

GE
Energy

Best Prospects & International Markets for US Power Equipment



Advancing US Exports of Power Technologies & Equipment
May 11, 2009
Chicago, IL



GE's portfolio

- 4 businesses operating in more than 100 countries ... 125+ years
- ~300,000 employees worldwide
- 2008 revenue \$183B

Energy Infrastructure



- Power & Water
- Energy Services
- Oil & Gas

Technology Infrastructure



- Aviation
- Enterprise Solutions
- Healthcare
- Transportation

GE Capital



- Aviation Financial Services
- Commercial Finance
- Energy Financial Services
- GE Money
- Treasury

NBC Universal

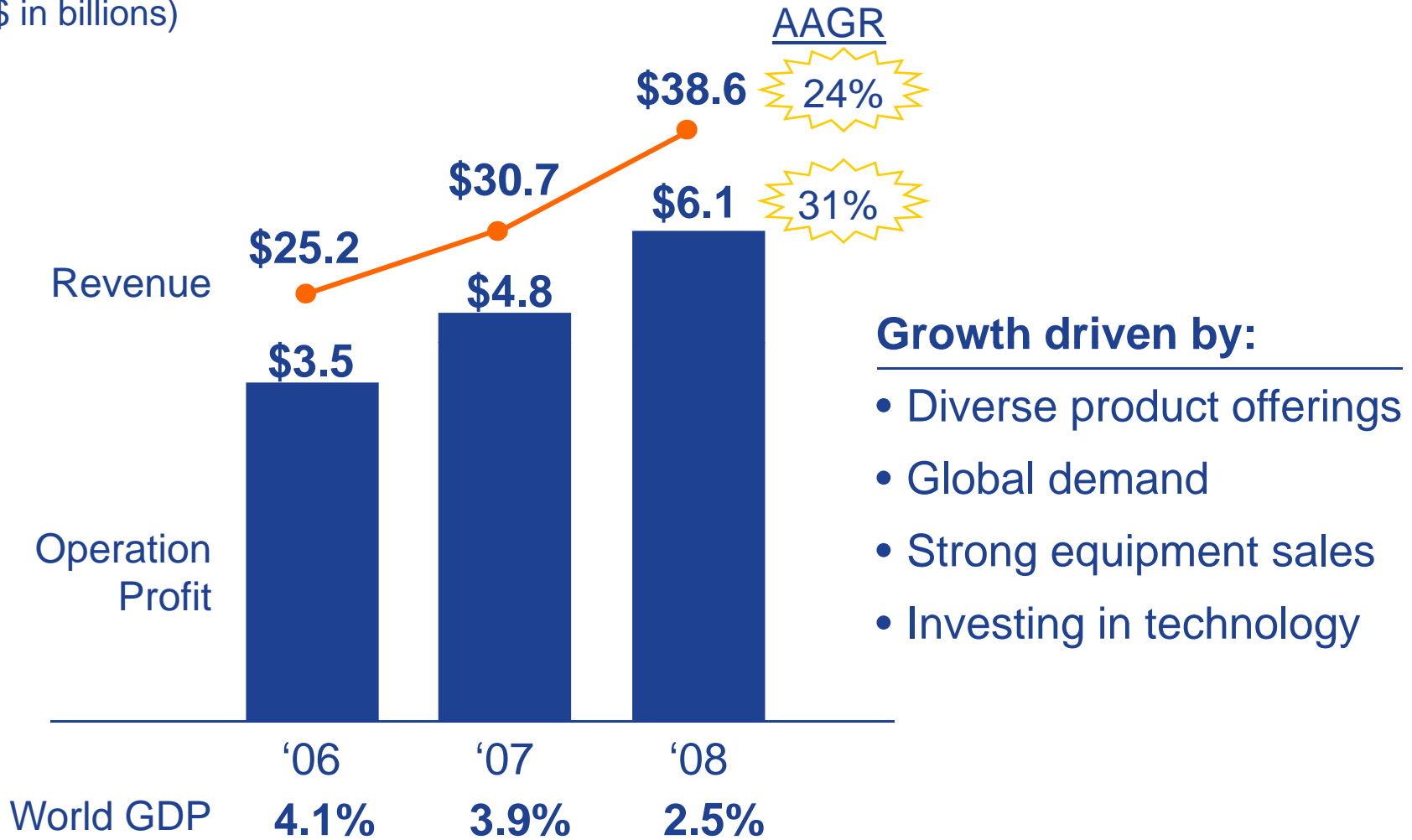


- Cable
- Film
- International
- Network
- Sports & Olympics



GE Energy Infrastructure

(\$ in billions)



Growth driven by:

- Diverse product offerings
- Global demand
- Strong equipment sales
- Investing in technology



“Upcycle”

World changed dramatically

Since mid '08

- Global markets have lost \$30 trillion in value
- World real GDP growth has slowed from 4% in 2007 to an expected -0.5% in 2009
- 33 countries are officially in recession



BBC Search

Global recession

Page last updated at 13:36 GMT, Thursday, 12 March 2009

Worst crisis since 1930s says Fed

US Federal Reserve chief Ben Bernanke says the world is suffering from the worst financial crisis since the 1930s.

- IMF predicts a global recession
- US job prospects hit 27-year low
- Germany's exports slide

REST OF THE WORLD

- China factory output growth slows
- Global recession is most difficult year
- US economy 'deteriorates further'
- Bernanke fears stagnation
- US economy shrinks 0.5%

INTERNATIONAL
Herald Tribune
THE GLOBAL EDITION OF THE NEW YORK TIMES

GE loses prized AAA credit rating

The Associated Press, Bloomberg News

Published: March 12, 2009

WASHINGTON: General Electric lost its prized top credit rating from Standard & Poor's because of concern about rising losses from loans and lower earnings at its lending arm.

The credit rating agency lowered GE's long-term debt ratings to AA+ from AAA on Tuesday, a one-notch reduction that markets had long expected. The move means it will be more expensive for GE to raise money in the credit markets.

The loss of the top rating — a sign that a company is among a handful of the world's safest and strongest — was said as recently as January that GE would raise its credit rating and the annual dividend. A move that GE had since 1938 to try to save about \$9 billion.



