Taking on Big Challenges
Today, and for years to come, the world is faced with some big challenges:

- Known reserves of oil and gas are being depleted
- Developing countries are growing at an unprecedented rate—placing new demands on natural resources, infrastructure, and access to energy
- There is global recognition by governments of the need to take steps to slow the growth of and then reduce greenhouse gas emissions
- More than one billion people across the globe lack clean water

GE has answers that are helping the environment and customers while rewarding shareowners.
Ecomagination is a business strategy to help meet customers’ demand for more energy-efficient, less emissive products and to drive growth for GE—growth that will greatly reward investors. Ecomagination puts into practice GE’s belief that financial and environmental performance can be integrated to accelerate profitable growth for the Company, while taking on some of the world’s biggest challenges.

In concert with customers, governments and non-governmental organizations, GE is working to help solve these challenges and to grow our Company.
About this report

Ecomagination is GE’s commitment to imagine and build innovative solutions that benefit customers and society at large. It is both a business strategy to drive growth at GE and a promise to contribute positively to the environment in the process.
Specifically, GE has pledged to:

1. **Double its investment in clean R&D**—GE is growing its research in cleaner technologies from $700 million in 2005 to $1.5 billion in 2010.

2. **Increase revenues from ecomagination products**—GE will grow revenues from products and services that provide significant and measurable environmental performance advantages to customers—to at least $20 billion in 2010, with more aggressive targets thereafter.

3. **Reduce its greenhouse gas (GHG) emissions and improve the energy efficiency of its operations**—GE is committed to reduce its GHG emissions 1% by 2012, reduce the intensity of its GHG emissions 30% by 2008, and improve energy efficiency 30% by the end of 2012 (all compared to 2004.) Without this action, GHG emissions were predicted to rise substantially by 2012, based on GE’s projected growth.

4. **Keep the public informed**—This report is just one way GE will publicly report its progress in meeting these goals.

Each of these commitments poses real challenges for GE and reflects the broader challenges faced by customers and society. The title of this report, “Taking On Big Challenges,” acknowledges this. GE’s strength as a global leader in energy, technology, water, manufacturing and infrastructure enables the Company to be well-positioned to help meet these challenges. At the same time, just one year into its commitment, GE is at the very beginning of a long-term plan to meet its goals.

This report details GE’s progress in taking on its own big challenges—and those of its customers and the environment. GE measured its performance against each of the four commitments over the course of the past year. While GE is at the beginning of its commitment, ecomagination is already driving growth for GE and for its customers. Challenges remain—yet GE is as optimistic as ever, with all indicators pointing to a cleaner, brighter future.

This is an orange grove in southern China where the grower uses GE’s Silwet Super Spreaders. By helping water penetrate the smallest spaces, GE’s Silwet Super Spreaders help farmers control pests while using less water.
To our Investors, Customers and other Stakeholders,

The world faces complex and mounting environmental and natural resource challenges. Soaring demand for oil and natural gas are depleting known reserves, subtle changes are emerging in the global climate, and more than a billion people lack access to clean water.
GE customers around the world are faced with helping solve these challenges on behalf of their investors and communities. In response, GE launched ecomagination—an initiative to develop and drive the technologies of the future that will meet customer needs to protect the environment as well as driving accelerated growth for GE shareowners.

Specifically, customers are looking for products and services that help to achieve energy efficiency, lower emissions, increase renewable sources of energy and boost the supply of usable water in cost-effective ways. And investors want to see results. Ecomagination strives to meet these needs as a way to drive growth for GE and as a promise to improve our own environmental performance as a Company. Most importantly, ecomagination products are growing at 3x the Company average. We believe that when GE helps its customers meet their environmental challenges, we can win at the same time. At GE, we see that “green is green”—and our results over this past year are proof.

GE is at the forefront in providing wind energy systems, builds some of the world’s most fuel-efficient aircraft engines, produces some of the most energy-efficient appliances and is developing cleaner technologies such as water treatment systems and cleaner-coal power generation. With ecomagination, GE is significantly expanding these offerings to help customers meet their environmental challenges and improve their operating performance, while also benefiting the Company and the world.

Since ecomagination’s launch in May 2005, we have made notable progress in fulfilling our commitment—and you will find the results within the pages of this report along with case studies of ecomagination in action.

Ecomagination is driving growth for GE, and our customers, and providing the strong bottom-line results investors expect from GE. We extend our thanks to our many partners who have helped us to define and measure the ecomagination platform, and to those who continue to work with us to ensure its success.

Sincerely,

Jeffrey R. Immelt
Chairman of the Board and Chief Executive Officer

Lorraine Bolsinger
Vice President, Ecomagination
Since establishing the first U.S. industrial research center more than 100 years ago, GE’s commitment to technology has been unwavering. The impetus to establish the center was not altruistic. It was rooted in a firm belief that the fortunes of GE would be predicated on an ability to generate new technologies to change the ways we work and live. After all, a commitment to R&D is a commitment to future revenues. GE’s inventions like the light bulb and the X-ray, or the first U.S. jet engine and television broadcast, have all had an influence that was beneficial to the Company—but more broadly beneficial to society.
Therefore it should come as no surprise that, at its heart, ecomagination is a technology-based commitment. GE is investing in tomorrow’s energy technologies—from renewables to hydrogen to the next generation of nuclear power. GE’s ability to meet its ecomagination goals will require the full capability of the technologies GE has today and the creation of new ones that expand the Company’s ability to solve tough problems tomorrow. GE’s commitment to double its investment in R&D for cleaner technologies is on-track as shown below:

R&D is well-funded across all businesses, enabling GE to explore continuous improvement of existing products while searching for the next big breakthrough. Funding is shared between GE’s four Global Research Centers (located in Shanghai, Munich, Bangalore and Schenectady) and each of GE’s six businesses. Across the breadth of GE there are more than 25,000 technologists with 2,500 dedicated scientists staffing GE’s GRC locations. The four GRC locations serve as dedicated labs for long-term R&D commitments and act as a resource for collaboration with individual businesses on key projects.
R&D pipeline

While each business pursues R&D specific to its industry and product portfolios, the GRC is developing a broad technology portfolio to help customers and society meet a range of energy and environmental challenges.

