



GE and XD Electric Bring New High-Voltage Capabilities to Upgrade Europe's Aging Infrastructure

- *GE and XD Electric Will Bring a New Portfolio of High-Voltage Transmission Solutions to Use on the European Electricity Network*
- *Access to XD Electric's Complementary High-Voltage Equipment Strengthens GE's Capability to Support the Replacement and Expansion of Europe's Aging Electrical Systems through More Renewable Integration and Advanced Modernization to Meet European Commission Directives*
- *Transmission and Distribution is a \$100 Billion Industry with Strong Growth Dynamics in Emerging Economies and Electrification of Industrial Processes*

Shanghai, Aug. 27, 2013—By 2020, European utilities will need to invest about 1 trillion euros (US: \$1.3 trillion) to replace aging infrastructure, secure energy supplies, integrate renewables and modernize to meet European Commission (EC) targets. About 90 billion euros will be needed for transmission lines alone, according to the research organization [IHS Cera](#). To support the upgrade and build out of the world's electrical infrastructure, GE (NYSE: GE) and XD Electric Group (SHA: 601179) today announced the official formation of a new partnership that combines GE's grid automation capabilities with XD Electric's comprehensive portfolio of high voltage power equipment. Originally announced in May 2012, the partnership expands GE's industry position as a leading provider of transmission and distribution (T&D) solutions and creates a new global competitor to provide customers with high-voltage (HV) technology offerings.

As Europe's energy infrastructure ages, it becomes more challenging to support future energy demands, ensure reliability and diversity of energy supply and support large-scale renewable deployments as well as modernization to meet stringent EC and regulators requirements. To address these challenges, utilities will need to upgrade their T&D systems with HV transformers, HV circuit breakers, both air and gas-insulated and other HV equipment, supporting expansion and refurbishment for the millions of consumers across Europe.

"Together, GE's and XD's combined portfolios will provide European utilities with flexibility and expertise to meet their transmission needs," said Luis Perez, general manager of EMEA, GE's Digital Energy business. "Our investment in XD Electric is core to our long-term strategy to build a world-class T&D franchise and become a leading provider of grid modernization solutions. By combining the strengths of both GE and XD Electric, we will offer full-scope T&D solutions to our European customers."

The European Network of Transmission System Operators for Electricity (ENTSO-E) has outlined €104 billion as the total expected investment requirement for projects of pan-European significance to 2022, with the greatest investments needed in Benelux, France, Germany, Italy, Nordics, UK and Spain at €71 billion total.

Moving to a Low-Carbon Economy

At the same time energy infrastructure is aging rapidly, electric utilities are driven by the European Union's commitment to reduce overall greenhouse gas emissions by 20 percent by 2020, compared to 1990 levels. As many European utilities look for ways to move to a low-carbon economy, GE and XD are

working with customers to better understand their existing power usage, make informed decisions about how to meet higher future energy consumption and integrate low-carbon, renewable energy onto the grid.

This is a challenge, as many parts of Europe's aging grid isn't ready to absorb increasing energy from renewable sources, nor have additional storage means. Many areas also have a greater need for interconnectors to link generation sources to the power users.

GE's and XD's combined portfolios also will provide energy-intensive industries with the HV solutions necessary to meet the rapid electrification of industrial processes.

The new partnership has three major components:

- A global partnership to combine GE's grid automation and service capabilities with XD Electric's comprehensive portfolio of high voltage power equipment to offer customers an array of integrated T&D solutions.
- A joint venture (JV) with XD Electric to offer customers in China GE's localized grid automation services.
- GE's 15 percent equity stake in XD Electric and a seat on XD's board of directors.

"With the world's electricity demand expected to increase by more than 70 percent by 2035, we are better positioned to help utilities and industrial customers upgrade their electrical infrastructure. Our partnership expands our capability to offer customers holistic solutions to meet their power needs from generation to transmission and distribution," said Robert Turko, general manager, power delivery, at GE'S Digital Energy Business. "Global grid modernization investments will grow by 10 percent over the next five years. This is a growth trend we are prepared to support."

The rise in global electricity demand and population growth are economic drivers leading the expansion of the \$100 billion T&D industry.

Over the next decade, China plans to invest \$600 billion in its electrical infrastructure. In places like Europe, Australia, North and South America, modernization of electrical systems is contributing to the industry's growth, driven by new requirements to integrate renewable and distributed power sources. The electrification of industrial processes in energy-intensive industries, such as mining and metals, also will drive electrical infrastructure investments as they upgrade their equipment to improve the efficiency of their operations.

XD Electric is one of China's largest and preeminent high voltage equipment manufacturers dedicated to the research, application and development of high- and ultra-high-voltage T&D equipment. XD Electric's technology enables customers to transform and direct the flow of power for industrial, commercial and residential users.

GE is a global provider of grid modernization systems that enhance customers' power reliability and operating efficiency. GE's global reach, domain expertise and strong customer relationships in both utility and energy-intensive industries such as oil and gas, metals and mining will help the partnership broaden its customer footprint.

Citigroup acted as sole financial advisor to GE on this transaction. Weil, Gotshal & Manges LLP and Fangda Partners are GE's lead legal advisers.

About GE

GE (NYSE: GE) works on things that matter. The best people and the best technologies taking on the toughest challenges. Finding solutions in energy, health and home, transportation and finance. Building, powering, moving and curing the world. Not just imagining. Doing. GE works. For more information, visit the company's website at www.ge.com.

About China XD Electric Group

China XD Electric Group ("XD Electric") is one of China's largest manufacturers of electricity transmission and distribution equipment. The company specializes in manufacturing equipment for electrical transmission and distribution systems, such as high voltage substations, DC voltage lines, transformers, and gas-insulated switchgear. XD is the only company in China offering a broad range of primary equipment products. XD was founded in 1959, and has been listed on the Shanghai Stock Exchange since 2010 (SHA: 601179). Headquartered in Xi'an, China, XD Electric currently exports products to over 40 countries and regions throughout Europe, the United States, Asia and Africa.

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