

GE
Energy

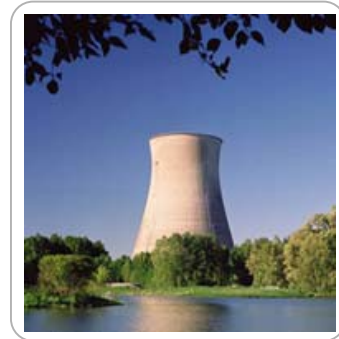
Meeting Big Challenges

John Krenicki
President and CEO

"This document contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest rates and commodity prices; strategic actions, including dispositions; future integration of acquired businesses; future financial performance of major industries which we serve, including, without limitation, the air and rail transportation, energy generation, media, real estate and healthcare industries; unanticipated loss development in our insurance businesses; and numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive and regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements."



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Global Trends ...

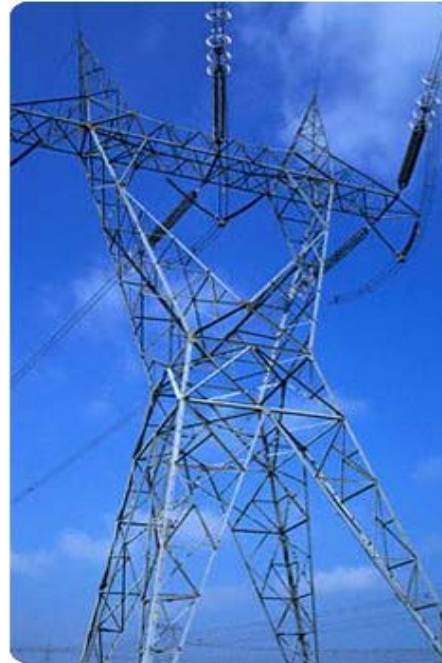
Population



Consumption



Energy Security



Environment



... Create Big Challenges

And the Challenges ... Drive the Technology

- High fuel prices ... require **higher efficiency**
- Energy security ... requires **more diverse solutions**
- More stringent environmental standards ... require **lower emissions, increased use of renewables and nuclear**



Around the World ... Diversity is Key

Europe

- Gas and oil prices up 2X over two years
- Import dependency forecast to rise to 70% by 2030