CNBC

Iraq to study cost reductions to GE, Siemens deals

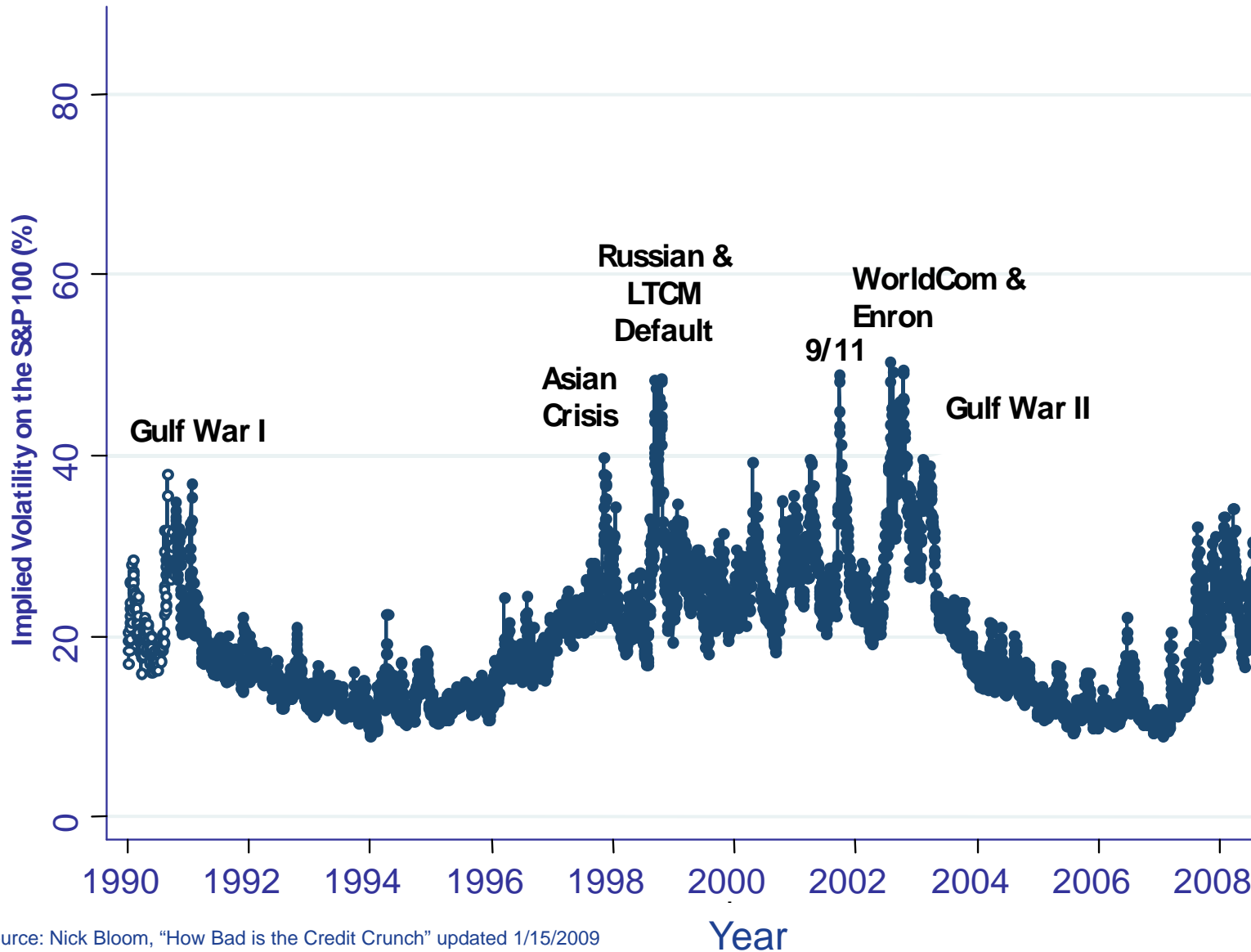
By: AFX | 24 Feb 2009 | 11:29 AM ET

BAGHDAD, Feb 24 (Reuters) - The Iraqi government will study steps to reduce the cost of two giant electricity deals with Siemens and General Electric, an official said on Tuesday.

Government spokesman Ali al-Dabbagh said the cabinet had decided to form a committee including the ministers of finance, electricity and planning, along with the central bank governor. In a statement, Dabbagh said the committee would consider issuing treasury bonds

