Ecomagination is a business strategy to meet customers’ demands for more energy-efficient, less emissive products and to drive reliable growth for GE—growth that delivers for investors long term. Ecomagination also reflects GE’s commitment to invest in a future that creates innovative solutions to environmental challenges and delivers valuable products and services to customers while generating profitable growth for the Company. GE continues to work with customers, governments, non-governmental organizations and global technologists to execute on our products and services to help tackle some of the world’s biggest challenges.

ecomagination 2006 results

In its second full year after 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 $900 million in cleaner technologies in 2006.

2. **Increase revenue from ecomagination products**
   - GE has increased its ecomagination pipeline by 50% over the last year—from 30 products to 45.
   - 2006 revenues at $12 billion; orders and commitments have increased to $50 billion.

3. **Reduce greenhouse gas (GHG) emissions**
   - GE is on track to reach its internal commitment. GHG emissions in 2006 from operations have been reduced by about 4% from the 2004 baseline. GHG and energy intensity have been reduced by 21% and 22% respectively compared to 2004.

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.
About This Report

The world’s environmental challenges present an opportunity for GE to do what it does best: imagine and build innovative solutions that benefit our customers and society. Ecomagination is a vision and commitment to harness GE’s unmatched products and services to address the world’s pressing environmental issues.

GE’s ecomagination commitments

When GE launched ecomagination in May of 2005, we based the strategy on four commitments:

1. **Double investment in cleaner R&D:** GE is growing its research in such 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 greenhouse gas (GHG) emissions and improve the energy efficiency of GE’s operations:** GE is committed to reducing its GHG emissions 1% by 2012, reducing the intensity of its GHG emissions 30% by 2008 and improving 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:** GE’s annual ecomagination report, ecomagination Web site, annual citizenship report and advertising are just some of the ways that the Company is engaging the public.

These commitments represent ambitious goals for GE and reflect the broader challenges facing our customers and society. Drawing on our global capabilities, our strengths in technology and our knowledge of markets around the world, however, gives us the ability to position ourselves to build a broad portfolio of innovative solutions to a range of energy and environmental challenges.

As GE enters its third year of this long-term plan we have grown the ecomagination portfolio to 45 products and services and have engaged hundreds of customers. This report details GE’s progress in meeting its challenges by measuring our performance against each of the four commitments over the course of the past year.

While big challenges remain, GE has the technical breadth and credibility, while we expand partnerships and capabilities to position us to secure decades of accelerated growth.
To Our Investors, Customers and Other Stakeholders,

We’ll look back at 2006 as the year that the roots of ecomagination took lasting hold: when tangible, measurable success became not just an ambition, but a reality that would strengthen GE’s bottom line for many years to come.

In 2006, ecomagination surged to produce $12 billion in revenue, leading a pipeline filled with nearly $50 billion in orders and commitments. This Company has never had an initiative that has generated better financial returns so quickly.

With 128 years of Company history as our guide, we consider this a good start — but we aren’t satisfied.

Ecomagination is completely revolutionizing the way we collaborate with customers, broadly expanding our product portfolio through technical and commercial innovations, facilitating enlightened policy dialogues from Washington to Beijing, motivating employees around the world and attracting new talent on the campuses where we prospect for tomorrow’s GE leaders.

In each instance, our “green-is-green” message resonates. This report recognizes the powerful responses from all those with whom we have the privilege to work.

GE has created the largest array of infrastructure and industrial products, services and financing in the world, with a rising share of that portfolio certified as ecomagination products. When governments and commercial customers consider making a multi-billion dollar investment in infrastructure — be it in aviation, transportation, water or oil and gas — or customers consider how to lower their energy bills, or how to make their own financial decisions more sustainable, we know we have the strongest array of products to fill that need. Our customers also know it — and they are picking GE.

Please visit www.ecomagination.com to participate in a continuously evolving discussion on sustainable profitability. To date, the dedicated ecomagination Web site has recorded more than 1.3 million unique visitors and many of them told us what they thought. We hope that you will, too.

Sincerely,

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

Lorraine Bolsinger
Vice President
ecomagination
Double Our Investment in R&D

GE has operated with the belief that the Company’s future and prospects for building a better world are rooted in a steadfast commitment to technology. When GE established its first U.S. industrial research center more than a century ago, the decision was based on the belief that GE’s success would largely be driven on an ability to generate new technologies to change the way we work and live. Moreover, a commitment to R&D represented a commitment to future revenues.

Our strong commitment to ecomagination is reflected in our increased annual investment of $200 million in new and ongoing R&D efforts — from $700 million to $900 million, a 28% increase over 2005 — as well as an increase in the number of researchers globally. We also continue to forge an expanded range of key partnerships with global customers, universities and labs. Just as past GE inventions have positively influenced people’s lives, we recognize that each potential ecomagination breakthrough represents a benefit to society and an opportunity to deliver as a Company.

GE’s commitment to double its investment toward a goal of $1.5 billion in R&D remains on track:

R&D is well funded across all of GE businesses, enabling the Company to explore continuous improvement of existing products while searching for technologies at the leading edge of research. Funding is shared between GE’s four Global Research Centers (located in Shanghai, Munich, Bangalore and Schenectady/Niskayuna, New York) and each of GE’s six major businesses. Across the breadth of GE, there are more than 27,000 technologists with 2,600 scientists staffing GE’s four research centers worldwide. While each business pursues R&D specific to its industry and product portfolio, the Global Research Centers (GRCs) are developing a broad technology portfolio to help customers and society meet a range of energy and environmental challenges. They serve as dedicated labs for long-term R&D commitments and collaborate with individual businesses on key projects.