China

- 2X increase in installed capacity by 2010 ...
30%+ of world's additions

India

- Government committed ... 'power to all' by 2009

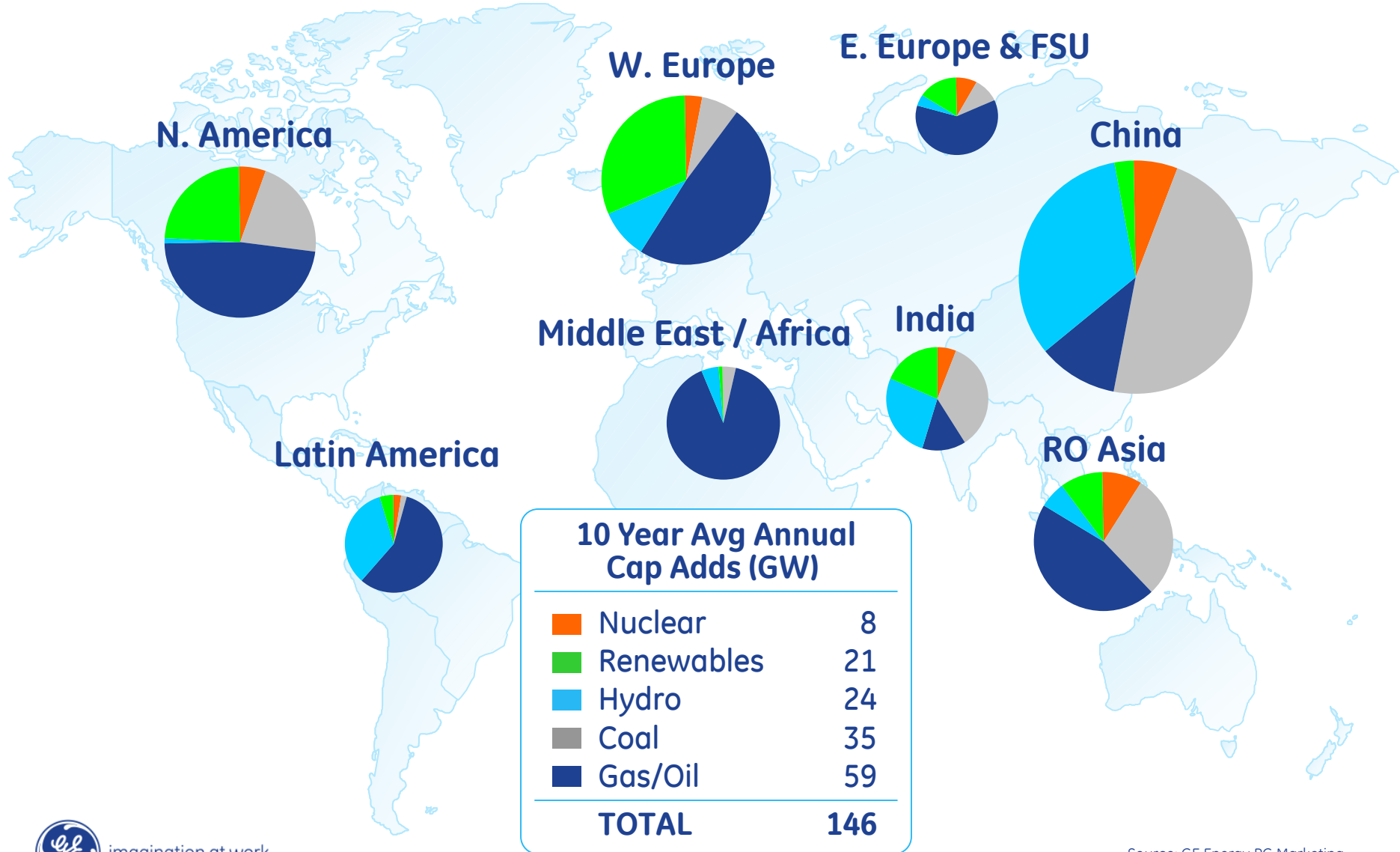
Overall

- Environmental/security concerns everywhere
- Forward fuel costs high and volatile
- Core industry investments following low fuel costs



Power Gen Landscape ... Next 10 Years

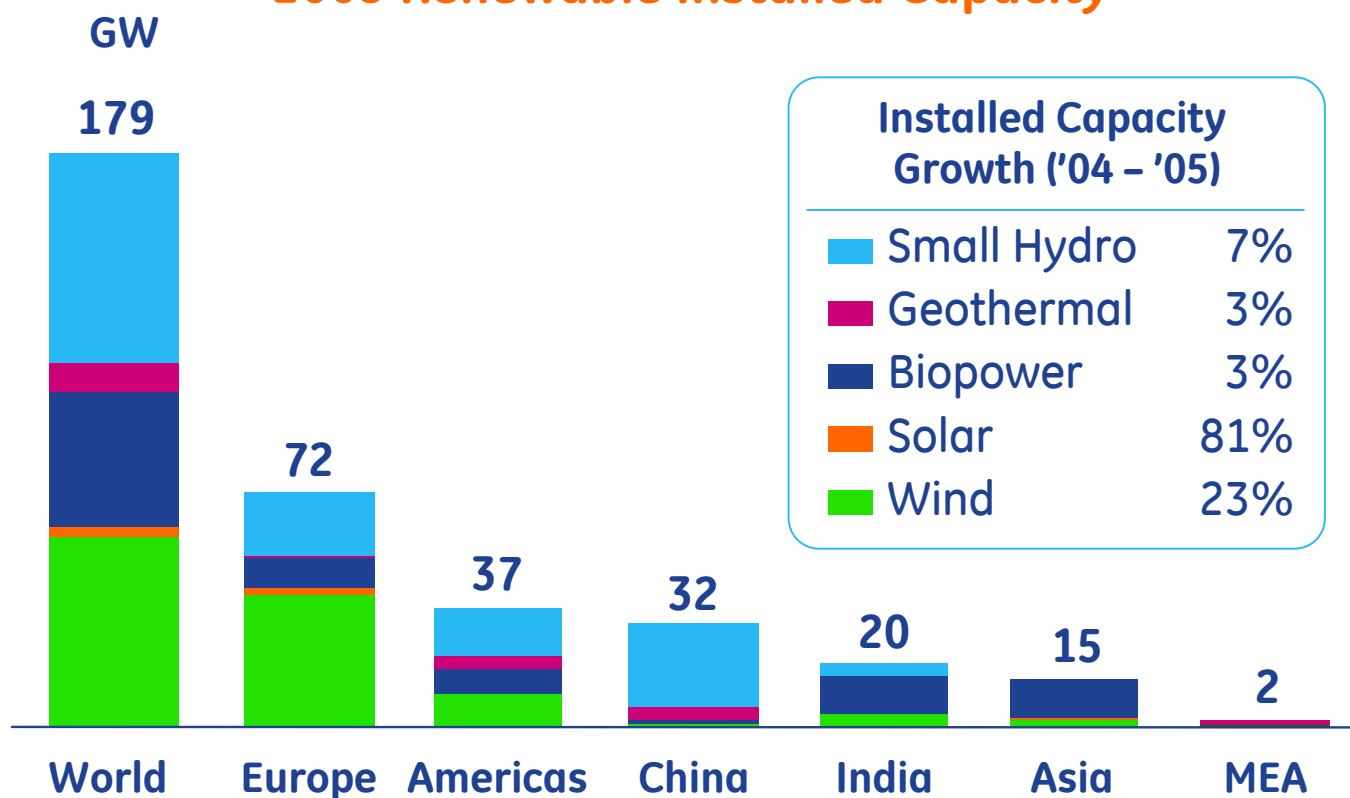
Total Capacity Additions – GW (2006 – 2015)



