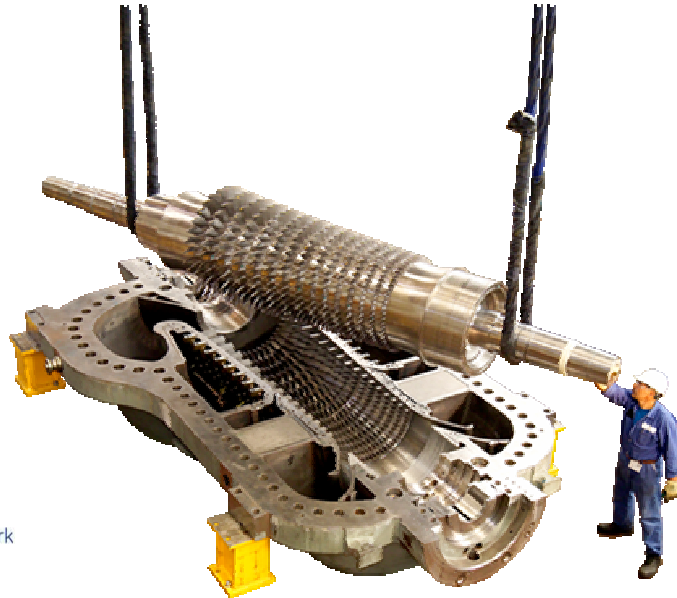


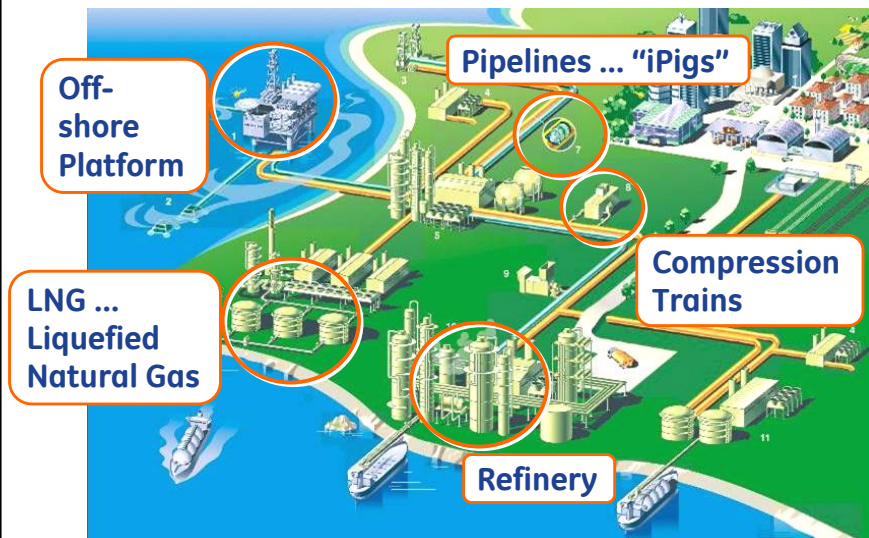
GE Oil & Gas

Claudi Santiago
President & CEO
GE Oil & Gas



imagination at work

Oil & Gas industry



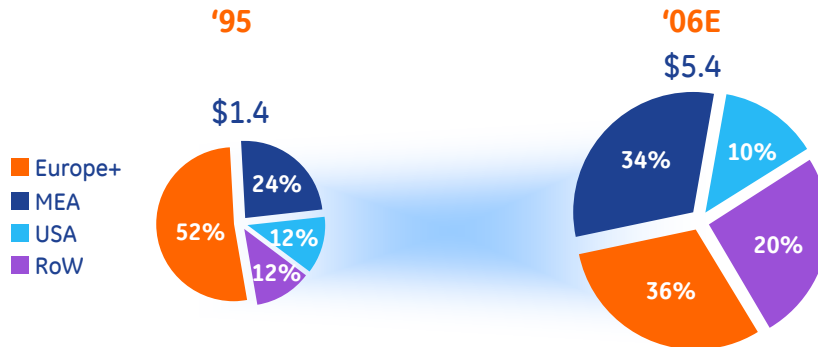
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How We Got Here



Global presence

(\$B orders)