Researchers at GE’s John F. Welch Technology Center, Bangalore, India
R&D pipeline

GE’s ability to meet our ecomagination goals will require the full capability of the technologies our Company has today and the creation of new ones that expand our ability to solve the problems of tomorrow. GE’s four R&Ds work on long-term R&D commitments and help find innovative ways to apply expertise from one business to another to successfully drive new and better products into the marketplace that meet a range of environmental challenges.

Highlights of the ecomagination 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** GE researchers are focused on driving new innovations in wind that will help further reduce the cost of energy. Research includes the development of larger turbines that produce more power per dollar of capital investment, improved design and controls for maximizing wind-capture and a seamless integration of wind into the electric power grid.
- **Energy storage and hybrid systems** GE researchers are currently engaged in a multi-million dollar project with the Federal Transit Administration, an administration within the U.S. Department of Transportation, and other industrial partners to develop a prototype lightweight, battery-dominated, hybrid-fuel cell bus which could dramatically reduce fuel cell power requirements and enable a zero-emissions bus that can burn a wide variety of biofuels that are more environmentally friendly.
- **Biocfuels** GE’s Jenbacher engines, which operate on waste gases, are a great example of the increasing focus our Energy business has on alternative fuels. GE researchers are working to make our power generation and turbine products even more fuel flexible, so they can burn a wide variety of biofuels that are more environmentally friendly.
- **Geothermal and waste heat** GE researchers at our Munich facility are engaged in geothermal and waste-heat research. They are exploring ways to cost-effectively generate electricity from lower-temperature heat sources. Such heat sources are available in waste heat in many industrial processes and in the Earth’s crust.
- **Photovoltaics** GE believes solar energy has great potential, particularly in the residential marketplace. The key challenges are making it a more efficient and affordable energy alternative. GE researchers have a number of programs under way, including a $10 million program with the U.S. Department of Energy to develop more efficient, less costly cell materials. This will improve the overall efficiency of GE’s solar modules and seamlessly integrate solar technologies in buildings and homes.

**Transportation initiatives**

Despite already having some of the most environmentally advanced and fuel-efficient locomotives, GE researchers also are working on a hybrid locomotive, which could dramatically reduce fuel consumption and emissions compared to most freight locomotives being used today.

In the hybrid locomotive, energy is recovered in the braking process and then stored in batteries and used as energy. Researchers continue to look for ways to improve this battery performance and optimize the integration of the hybrid storage technology into the locomotive engine.

GE researchers are also exploring new technologies to optimize how a locomotive engine runs to further increase performance and fuel efficiency. GE already offers technologies that automatically adjust engine parameters based on altitude and air density, horsepower most effectively among several locomotives on a given train to use less fuel. Researchers are now working on technology solutions to optimize how trips are driven to ensure that trains are run as planned, using the least amount of fuel possible.

In Aviation, GE researchers are exploring revolutionary new separation principles and improved membrane technologies to lower the cost of water for drinking and industrial wastewater reuse. In addition, researchers are developing new membrane material and energy recovery devices that 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.

**Water use and purification initiatives**

GE scientists are exploring revolutionary new separation principles and improved membrane technologies to lower the cost of water and air for drinking and industrial water reuse. In addition, researchers are developing new membrane material and energy recovery devices that 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.

**Cleaner Coal technology**

GE offers an integrated Gasification Combined Cycle (IGCC) system that successfully converts fuels such as coal into a cleaner burning energy source. Our IGCC System also makes it easier to separate carbon dioxide and emits less than half of the sulfur oxides, nitrogen oxides, mercury and particulate matter than would be emitted by a traditional pulverized coal plant. GE researchers are working on inventing a process system that will help convert coal into an even cleaner burning fuel.

**Energy-efficiency initiatives**

GE has entered a strategic alliance with Konica Minolta, a leading imaging company, to accelerate the development and commercialization of OLED (Organic Light Emitting Diode) devices for lighting applications. The goal is to bring OLED lighting to market within the next three years. OLED lighting applications will provide consumers with an entirely different way to light their homes and businesses. These applications will be mercury-free and deliver dramatically improved levels of efficiency.

Carbon capture

In an increasingly carbon-constrained world “better and cheaper” will be critical components of lasting solutions. Capturing CO2 on GE’s integrated Gasification Combined Cycle System, GE researchers are working on different approaches that will offer more efficient and effective ways to capture CO2 at a substantially reduced cost.
Soaring to a sustainable future in India:
Air India puts actions in motion

India is poised for exponential growth of its economy and its influence in the world. This growth potential also applies to how India will continue to address its environment. The country’s history and culture has been long connected to living in harmony with the environment. The nation also possesses a huge knowledge base that can steer India’s growth potential in the direction of sustainability. Going forward, the hope is that Indian business and government leaders who enact legislation or hold the potential to grow will only further India’s efforts in a direction that the country and the rest of the world can embrace.

One illustration of India’s commitment to sustainability was the signing of a memorandum of understanding in February 2007 between GE Aviation and Air India, India’s largest airline, outlining specific initiatives and tasks on which our two organizations will collaborate. Efforts will combine the experience that GE has in this space with the desire and will of the Air India team to make its operations more environmentally advantageous.

This top-down initiative, supported by Air India Chairman, M. Thulsidas, will not only change the way that the world looks at Air India as an airline, but how the world views India as a whole as it takes steps toward a sustainable future. This sentiment is echoed in the government sector by Kapil Sibal, Minister for Science and Technology. Government of India who states, “...ecomagination is an initiative whose time has come. I commend GE for taking this initiative and hope others will follow.”

R&D highlights
GE’s culture of fostering imagination is supported by one of the world’s largest and most diverse network of research centers. This distinct capability enables GE technologists to share their expertise across disciplines and contribute to developing innovative ecomagination solutions.