Growing Demand for Renewables ...

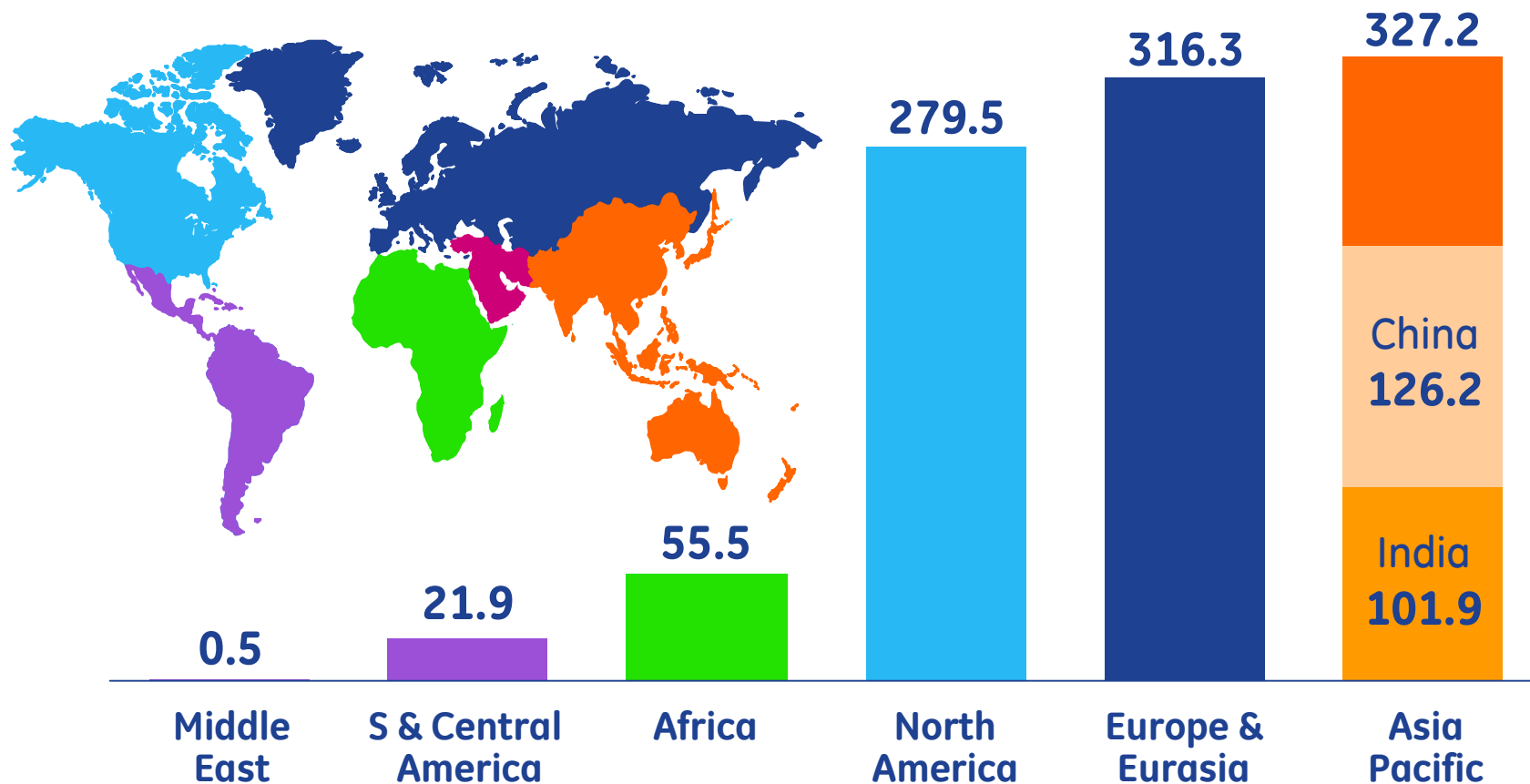
- Renewable technology ... only 3% of electricity production today
- Strong historical and projected growth ... ~25% CAGR ('95 – '13)