Some of the eco-technologies GE is working on include:

Renewable energy initiatives

GE is exploring a number of research programs to promote the development of renewable sources of energy:

Wind energy Researchers are exploring more sophisticated wind turbines with advanced control features, new blade designs to better maximize wind capture and better ways to integrate large-scale wind parks into the electric grid. GE also is involved in a $27 million partnership with the U.S. Department of Energy (DOE) to design a next-generation offshore wind turbine that will be between 5 and 7 megawatts—making it one of the most powerful wind turbines in the world.

Photovoltaics GE is investigating how to use photovoltaics to generate power from sunlight more cost-effectively. GE already manufactures solar electric power systems, including building and roof integrated tile systems, which can help homeowners and businesses reduce their monthly energy costs by up to 60%. The remaining hurdle to opening up this market even further is to make this technology more affordable to obtain. We are evaluating ways to improve material use and incorporate alternative technology designs to realize this goal.

Biofuels Recognizing the benefits and availability of alternative fuels, GE continues to develop new technologies that enable its power generation engine and turbine products to burn a wide variety of biofuels and make them more fuel flexible.

Geothermal and waste heat GE is exploring ways to cost-effectively generate electricity from lower temperature heat sources. Such heat sources are widely available as waste heat in many industrial processes and in the earth’s crust. Geothermal energy is derived from heat originating deep inside the earth that is accessible from within 3–5 km of the earth’s surface.

Cleaner Coal

GE’s research team is working on the next phase of power generation to convert coal into a cleaner burning fuel. By incorporating new technologies to improve the existing Integrated Gasification Combined Cycle System (IGCC), researchers can increase process efficiency while reducing capital costs and atmospheric emissions. Longer-term, researchers are developing innovative technologies for the co-production of power, hydrogen and synthesis gas as a feedstock for chemicals and liquid fuels from coal. The goal is to offer a significant increase in energy efficiency relative to conventional gasification and combustion systems, while reducing pollution.

Hydrogen energy

GE researchers are leading the way to create technologies that provide the production, distribution and storage solutions needed to build a hydrogen infrastructure and utilize this more environmentally-friendly carbon-free fuel for transportation and other purposes.

On the production side, GE has a promising electrolyzer program with the goal of bringing the cost of hydrogen down to a level that can compete with gasoline. To get there, researchers have found a more cost-effective way to build the electrolyzer by replacing most of the metal parts in the stack with parts made of a GE-invented plastic called NORYL™ resin. GE also has research programs in coal gasification and natural gas reforming to produce hydrogen and to expand capabilities for dealing with carbon dioxide.

Finding cleaner, more cost-effective ways to produce hydrogen is challenging, but the biggest challenge in transitioning to a hydrogen-based economy is finding solutions to store hydrogen on a large scale. GE researchers are working on an ongoing research program in metal hydride storage, which has the potential to help solve scale and storage issues.
**Transportation initiatives**

GE researchers are exploring new technologies to bring the Evolution Series locomotive platform to set even higher standards for emissions reductions and fuel efficiency. These include refining the fuel injection system, modifying the alternators and optimizing the engine’s pistons and turbo designs. Enhancements to the Evolution platform will also enable GE engineers to develop a heavy-haul hybrid locomotive to further improve fuel efficiency and reduce emissions.

In aviation, GE researchers have developed new technologies for the GE9X jet engine, delivering 15% better specific fuel consumption and 57% fewer NOx emissions than other engines in its class.

**Solid oxide fuel cells**

GE’s solid oxide fuel cell program is designing distributed energy generation systems for the future. These systems will provide more cost-effective grid solutions utilizing hybrid power generation systems. Because solid oxide fuel cells can provide a continuous flow of power and operate at high temperatures, they will be able to greatly enhance energy efficiency in smaller power plants.

**Energy efficiency initiatives**

Looking 10 years ahead and beyond, GE researchers are working to commercialize organic light emitting diode (OLED) lighting applications that will provide customers with an entirely different way to light homes and businesses. These applications will be mercury-free and deliver dramatically improved levels of efficiency.

**Water use and purification initiatives**

Scientists are investigating new membrane materials and innovative “advanced” separation technologies to further treat and improve the performance of on-site wastewater reuse and recycling for the industrial, agriculture and municipal sectors. Benefits include minimizing the volume of waste flowing back into our precious water sources while simultaneously reducing operational costs. In addition, researchers are developing new membrane materials and energy recovery devices, which would enable brackish and seawater desalination plants to streamline systems, reduce costs and cut energy consumption by up to 30% over the next five years.
An energy windfall: wind power conversion

Wind energy is the fastest growing sector in the energy market. It is generally believed that wind, which encompasses less than 1% of today’s world energy market, could grow to as much as 15% of the overall global energy supply in the coming decades as Europe, the U.S. and other parts of the world look to take advantage of this clean, renewable source of energy.

Since entering the wind business in 2002, GE has applied the Company’s expertise in power electronics and controls for industrial products to the design of world-class, grid-friendly, power converters for wind turbines ranging from 1.5 to 3.6 megawatts (MW).

More recently, GE has entered into a $2 million partnership with the U.S. Department of Energy (DOE) to design a next-generation offshore wind turbine. The power rating of the turbine will be optimized for minimal cost of energy but is expected to be between 5 and 7 megawatts, making it one of the most powerful wind turbines in the world. A wind turbine of this magnitude would be nearly twice today’s industry standard—however full commercialization of this offshore design is still some years away. GE’s largest turbine in operation today is the 3.6 MW offshore wind turbine. Expanding the energy generating capacity of wind will help make it even more cost competitive with other traditional sources of energy.

A distinct advantage of having one of the world’s largest and most diverse research centers is the ability to apply technical expertise across scientific disciplines and industries to develop innovations that drive growth for GE. Some of the Company’s greatest breakthroughs have come when technology from one industry can be applied to another.

> The Arklow Bank Offshore Wind Park, located in the Irish Sea, consists of seven GE 3.6-megawatt wind turbines.
Climate connections:
The Global Climate and Energy Project
A central component of GE’s ecomagination campaign is to build strategic partnerships with universities, research institutions and private industry to solve our unmet energy needs and drive future growth for the Company. An example of this effort includes GE’s sponsorship of Stanford University’s Global Climate and Energy Project (GCEP), [http://gcep.stanford.edu](http://gcep.stanford.edu), a multi-million dollar long-term research collaboration that includes other universities, research institutions and private industry leaders. Originated in 2002, the project connects scientific researchers who are committed to the development of global energy systems that will lower greenhouse gas emissions and promote a cleaner, healthier environment.