Enabling clean drinking water:
Solar Clean Water System

By 2020, much of the world is expected to confront severe water shortages, particularly in countries in Southeast Asia, Africa and Latin America. In response, GE is supplying its ecomagination-certified solar energy modules and water filtration technology in rural areas of India, Bangladesh, Nepal, Malaysia and developing countries in Africa to improve the availability of clean drinking water. This solar-powered, off-grid application brings two of GE’s innovative ecomagination technologies together to provide a new solution that is easy to maintain and available for rapid deployment.

The use of solar energy technology to power water filtration systems will enable governments, NGOs and philanthropic organizations to install equipment in remote areas that lack direct access to transmission grids. To ensure effective deployment of this new technology, GE is creating a network of experienced local integrators and developers. Self-sustaining clean water systems are seen as crucial in the global fight to reduce the spread of diseases and improve mortality rates in developing countries. These projects will help improve the health and safety conditions of areas lacking adequate infrastructure and direct access to safe water supplies.

Clean energy and water all-in-one

Today, more than one billion people around the world lack access to safe water sources. To address this issue, GE researchers are engaged in a project with Texas Tech University, a world-renowned research center for wind-water integration and application, to develop affordable water desalination systems that increase the quantity and quality of clean water available in and areas around the United States and globally. The partnership focuses on the integration of renewable-energy systems, such as wind turbines, with membrane desalination processes. The development of the integrated renewable-energy-water system has the potential to significantly reduce the cost of creating new sources of fresh water from impaired resources, such as brackish water, by directly addressing the major component of operating cost of desalination systems—energy.
Reducing emissions: GE reverse osmosis technology

Since 1980, the population of the metropolitan area of São Paulo, Brazil, has more than doubled. This growth has also turned the region into the country’s largest industrial center. Increasingly, area factories are installing more environmentally-friendly systems, including Cia Nitro Química Brasileira, an industrial chemicals unit of Latin American conglomerate Votorantim. Cia Nitro Química’s plants production process demands a significant volume of high purity, demineralized water to generate steam. To reduce water consumption, the company opted to install a system of demineralization through the reverse osmosis (RO) technology of GE Water & Process Technologies. RO separation technology is used to remove dissolved impurities from water through the use of a semi-permeable membrane involving the reversal of flow through the membrane from a high-salinity, or concentrated solution, to the high-purity, or “permeate,” stream on the opposite side of the membrane. As a result of the new system using RO, the company runs its boilers almost continually, without the frequent interruptions as previously required. By operating boilers more efficiently, the plant has reduced water consumption, natural gas consumption by 45%, and emission of gases and the discharge of generation wastewater by 90%, while also achieving an excellent return on investment.

Hawaii sustainability initiative

More than 90% of Hawaii’s electricity and transportation energy needs rely on imported petroleum. This condition makes its economy sensitive to supply volatility and disruptions and results in some of the highest electricity and gas prices in the United States. As energy challenges grow, more attention is turning to solutions that diversify and promote cleaner, sustainable alternatives. To address current issues, GE is working with the State of Hawaii, the University of Hawaii, Hawaii utilities and the U.S. Department of Energy to develop a sustainably initiative that will identify new solutions to meet the energy needs of the Big Island of Hawaii. The effort will evaluate existing energy sources on the Big Island, identify technology solutions that can reduce the island’s dependence on fossil fuels and consider ways to increase the concentration of intermittent renewable resources like wind and solar energy.

Turning waste into energy: Jenbacher engines

Countries around the world are increasingly considering renewable energy solutions and are employing GE’s innovative Jenbacher engines. These engines harness methane released from coal mines, decomposing material in landfills and biomass created with agricultural crops to create high-energy fuel while preventing the release of methane, a potent greenhouse gas.

GE and NAVARDO Boeenergy, a renewable energy developer, are undertaking an agricultural biogas project in eastern Germany. Forty Jenbacher engines are being installed in separate plants to support a new bioenergy park, called “Klarsee,” adjacent to farmland in the town of Penkun in Mecklenburg-Vorpommern. The Jenbacher units will take biogas created during the decomposition of agricultural waste and use it as fuel. Approximately 20-megawatt (MW) of electricity will be sold to the local grid, and a separate, specially designed heat recovery system will heat an adjacent fertilizer production facility on the farmland.

Energy-efficiency projects are also under way in Ukraine, which has the world’s largest coal production facilities, to utilize all aspects of this fuel and to reduce the amount of coal-mine emissions. One major initiative is the new coal-mine methane (CM4) cogeneration plant at Sasyadko, the country’s second-largest mine, located in the southeastern Donbas coal-mining region. GE’s Jenbacher gas engines have simplified the use of methane gas released during the coal-extraction process to provide electricity and heat for the mine’s on-site operations. Since all 24 engines are installed — generating a total output of nearly 143 MW of power — the Sasyadko plant is set to become the world’s most powerful cogeneration plant fueled by coal-mine gas.

Meeting growing power demands: GE’s LMS100 gas turbine systems

Power generators constantly seek economical solutions for the dispatch needs of varying market conditions, such as those in California, where record-breaking spikes in electricity demand are occurring in tandem with some of the country’s most stringent environmental policies.

GE believes one of its newest additions to the combustion portfolio, the LMS100 gas turbine, offers a fast, flexible and efficient solution for California’s and other geographies’ most challenging power needs. With its 10-minute-start times, unmatched hot-day performance, efficiency and reliability from proven technology, the LMS100 gas turbine has been steadily gaining momentum in the marketplace as an ideal solution for power generation planners and developers.