2005 Renewable Installed Capacity



... Coal Is Still A Primary Energy Source

Recoverable Coal Reserves (Million Short Tons)



Meeting Big Challenges ... with Big Solutions

Diverse



Nuclear
Coal
Gas
Wind
Oil
Geothermal
Biomass
Hydro
Solar



Efficient



Driving Cost of Electricity Down

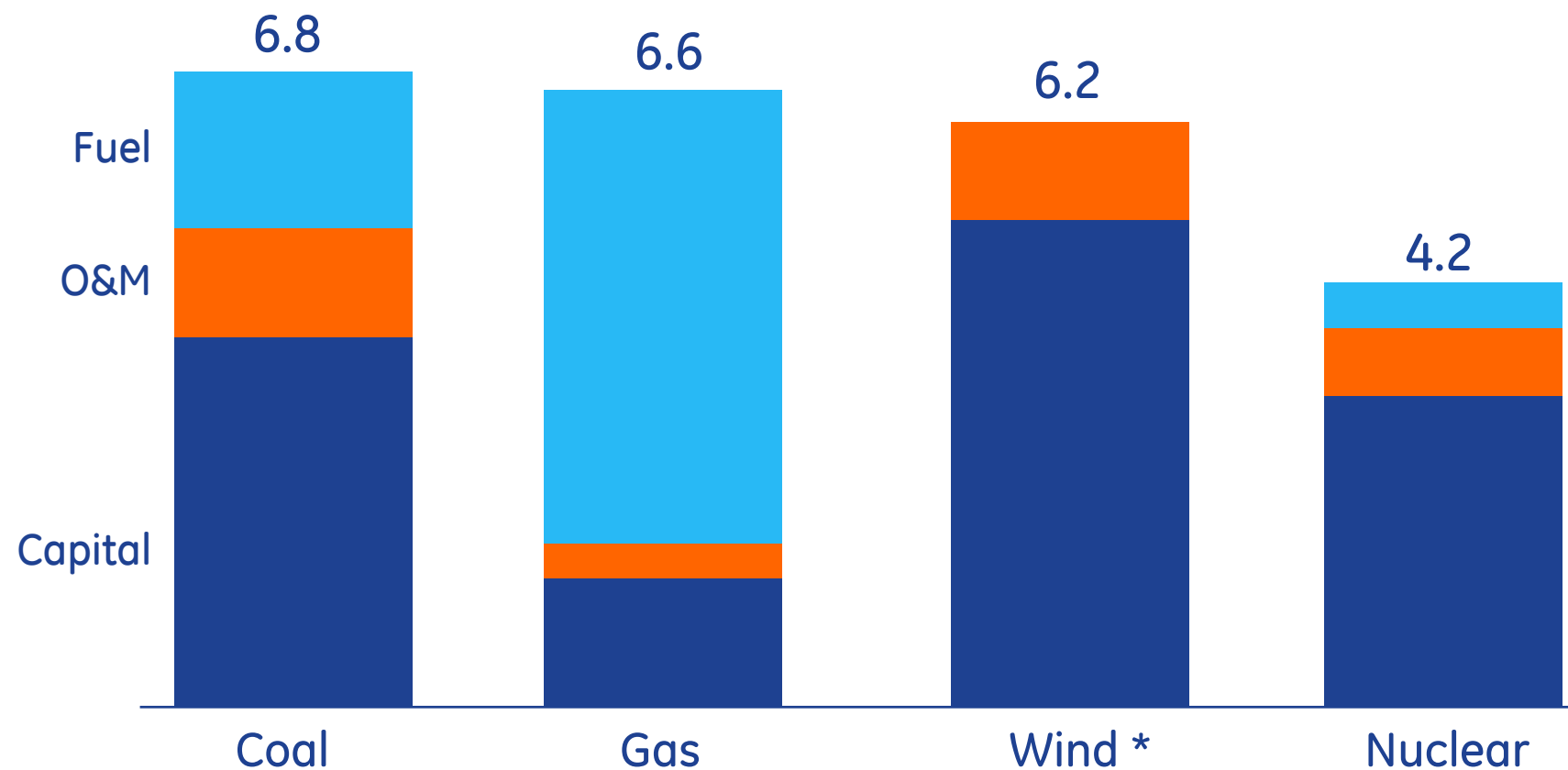
Affordable, Reliable & Environmentally Responsible



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Technology Diversity is Critical

Cost for New Build ... COE (cents/kWh)



