

## **22<sup>nd</sup> GE and Mubadala launch global business partnership**

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Transcript

### **Launch of a global business partnership**

**Q: Mr Immelt, Mr Al Mubarak, can you tell me a bit about this global business partnership that you're announcing today, perhaps starting with you Jeff?**

A: Jeff Immelt, GE chairman of the board and chief executive officer:

We've been doing business together for a long time. GE and Mubadala have been friends and partners on various activities. I think what the framework agreement does is really takes it to another level and it really has three key parts.

The first one is the formation of a commercial finance joint venture where both partners will put in about \$4 billion of equity. It gives us I think a lot of firepower in the market place today. It capitalises on GE's good risk management origination and the strength that our partners have in the Middle East and globally. We think it's a good time for an offensive venture like this because we will see many opportunities for high returns.

The second part is really GE investing industrially in Abu Dhabi, primarily around Masdar City. We plan to invest in research and development around clean energy and clean water. We plan to be a big part of the Masdar City eco-city, which we think is quite exciting. We plan to build a learning centre there that's a continuation of the training centre we have globally and we also plan to be a partner with ADAT, which is the aviation venture inside of Mubadala, which we think is also going to represent good opportunities for growth.

The third part is really going to be co-investment on funds we've already started. GE has an industrial investment fund, Masdar has a clean tech fund and we plan to make mutual investments there.

So we think it is big, it's with an important partner and we're quite excited about the prospects.

**Q: And Khaldoon, how do you see this partnership?**

A Khaldoon Al Mubarak, Mubadala chief executive officer and managing director:

This is a very important partnership for us. GE and Mubadala going back a long way. We've built a very important partnership relationship together over the years and I think today is a wonderful day to culminate this good relationship into real long-term growth opportunities in sectors that we feel very strongly about. I think the joint venture is a fantastic opportunity for both GE and Mubadala to build a real business in Abu Dhabi that's going to bring high returns for both shareholders.

**Q: Jeff, can you tell me a bit more about what this deal means for GE?**

A: JI: I think it allows us to do several things. The first one is this is an important part of the world, a place that we see great opportunity for growth and great opportunities to earn good returns for our investors.

The second thing is we believe in technology. We think that this is a time when renewable energy, clean water and initiatives around aviation are very important and the companies that do a good job from a research and development standpoint are going to be big leaders in the future.

We've always believed in partnerships. When we look at Mubadala we see a kind of GE in the making, if you will. We see a company that is an industrial company and a financial company with a new generation of leaders, and we've always wanted to associate our company through the generations with important global companies to form partnerships and joint ventures that add to mutual growth.

**Q: And Khaldoon, what's the significance of this news for the Mubadala Development Company?**

A: KM: Well it's very significant. I think this is one of the biggest deals we've ever done and it's a very important partnership for Mubadala. Today, this framework agreement sets the tone for a global partnership between Mubadala and GE.

I think the joint venture is a major component of this agreement. I think the industrial partnership is pretty critical for the industrial development of Mubadala. Add to that the commitments that we're both doing on the fund side and the potential future involvement of Mubadala as a shareholder in GE, this is an absolutely incredible transaction. It's the first of its kind that I can think of and certainly the first time Mubadala has embarked on such a comprehensive partnership.

## **\$40 billion joint venture**

**Q: Jeff, the foundation of the partnership is an investment joint venture of up to \$40bn to invest in financial assets. Can you give us some**

**perspective on this joint venture and the opportunities that it presents to GE?**

A: JI: What we plan to do is both put in an equal amount of equity and then build that through leverage to have firepower of probably somewhere around \$40 billion. We're doing that at a time where there is significant growth globally but where the capital markets are really strained from a liquidity standpoint.

We think it's a good time to play offense with partners that we like, with assets that we know, and I think this joint venture can originate globally. It will probably start with a geographic focus but can grow from there and we look at this as just a way to continue to extend our reach as a company. But really more than that is to create maybe a new structure that has its own opportunity to grow as time goes on.

**Q: You talked to the importance of environmental initiatives to GE and that clearly plays a role here, but how does it fit into this partnership?**

A: JI: GE launched an initiative in 2004 called ecomagination, which was really a focus on clean energy and clean water. We started with \$4 billion or \$5 billion of revenue. Today it's \$18 billion in revenue. I am completely convinced that in a country like the United States renewable energy will be 15 or 20 percent of the power generation by the year 2020. It's going to need technology. It's going to need development.