The Panache Energy Center is one California-based power provider outside the city of Fresno that has already chosen the LMS100’s 44% simple cycle efficiency and reduced greenhouse-gas emissions to meet increasing periods of high demand. The center has purchased four LMS100 gas turbine systems, which will produce enough electricity during peak demand hours to illuminate the entire city of Santa Ana. California. With a total of nine LMS100 units going into all of California by 2010, the state stands to reduce CO2 emissions reduction of more than 270,000 tons over other similar industrial gas turbines — the equivalent of eliminating the emissions from 43,000 cars.

The Tsinghua project

The tremendous growth and development of China’s economy is creating huge demands for new energy sources. With one of the world’s largest coal reserves, the country is turning to coal to meet its increasing power needs. At the same time, the nation is emphasizing the importance and need to develop clean, sustainable energy solutions.

GE believes cleaner-coal solutions with advanced technologies are possible and hold promise for China’s future developments. To help China develop new solutions, GE technologists at GE’s China Technology Center are working with researchers at Tsinghua University on cleaner coal and wind energy research. The joint team brings together an understanding of both the engineering challenges China faces and can tap into GE’s R&D efforts from around the globe. By drawing on each other’s strengths, team members are pushing their combined knowledge and resources to work towards a cleaner coal and wind energy resources into the country’s grid infrastructure.

Reduction in need of more energy efficient will require entirely new approaches to and building homes. To foster new ideas, GE is partnering with New Mexico Tech, a leader in renewable energy, research and development on a multi-year research program. The goal of the program is to develop and demonstrate the integration of sustainable technologies to create cost-effective and energy-efficient residential and commercial communities. The program will integrate and optimize renewable energy and energy conservation technologies into homes and buildings, including solar energy, home security technologies, energy-efficiency technologies such as advanced lighting and appliances, and advanced electrical distribution system technologies.

Promoting greener communities

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Heating up development: Solar energy research program

Solar energy creates passive, near zero emission energy generation. GE researchers believe it will be a key to the future, as much as 10-20% of the power generated in the United States could be derived from solar energy: GE Energy is leading the university, companies and researchers in developing advanced solar energy technologies that aim to accelerate large-scale commercialization of solar technologies that will be cost competitive with retail electricity without utilizing subsidies.

Leveraging advanced research in pulsed detonation combustion for aircraft propulsion taking place at GE’s Global Research Center in Niskayuna, GE Energy recently introduced a new online impulse cleaning system for coal-fired boilers used in power generation plants, called Powerwave+. Powerwave+ ultimately enhances boiler operation at power generation plants that burn coal in natural gas to produce electricity.

Powerwave+ harnesses shock waves created through the pulsed detonation process and directs the shock waves into the boiler. This process non-destructively breaks up and brittle deposits. The resulting benefit is that less coal needs to be burned to maintain power output from a plant. Powerwave+ also allows plants to run longer before performing scheduled outages and reduces costly maintenance associated with other commonly used cleaning techniques.

Installing Powerwave+ in every coal-fired boiler around the world could save millions of tons of coal per year, the equivalent of powering well over a million U.S. homes. In addition to reducing the carbon footprint, this new product reduces the amount of water that power plants consume, including hundreds of thousands of gallons of water in cases where Powerwave+ replaces steam soot blowers.

Reducing the carbon footprint one boiler at a time

GE researchers believe that less coal needs to be burned to maintain power output from a plant. Powerwave+ also allows plants to run longer before performing scheduled outages and reduces costly maintenance associated with other commonly used cleaning techniques.

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Increase Revenues from ecomagination Products

GE launched its ecomagination platform with the belief that “green is green”: that environmentally sound business is profitable. After nearly 130 years in business, we knew that true environmental sustainability would only be possible if the practice could be sustained economically. Therefore, ecomagination was conceived as a business strategy, and just two years into the program it is delivering the commercial potential we envisioned.

In 2006, GE achieved 20% growth in ecomagination revenues over 2005, from $10 billion to $12 billion. This growth came from providing our customers with products that may improve their operating performance and reduce environmental impact. The potential of this mutual benefit is significant. Not only has ecomagination generated double-digit growth for GE, but it has also become a catalyst for innovation and a new dialogue in business as a whole.

As we continue to grow ecomagination, we are excited by the momentum of our products and look forward to the gains that will be added as new products become commercialized.
To ensure that product introduction is met with the highest degree of integrity, GE employs a rigorous qualification process to effectively vet new products for Ecomagination. CEW will deliver solutions that increase customers’ ability to compete and win. GE also created the Ecomagination Product Review (EPR) scorecard that quantifies a 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.

The following pages highlight GE’s Ecomagination certified products and services.
Aviation

GE’s electric engine program—driven by GE’s commitment to investing in ecomagination—is one of the most advanced in the world. Its architecture is a demonstration of reduced emission and noise impacts, which GE believes are the new standard for regional aircraft. The design combines the efficiency and reliability of a jet engine with the comfort and noise reduction of a regional commuter aircraft. GE hopes to have all its regional commuter aircraft using GE’s electric engines by 2015.

Energy

Vehicle electronics and information systems are a growing megatrend that is changing transportation. GE is transforming its traditional business model to include alternative energy sources and vehicle electrification, with a goal to be a major player in transportation electrification. GE is doing this in three ways:

- Combining GE’s gas turbine and wind power plants into a single generation solution
- Combining GE’s electric grid and microgrid solutions
- Developing new technologies for transportation

GE’s commitment to investing in ecomagination enables us to introduce new products and evolve existing ones that make smarter use of energy that delivers benefits to customers, the environment and GE.