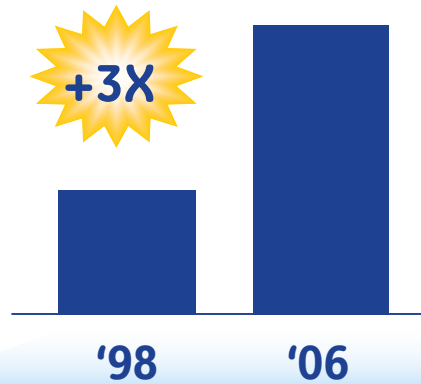
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Cost for New Build ... COE (cents/kWh)

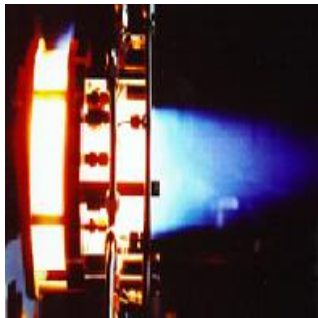
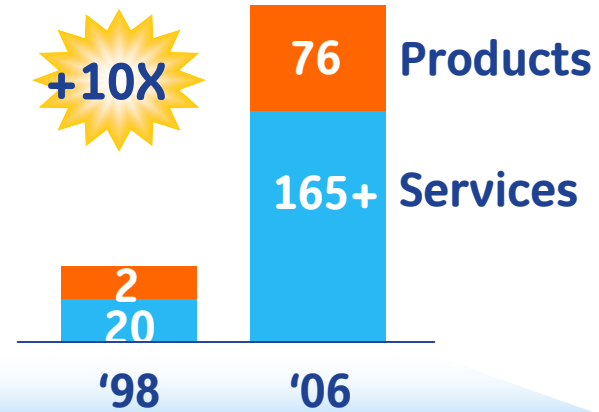


... Increasing Investment

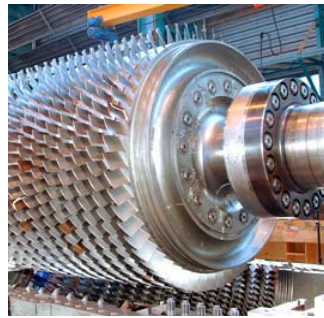
New Product Investment



New Product Launches



Combustion



Aerodynamics



Materials



Controls



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Leading Technology Across the Portfolio



Gas



Cleaner Coal



Nuclear



Wind



Hydro



Biomass



Solar



**Network
Reliability**



**Environmental
Services**



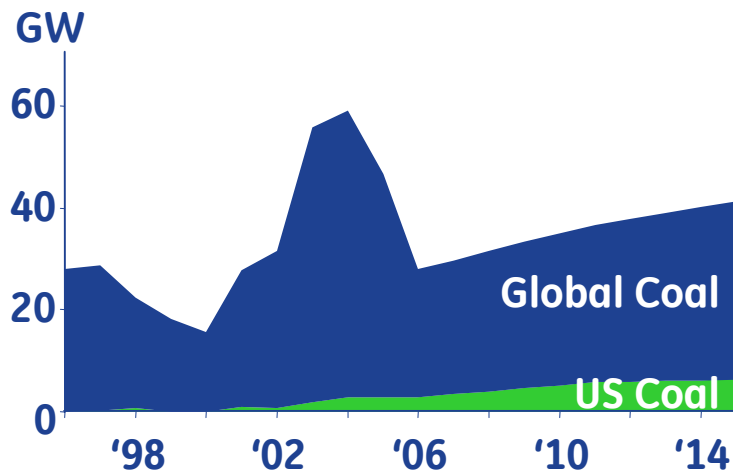
**Asset
Optimization**

Meeting Big Challenges ... with Big Solutions

Cleaner Coal

- World's most abundant resource
- Global recoverable reserves ... oil 40 yrs, natural gas 65 yrs, coal 165 yrs
- Improving economics ... IGCC cost of electricity at parity with pulverized coal
- Responding to need to balance economic growth and environment