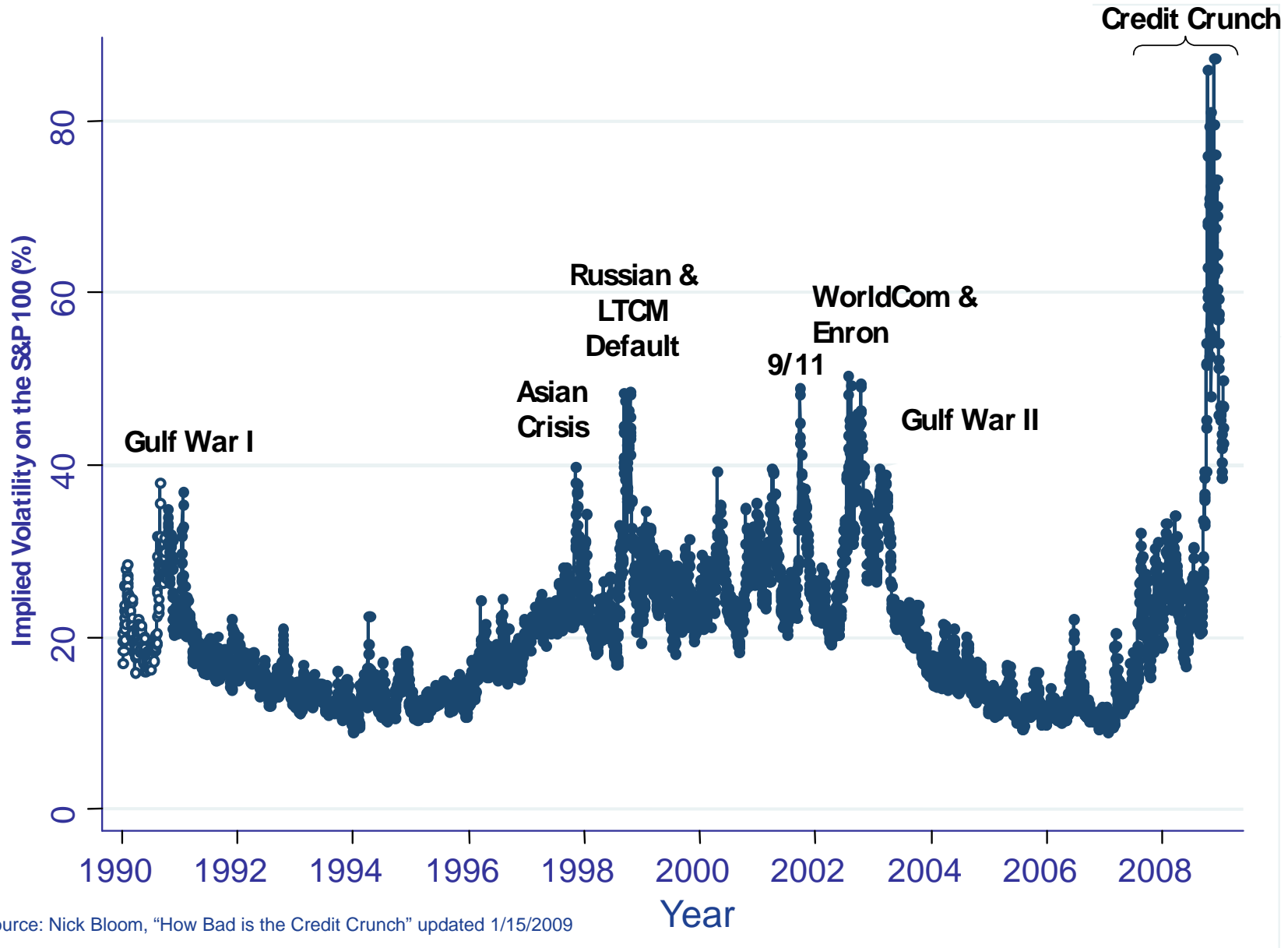


Financial Crisis in Perspective



Source: Nick Bloom, "How Bad is the Credit Crunch" updated 1/15/2009

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General Electric Company Proprietary Information and Copyright 2009 General Electric Company

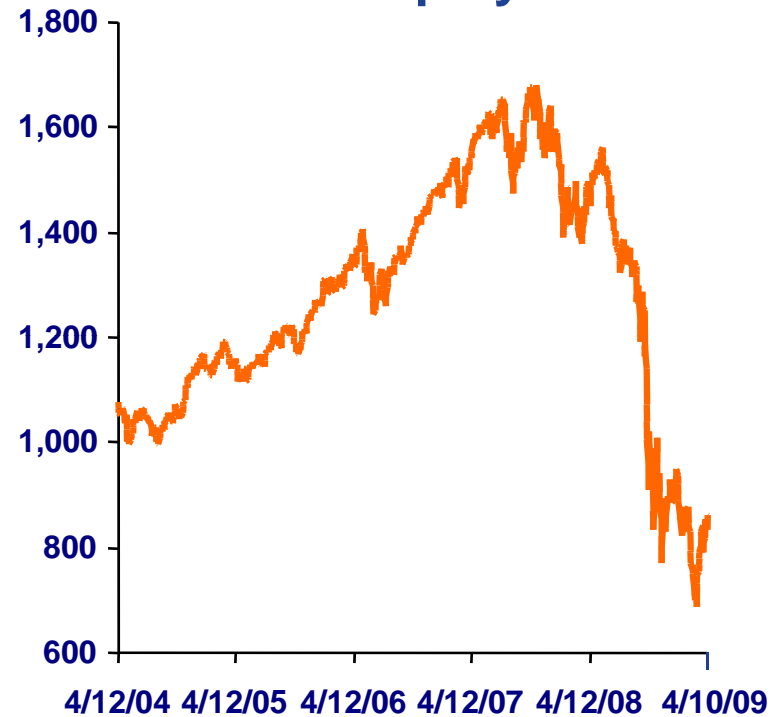
Global financial crisis ... triggers vast loss of wealth

MSCI Index, April 10, 2009

	1 Yr	10 Yr
EUROPE	-50.2%	-3.0%
FAR EAST	-34.3%	-2.6%
G7 INDEX	-40.3%	-4.0%
NORTH AMERICA	-37.5%	-4.2%
PACIFIC	-36.9%	-1.7%
THE WORLD INDEX	-41.7%	-3.5%