In addition to serving as a key financial sponsor, GE researchers are lending their extensive expertise and knowledge of energy systems to specific research initiatives as well. Specific technical areas being covered under the GCEP include: hydrogen, solar energy, biomass energy, advanced combustion, CO₂ capture and separation, CO₂ storage, energy storage, and advanced materials and catalysts.

At GE’s Global Research Center in Niskayuna, New York, GE scientists continue to work on innovation breakthroughs, and bring technology development closer to our customers.

“We foresee the future in which 10, 15, even 20% of electricity in the country will be generated directly from solar energy in a very clean way. It will be seamlessly integrated into homes, providing electricity and clean energy for each house.”

Vlatko Vlatkovic
GE Global Research
Global Technology Leader
Electronics and Energy Conversion Lab

“If you can imagine a time, when there’s a process that takes a piece of coal and generates electricity, fuels, clean water and a variety of other streams and puts out an exhaust gas that’s clean or cleaner than the air that it breathes, it’s an amazing thing. It’s our job at GE Global Research to make that happen. Imagine that.”

Mike Bowman
GE Global Research
Manager of Energy Systems Lab
GE’s ecomagination commitment is founded on a solid business strategy—to increase revenues for GE by providing solutions for customers that help improve their operating performance and environmental impact. GE is excited by its significant wins with the ecomagination products already in market, and looks forward to the gains that will be added once new products become certified. These gains are a central element of GE’s decision to launch ecomagination—to increase shareowner returns. In 2005, GE’s revenues from ecomagination products reached $10.1 billion, growing substantially. Orders and commitments nearly doubled to $17 billion. Today, the pipeline of certified products has increased by more than 75% with 30 ecomagination certified products and 10 more pending. Revenues will continue to rise in-step with this strong growth.

In 2005, GE delivered nearly 700 of the new Evolution Series locomotives to the North American Class I Railroads.
In the past year, GE has worked hard to refine and formalize its product certification process and scorecard. This methodology provides a consistent standard by which GE can evaluate a product’s potential for ecomagination certification, and also provides an important sales tool to quantify the environmental benefit of the product. The scorecard gives customers, R&D teams and others a way to evaluate the Company’s commitment as it adds new products.

GE realizes that the introduction of new products is evolutionary in nature. To fully deliver on the ecomagination commitment, it is not enough to merely certify Company products based on their ecomagination potential. GE must be prepared to meet the needs of specific industries and markets. GE’s collaboration with Boeing on the requirements for the GEnx engine and with the Chinese Ministry of Agriculture on the Silwet* Super Spreader are examples of how GE works with its customers to arrive at mutually beneficial solutions.

“The technology I’m very excited about is hybrid technology. It’s really gratifying from a customer’s perspective to see some forward thinking take life. And to have a company with the resources, capability, talent, skills and global reach as an ally in solving some of these problems is quite something.”

John Walsh
VP, Canadian Pacific Railway
Ecomagination-certified products

To ensure that product introduction is met with the highest degree of integrity, GE employs a rigorous qualification process to effectively certify new products for ecomagination. GE’s process began with establishing a clear standard for ecomagination products based on two criteria. Ecomagination offerings are:

**Products that:**

1. Improve customers’ operating performance or value proposition
2. Significantly and measurably improve customers’ environmental performance

or **Services that substantially enable the improvements mentioned above**

These criteria work in harmony. At the heart of this standard is GE’s belief that “green is green”—that by developing environmentally advanced products GE will grow. By linking growth to customers, GE increases its products’ competitive advantage while increasing customers’ ability to compete and win.

Using this standard as a foundation, GE then created a process to evaluate individual product performance against the standard. Each product was qualified by analyzing its environmental attributes relative to benchmarks, including competing products, the installed base of prior products, regulatory standards and historical performance. The outcome of this process is the Ecomagination Product Review (EPR) scorecard that quantifies the product’s environmental impacts and benefits relative to other products. To ensure the accuracy of the scorecard, GE worked with GreenOrder (www.greenorder.com) to provide independent, quantitative environmental analysis and verification of GE’s product claims.

GE has certified 30 ecomagination products with ten more pending. Certified products are:

**Water**

Desalination
GE’s installed desalination platforms reclaim more than two billion gallons of water a day for a range of purposes—an equivalent of the daily water required by more than 150 million people, or half the United States.

Advanced Membrane Technology
GE’s membrane technologies treat water for a variety of applications from purifying water for soft drinks to removing heavy metals from wastewater.

**Aviation**

**Genx**
The Genx engine represents a great leap forward in technology. Using an innovative Twin Annular Pre-swirl (TAPS) technology, this engine burns fuel more cleanly, while its composite fan blade and case design decreases weight and increases fuel efficiency.

**GE90-115B**
The GE90-115B engine is the most powerful, commercial aircraft engine ever built, yet it can meet some of the most stringent airport noise requirements, including Heathrow in London. On a per-pound of thrust basis, this engine ranks as one of the quietest.

**LM2500+marine**
The LM2500+ weighs about 76% less than a comparable diesel engine, occupies roughly 80% of the space and reduces emissions of nitrogen oxide and particulates by 62% and sulfur dioxide by 93% on a typical trans-Atlantic cruise.

**CFM56-3 upgrade**
The upgrade for the CFM56-3 engine achieves engine compressor efficiency enhancements through a 3-D aero design yielding a 1.6% reduction in fuel consumption and greenhouse gas emissions.

**Transportation**

**Evolution Series locomotive**
In the U.S., GE’s Evolution Series locomotive uses a new GEVO 12-cylinder diesel engine that produces the same power as its 16-cylinder predecessor while using less fuel and generating up to 40% less nitrous oxide and particulate matter emissions.

**Hybrid locomotive**
GE’s hybrid locomotive is designed to capture and store the energy dissipated when braking a 207-ton locomotive, then use that energy to produce more horsepower and reduce emissions when compared to the freight locomotives operating today.

**China Mainline Evolution**
The 16-cylinder engine powering the China Mainline locomotive reduces emissions by 40% while improving fuel efficiency. It’s a locomotive that is tailored for the China market with the capability of pulling massive cargo loads long distances with increased reliability.

