

GE
Energy Financial Services

Workshop on Nigeria's Power Needs

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October 2008



GE & Where Energy Financial Services Fits

327,000 employees across 100 countries

'07 Revenue \$173B and profit \$22.5B

Energy Infrastructure



Technology Infrastructure



GE



NBC Universal



Treasury



GE Money



Energy Financial Services



Commercial Finance



Aviation Financial Services



GE Energy Financial Services' strengths



Typical EFS transaction attributes

Asset type

- Long-lived
- Operating company with contracted cash flow
- Limited process complexity
- Proven technology
 - Critical to operations
 - Non-core to operators
- Discrete assets (possibility to carve-out from operations)

Economics

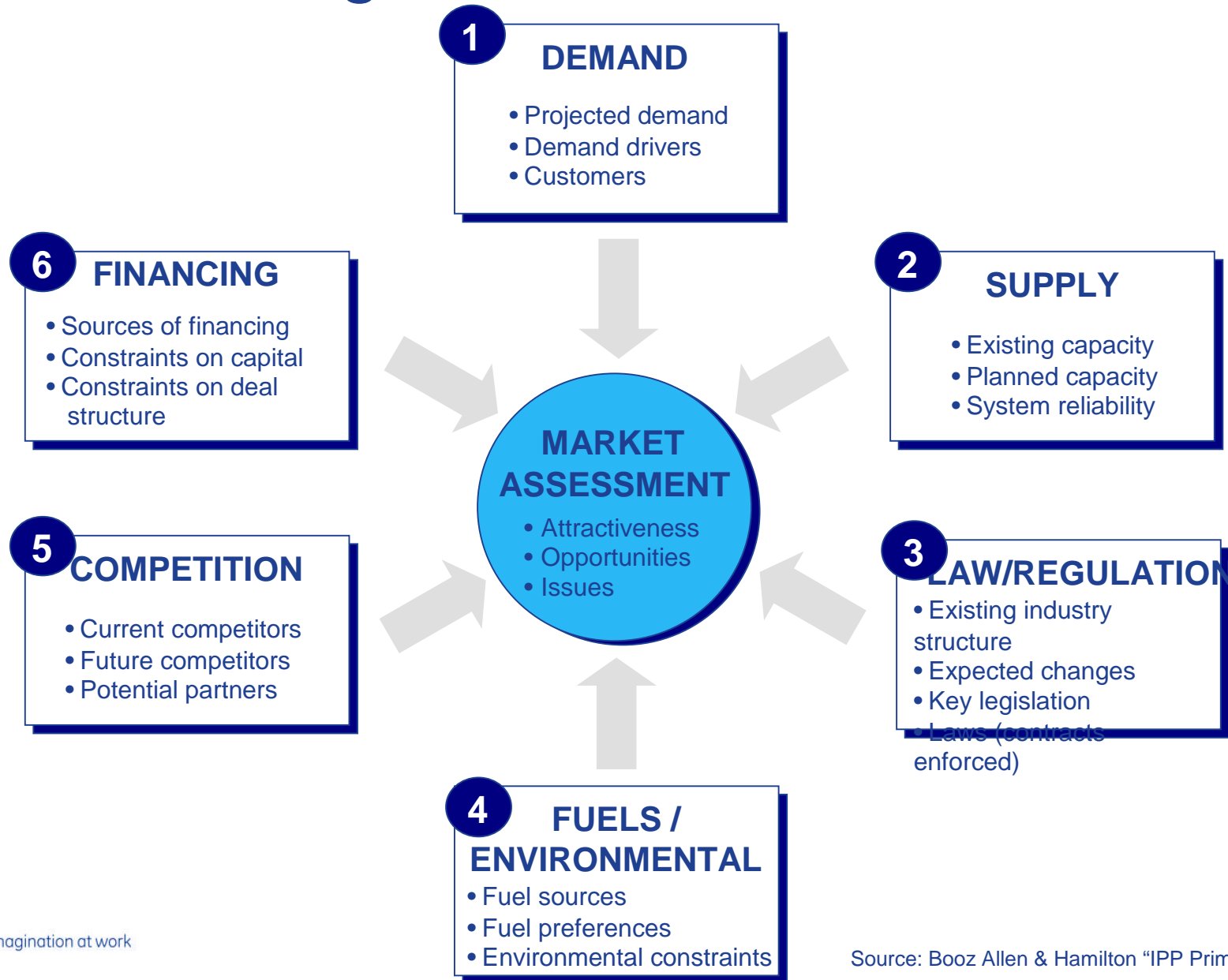
- Stable, predictable margins
 - Take or pay/tolling agreement
 - Fixed price, long-term contracts
- No/minimal development capital
- Generally, \$25 million investment floor