PulseWave Pulsed Filters

PulseWave pulsed filter elements capture particulate matter (fine dust created by various manufacturing processes). These filters prevent the release of air-polluting emissions while requiring lower pulse pressures and fewer pulses to clean, leading to lower energy costs.

DLN 1+ Combustion System

Gas turbines with DLN 1+ combustion systems have lower NOx emissions compared with similar turbines equipped with DLN 0.5 combustion systems and have better efficiency and emit less CO2 than a gas turbine equipped with a selective catalytic reduction (SCR) system.

DLN 2+ Combustion System

The GE DLN 2.6 combustion system enables gas turbines to operate more cleanly and efficiently than when they are equipped with alternative NOx reduction systems. This system allows power generation equipment operators to operate across a wider load range while at the same time enabling them to meet the newest, most stringent regulatory emissions levels required at each step of the load range.

PowerWave+

The PowerWave+ Pulse Detonation system couples shock waves with pressure pulses to produce the clearing power to distillate tough buildups in boilers in the coal-burning process for power generation. This process improves boiler efficiency and reduces the amount of coal burned and ash dust generated.

To learn more about more specific business ecomagination initiatives, please visit www.ecomagination.com

Re-lamping refrigeration: energy savings for Wal-Mart

GE not only works with customers to identify energy-saving lighting projects, it also collaborates with end users on lighting solutions from initial brainstorming to continuous improvement, contributing to the success of customers and GE. This is the case with GE’s new LED solution for refrigerated display lighting, designed for compatible retrofitting and new installations, numbering more than 20 customer installations worldwide. Eight of the top 10 U.S. supermarkets are testing or using the LED solution, with Wal-Mart being the first customer to roll it out on a broad basis.

More than 500 of Wal-Mart’s U.S. stores will be outfitting their refrigerated display cases with GE’s LED solution. It is one of the top energy-saving initiatives Wal-Mart is pursuing in 2007 — a move that is estimated to save the retailer $2.6 million annually. In stores where the LED solution will be put to work, occupancy sensors and LED dimming capabilities will reduce the amount of time display cases are at full lighting levels — to about 15 hours a day instead of 24. The retrofit is expected to net around 65% in energy savings, or the equivalent of reducing CO2 emissions by about 35 million pounds a year.

Wal-Mart has decided to aim subsequent phases of the LED initiative at retrofitting existing refrigerated display cases at many of its nearly 6,700 stores around the world. Over time, the retailer hopes to have all its refrigerated display case lighting using energy-efficient LEDs. The retrofit represents the kind of commitment Wal-Mart is making to be both an efficient and profitable business, as well as a good steward of the environment.
Driving growth: Evolution Series locomotives in Kazakhstan

In Kazakhstan, record amounts of goods and materials travel by rail, driven by strong demand for transit intermodal traffic and petroleum products accelerating the demand for new, more modern trains. To assist in meeting this need, GE teamed with Kazakhstan Temiriz (K72), the country’s national railway company, on the construction of a new locomotive assembly plant near the city of Parlodar to build new Evolution Series locomotives. The relationship is based on more than 10 years of collaboration on various locomotive modernization initiatives.

The Kazakhstan Evolution locomotive model to be built will be powered by GE’s 23-cylinder GEVO engine and specifically designed for operation in the Kazakhstan factory and the most environmentally sound. “We look forward to the day when new GE Evolution Series locomotives begin operation in Kazakhstan,” says K72 President Dr. Erlan Atamkulov. “Because that will mark the time when K72’s fleet becomes the gold standard of locomotive technology in the CIS.”

Cleaning up: PulsePleat Pleated Filter technology

GE’s PulsePleat pleated filter elements capture fine dust in various manufacturing processes and prevent the release of air-polluting emissions. The technology provides advantages to manufacturers in that it requires less energy to operate, resulting in lower energy costs and improved particulate matter recycling, which reduces materials costs. As manufacturers face increased production demands and lower emissions limits, many are seeking solutions that provide better performance over many of today’s options.

PulsePleat pleated filter elements were embraced by Cementos Catatumbo in Venezuela. A high-quality Portland cement producer located near Maracaibo, Venezuela that serves the domestic market as well as markets in the United States, the Caribbean and Africa. To control packaging process emissions generated during the bagging process, the company decided to upgrade two of its packaging baghouses to pulse-jet style cleaning units fitted with GE’s PulsePleat pleated filter elements. By employing PulsePleat technology, Cementos Catatumbo has been able to eliminate high dust emissions and reduce energy consumption. It is also able to cut maintenance costs and downtime, improving overall plant productivity.

Partnering on power solutions: GE and BP

To help keep energy costs low, maintain a reliable supply and address the issue of energy security, many countries around the world will continue to make extensive use of fossil fuels—such as coal—for their power generation needs. Using advanced technology, this can be done in a much cleaner manner. Hydrogen power projects can create hydrogen from fossil fuels to produce power while capturing and sequestering the carbon dioxide in deep geological formations; however, there are almost no commercial applications of this technology today. GE and BP have formed a global alliance to advance gasification, power generation and carbon capture and sequestration technologies for such applications. Initially, the companies expect to work together on the development of five hydrogen power plants using petroleum coke and bituminous coal feedstocks with very low carbon emissions. This initiative will demonstrate that our company’s leading-edge technologies can make low-carbon power production from fuel such as coal-efficient, reliable and economical for commercial applications. These technologies combined with our financial strength and policy support from governments, will ensure it happens now, changing the way we envision our global energy future. The annual carbon dioxide emissions saved by just one of these plants, designed to produce 500 MW of power with 90% carbon capture and geological storage, would be the equivalent of 250,000 cars taken off the road in the U.S. for one year or the quantity removed from the atmosphere by 1,461 square miles of trees in one year. If the annual carbon captured per plant was used for enhanced oil recovery, it could increase the annual recovery of oil from an oilfield by something in the order of 6.5 million barrels—equivalent to nearly a day of current U.S. oil production.