**Consumer Finance**

**Earth Rewards** Platinum MasterCard®
GE Money plans to offer the Earth Rewards Platinum MasterCard®, an innovative new credit card that rewards both the cardholder and the environment by contributing a percentage of every purchase to environmental organizations while giving consumers cash back.
Energy

Wind turbines
GE’s global installed base of wind turbines provides enough energy to power 1.5 million U.S. homes—an amount of electricity comparable to 9.5 million barrels of oil and an annual reduction in greenhouse gas emissions of 11.4 million tons.

IGCC Cleaner Coal
GE’s Integrated Gasification Combined Cycle (IGCC) technology converts coal into a cleaner burning fuel that can be burned in a gas turbine to generate electricity. This process emits 50% less sulfur dioxides, mercury and particulate matter than traditional pulverized coal plants.

H System turbine
As one of the most advanced gas turbine combined cycle systems in the world, the 7H reduces annual carbon dioxide emissions by 73,000 tons each year compared to a typical gas turbine combined cycle plant.

Solar photovoltaics
GE’s solar electric power systems are available for commercial and residential applications. GE solar electric power systems are some of the easiest to install and most aesthetically pleasing solar technologies available today. Used extensively by many of the largest home builders in the United States and some of the largest installers in the world, GE’s solar technology continues to grow in popularity while enabling people to harness the sun’s energy to generate their own power and realize energy savings of up to 60% on their monthly energy costs.

Jenbacher Coal Mine Methane—Landfill Gas—Biogas Power Generation
Power generation using methane-based fuels is an excellent way to manage a gas with 23 times the global warming potential of carbon dioxide. Jenbacher gas engines can operate on methane released from coal mines, decomposing organic material in landfills or biomass created with agricultural crops or other organic materials. Capturing this fuel source that would otherwise be vented or flared for power generation provides communities with a local power supply from readily available fuel.

LMS 100
The LMS100 is the simplest cycle efficiency gas turbine available today. The LMS100 generates 100 MW of power at 46% thermal efficiency, making it the best in class by 10%. The LMS100 also offers significant reductions in GHG (CO₂) emissions and offers operating flexibility for peaking, mid-range and base load operations all with lower start-up emissions and a 10-minute start. The quick start capability can also help smooth intermittency at wind farms.

Plastics

NORYL wire coating
Made with more easily recycled polymers, NORYL resin contains no halogens and fewer heavy-metal pigments—meeting stringent environmental standards including the European Union’s ISO 14020 and ISO 14024 and EcoMark in Japan.

LEXAN for paint replacement
By combining a new polycarbonate plastic with colorants, LEXAN SLX film could enable automobile manufacturers to replace paint while making cars more lightweight and fuel-efficient.

Silicones

Silwet® Super Spreader
When added to plant nutrients or pesticide formulations, GE’s Silwet Super Spreaders yield greatly improved coverage of plants—reducing the amount of water needed to apply pesticides by as much as 70%.

NXT® Silanes
NXT silanes make it easier to manufacture low rolling-resistance silica-tires that can help improve a vehicle’s fuel efficiency. NXT LowV* silane emits 70% less smog-causing ethanol (volatile organic compounds) during the silica-tire manufacturing than standard silanes.

* Silwet, NXT and NXT LowV are trademarks of General Electric Company.

Consumer & Industrial

Compact fluorescent lighting
GE makes more than 50 models of compact fluorescent bulbs. Of all screw-in CFLs GE sold in 2005, 99% were ENERGY STAR qualified—meaning they produced energy savings of 70–75%.

T8 & T5 lamps
When combined with Ultramax Electronic ballasts, T8 (1” diameter) and T5 fluorescent lamps are over 40% more efficient than traditional T12 (1-1/2”) fluorescent lamp technology found in many buildings today.

ENERGY STAR® frontload washers
The GE frontload washer exceeds 2004 ENERGY STAR guidelines by 28% and already meets 2007 energy standards. The washer uses as little as 10 gallons of water for a small load and 15 gallons for an average-size load, which saves up to 23 gallons per load, or 61% water, as compared to a typical washer. In fact, the frontload washer can pay for itself in water and energy savings over the course of its life.

ENERGY STAR water dispensers
GE ENERGY STAR water dispensers save up to 25% of the energy required to power a non-ENERGY STAR model.

ENERGY STAR refrigerators
GE ENERGY STAR refrigerators use at least 15% less energy than federal standards currently require according to ENERGY STAR’s web site, and they are at least 50% more energy-efficient than refrigerators manufactured before 1993.

XSD ULTRA® Motor
When compared to most existing industrial motors, the GE XSD ULTRA® uses significantly less energy which means less carbon dioxide emissions. It meets or exceeds NEMA Premium® standards and is manufactured with vibration levels substantially lower than NEMA and IEEE 841 standards. On average, the XSD ULTRA® motor operates 40% cooler than NEMA class B insulation standards.

HIR™ Halogen lamps
GE Halogen IR lamps consume up to 28% less energy than standard halogen lamps of the same lumen output.

Diamond Precise®
Compared to the standard 50-Watt Halogen PAR20 and Incandescent R20 lamps, GE’s Diamond Precise lamps reduce energy consumption by 58%.

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1 As compared to a typical washer, WWES240
2 Based on an average cost of water, energy and sewer over 12 years using 10 loads/week compared to typical top load washer, WWES240D
3 Although face lumens are 3% less, the multi-faceted reflector concentrates lumens on target, diminishing wasted extraneous light.

www.ge.com/ecomagination
Today, nearly 56% of India’s 700 million rural residents lack adequate or reliable power supplies. In response, India’s government has made a public commitment through its Power for All program to generate 100 gigawatts of new power capacity by 2012. To assist in meeting this promise, GE Energy and the U.S. Agency for International Development (USAID) have launched the India Rural Electrification Program which will provide access to renewable energy technologies— including biogas or waste gas technologies, as well as high-efficiency, low-emissions gas turbines and engines.

The Rural Electrification Program has been designed around renewable and waste stream technologies that can help reduce or eliminate a community’s dependence on transported fuels. One example is a hybrid technology model developed at the GE Global Research Center in Bangalore, which combines various forms of renewable energy to provide customized power solutions based on availability of local fuel resources.