Source: MSCI Global Index, 2009

World Equity Index

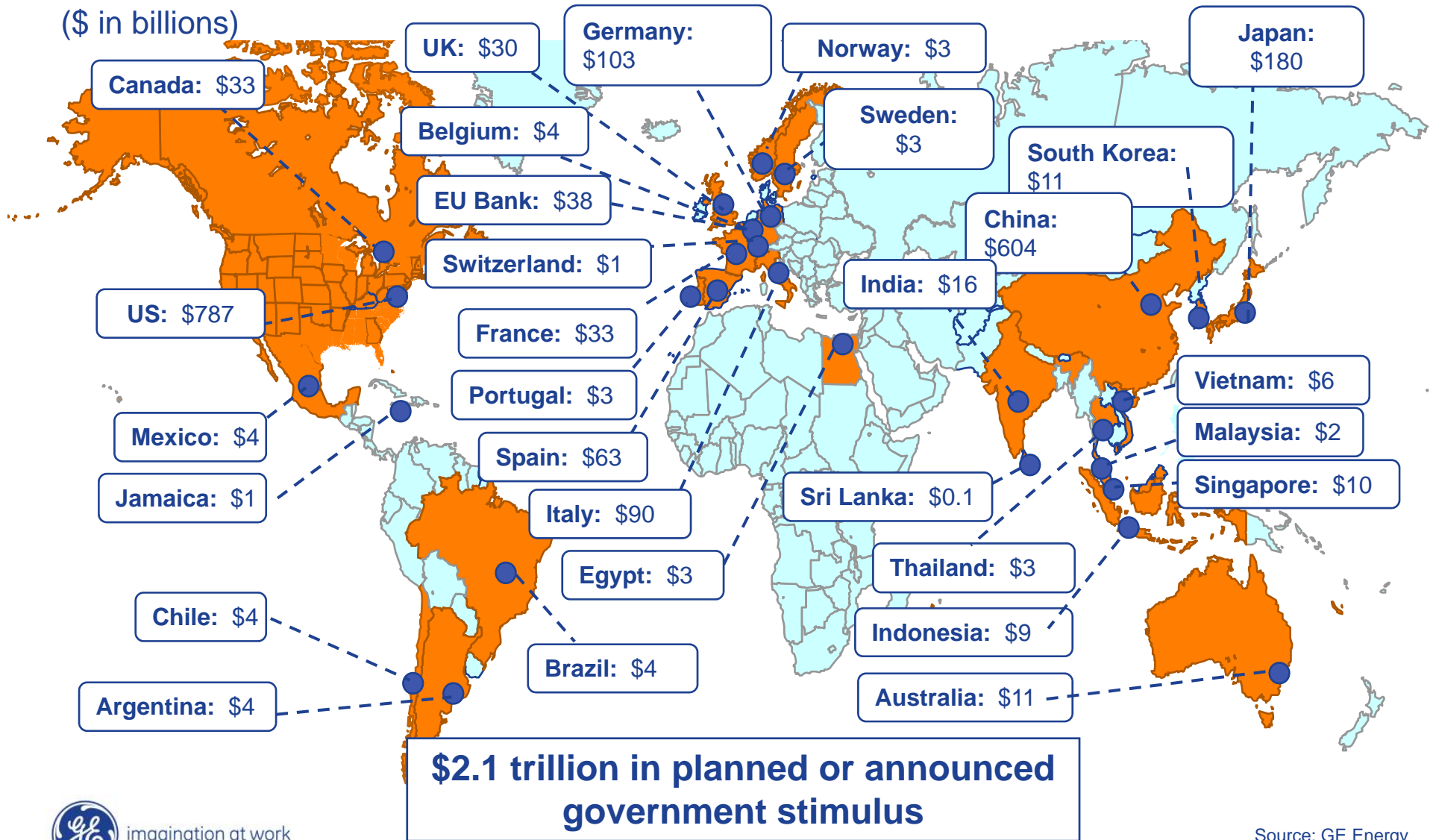


Fiscal Stimulus

Major announcements of government stimulus packages

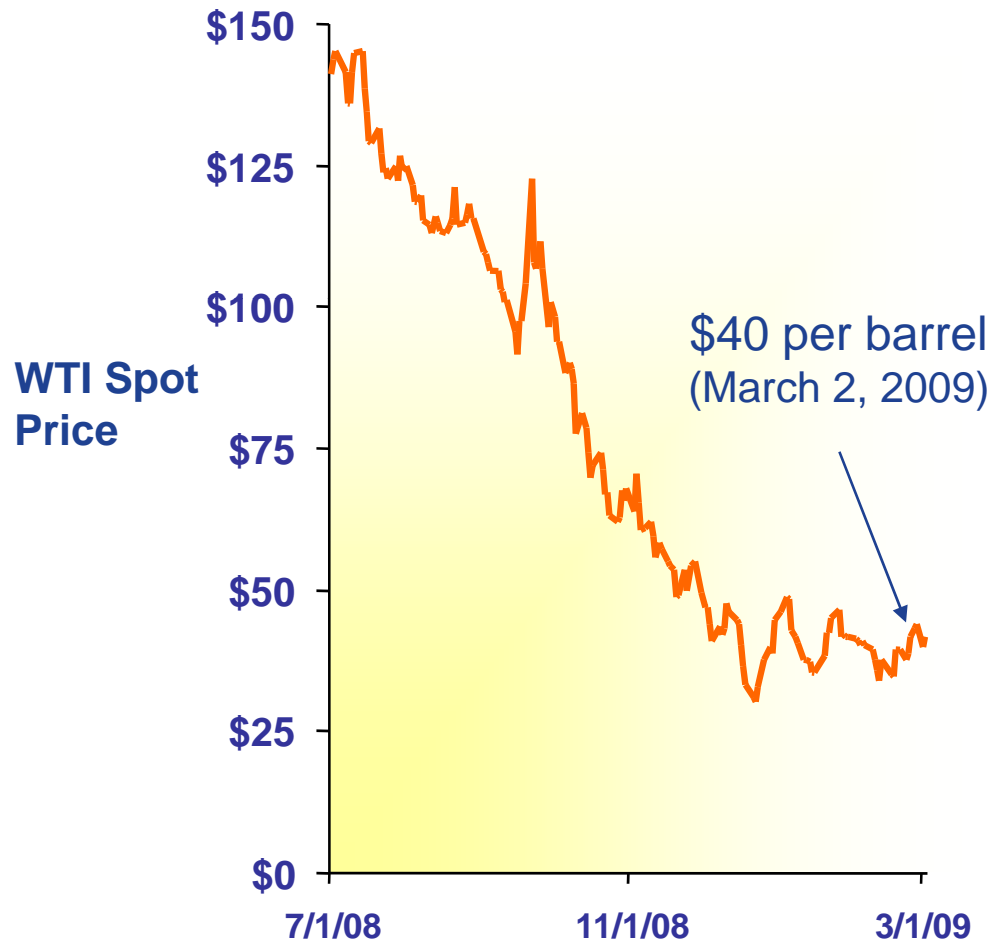


(\$ in billions)