Masdar City was really envisioned in Abu Dhabi as a way to kind of create an eco city, if you will. The intention exists to invest as much as \$15 billion in R&D. We think that there are many opportunities that we have that work together in that sense. We plan to create a technical centre of excellence in Abu Dhabi and Masdar City.

I think this is the future and Khaldoon and I have shared this over the time we've known each other. This, we really see as a way to potentially grow together.

**Q: Khaldoon, as Jeff has mentioned, you're building the world's first carbon free city at Masdar. Can you share with us how working with GE will help you to achieve that vision? And can you tell us how the GE research centre that will be located in Masdar fits into your plans?**

A: KM: From day one we've had a lot of discussions and GE, and Jeff personally, has been involved in supporting Mubadala with our initiative for Masdar.

Masdar is a very exciting initiative that we launched a couple of years ago. It is, in my opinion, the first of its kind and I think it's a major commitment that Abu Dhabi is embarking on towards the development of renewable energy as a commercial form of energy for the future.

Masdar City and the Masdar initiative and the Abu Dhabi Future Energy Company, which is a wholly owned subsidiary of Mubadala is all a program we've been supporting from day one and GE has been a partner from day one.

I think today the development of a research center with GE is a combination again of many months of discussions and I think, first of all, this is a project that is going to be a home run. There is no question about it. I think it's going to deliver most of, if not all, the objectives we have towards adding value from a technological standpoint towards renewable energy and to commercialising renewable energy and making it an integral part of energy consumption around the world. I think Jeff, myself, everyone in GE and everyone in Mubadala together, through Masdar City can help make this a reality.

**Q: What does GE's extension of its corporate learning centre mean to your company?**

A: KM: Again it's a wonderful addition. I was lucky enough to be in one of the first Abu Dhabi groups to come to Crotonville. It was a great experience and I think myself, and the whole team that that participated in that session, really learned a lot and we took a lot away from that experience.

Establishing a center similar to that in Abu Dhabi with the experiences and with the support of GE, I think, will add tremendous value not just to Mubadala, not just to Abu Dhabi, but I think the whole region. Both Mubadala and GE want to support the region and help develop the future leaders and future executives in the Middle East and Africa.

## **Mubadala's planned shareholding in GE**

**Q: Khaldoon, why do you intend to make this investment in GE?**

A: KM: Well, we're big fans of GE. GE is a wonderful company with a wonderful track record. We've been following the performance of GE and the share performance over the years and I think we feel today it's at a value that is very attractive to us. It fits very well within our strategic plan as a company that we would like to partner with, that we would like to be part of its story moving forward.

We are, and have always been, long-term investors and we hope through the open market to buy shares within GE and to become a top 10 shareholder within the company. This is something that fits quite clearly within the overall ambitions of Mubadala to become a global player around the world and specifically with companies like GE.

**Q: And Jeff, how do you see it?**

A: JI: Look, I think it's great. I think it's great to have a long-term focused investor in the company. So I think it can only be a positive to GE investors.

## **A long- term relationship**

**Q: Khaldoon, can you share with us what you hope to get out of this comprehensive relationship?**

A: KM: I think there is tremendous potential and I think this is just the start. I really believe this is just the start. What we have agreed on today, what is defined within the framework agreement is probably the first step of a long staircase. I think there is a lot that we can do together as GE and Mubadala. I think we've set the foundation today for a very clear and firm partnership and I think, as you will see over the years, this partnership will go to many, many places and will be beneficial for both GE and Mubadala.

**Q: So Jeff, how do you see this partnership going forward maybe five, ten years?**

A: JI: Look, GE is a 130-year-old company. We've built over time magnificent ventures. In 1972 we did a 50/50 joint venture with the French aircraft engine company SNECMA that today is the leading maker of engines in the world. So we know long-term and we know partnerships. I think one of the most important developments economically for global business people is going to be the development of the next generation of leaders in the Middle East, the business champions of the future. I want to make sure that GE is viewed as a friend, as an early investor, and is positioned to see this region emerge economically in the world and that my generation of GE leaders will benefit, but future generations will have friends all over the world and see these developments take place. That's important for a company like ours that has a long-term view.

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