GE believes that providing available, reliable power is the foundation for other improvements—such as improved healthcare services, enhanced agricultural productivity, increased access to clean water, job creation and economic empowerment.
In China, there is huge demand on agricultural resources for food supply for its significant population and for key export revenues. Much of the Chinese agricultural workforce is comprised of farmers in small remote locations that require agro-technical support. The Chinese government has emphasized the importance of achieving comprehensive and sustained development of agriculture and a township-based economy into the 21st century; the adoption of advanced technologies is required to achieve that goal.

GE believed that its silicone-based Silwet technology could help growers in China if customized to meet the needs of the small farmer. GE worked with the Chinese Ministry of Agriculture (MOA) to conduct field trials to validate the technology for China. The outcome: in November of 2005 GE and the MOA completed a strategic alliance. The cooperative plan backed by State agricultural services agencies established agro-technical zones where farmers and pesticide suppliers will test and promote GE’s Silwet Super Spreader technology and provide 26 technical seminars to train about 1,000 specialists. The program will also sponsor 100 “field days” in key villages, with a projected attendance of 7,500 growers. The cooperative partnership will also feature State TV educational programming.

*Silwet is a trademark of General Electric Company

“The new technology will improve the agricultural product’s quality and help to stimulate local agriculture, sustaining development and environmental efforts.”

Lu Xiaoping, Deputy Director General, Department of International Cooperation, and Ministry of Agriculture of the People’s Republic of China
Revenues

GE has set an ambitious target—to grow its revenues from ecomagination products to $20 billion by 2010. Just one year into this commitment, GE has tallied significant progress that will translate to the company’s bottom line, rewarding investors as shown here:

![ECOMAGINATION REVENUE ESTIMATES](image)

A number of product areas are illustrative of outstanding ecomagination wins from 2005:

**ENERGY STAR® revenues**

GE’s commitment to the ENERGY STAR program further reflects our belief that green is green. Total 2005 revenues from GE’s ENERGY STAR qualified products included:

- ENERGY STAR dishwashers: $481 million
- ENERGY STAR lighting CFLs (Compact Fluorescent Lights): $75 million
- ENERGY STAR refrigerators: $684 million
- ENERGY STAR washers: $100 million
- ENERGY STAR water dispensers: $12 million

“As a low-cost and abundant domestic fuel, coal is critical to meeting future energy demand in the U.S. But coal faces significant and mounting environmental challenges. By partnering with GE and Bechtel on designing a new generating facility using clean-coal technology (IGCC), we’re looking to turn these challenges into opportunities.”

Jim Rogers
President and CEO, Duke Energy Corp.

**EVOLUTION transportation revenues**

In 2005, GE delivered nearly 700 of the new Evolution Series locomotives to the North American Class I Railroads.

**Highlights around the world**

- The North American Class I railroads have ordered over 2,000 Evolution Series locomotives worth nearly $4.0 billion total
- The Chinese Ministry of Railways ordered 300 6,000 horsepower Evolution Series locomotives for $450 million
North America

In 2005, the U.S. industry set a new annual installed capacity record by adding 2,431 megawatts of turbines. GE Energy was the leading supplier in the U.S., accounting for about 63% of the total. GE installed 1,005 turbines or 1,508 MWs of power in the U.S.

Asia

GE installed 93 wind turbines or 139.5 MWs of power in 2005 in Asia.

Europe


Wind revenues

GE installed more than 1,300 wind turbines across the globe, with revenues exceeding $2 billion—an increase of more than 180% over 2004.

Water revenues

Hamma Water

Desalination equipment and operation contract worth a projected $1.8 billion over the next 27 years.

Aviation revenues

To date, more than 1,065 ecomagination-certified aircraft engines have been sold with a total projected order value of more than $12 billion.

Representative wins:

Middle East

- Emirates Airlines
  - 42 GE90-115B powered aircraft including 24 Boeing 777-300ERs, 10 777-200LR Worldliners and eight 777 freighters for $1.6 billion total
- ALAFCO Aviation Lease and Finance Company
  - 12 GEnx-powered Airbus A350 planes for $300 million total

Asia

- Air India
  - 18 777-200LRs and 15 777-300ERs, powered by the GE90-115B engine for $1.3 billion, and 27 GEnx powered 787-8 aircraft for $0.9 billion total
- Korean Air
  - 10 GEnx powered 787s for $240 million total
- Japan Airlines
  - 30 GEnx powered Boeing 787 Dreamliners for $700 million total
- Cargolux
  - 10 GEnx powered 767-8 freighters for $450 million total
- Nippon Cargo Airlines (NCA)
  - 8 GEnx powered 747-8 freighters for $350 million total

- Cathay Pacific Airways
  - 16 GE90-115B powered Boeing 777-300ER aircraft for $640 million total

North America

- Air Canada
  - 14 GEnx powered Dreamliners and 16 GE90-115B powered Boeing’s 777-200LR and 777-300ER for $1.3 billion total
- Japan Airlines
  - 30 GEnx powered Boeing 787 Dreamliners for $700 million total
- Cargolux
  - 10 GEnx powered 767-8 freighters for $450 million total
- Nippon Cargo Airlines (NCA)
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The GEnx has improved fuel efficiency per seat or per ton mile by about 15%. That’s 15% less fuel burned and 15% less emissions. It’s a tremendous advance.

Jeff Peace
VP/Program Manager
Boeing 747-8 Program
A letter from a water desalination customer

While our island's average annual rainfall is plentiful at times—it is also highly variable—which, combined with rapidly growing demand for water can create shortages—impacting communities and commercial activity alike. Following a severe drought, the prime minister and the Barbados Water Authority evaluated strategies to augment water supplies and decided to move forward with a plan to construct a desalination facility to protect the country from environmental and economic impacts of another drought. As a course of action, the Barbados Water Authority issued an international Request for Proposal for the design, finance, construction and operation of a brackish water desalination plant with an expectation of a 15-year operation and maintenance contract from the winning bidder.

We selected GE based on their experience in designing and building desalination plants, their sensitivity to environmental impact, and the comprehensiveness of their solutions. As the largest brackish water desalination plant in the Western Hemisphere, the Spring Garden RO plant can meet 25% of our island's daily water demands, and has a capacity of 7.5 million gallons per day.

The plant is located close to the coastline and captures underground brackish water before it migrates to the sea. This relatively fresh, but too salty to consume, brackish water would otherwise be lost. By capturing and reusing the water, the island is able to supply up to 25% of the demand for potable water. This process enables us to distribute high quality potable water to the island.