Source: GE Energy

Falling energy prices will help Non government stimulus



Impact of drop in gasoline prices

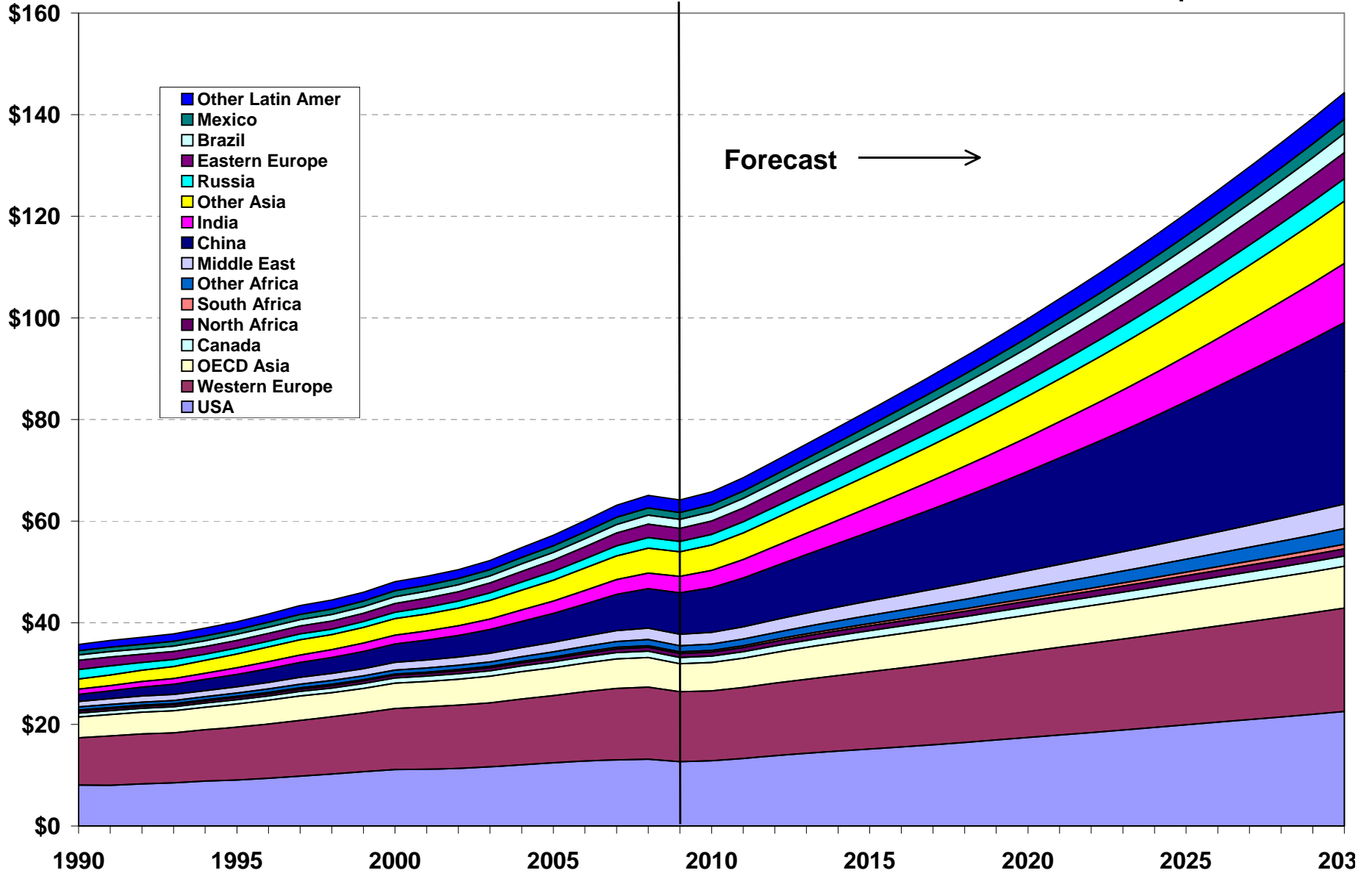
<u>Month</u>	<u>Average Price</u>
July '08	\$4.12
	↓
March '09	\$1.90

**Represents annual
US consumer
savings of approx
\$350 billion.**

Implications for the energy landscape

Shift	Consequence
Severe global economic downturn	<ul style="list-style-type: none">• Customer financial stress• Lower demand growth for energy
Higher capital & risk cost	<ul style="list-style-type: none">• Limited availability of capital• Higher real borrowing costs
Shift to buyers market	<ul style="list-style-type: none">• Lower commodity, fuel, and EPC costs• Pressure from customers to reduce prices
Increased government role	<ul style="list-style-type: none">• Jobs creation high priority• Risk of protectionism
Currency market volatility	<ul style="list-style-type: none">• Temporary strengthening of the U.S. dollar• Competitive devaluation concerns