Greening the games: Beijing 2008 Olympic Games

Through its global sponsorship of the International Olympic Committee, GE is uniquely positioned to serve as a credible partner to help the Olympic Movement plan for and achieve its long-term sustainability and “Green Games” goals. GE is committed to working with the governments, organizing committees and private-sector entities that build the massive infrastructure needed to support the world’s largest sporting event every two years. GE is applying its vast environmental resources, business expertise, and technology to create solutions to address pressing environmental challenges faced by host cities and countries, and help ensure that the Olympic Games’ environmental legacy is a positive one.

For the Beijing 2008 Olympic Games, GE is contributing in many ways to the Beijing Organizing Committee’s (BOCOG) goal of staging an environmentally sound Games with cutting-edge energy, lighting and water treatment technology. GE is supplying natural gas combined-cycle turbines that will deliver power, heating and cooling to the Olympic Central Area, providing solar-powered LED lighting fixtures and solar lighting; and improving the city’s wastewater treatment capabilities with a technologically advanced membrane system that will filter more than 80,000 cubic meters of wastewater daily to be recycled in support of Olympic landscaping.

In supporting the “greening” of the Vancouver 2010 Olympic Winter Games, GE has engaged its ecosystem team with the city of Vancouver and developers of the Athlete’s Village in False Creek to explore opportunities with regard to sustainability. GE’s Water & Process Technologies business, in partnership with Epcor, has been awarded a contract to implement its ZeeWeed membrane system at the Nordic water and wastewater treatment plant.
A new approach to GHG sequestration: Gas re-injection

The oil and gas industry is becoming more attuned to finding ways to reduce greenhouse gas (GHG) emissions such as CO2, as well as SO2 emissions during exploration and production. Today, GHGs are usually flared and vented into the atmosphere, as this is the easiest, most convenient way for gas producers to dispose of GHGs.

GE’s BCL304 series Centrifugal Compressor not only has the capacity to prevent CO2 from being released into the atmosphere, but it also significantly contributes to GHG sequestration by eliminating the production of elemental sulfur.

GE’s compressor will be used at the Kashagan oil field of the North Caspian Sea, off the coast of Kazakhstan, one of the largest fields to be discovered in the last 30 years. In order to meet the demanding environmental and safety standards established to protect the ecology of the region, GE designed and tested the setup for zero leakage of sour gas. The results proved to be outstanding, while also meeting required customer specifications.

Investment in nature: Pakini Nui wind project

Generating profits while drawing on an inexhaustible natural resource, GE built turbines and GE Energy Financial Services’ capital are capturing the wind that blows across the majestic, lava-formed landscape of Hawaii’s Big Island. The 21 MW Pakini Nui Wind Project is at South Point, one of the world’s windiest habitable locations. The wind farm is producing electrical energy estimated to be sufficient for more than 10,000 homes and is helping to avoid more than 22,000 tons per year of greenhouse gas emissions.

The wind farm is helping to reduce the Big Island’s dependency on imported fossil fuel by the equivalent of 160,000 barrels of oil per year. Apollo Energy, one of Hawaii’s pioneer wind developers, created the project using GE Energy’s 1.5 MW SE wind turbines and GE Energy Financial Services’ debt and equity investments for project development, construction, and operation.

More energy, fewer emissions: New DLN system for power plants

Exhaustive and regulatory requirements are placing greater pressure on utilities to operate gas turbines with lower emissions. In northern Italy, growing demands for more energy and lower carbon dioxide emissions dramatically have increased the need for energy utilities to meet new environmental standards. The GE designed DLN system was designed to significantly reduce nitrogen oxides in Europe. The utilities can meet ever-stringent regulatory requirements.

More than a year into production in AEIC, the latest generation combustion system, GE has demonstrated extremely low levels of emissions—NOx emissions are significantly lower and CO2 is practically zero. An equally significant aspect of the DLN 2.6 system is its capability to maintain low emission levels during offpeak periods. With such a capability, AEIC is able to reduce fuel consumption, thus reducing costs, without shutting down turbines. In addition, the system can start and shut down by itself, helping to meet customer demands as energy needs fluctuate. This is the fastest selling widebody engine in GE's history, with more than 800 engines sold to more than 25 customers to date around the world. GE’s new DLN 2.6 system provides improved turbine availability and enables flexibility to lower emissions during startup and shutdowns, and overall reduced cost of operation. The enhanced product line-up delivers an industry leading over 30% lower CO2 emissions over the life of the Qantas Group’s fleet.

Switching to savings: Walgreens’ efficient lighting program

Since 1968, GE has worked with retailer Walgreens on energy-saving programs. Walgreens has been one of GE’s early adopters of energy-efficient technologies and it has sole-specified GE’s LED Refrigerated Display Lighting for all new store refrigerated cases in its fleet of more than 5,600 stores across the United States and Puerto Rico. By deploying GE’s high-efficiency T8 linear fluorescents and by using centralized lighting control systems, Walgreens is reducing its energy consumption by 133 million kWh and CO2 emissions by 81,000 metric tons annually. This remarkable program will benefit the environment and Walgreens shareholders alike by resulting in annual energy savings of more than $10 million for the company.

“Through our relationship with GE and the use of innovation in lighting technology, we have been able to deepen our commitment to reducing our company’s energy usage. We look forward to continuing this partnership well into the future.” Tim Schmid, Divisional Vice-President, Construction and Facilities management at Walgreens.