The plant has achieved a recovery rate of 75% of the feedwater as potable water, an exceptionally high recovery rate. The remaining 25% as a brine concentrate stream is passed through an energy recovery turbine to minimize the plant's overall energy consumption. This brine is then sent to two industrial plants that use this water for cooling purposes, further reducing demand on the island's water resources before it is finally discharged to deep injection wells.

The plant has had zero inoperable days as a result of mechanical issues and has really surpassed our initial efficiency and availability expectations. It's enabled us to withstand the natural variability in island rainfall to ensure the safety of our communities and to allow us to continue economic growth through our tourist-based economy.

David Staples
President of Fairways Development, Ltd.
 Reduce Our Greenhouse Gas Emissions and Improve Energy Savings

One of GE’s four pledges under ecomagination is to improve the energy efficiency of its operations and reduce the Company’s greenhouse gas (GHG) emissions. GE’s plan to achieve this is called 1-30-30. The “1” reflects the percentage by which GE will reduce its absolute GHG emissions worldwide by 2012—a big goal given that GHG emissions would otherwise have grown substantially based upon current business growth projections. GE also committed to reduce the intensity of its GHG emissions 30% by 2008 and improve energy efficiency 30% by the end of 2012. This also means big energy savings for GE—another way ecomagination is rewarding investors. By making a public commitment and then tracking the results, GE is leading by example, demonstrating how one company can make a difference.

The roof of GE’s Global Research Center in Munich, Germany, is covered with GE solar panels, which provide power to the electrical grid.
In 2004 and 2005, the Company worked synergistically in attacking higher energy costs from every angle. GE undertook nearly 500 energy conservation projects globally resulting in more than 250,000 tons of GHG emissions reductions—or the equivalent of removing nearly 50,000 cars from the road. This resulted in substantial energy cost savings. For example, businesses across GE have started a major program to re-lamp manufacturing facilities with GE’s energy efficient lighting products. Moreover, GE is the largest participant in U.S. Environmental Protection Agency’s ENERGY STAR Million Monitor Drive, to enable power savings features on personal computers. These savings can be reinvested in new technology.
GE is continuing its annual GHG inventory by collecting initial data for a calendar year in the first quarter of the following year—e.g., in Q1 2006 for calendar year 2005—from approximately 550 of its locations around the world. Following this initial phase the Company goes through an extensive quality control/quality assurance process to identify any errors in the data. Following completion of this process the results are published on GE’s web site, along with an extensive discussion of the Company’s methodology (www.ge.com/citizenship/greenhouse).

Because 2004 will serve as GE’s baseline year, the Company retained an independent consultant, Cameron-Cole, to review its inventory and provide verification. Cameron-Cole issued a verification statement in March 2006, indicating the absence of any material errors or omissions or anything that would indicate that GE’s inventory was incomplete. Cameron-Cole also found that GE’s inventory generally conforms to the accounting principles in the GHG Protocol (www.ge.com/citizenship/greenhouse).

In light of the substantial growth that GE anticipates between 2004 and 2012, the Company recognizes that its absolute reduction goal presents a challenge. To ensure GE meets its goals a number of actions have been taken including:

- Forming an internal cross-business, cross-functional team to develop program details and requirements and to identify and drive implementation of best practices and deployment of GE technology
- Setting goals for GE businesses’ reduction plans
- Top management involvement in regularly scheduled review of development of business plans for meeting, and progress towards, reduction targets
- Launching a company-wide communication campaign to engage all employees and locations in this effort

Greenhouse gas reductions, energy efficiency = big savings

GE’s worldwide GHG emissions from operations remained relatively flat in 2005 compared to 2004, increasing by 0.1%, while GHG intensity was reduced by 10% and energy intensity was reduced by 11%. The 2005 data should be considered preliminary and includes 586 individual GE sites as well as the air fleet GE operates for its own use. The final 2005 data will be published to GE’s web site by July 2006.

GE also has two power plants that qualify for GHG accounting under the WRI/WBSCD protocols (World Resources Institute/World Business Council for Sustainable Development). Baglan Bay in the U.K. is a demonstration site for GE’s H System Turbine, one of the most efficient gas turbines in the world. At Stanford University GE operates Cardinal Cogen, which utilizes cogeneration to efficiently provide the University and Medical Center with all of their energy needs for electricity, heating and cooling. GHG emissions from these two plants were 1.30 MMT in 2005 compared to 1.21 in 2004.

Information on GE’s GHG inventory can be found on the GE web site at www.ge.com/citizenship/greenhouse.
After recommending lighting retrofits to customers as a way to cut energy spending, GE took its own advice. So began a two-year plan to retrofit lighting at 148 of GE’s industrial and manufacturing warehouses worldwide—110 in the Americas, 36 in Europe and two in Asia—an effort that could cut annual lighting energy costs at each facility an average of 50%.

Rich Calvaruso from GE Industrial led the retro-lamping project. “The solution proved to be right above our heads,” said Rich. “Replace outdated and high-energy usage lighting systems in our facilities with the new, energy-efficient GE T and T fluorescent lamps.”

On average, each facility will reduce annual energy consumption by about 1.4 million KwH and realize approximately $86,000 in energy-cost savings each year. On a larger scale, the 148-plant retrofit will reduce yearly enterprise-wide energy consumption by an estimated 210.5 million KwH and save GE Industrial $12.8 million in energy costs every year. GE Industrial expects to produce 1,000 fewer metric tons of CO\text{2} annually as a result of the improvement—the equivalent of planting over 4,000 acres or 70-square miles of trees.

While GE works to meet energy challenges at home, it is also applying re-lamping efforts to promote business growth. A number of GE customers are converting their facilities with the new energy-savings lighting systems. Limited Brands has been using GE’s lighting products over the past thirteen years, during which time it has worked closely with GE to introduce the most energy-efficient lighting products in Limited Brand’s stores. Limited’s brands include The Limited, Victoria’s Secret, Express, Bath & Body Works, White Barn Candle, C.O. Bigelow, and Henri Bendel. Limited stores use a variety of lighting products including halogen, compact fluorescent, linear fluorescent, and ceramic metal halide. Working closely with GE, Limited Brands has replaced standard wattage lamps with energy saving alternatives. For example, they replaced 75 watt halogen lamps with GE’s 55 watt alternative that delivers the same quality and quantity of light; maintaining light quality and quantity is critical in the retail environment. In this example, they are reducing their energy consumption by 26%, simply by changing to the new lamp. In another project, Limited recently decided to replace 135 watt incandescent lamps with 32 watt compact fluorescent, reducing 103 watts per socket! Between the two projects, over 400,000 sockets are being converted...this has a major impact to both Limited’s bottom line and to the environment.
True transparency cannot exist solely as one-way communication or issuing of documents: its clarity comes from the give-and-take between interested parties—a free exchange of information, ideas, comments and constructive criticism. Breakthroughs of lasting value do not come easily, and they can only come if government, industry and NGOs agree on the way forward and commit the intellectual and financial capital required to find solutions. To that end, GE continuously engages customers and other stakeholders on its ecomagination commitments.