Gross Domestic Product in Trillions of 2005 US\$ PPP

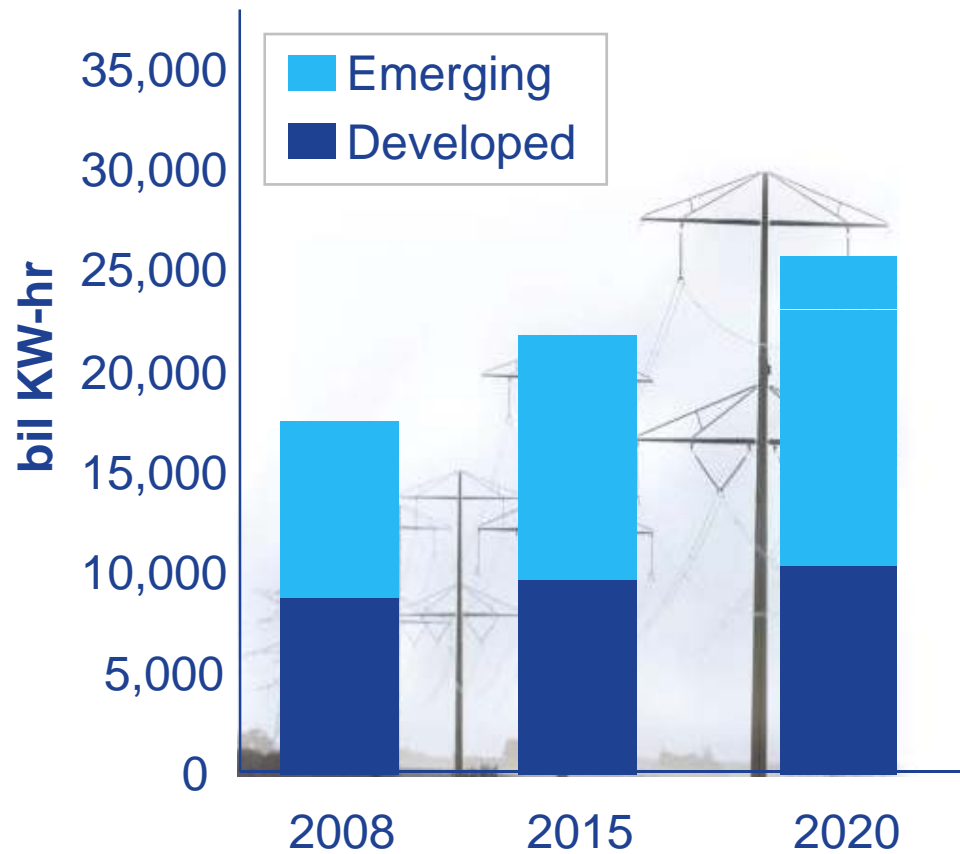


Source: Global Insight, March 2009

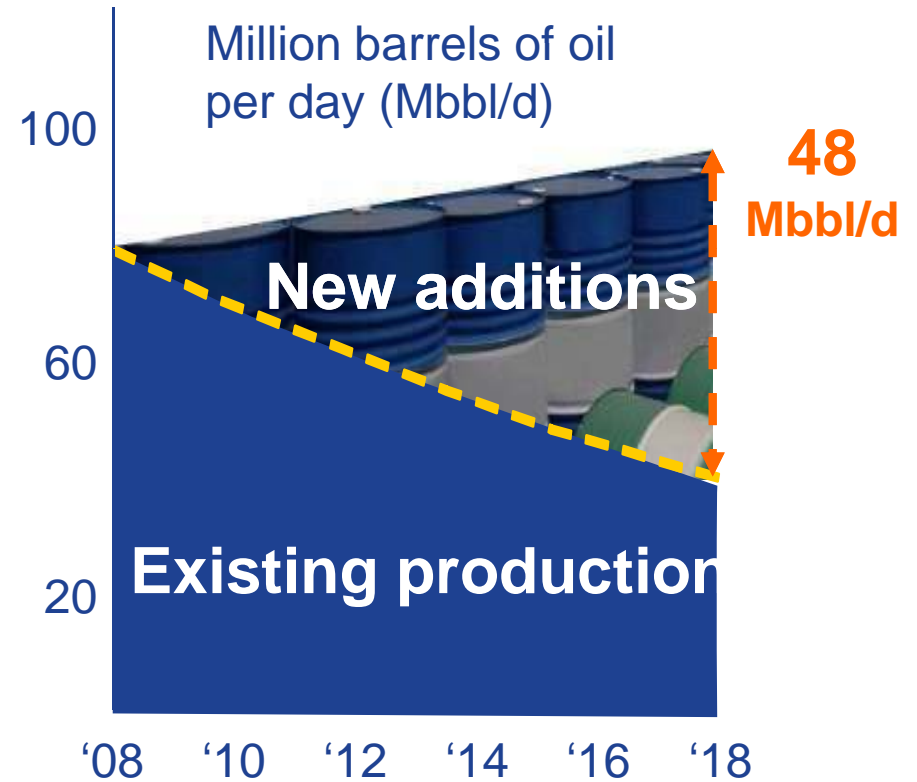


Energy mega trends still hold

Electricity



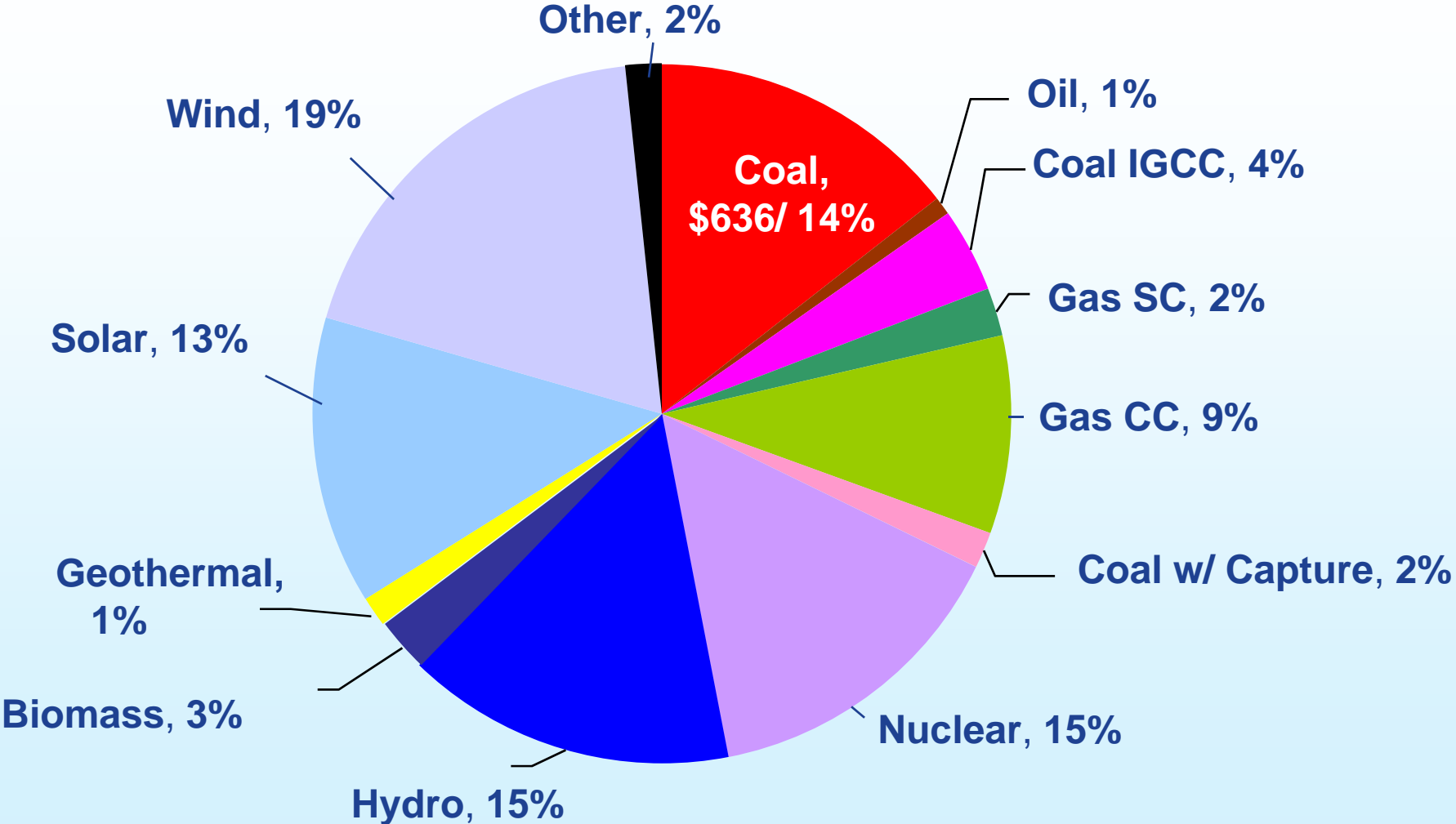
Oil



Global energy needs will continue to grow

Global Power Gen Investment Need through 2020

\$4.4 Trillion USD Total

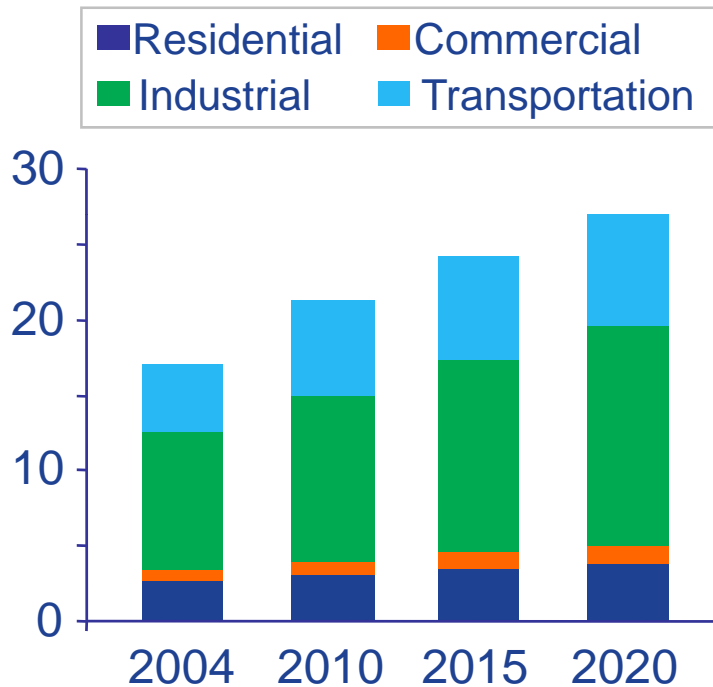


Source: GE Energy, Energy Investment Outlook 2009

Middle East long-term prospects

Delivered power consumption

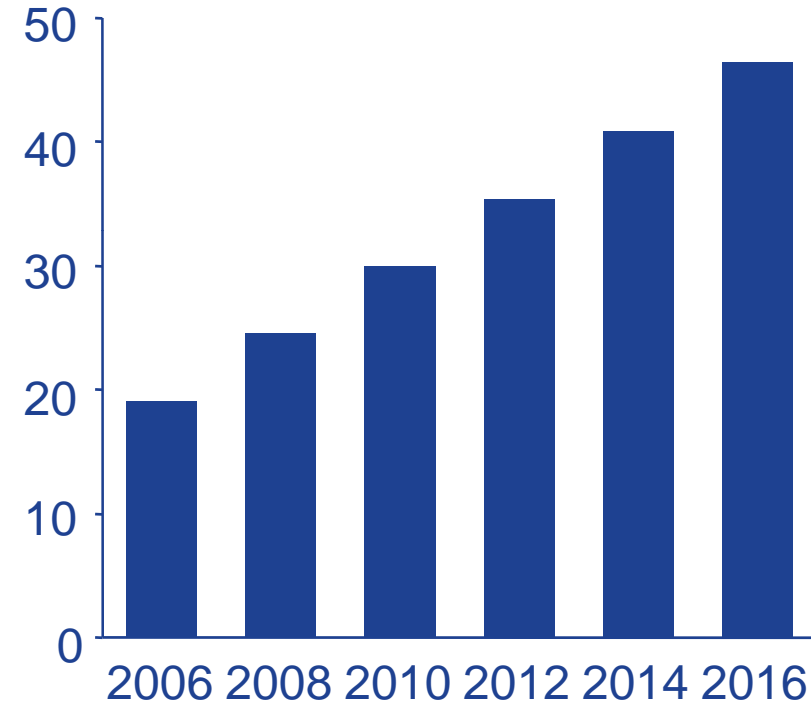
Quadrillion Btu



Source: US Energy Information Administration

Desalination capacity

Millions M3/day



Source: Global Water Intelligence 2008

ME economic, population, and industrial growth driving strong power and water demand