Enhancing wind power: GE 2.5xl

GE has applied its experience in power generation to GE’s new 2.5xl turbine, combining the proven performance of the 1.5 xl with advancements in technology and design to create the new GE 2.5xl turbine. The GE 2.5xl turbine is essentially identical to the 1.5 xl in terms of performance, reliability, and maintenance, but GE has improved the blade root and tower attachment to work for both onshore and offshore locations. The GE 2.5xl is the fastest selling wind turbine on the market, with more than 100 orders and 430 MW of capacity booked to date.

The turbine is designed to be reliable, efficient, and environmentally friendly, with a goal of achieving zero emissions. GE has made significant improvements to the turbine’s performance, including a new blade design that allows for better load distribution and increased aerodynamic efficiency. The GE 2.5xl is currently in operation on the Molle Wind Farm in California, where it has been successful in achieving high levels of performance and reliability.

Taking flight: The GEnx engine

Investing in new technologies for aircraft is an ongoing commitment by GE as airlines face more restrictive conditions around the world and look to an expanded range of requirements to be met, including reduced noise and emissions levels, greater capacity, longer range and lower operational costs. Taking its first flight this year and becoming a commercial reality, the GEnx engine strikes a balance between performance and cost while making exponential improvements in noise, emissions and fuel efficiency.

The GEnx engine represents a breakthrough for sustainability and ecomagination in the aviation industry. It uses state-of-the-art material technology, from revolutionary composite fan blades and case to more durable, higher temperature turbine blades. The combination of larger and tighter weight composite fan blades with GE’s TAPS (Twin Annular Pre-swirl) combustor technology allows for weight reduction and cleaner fuel burn. The improved aeronautics dramatically reduce noise and help meet more stringent noise requirements at airports such as Heathrow while enabling the aircraft to carry more fuel to fly farther. Aircraft using the GEnx engine are able to fly up to 8,500 nautical miles—the equivalent of New York to Shanghai non-stop. These performance features have made an impact in the marketplace. The GEnx engine is the fastest selling wide-body engine in GE’s history, with more than 800 engines sold to more than 25 customers to date around the world. First designed in 2004 for the popular Boeing 787, the GEnx engine also exclusively powers the Boeing 787-9. It was also selected as one of two engines to power Boeing’s new-generation 787 Dreamliner aircraft and the Airbus A350 aircraft. The Qantas Group selected GEnx as the powerplant for its Boeing 787-9 Dreamliner fleet of up to 115 aircraft. Deliveries are scheduled to begin in 2008. The Chief Financial Officer of Qantas, Mr. Peter Gregg, says, “The GEnx was chosen because of its superior performance for the type of operation the Qantas Group aircraft will perform and for the environmental benefits that it shall deliver as compared to current aircraft types.”
Revenues

GE has set an ambitious target—to grow its revenues from ecomagination products to $20 billion by 2010. In 2006—GE’s first full year of deploying ecomagination—revenues grew from $10 billion in 2005 to $12 billion, delivering a 20% increase in revenue. Two years into this commitment, GE has tallied significant progress that will translate to the Company’s bottom line, rewarding investors as shown here:

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**Wind**

In 2006, GE announced that it had surpassed 6,000 installations for its 1.5 MW wind turbine, with revenues exceeding $1.4 billion, an increase of more than 54% over 2005. These turbines are one of the most widely used machines in the global wind power industry.

The 1.5 MW wind turbine along with the newly developed 1.5xle model allows GE to offer the ideal rotor diameter for every wind classification.

**Water**

In 2006, GE added technologies to its portfolio that will enhance the desalination products that GE previously had on the market. By adding pretreatment technology for reverse osmosis technology, GE will be able to better help customers address pressing water scarcity issue.

**Aviation revenues**

To date, more than 1,065 ecomagination-certified aircraft engines have been sold with a total projected order value of more than $32 billion.

**Representative wins:**

1. **Middle East**
   - ALAFCO: 12 GEnx powered 787s at an approximate value of $530 million
   - Emirates: 20 GEnx powered 767-8 freighters at an approximate value of $600 million
   - Qatar: 34 GEnx powered 777-300ers and two GEnx powered 777-200LRs at an approximate value of $750 million

2. **Asia Pacific**
   - Qantas: 45 GEnx powered 787s at an approximate value of $1 billion
   - China Southern: 10 GEnx powered 787s at an approximate value of $250 million
   - China Eastern Airlines: 15 GEnx powered 787s at an approximate value of $370 million

3. **Europe**
   - Lufthansa: 20 GEnx powered 747-8 passenger aircraft at an approximate value of $950 million

4. **Americas**
   - Continental: 10 GEnx powered 767s at an approximate value of $490 million
   - Atlas: 12 GEnx powered 747-8 freighters at an approximate value of $700 million
Greening energy investments

GE’s Energy Financial Services, whose investments in renewable energy date back more than 20 years, significantly expanded its team of experienced finance and technical professionals serving this market in 2006. The results were immediate: nearly doubling the portfolio of investments in wind, solar, hydroelectric, geothermal and biomass to $1.75 billion in 2006 with a goal of reaching $3 billion by the end of 2008. The GE unit is also exploring biofuels and energy-efficiency investments, and formed a venture investing team to focus on later-stage emerging energy and water technology companies.