GE Chairman and CEO Jeff Immelt, pictured here with DuPont CEO Chad Holliday and Chief Executive of The Energy and Resources Institute Dr. Rajendra K. Pachauri, spoke about climate change at the inaugural meeting of the Clinton Global Initiative.

Photo courtesy of The Clinton Global Initiative
As part of GE's overall corporate effort to improve transparency, the Company now issues an annual citizenship report to track environmental and social responsibility goals. In 2007, this ecomagination report will be included in that report.

External measurements are also an important indicator of GE's progress. In the past few years, GE has been selected for several credible SRI indices, including the Dow Jones Sustainability Index (DJSI), KLD Global Climate 100 Index and Innovest Global 100 “Most Sustainable” Companies. The DJSI has long been a benchmark for Socially Responsible Investors to identify companies that have made outstanding contributions to citizenship efforts. The KLD and Innovest ratings were recently designed to promote investment in companies with the strongest sustainability performance and whose activities demonstrate the greatest potential for mitigating the causes of climate change. CERES gave GE the top score in the Industrial Equipment sector for addressing the growing financial risks and opportunities from climate change.
In order to ensure ecomagination research, innovation and customer demands are met, Jeff Immelt appointed Lorraine Bolsinger as vice president of ecomagination. She manages the entire program across GE, uniting marketing, sales, and the environment, health and safety leaders to meet the goals of the initiative, and of the Company. In this role, she is responsible for extending relationships with strategic customers by expanding partnership programs focused on new technology, enterprise selling, and promotion; works with GE’s Global Research organization to assess advanced technology projects for commercialization opportunities; and coordinates with GE’s network of senior country executives to develop ecomagination platforms tailored to meet their countries’ unique needs. She also spearheads GE’s commitment to keep the public informed by liaising with customers, government officials and non-governmental organizations around the world to address the interests of GE and the communities where it operates.

In addition to this outreach, GE utilizes several vehicles to engage the public, including its web site, special engagements and conferences, stakeholder events and “dreaming sessions” with customers on issues that will affect specific industries over the next ten years.

Global events
In the past year, GE participated in dozens of global forums to initiate its commitment to keep the public informed. Examples include:

Clinton Global Initiative
GE Chairman and CEO Jeff Immelt spoke about climate change at the inaugural meeting of the Clinton Global Initiative.

Business for Social Responsibility Annual Conference
Lorraine Bolsinger, vice president for ecomagination, participated in Business for Social Responsibility’s annual conference and led a breakout session on ecomagination.

Customer dreaming sessions
GE’s approach to working with customers in new ways began with a series of “dreaming sessions” held last year as a more formal way to involve customers in helping to shape its strategy.

Energy 2015
Goal: Conduct individual customer listening sessions with 20 utility CEOs to address how businesses can operate effectively and more responsibly in an increasingly carbon-constrained world.

Outcome: Cleaner Coal technologies
GE’s Cleaner Coal technologies have the potential to reduce key air pollutants by as much as 50% through systems that convert coal into gas that can be used in a power turbine. Last year, GE partnered with the Center for Energy and Economic Development (CEED) to increase visibility for this technology and help road test its application.

Ecomagination Advisory Council
One of the ways that GE hopes to increase its engagement with the public is through the creation of an Ecomagination Advisory Council. The council will be comprised of a board of 6-8 industry thought leaders with expertise in energy and the environment. The council will meet at least once per year at GE’s Global Research Center in New York and will focus on giving GE guidance on its technology research and investments. Council members will be asked to participate in quarterly conference calls, provide new ideas on ecomagination, help generate or review white papers for distribution to key stakeholders and participate in GE-sponsored events and other forums that engage the public. The Advisory Council is targeted to convene its first meeting in late 2006.

Ecomagination web site
GE’s ecomagination web site [www.ge.com/ecomagination] provides a forum for the latest information on ecomagination progress, advertising and products. The web site is available in several languages and encourages feedback through comments@ecomagination.com. In addition, GE is launching an ecomagination blog as a method of keeping the public informed and encouraging public discourse. To date, the web site has received more than 550,000 unique visitors.
I like to think of myself as an idealist—but a pragmatic one. And pragmatic idealism has led me to conclude that global environmental problems like climate change cannot be solved without business.

GE is not the first company to take climate change seriously. Over the years, the World Resources Institute has worked with the World Business Council for Sustainable Development to develop a system that enables companies to account clearly and consistently for their greenhouse gas emissions. Today, more than 300 companies, including GE, measure and report their emissions.

One key to bringing business along is measurement. We found that companies never manage what they do not measure, but when they begin to measure their emissions they usually go on to take steps to reduce those emissions. That is an important step. From there, public reporting is a logical, desired—and necessary—third step.

All of those actions—measuring, reducing and reporting—are significant. They help companies learn what it takes to reduce emissions and how they can position themselves for the future.

But what GE is doing goes beyond measuring, reporting, and managing their own emissions. GE is committed to taking those three steps to drive down emissions while continuing to grow their business. That will require the innovation that can enable us to reach a real, substantial turning point. That is important and powerful and unique.

Since launching ecomagination one year ago, Immelt and GE have taken great strides—and both their customers and policy makers have begun to respond to Immelt’s vision.

GE looks to demonstrate that it is possible to thrive in what Immelt calls “a carbon constrained world.” By delivering on their commitment, GE will demonstrate that it is possible to decouple economic growth from growth in greenhouse gas emissions. Not just in their own facilities... not just in the electrical utilities sector... but in all of the sectors in which they compete.

That’s leadership. It is an important model that will affect practices globally. It will create real reductions in greenhouse gas emissions and it will send a message to policymakers. It is very smart strategy.

