

GE Water & Process Technologies

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GE Water & Process Technologies

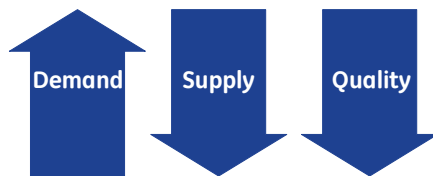


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Why the Water market?

Macro water environment ...

Facing unprecedented issues ...



- ✓ Only natural resource with **no substitute**
- ✓ **~3B people** in a 'Water Scarce' region by '25
- ✓ **Water-borne illness** ... cause of death
- ✓ Water is the **lifeblood** of industry / humanity



China Daily: "...water has turned out to be a bottleneck in the capital's social and economic development."

US Sen. Pete Domenici: "... see a future where supply and demand don't balance"

Ft. Worth Star-Telegram: "... 85% of the state's projected population will not have enough water by 2060."



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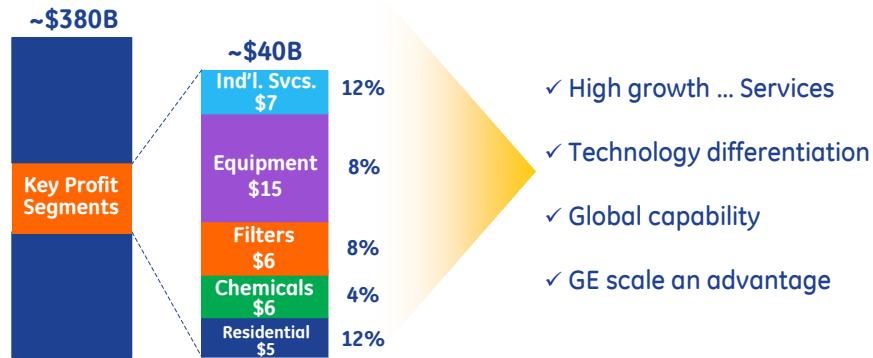
Why the Water market?

(\$ in Billions)

Total market

GE growth focus

"Target attractiveness"

