

GE Announces Intent to Enter Joint Venture with Shenhua, a Leading Chinese Coal Company

Venture to Advance Coal Gasification and Cleaner Coal Technologies in China.

Beijing, China – 17 November 2009 – Marking a significant step toward the deployment of “cleaner coal” technology in China, GE and Shenhua Group Corporation today announced that they have agreed to a framework for an industrial coal gasification joint venture which would combine GE’s expertise in gasification and cleaner power generation technologies with Shenhua’s expertise in building and operating coal gasification and coal-fired power generation facilities, to advance “cleaner coal” technology solutions in China. The announcement was made as part of “GE’s Clean Technology Week in China” activities.

The memorandum of understanding, which was signed today as part of the US-China clean energy cooperation signing ceremony in Beijing, would result in a joint venture company, in which GE and Shenhua would execute a strategic vision for expanding to improve cost and performance of commercial scale gasification and integrated gasification combined cycle (IGCC) solutions. This includes industrial coal gasification applications in China as well as jointly pursuing the deployment of commercial scale IGCC plants with carbon capture.

“The combination of Shenhua’s extensive experience in developing and operating coal gasification and coal-fired power generation facilities in China with GE’s proven gasification and IGCC technologies would create a leading gasification technology business in China with significant local presence, focus, resources and expertise,” said Mr. Wang Xiaolin, Vice President of Shenhua Group.

“Coal plays an important role in the economies of the US and China, and gasification technology allows us to use this abundant and low cost resource in a much cleaner way,” said Steve Bolze, President & CEO, GE Power & Water. “Once established, this joint venture would represent an important investment by GE and Shenhua in the future of gasification in China and the deployment of cleaner coal technologies. Each business would contribute existing technology, operational, and service expertise to create a comprehensive gasification and cleaner coal technology and service provider in China.”

The parties anticipate that the transaction would be completed in the first half of 2010, subject to the negotiation of definitive agreements and obtaining all required approvals.

Gasification technology has become a critical tool in the expansion of the Chinese economy, allowing a wide variety of industrial products and fuels to be created from low-cost abundant coal resources. GE’s gasification technology is one of the most widely applied technologies of its kind in China, with more than 40 licensed facilities. As gasification projects in China get larger and more complex, advanced technologies such as GE’s new larger scale quench gasifier and higher-pressure gasification technology will be critical to reducing overall project cost.

Shenhua is one of the world’s largest coal and energy companies, with coal reserves, coal-fired power generation, and a national role in the development of new coal-related technologies such as coal-to-liquids and carbon sequestration. Shenhua has significant experience in the development of coal-to-chemicals facilities and in the operation of coal gasification systems over a range of technology configurations.

IGCC and carbon capture technologies have been commercially demonstrated and will need to be widely deployed to enable low cost power generation from domestic energy resources, while at the same time achieving significant reductions in carbon dioxide emissions globally.

“Additional commercial scale IGCC and carbon capture facilities are needed though to further develop the industry and provide an opportunity for cost reduction and certainty, and to develop a carbon sequestration service industry,” said Bolze. “GE has been active in China for nearly 100 years, and we are pleased to be working with Shenhua as further demonstration of our commitment to helping China fulfill their energy needs through a diverse set of technologies.”

The US and China are two of the largest consumers of coal for industrial applications and power generation. There is significant interest in seeing cleaner gasification technologies and IGCC with carbon capture widely deployed in a carbon-constrained environment.

GE has been at the forefront of IGCC technology for more than two decades. GE technology was involved in several milestone projects, including the pilot IGCC plant, Coolwater, in Barstow, California, and the Polk Tampa Electric IGCC plant in Florida that helped demonstrate the commercial feasibility of IGCC. GE also is supplying IGCC technology for Duke Energy’s plant in Edwardsport, Indiana that is expected to be the world’s largest IGCC facility when it comes online in 2012.

To learn more about GE’s announcements in China this week, visit <http://www.ge.com/chinanews>.

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