China market dynamics & opportunities

Economics & Policy

- '08 GDP grow 9%, '09 est. ~7%
 - Jan & Feb '09 electricity consumption reduced by 5.2% year over year
 - '09 PPI est. (7.5)%~(6.2)%
 - RMB Stable
 - \$586B stimulus package
 - Relaxing monetary policy
 - \$18B VAT reform... CAPEX VAT deductible
- Growth slowing down, job focused
 - Favor sourcing and BD
 - Favor T&D, nuclear and wind for Energy
 - Launch some pilot projects

Opportunities

High tech turbines: Super-critical steam power generation ... higher efficiency, low emission

IGCC: Demo program launch ... new emissions control standards

Biogas: Jenbacher opportunities ... “green image” emerging value proposition

Wind: Wind industry potential ↑ ~5-7 GW/year

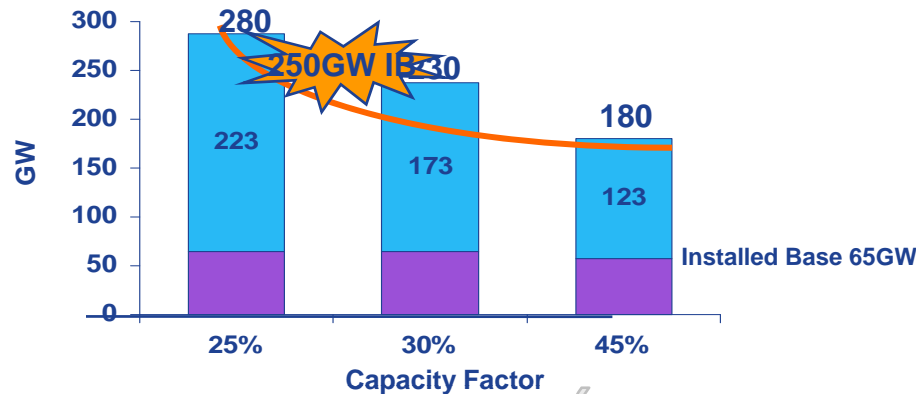
Nuclear: 9 GW in operation, 60 GW under construction by 2020