Customer transaction drivers








- Asset-specific leverage
- Non-core asset de-capitalization/outourcing
- Non-core activity de-capitalization/outourcing
- Incentive alignment (GE and customer's via equity)
- Acquisition financing

EFS favors investments with secure, ratable returns and cash flows

Forces driving attractiveness of market

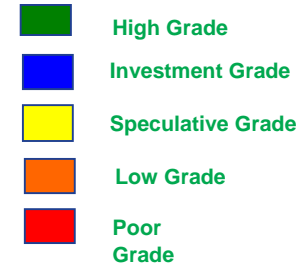


Investment attractiveness in Nigeria

Criteria	Nigeria Assessment	Comments
1 & 2 DEMAND & SUPPLY		<ul style="list-style-type: none"> Desperate need of capacity investment to meet demand needs; availability and transmission losses significant concern Inadequate and inefficient infrastructure
3 LAW & REGULATION		<ul style="list-style-type: none"> Corruption index (10=clean) = 2.8 EIU Banking & Economic risk rating = B Vision 2020 and Power Reform Act make sector a priority, but results lacking and short track record
4 FUELS/ENVIRONMENTAL		<ul style="list-style-type: none"> Significant oil & gas resources Under-developed infrastructure restricts access; Niger Delta conflict exacerbates difficulties Strong IOC presence
5 COMPETITION		<ul style="list-style-type: none"> Multinational oil companies have established presence; few companies/investors in power sector starting to enter only recently
6 FINANCING		<ul style="list-style-type: none"> Financing has been obtained for foreign-invested projects, but sample size is small World Bank involved in ~\$400M in power-related projects
A FOREIGN INVESTMENT INCENTIVES		<ul style="list-style-type: none"> FDI little and selective – Nigeria not in top 10 of FDI destinations and over 50% goes toward oil and gas No Bilateral Trade and Investment Treaties
B PROJECT ECONOMICS		<ul style="list-style-type: none"> Attractive project returns if properly structured Market/off-taker risks Active tax considerations



How Nigeria Stacks Up



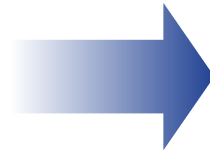
EIU Country Risk Indicators (Sept 2008)

	Investment Risk	Composite Risk	Currency Risk	Sovereign Risk	Banking Risk	Political Risk	Economic Risk	Corruption (10=clean)
Brazil		BBB	BBB	BB	BB	BBB	BBB	3.5
Chile		A	A	A	A	AA	A	7.0
India		BBB	BBB	BBB	BB	BBB	BBB	3.5
Indonesia		BB	BB	B	B	B	BB	2.3
Jordan		B	B	B	B	CCC	B	4.7
Nigeria		BB	BB	BB	B	CCC	BB	2.2
Philippines		BB	BB	BB	BB	CCC	BB	2.5
Saudi Arabia		BBB	BBB	A	BBB	B	BBB	3.4
Turkey		B	B	BB	BB	BB	B	3.4

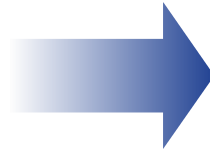
Case study: Dabhol Power Project

India Then ...

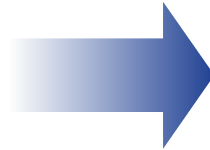
Regulatory risk,
reopening of PPAs



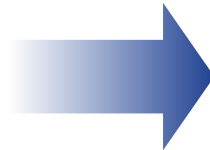
Poor financial
health of SEBs



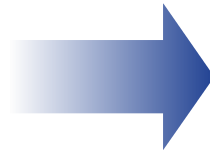
Delays in project
implementation



Transmission
bottlenecks



Problems in project
configurations



... and Now

- Electricity Act of 2003
- Open access to transmission
- Tariff based bidding/competitiveness
- Adequate payment security mechanisms being proposed
- 3rd party sale allowed
- Ministry of Power coordinating with concerned ministries/agencies
- T&D capacity being augmented
- PPP for Transmission, distribution
- Competitive tariff structures
- Focus on coal based projects

EFS & the market has learned from investing in developing

markets

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