Coal Outlook



Environmental Impact

Reduction vs Pulverized Coal

NOx	~33%
SOx	~75%
Particulates	~50%

Achieve 90% mercury removal
at a fraction of the cost

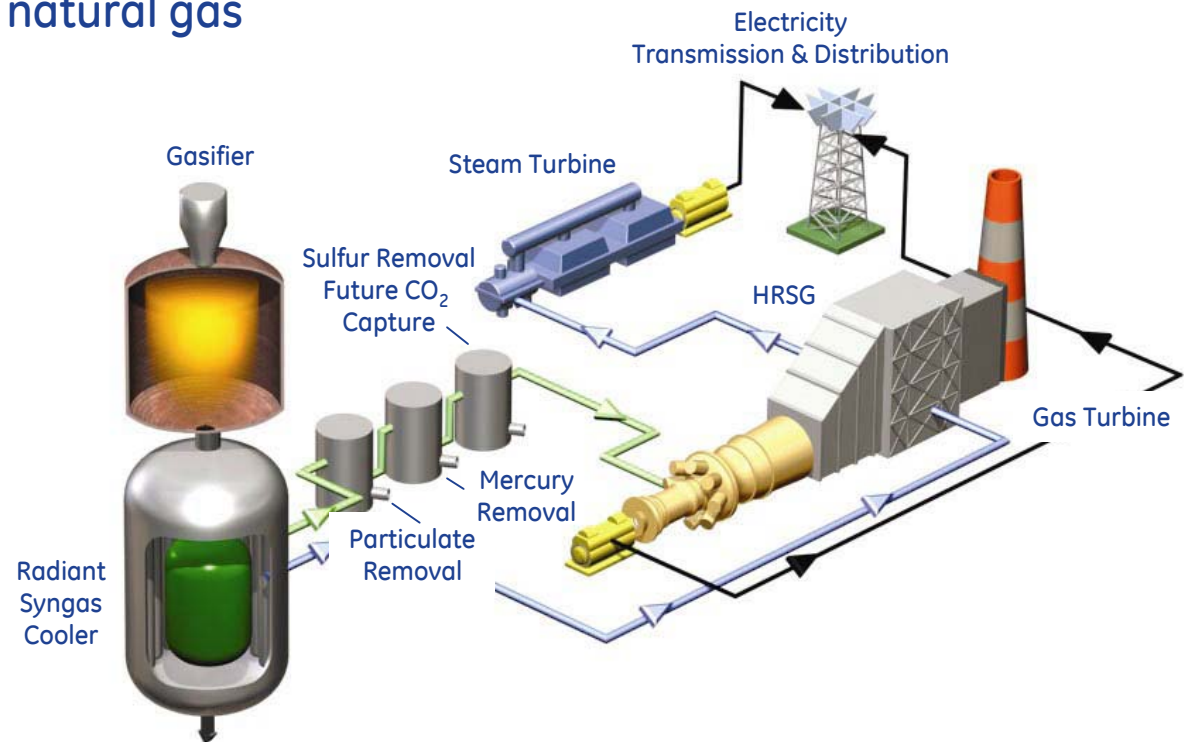
Leading Technology in Cleaner Coal ... IGCC

Focused on energy security, CAPEX and emissions

- Converts coal to synthesis gas ... cleaned prior to burning
- Produces useful byproducts
- Driving down cost and emissions
 - CAPEX approaching pulverized coal (pc)
 - Emissions approaching natural gas