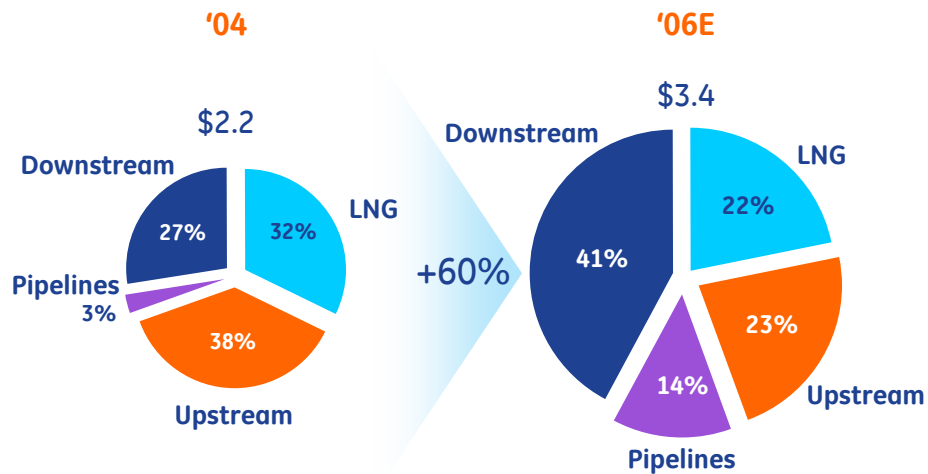
- Expanded global footprint ... US, Middle East & China
- Localized resources ... responsiveness and service capabilities
- Strong relationships with both majors & nationals ... managing the power shift



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Equipment portfolio transformation

(\$B orders)



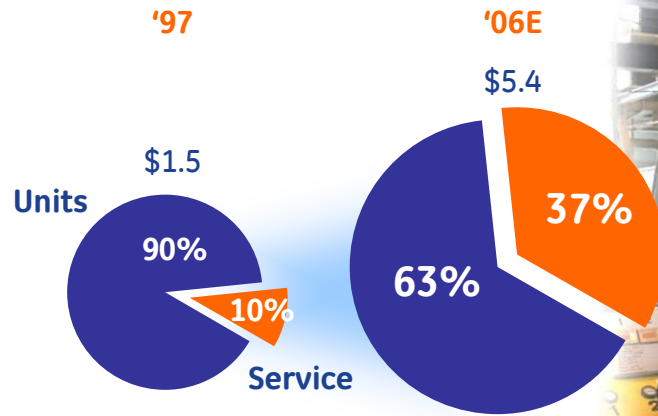
Building other platforms while maintaining LNG position



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Service evolution

(\$B orders)



Service revenues up 10X in 10 years



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Market Opportunity

Oil & Gas prices remain high



Oil

55-65 \$/bbl



Gas

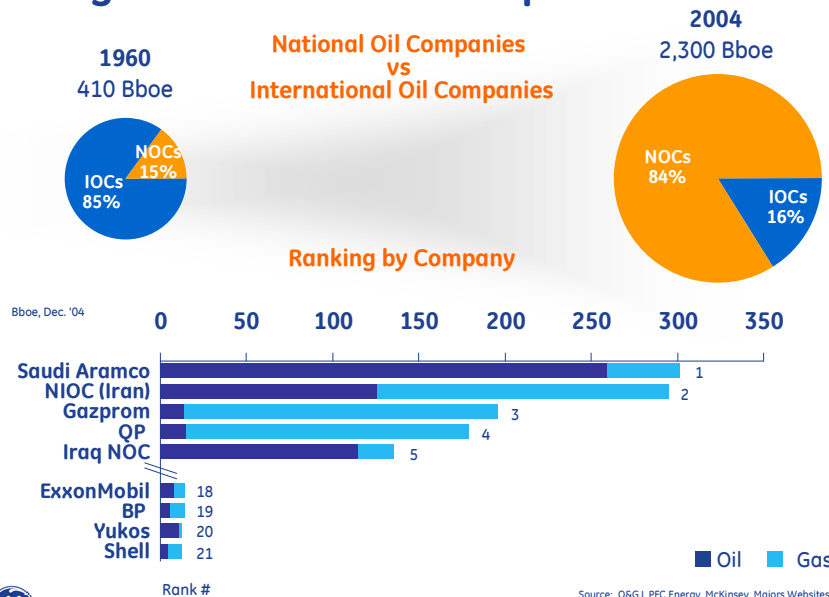
5-8 \$/Mbtu

- Throughput & uptime at premium ... equipment reliability rewarded
- More investment in frontier areas ... technology a key enabler
- Spending in O&G strike zone 2x'01 levels ... lots of opportunity for GE