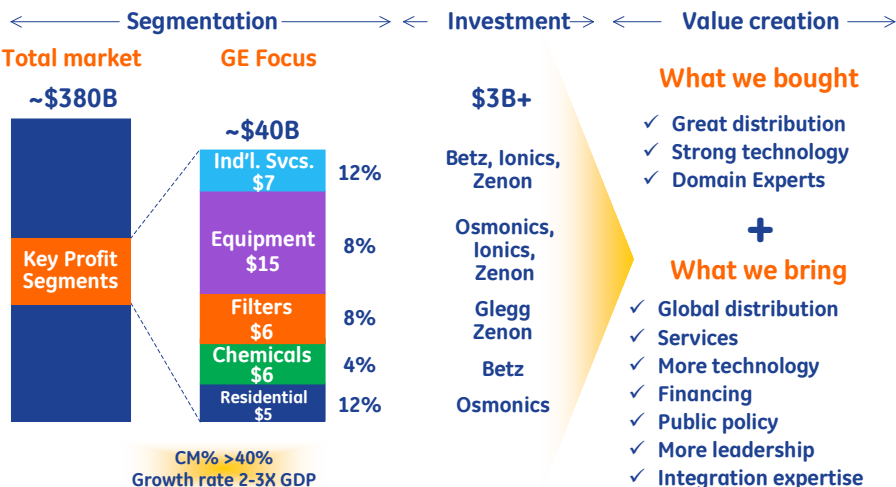


Great GE Fit



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Water strategy



In the game ... committed




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High value portfolio

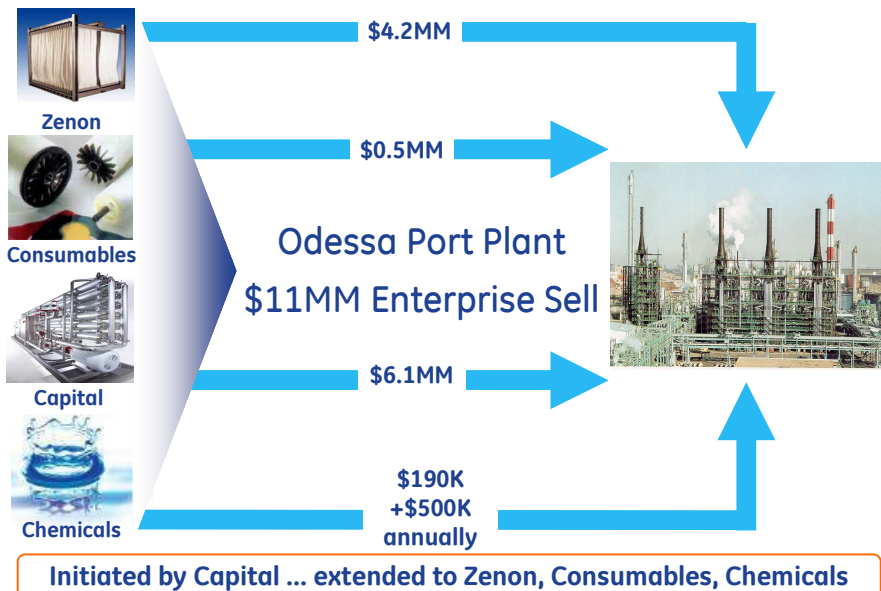
		GE	Nalco	Siemens	Veolia / Degremont	Dow	Pentair
~50%	Ind'l. Svcs. 50%+	✓		✓	✓		
	Equipment 35-45%	✓		✓	✓		
	Filters 50%+	✓		✓			
	Chemicals 45-55%	✓	✓			✓	
	Residential 45%+	✓					✓

Contribution Margin Rates

Only total water solutions provider

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Enterprise ... Odessa (Ukraine)



'06 Execution focus

Year of Heavy Lifting

- ✓ Reorganized & restructured
 - Field through backroom
 - Product sales to solution sales
 - VCP/material cost out ... LCC
- ✓ Simplified the business
 - Getting to "YES"
 - Formed Product Management structure
 - Globalized processes ... speed/effectiveness
- ✓ Further expanded the portfolio
 - Closed Zenon
 - Build out emerging mkt. capability (+200 Resources)
 - Initiated a 15%+ expansion in Mobile fleet

Solid results

- ↑ Organic growth rate
- ↑ Enterprise wins
- ↓ G&A costs

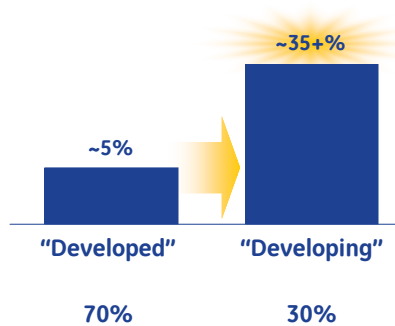
On the right trajectory



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Global growth

GE Water revenue growth ('03-'09 CAGR)



Continued actions

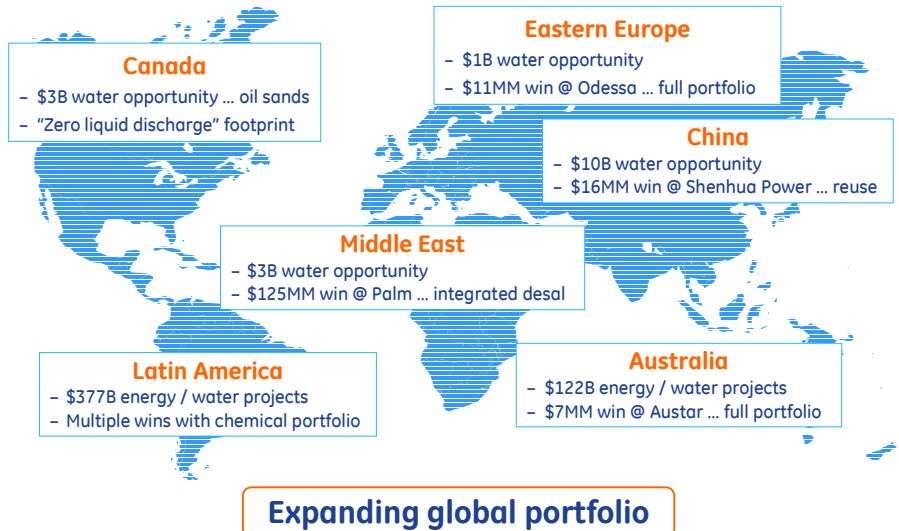
- ✓ Leverage GE scale
- ✓ Invest in country
 - Technology & fulfillment
- ✓ Redeploy service capability
- ✓ Enhance project capability
 - Partnerships, financing
- ✓ Monetize "Water Scarcity"