GE Content

IGCC	vs.	PC
40%		5%

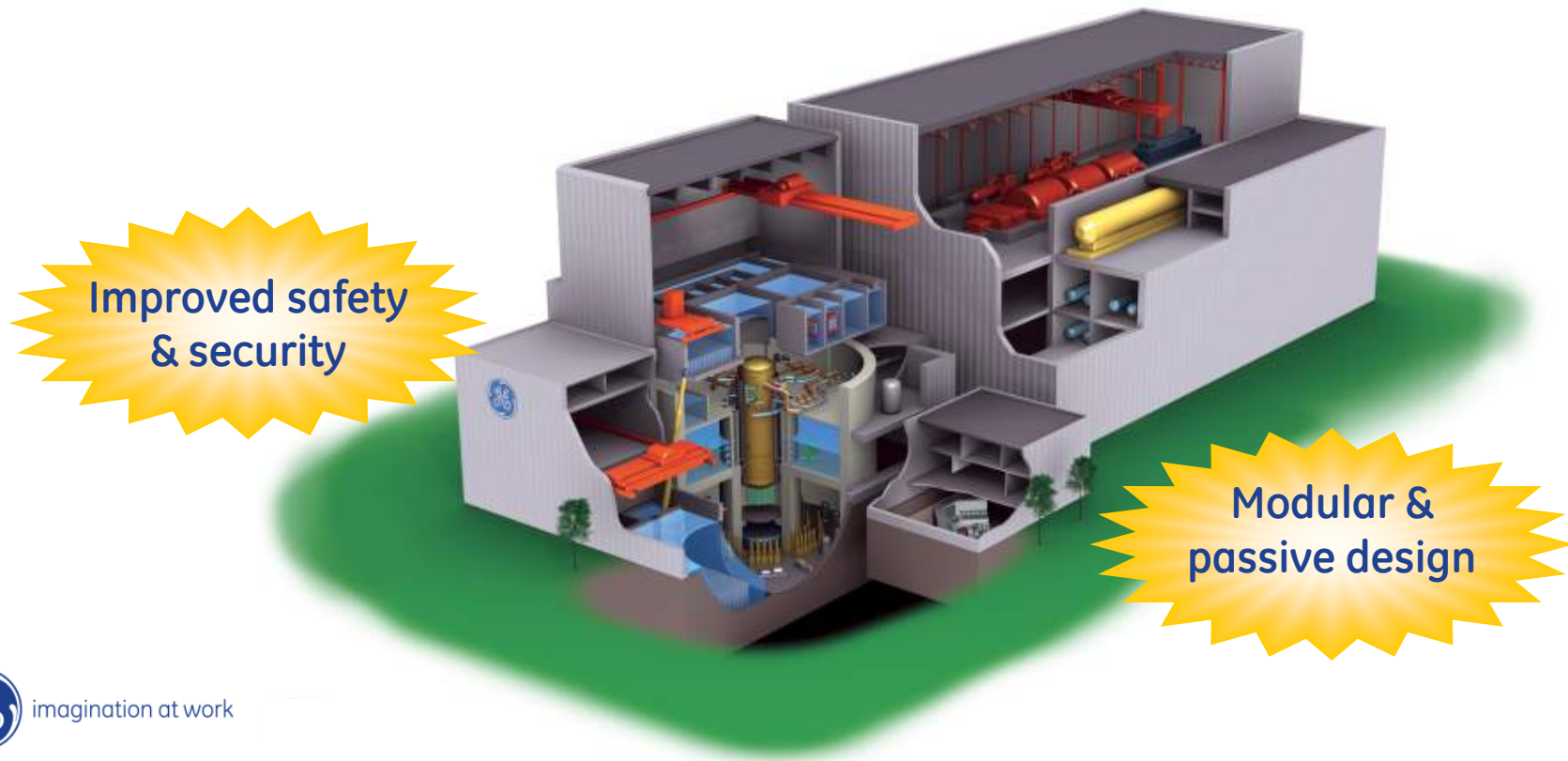


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Leading Technology in Nuclear ... ESBWR

Simplified design, increased output, smaller footprint

- Reduced CAPEX and OPEX, shorter construction schedule
- Part of US DOE 2010 Program, design certification submitted to NRC, selected by NuStart, Entergy & Dominion
- On plan for 2007 Combined Operation License applications



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Leading Technology in Gas ... LMS100®

World's most efficient simple cycle gas turbine

GE advantage ... turbine core
from Aviation technologies

Booster and Power Turbine from Energy

Highest simple cycle efficiency ... 46%

10 minute start to 100 MW

Today

Load test complete ... >104 MW to date

6 units on order +14 commitments
received through '08

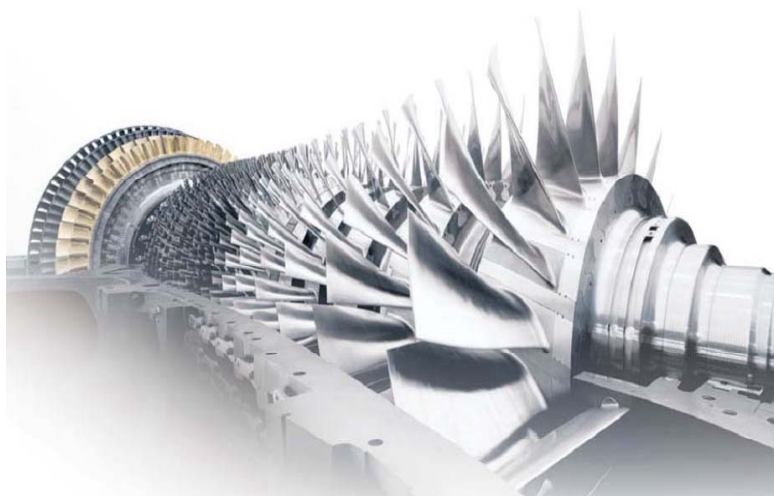
First unit in commercial operation,
'06 ... Basin Electric



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Leading Technology in Gas ... H System™

World's most advanced combined cycle technology



Execution

Baglan Bay, UK

- Only OEM demonstrating rotational steam cooling
- 480 MW, 13ppm NOx
- 14,000+ fired hours, 6.2MM+ MW hours