Industry fundamentals strong

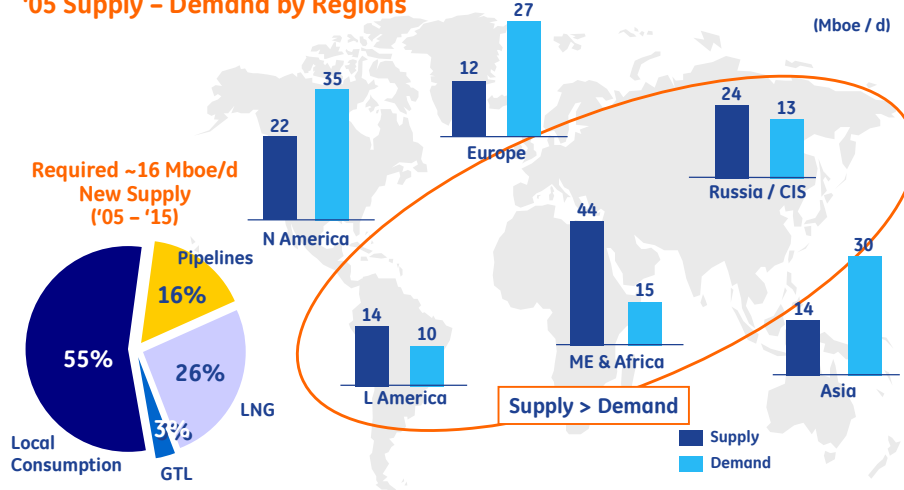


Oil & gas reserves ownership



Oil & Gas regional supply & demand imbalance

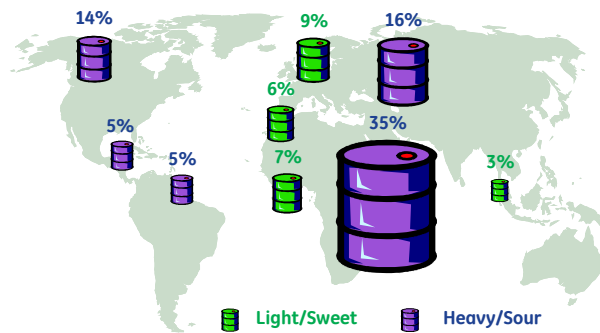
'05 Supply – Demand by Regions



Average oil barrel changing ...

(% of ww crude supply)

Main source of oil crudes and average quality



- Refined product demand outpacing capacity
- Oil heavier & sourer ... increased conversion complexity
- High oil prices making refinery investments attractive

~50 grassroots refineries
~150 upgrades



Source: CoP, BP

Growth markets

Supply Markets

W. Africa



Algeria



Highlights

- Solid growth prospects ... \$1.6B '07-'09
- Strong local presence ... 80 people in region
- ~\$450MM orders YTD driven by service platform
- Key wins: Skikda and Arzew LNG plants

Demand Markets

China



India



- Service JV with SBW supporting 600 machines
- Downstream ... line of sight to \$850MM '07-'09
- Infrastructure build ... East to West pipeline
- In-country engineering ... ~100 people by '07



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Investing for the future

Technology differentiation

(\$ in Millions)

Key technologies

Compression Technology ... efficiency & reliability



- Large LNG & pipeline compressors

Gas Turbines ... fuel flexibility



- Large frame & aero-derivatives

Electrification ... high speed electric motors



- Pipelines & sub-sea applications

Services ... product upgrades & CSA productivity



- Emissions & advanced materials

NPI spending '01-'09



... Plus access to world-class R&D technology programs



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Lean 6σ ... Creating manufacturing capacity

Compressor assembly pulse line



- ✓ 50% faster
- ✓ 26% productivity
- ✓ 30% quality improvement
- ✓ 9 lines done ... Expanding to 24

Lean² = Free Capacity + Productivity

- 150 more units with same footprint
- '07 Turbines & Compressors 2x '04
- "String test" 20% cycle reduction

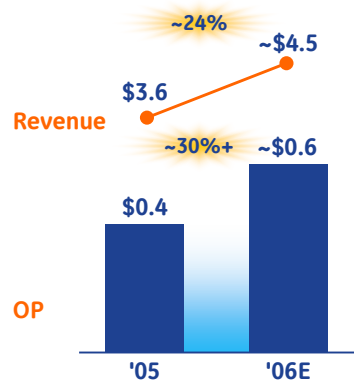
String test bed



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Summary

(\$ in billions)



Growth Playbook

- Strong product offering ...
Continuing to invest
- Growing service capability
- Expanding global footprint
- Aligned to meet changing market environment

Well positioned for '07 & beyond