"Going Where the Growth Is"



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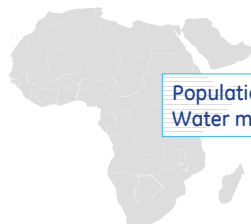
Globalization highlights



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MEA dynamics

(\$ in billions)



Population	0.2B
Water market	\$3B

- Saudi Arabia ... 63x less renewable water per capita than US ... 28x less than Italy
- Saudi Aramco ... "water is key to sustainability"
- UAE ... agricultural withdraw 10x renewable water resources
- Localized investment ... Dubai, Saudi

GE Solutions



- Thermal RO desal
- Partner with Energy



- Water balance assessments
- Local alliances & partnerships



- Advanced UF pretreatment & thermal desal chemicals
- Life-cycle mgt and asset preservation (new TOC instr.)



- In-country, for-country mfg.
- Local alliances & partnerships

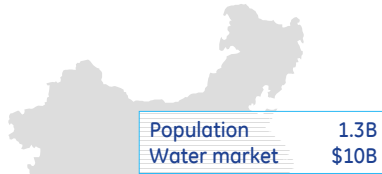


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\$0.5B+ opportunity thru '09

China dynamics

(\$ in billions)



- 21% of world population but only 7% of world's renewable water supply
- 55% of industrial wastewater goes untreated
- Infrastructure gaps...low treatment ratio and high losses
- ~\$11B industrial output loss due to water shortage



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\$0.5B+ opportunity thru '09

GE Solutions



- Industrial water reuse
- Desalination for "new" water



- Distributed water/wastewater
- Specialty membranes for recovery



- Emergency water supply
- Mobile desalination solutions



- Water balance assessments
- Spread 'Developed' practices

Infrastructure ... oil sands

Canada's oil sands.



- World's 2nd largest hydrocarbon reserves
- \$20B invested to date ... \$110B by 2015
- 4x current production by 2015 to:
 - 3.7B barrels per day
 - 4.5% global demand
- Energy, Water, O&G, EFS and C&I
- Industry selling team in place
- Coordinated mktg. effort ... trade, GE day
- >\$0.5B Infra. opportunity in '07

GE opportunity

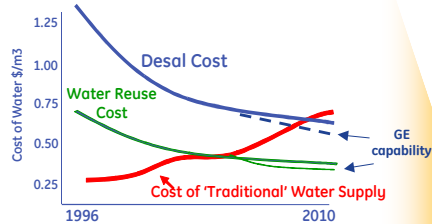


Only GE ... resourced to capitalize



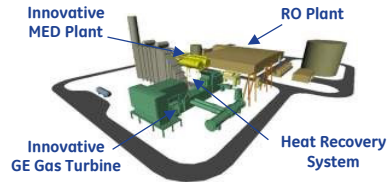
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Water + Energy ... Desal



GE Water + GE Energy

Technology ... LMS 100 Power + Water



Desal/Reuse Economics

- Energy = 35-60% of operating cost
- Membrane & filter technologies
- Water (pre) treatment advancements
- Developing Gas Combined Cycle + RO / Thermal
- Addresses Middle East needs today
- Cost of water: ↓ 12%
- Cost of electricity ↓ 18%

GE uniquely positioned to deliver



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Summary

(\$ in billions)



Positioned for Success

- ✓ Broadest portfolio in industry
- ✓ Global needs match GE strengths
- ✓ Improving performance ... growth, margin expansion, simplification
- ✓ Building global footprint

Building good momentum ... OP up 2X+ in '07



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