seconds.

Commitment to Technology

GE Aviation invests more than \$1 billion (U.S.) annually in jet propulsion Research & Development programs. This tradition of commitment to new technology has delivered value to our customers around the globe, with a proud list of “firsts” in jet propulsion, tracing back to 1942 with America’s first jet engine.

Key engines in production or under development:

GE Aviation is experiencing record production levels for its commercial engines, which stems from record orders placed since 2006. In 2011, GE Aviation produced about 3,000 commercial and military engines. Production will reach 3,400 engines in 2012 and 3,600 engine deliveries in 2013. The majority of this increase is driven by orders for GE’s large GE90 and GENx engines, along with the popular CFM56 engines.

Key engines programs and Avio’s participation

GENx: The GENx, developed for the Boeing 787 Dreamliner and Boeing 747-8, is GE’s fastest-selling large engine in its history. Using engine architecture based on the GE90, the GENx provides new levels of operating efficiencies, using a composite fan case and blades, and a unique combustion system for vastly lower emissions. The GENx entered service last year on the 747-8 and entered service this year on the 787.

Avio -- 12% of GENx components

Design & manufacture: Low pressure turbine module (case assembly, nozzle & shrouds), accessory gearboxes, lube pump, debris monitoring system sensor/conditioner, gears, damper, mounts/links, bearings, seals (air/oil, spline & nut), housings, shafts and oil pump/filter.

Manufacture: Fan hub module.



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GE90: The world's most powerful engine, the GE90, represents GE's commitment to twin-engine jumbo jets by taking the Boeing 777 non-stop distances never achieved before with twin-engine airplanes. The GE90 is the first jet engine with composite fan blades.

Avio – 8% of GE90 components

Design & manufacture: Accessory gearboxes.

Manufacture: Low pressure turbine nozzles and disks, shafts, gears, adapters, dampers, bearings/bearing supports, seals (nut, air/oil and carbon), housings, oil nozzles, heat shield.

CFM56: CFM International (50/50 jointly owned by GE and Snecma) is the most successful joint company in jet propulsion history. CFM has produced nearly 23,500 engines for commercial and military applications in service. Its newest engine in development, LEAP, will power the COMAC C919, Airbus A320neo and Boeing 737 MAX. More than 3,200 LEAP engines are already on order.

Avio – 1% of CFM components

Manufacture: Seal and shroud support

CF6: The CF6 powers a variety of twin-aisle aircraft, such as the Airbus A300, A310, and A330, as well as the Boeing 747, 767, and MD-11. The engine family recently celebrated 40 years of service, powering commercial aircraft around the world.

Avio – 6% of CF6 components

Manufacture: Accessory gearboxes, low pressure turbine nozzles and disks, shafts, gears, adapters, dampers, bearings/bearing supports, seals (nut, air/oil and carbon), housings, oil nozzle and heat shield.

T700/CT7: Powering 21 types of rotary and fixed wing aircraft, the T700 has more than 15,000 engines delivered around the world.

Avio – up to 40% of T700 components

Design & manufacture: Gearboxes, gears, adapters, dampers, seals, shrouds and shroud supports, diffuser case, inlet guide vane support, shields, frame (front, exhaust, IPS, scroll case, inlet duct and harnesses.

Manufacture: Low pressure turbine nozzles and blades, shafts, bearings/bearing housings, hangers, Power turbine case, swirl plates, fuel injector and sump covers.

For more information on GE Aviation, go to www.geaviation.com

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