

GE Energy Financial Services

Views from a Leading Corporate VC Investor

Kevin Walsh
Jefferies Global Clean Technology Conference
March 17, 2010

"Results are preliminary and unaudited. 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 financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: the severity and duration of current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of U.S. and foreign government programs to restore liquidity and stimulate national and global economies; the impact of conditions in the financial and credit markets on the availability and cost of GE Capital's funding and on our ability to reduce GE Capital's asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the soundness of other financial institutions with which GE Capital does business; the adequacy of our cash flow and earnings and other conditions which may affect our ability to maintain our quarterly dividend at the current level; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, network television, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of proposed financial services regulation; strategic actions, including acquisitions and dispositions and our success in integrating acquired businesses; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive 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."

"This document may also contain non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information posted to the investor relations section of our website at www.ge.com."

"In this document, "GE" refers to the Industrial businesses of the Company including GECS on an equity basis. "GE (ex. GECS)" and/or "Industrial" refer to GE excluding Financial Services."

GE: A tradition of innovation, especially in energy



**"I find out what the world needs ... then I go ahead
and try to invent it."
-- Thomas Edison**

GE Energy Financial Services: 30 years' energy experience

Across Energy Spectrum



Renewables



Power T&D



Midstream



Oil & Gas

Across Capital Structure



Financing & Investing

Across Geographies



North America

Europe

Latin America

Southeast Asia

India

Middle East

\$23B in 300 energy investments + network of participants = vast energy footprint

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GE Energy Financial Services' Venture Capital team

- Among most active investors in emerging tech companies: 21 companies (34 deals) since '06
- 3 went public: A123Systems, Nanjing Gear, Orion Energy
- Review 1,000 business plans/year
- Offices: Boston; Stamford, CT; San Francisco; and Munich
- Partner with top-tier VCs
- Focus on US & W. Europe; opportunistic investment in other regions



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Notable VC and growth investments*

as of January 2010

Renewables



Energy Efficiency & Smart Grid



Oil & Gas



Proof of Concept

Pilot Stage

Early Sales (\$2-10MM)

Growth Stage (\$30-200MM)

* Since 2006; excludes several undisclosed investments

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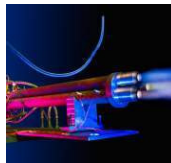
GE and VC investing: A strategic fit

Benefits to GE

- Attractive financial returns ... top decile platform and performance
- Technology window ... see next \$ billion platforms early
- Building relationships ... VC firms and entrepreneurs

GE's Strengths

- Expertise ... GRC, GE Energy, EFS' and GE Equity VC experience
- High impact collaborations ... bringing "more than money" to help companies succeed



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What makes opportunities attractive to GE?

Standard Investor Factors

- ✓ Market
- ✓ Technology
- ✓ Team
- ✓ Stage
- ✓ Geography
- ✓ Co-investors
- ✓ Capital Intensity
- ✓ Materiality
- ✓ Risk / Return

Value to GE and GE Ability to Add Value

- ✓ GE Supply Chain Partners
- ✓ GE Channel Partners
- ✓ Advanced Technologies
Applicable to GE Products
- ✓ Large New Market Opportunities
Adjacent to GE Positions



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What's next for VC investing?



The Bull Case

- **Strong long-term signals for new technology:** oil prices, carbon, BRICs
- **Government support globally**
- **Companies maturing...** retiring risk, increasing commercial sales
- **IPO market (slowly) returning**
- **Shakeout will thin the field...** Fittest will survive and grow stronger



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What's next for VC investing?

The Bear Case

- **Renewable economics more challenged...** Lower natural gas prices, higher cost of capital
- **Reduced energy demand**, brutally competitive markets
- **Difficult to raise project finance**
- **Capex constraints...** customers have less money to spend
- **Strategic M&A limited**
- **Unpredictability of policy moves and timing**



Policy a key driving force... US must improve clean energy position

	Status			
	US	China	Europe	Japan
Growing domestic marketplace	Y	G	Y	R
Investment in technology	Y	G	G	G
Scalable + competitive supply chain	G	G	Y	Y
Supportive public policy	R	Y	G	G

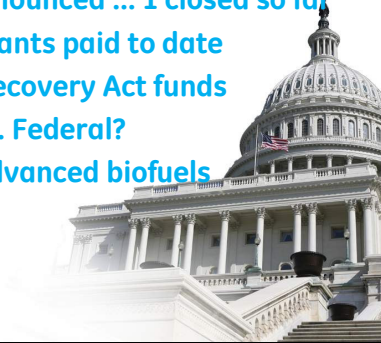
US: Sentiment ↑ ... Actions ↓... not too late

Recovery Act a good start

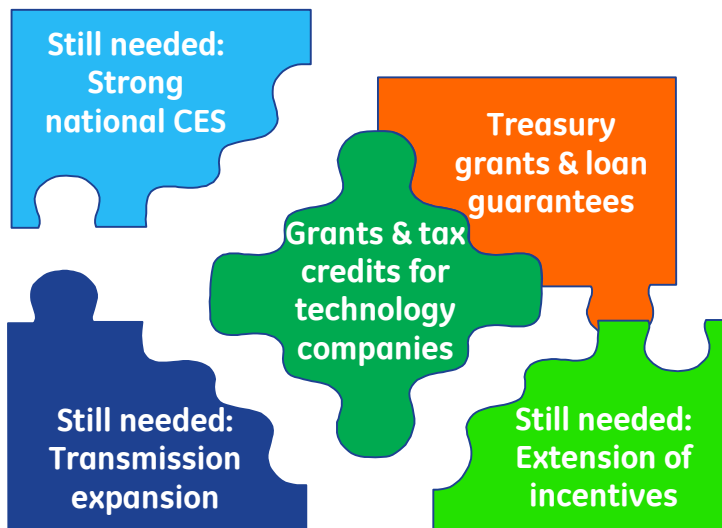
- ✓ ARPA-E funded 37 of 3700 proposals ... \$200MM more to award
- ✓ Grid Modernization \$3.5B of matching grants awarded
- ✓ Manufacturing Tax Credits \$2.3B awarded ... \$5B expansion?
- ✓ Advanced Battery Manufacturing Grants \$2B awarded
- ✓ Carbon Capture & Sequestration \$3.4B for demonstrations
- ✓ Loan Guarantees 8 loans/\$10.6*B announced ... 1 closed so far
- ✓ Tax Incentives \$2.6B Recovery Act grants paid to date
- ✓ State Programs deploying \$5.8B of Recovery Act funds
- ✓ State RPS Mandates 29 states + DC ... Federal?
- ✓ Renewable Fuels Standard driving advanced biofuels



* Includes \$8.4 B for Vogtle nuclear project



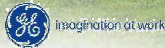
Completing the policy puzzle



US Clean Energy Standard

Opportunity for "creative" Energy bill in '10 ...
A down payment on climate change

- **Widen the technology tent** ... + CCS, efficiency, nuclear
- **Meaningful goals** ... short and medium term impact
- **Upgrade the system** ... incentives to retire old, inefficient coal
- **Build US future** ... large markets will prevail, sustainable "green" jobs



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