TEPCO, Tokyo Japan

- 3 x 109H – 1,520 MW ... shipping '06-'08

Inland Empire, California

- 2 unit 7H launch ... commercial 2008

The Future

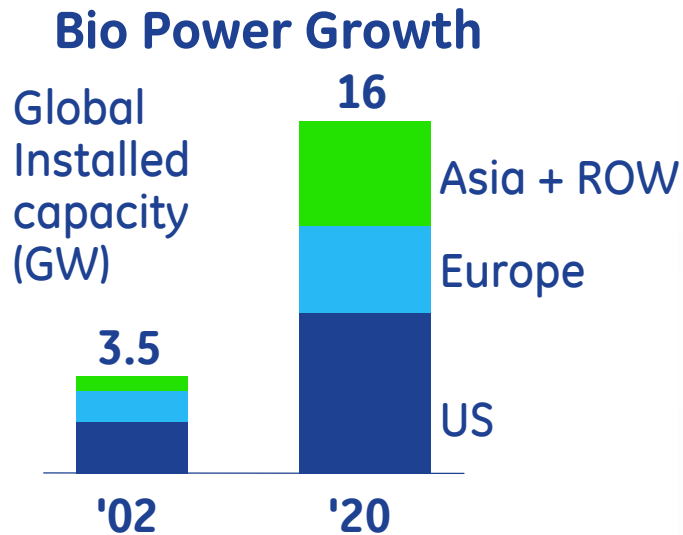
- Performance growth platform
- Maintains technology leadership

Leading Technology in Renewables ... Biomass

Converting waste into energy

Efficiency, Reliability & Fuel Flexibility

- 1.2 GW total GE installed base ... biomass
- 1,450 units delivered for use of biogas, landfill gas, and sewage gas
- 480+ engines shipping in 2006 ... up 54%
- Patented combustion technology ... CO₂ neutral



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Leading Technology in Renewables ... Wind

Cleaner energy solution, low-cost energy source



1.5 MW Platform

- Among the most proven and utilized technology
- Over 4,100 units worldwide
- 97%+ availability



Multi-Megawatt

- Full power conversion
- Simplified servicing
- Larger farms with easier grid integration

Future: 3 MW

- Permanent magnet generator
- Advanced controls



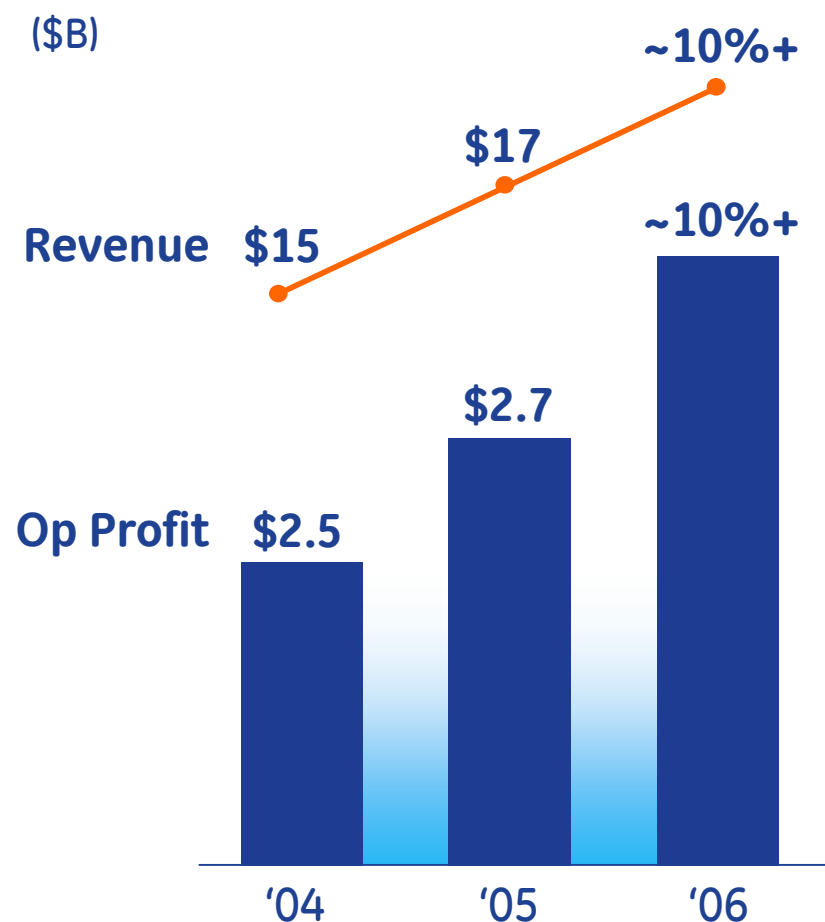
3.6 MW Offshore

- Arklow demonstration project ... 7 x 3.6s
- Largest commercial operation

Future: 5 - 7 MW

- Leading cost of energy
- Utilizing GE technology strengths

Big Challenges ... Bring Big Opportunities for Growth



Energy Growth Drivers

- Installed base ... diverse technologies strong position and growing
- Services ... \$1B+ revenue ... new products, platforms and regions
- Wind ... US demand
- Aeroderivatives and gas engines ... new product introductions, service and price realization
- Simplification & cost out

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