imagination at work

Europe - 20% Renewables by 2020

EU Directive – 20% Renewables by 2020 requiring 550 TWh

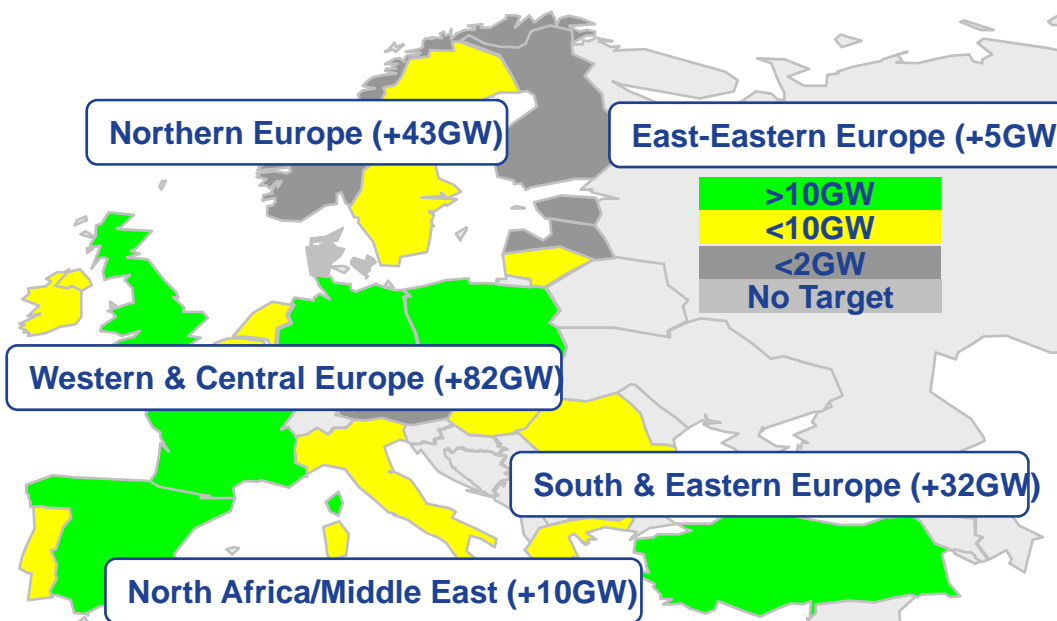


Growth drivers

- EU 20% Renewables by '20 ... electricity share 33-38% ... 50% from wind ... 190 GW wind to be added
- “Old Europe” drives growth ... 125 GW '08-20
- Emerging Black Sea Region ... 32 GW '08-20
- East-Eastern Europe, North Africa & Middle East starting to develop policies

Growth constraints

- Political delay in EU Directive
- Weak/slow Member State implementation
- Grid & power market integration

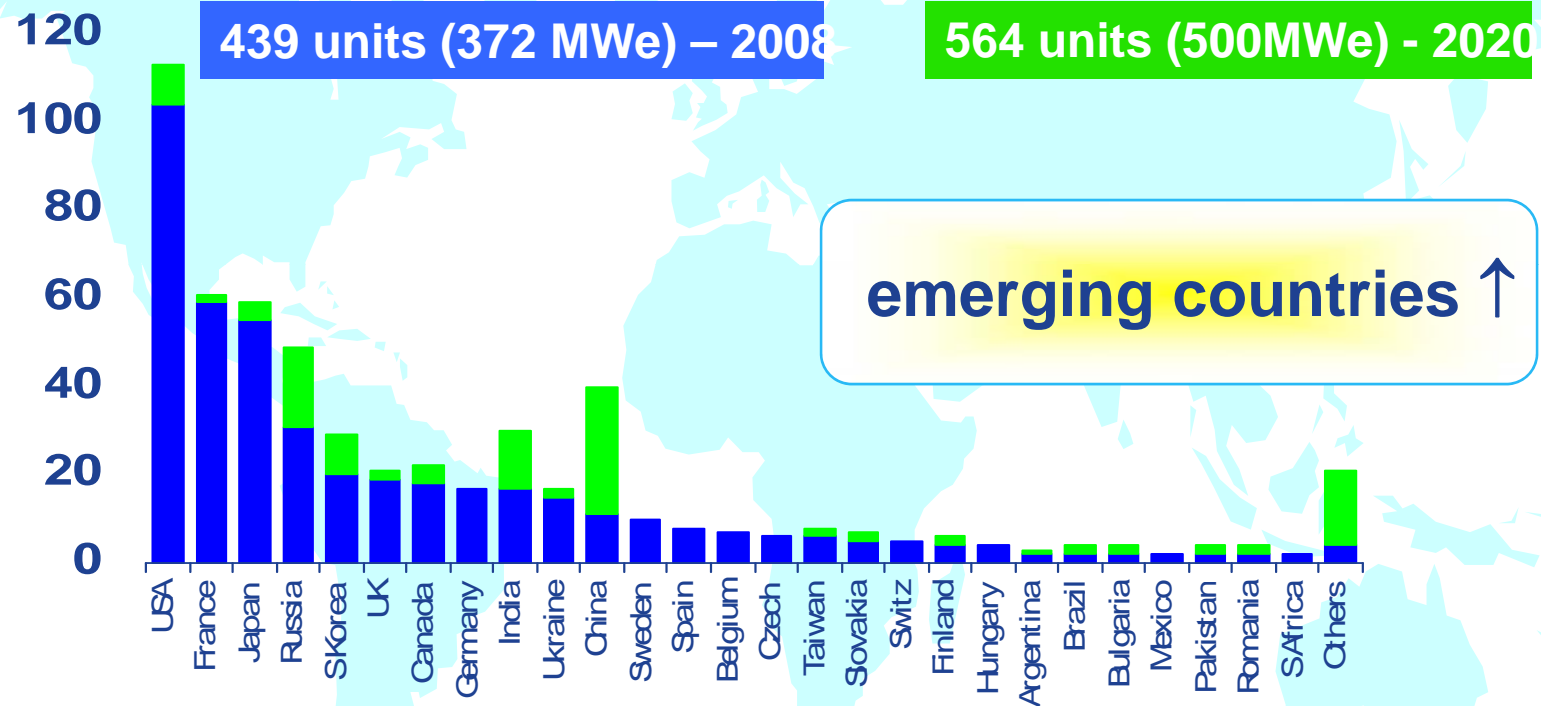


190 GW of additional wind capacity needed by '20



Nuclear worldwide – trends 2008-2020

(# units)



Source: UxC Nuclear Power Outlook, 8/08

Combined heat & power

Market potential

- 2.4 GW immediate opportunity in U.S.
- Industry targeting 20% by 2030
- 230GW potential in East & West Europe
- Multiple product lines

Policy, regulation, transaction

- EU directive/member state legislation
- U.S. Investment Tax Credit – target 30%
- U.S. efficiency/renewable electricity target
- Stimulus funding
- State interconnection & efficiency rules