It’s also just plain gutsy. If companies like GE become convinced that there is a business case for creating and marketing the technologies, the products, and the services that will reduce emissions of greenhouse gases, then there’s hope. I ask that any reader join in spreading that optimism—by participating in a wholly new discussion on the future of our shared environment.

Jonathan Lash
President
World Resources Institute
GE has been committed to meeting ENERGY STAR qualification for as many of its Consumer & Industrial products as possible. From 2002 to 2005, GE invested more than $350 million to develop and bring to market high-efficiency appliance products. In 2005 alone, GE invested more than $60 million in ENERGY STAR qualified appliance models resulting in 164 new ENERGY STAR qualified appliance products—up 26.2% over 2004.

In recognition of this commitment, the U.S. Department of Energy and the U.S. Environmental Protection Agency awarded GE Consumer & Industrial the 2006 Sustained Excellence Award. The award recognizes GE’s achievement in creating high-performance household appliance and lighting products that help to reduce energy spending and protect the environment. This is also the third year GE has been recognized as an ENERGY STAR Partner of the Year.

GE has aggressively supported the ENERGY STAR program through broad consumer and customer education and has participated in national and regional events promoting ENERGY STAR qualified products to consumers, customers and homebuilders. GE offers nearly 400 appliances and more than 50 lighting products that are ENERGY STAR qualified.

“Partners like GE are national leaders in energy efficiency. The ENERGY STAR Sustained Excellence winners are proving that energy efficiency is good for business, saves energy, and protects the environment. Especially noteworthy are GE’s broad efforts to educate consumers, customers and homebuilders on the value of ENERGY STAR products.”

David Rodgers
Program Manager of DOE’s Building Technologies Program
One of the most important ways GE keeps the public informed is by raising awareness through broad advertising campaigns. When GE announced its ecomagination commitment in May of 2005, it launched an integrated advertising campaign in television, print and online media. GE’s ecomagination announcement informed the public, the media and stakeholder groups of GE’s business strategy to meet customers’ needs by creating more energy-efficient products and services. The advertising campaign provided broad awareness for consumers on the ecomagination platform, while also educating them about energy-efficient products already on the market.

The measure of any successful advertising campaign lies in its ability to drive awareness and interest. GE implemented several measurement tools to track its performance. On the date of GE’s ecomagination launch, traffic to www.ge.com increased by 66%. To date, the dedicated ecomagination web site has recorded more than 550,000 unique visitors. More than 50% of site visitors have sent ad links to their friends. Popular search engines like Google and Yahoo list over 100,000 search results on “ecomagination” on an average daily basis. In addition to these measures, the campaign garnered numerous awards from Creative Excellence in Business Advertising, Adcritic.com and Ad Age. GE’s “Singin’ in the Rain” commercial was the highest scoring USA TODAY Ad Track commercial of the year, and the second highest in the history of Ad Track.
GE at-a-glance
GE is an integrated company organized into six businesses:

GE Infrastructure is one of the world's leading providers of essential technologies to developed, developing and emerging countries, including aviation, energy, oil and gas, rail, and water process technologies and services. GE Infrastructure also provides aviation and energy leasing and financing services.

GE Commercial Finance offers an array of services and products aimed at enabling businesses worldwide to grow. GE Commercial Finance provides loans, operating leases, financing programs, and other services.

GE Industrial provides a broad range of products and services throughout the world, including appliances, lighting and industrial products; factory automation systems; plastics, silicones and quartz products; security and sensors technology, and equipment financing, management and asset intelligence operating services.

NBC Universal is one of the world's leading media and entertainment companies in the development, production and marketing of entertainment, news and information to a global audience.

GE Healthcare is a leader in the development of a new paradigm of patient care. GE Healthcare's expertise in medical imaging and information technologies, medical diagnostics, patient monitoring systems, disease research, drug discovery and biopharmaceutical manufacturing technologies is dedicated to detecting disease earlier and helping physicians tailor treatment for individual patients.

GE Consumer Finance is a leading provider, under the GE Money brand, of credit services to consumers, retailers and auto dealers in countries around the world, offering financial products such as private label credit cards, personal loans, bank cards, auto loans and leases, mortgages, corporate travel and purchasing cards, debt consolidation and home equity loans and credit insurance.

R&D
GE has more than 2,500 researchers and 25,000 technologists staffing Global Research Centers. Headquartered in Niskayuna, New York, GE also has facilities in Bangalore, India; Shanghai, China; and Munich, Germany. In 2005, GE filed more than 2,500 patents and invested $14 billion in intellectual foundation, including more than $5 billion in product, services and information technologies.
**ecomagination 2005 results**

Since the launch of ecomagination in May 2005, GE has made significant progress on each of its four main commitments:

1. **Double investment in clean R&D**
   - GE invested $700 million in cleaner technologies in 2005.

2. **Increase revenue from ecomagination products**
   - GE has increased its ecomagination pipeline by 75% over the last year—from 17 products to 30.
   - 2005 revenues at $10.1 billion; orders up 93% from 2004, nearly doubling to $17 billion

3. **Reduce greenhouse gas (GHG) emissions**
   - GE is on track to reach its internal commitment: GHG emissions from operations remained relatively flat in 2005 compared to 2004, while GHG intensity was reduced by 10% and energy intensity was reduced by 11%.

4. **Keep the public informed**
   - In addition to this report, GE is keeping the public informed via its ecomagination web site, dozens of global conferences and stakeholder events.

**Financial highlights**

Throughout the economic cycles, GE’s long-term financial goals are:

- 8% organic revenue growth; greater than 10% annual earning growth; operating cash flow growth exceeding earnings growth; and a return on average total capital exceeding 20%.

Here is how GE performed in 200:

- Continuing revenues increased 11% to $150 billion. Organic revenue growth was 8%.
- Cash flow from operating activities was $21.6 billion, an increase of 42%. Industrial cash flow grew 14%.
- Earnings from continuing operations grew 12% to $18.3 billion. Earnings in the six business segments grew 20% with at least 10% growth in each. Industrial operating profit expanded from 13.7% to 14.4%.

**CONSOLIDATED REVENUES** (in $ billion)

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**GE CUMULATIVE CASH FLOWS 2001–2005** (in $ billions)

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<th>Shares repurchased ($)</th>
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**DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS BEFORE ACCOUNTING CHANGES** (in dollars)

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