Among the investment highlights:

- Negotiated a partnership with AES Corporation to develop greenhouse gas emission-reduction projects in the United States. The partnership seeks to offset the equivalent of an annual production volume of 10 million metric tons (MMT) of carbon dioxide gas by 2010, primarily through methane emissions reductions.
- Financed and acquired one of the world’s largest solar power plants, the 11 MW Serpa Power Plant in Portugal, avoiding 10,000 tons a year in greenhouse gas emissions.
- Made commitments to project equity investments in wind farms in Hawaii (21 MW), Texas (125 MW), Pennsylvania (150 MW – 2 farms), Illinois (132 MW – 2 farms), New Mexico (90 MW), California (38 MW) and Minnesota (205 MW).
- Completed financing for 22 solar roofs atop schools in San Diego, California.
- Received the exclusive right to provide project equity as well as co-lead debt financing for construction of a 200 MW run-of-river hydroelectric project in British Columbia.
- Provided a loan for two Delaware landfill gas-to-energy generation projects, both using GE Energy’s Jenbacher gas engines configured as generator sets. The projects avoid approximately 40,000 tons a year in greenhouse gas emissions.
- Provided capital to Ocean Power Delivery, Ltd. for the world’s first commercial facility that will generate electricity from offshore ocean waves.
Reduce Our Greenhouse Gas Emissions and Improve Energy Savings

To make ecomagination truly “sustainable” from a business perspective, GE set very real, aggressive targets, one of which is to improve the energy efficiency of Company 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 (versus 2004 levels) by which GE will reduce its absolute GHG emissions worldwide by 2012. This is a major 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 (also versus 2004 levels). Improving energy efficiency translates into significant energy cost savings for GE—and another way ecomagination is rewarding investors.

By making a public commitment and then tracking the results, GE is leading by example and demonstrating how one company can make a difference.
Greenhouse gas emissions

2006 Results:

- GE cut worldwide GHG emissions from its operations by about 4% to 11.25 MMT in 2006 compared to the 2004 baseline. By way of comparison, the annual avoided GHG emissions from just one of GE’s products, its installed base of wind turbines, is approximately 18.8 MMT.
- GE’s GHG and energy intensity have both been reduced by 21% and 22% respectively compared to the 2004 baseline.
- In addition, GE has reduced its absolute energy use by 5% compared to 2004.

These data (see chart below) are based on detailed information from about 550 large GE locations as well as estimates from an additional 3,000 smaller GE locations. It also includes the air fleet GE operates for its own use as well as vehicles leased by GE Fleet Services for internal GE use.

Future yearly results may show increases as well as decreases in emissions due to:

- Acquisition and divestments. Although the number of large GE locations is about the same as in 2004, there has been a change of approximately 15% in the actual sites making up this list. We anticipate that the sites making up our inventory may undergo another 15% change in 2007. Each of these changes require adjustments to GE’s 2004 baseline emissions and the emissions profiles of newly acquired locations may differ significantly from divested sites.
- Building of new manufacturing, office and service operations for which there will be no 2006 baseline adjustments.
- Production increases and decreases.

To offset these increases by 2012, our strategy is to continue to identify and implement a large variety of reduction projects including energy conservation measures, use of low carbon energy supply (including renewables) and application of GE technologies to our operations.

More information on the details of GE’s GHG inventory, including methodology, Quality Control/Quality Assurance process, verification of our baseline GHG inventory and the extent to which GE follows the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) GHG Protocol can be found at www.ge.com/en/citizenship/features/greenhouse.htm.

GE energy financial investments

In addition to reporting GHG emissions from its operations, GE is reporting the GHG emissions associated with its equity investments in power plants through GE Energy Financial Services. We are reporting these emissions based upon GE Energy Financial Services business’ percentage of equity ownership, even if GE does not control the power plant. Calculated on this basis, GHG emissions are approximately 10.94 MMT from 27 equity investments.

As with GE’s commitments on GHG emissions from its operations, GE is also undertaking several initiatives around its equity investments in energy, such as:

- Demonstrating leadership by becoming one of the first financial services company in the world to report GHG emissions associated with power plant equity investments.
- Working with WRI and other organizations in this sector to develop a GHG Accounting Protocol designed to cover the full range of financial instruments used in the financial services industry.
- Participating in USCAP, advocating for U.S. legislation setting mandatory GHG reduction goals and for a cap-and-trade mechanism, which would impact GE’s own power plant investments.
- Helping to stimulate the growth of renewable energy through an aggressive investment strategy. GE has grown its assets in this area from $630 million in 2004 to more than $2 billion today (including 13 equity investments) with a goal of $3 billion by the end of 2008.
- Electricity from Energy Financial Services current equity portfolio of renewable assets will avoid (4.4 million short tons of CO₂ per year (3.9 MMT)). This is based on actual 2006 generation for operating projects and likely (PS, i.e. equal chance it will be higher or lower) generation for those that are not fully operational yet.
- By incorporating an assumed future cost of carbon to help guide its investment decision-making.
- Leading U.S. carbon market development through its recently announced partnership with AES Corp. to finance carbon reduction projects with a goal of offsetting 10 MMT of GHGs by 2010.

Achieving big savings

Each one of GE’s businesses with significant GHG emissions has developed a 1-30-30 strategic plan to meet GE’s goals of reducing the Company’s GHG emissions. The Company has also developed a specialized database for tracking projects and sharing learnings. To date, GE has identified opportunities for more than 1 MMT of CO₂ reductions and has executed on projects with more than 350,000-metric tons (MT) of reductions and $70 million in energy savings. Some of these examples include:

Re-lamping GE facilities

In our 2005 ecomagination report, GE committed to re-lamping manufacturing facilities within our industrial businesses to demonstrate our commitment to using our own energy-efficient technology. So began a two-year plan to retrofit lighting at 80 of GE’s industrial manufacturing plants and warehouses worldwide. We have re-lamped 62 of 84 manufacturing plants within our industrial division with new energy-efficient GE T8 and 15 fluorescent lamps, driving 62,000 MT of GHG reduction annually and $25.5 million kilowatt hours of electricity use. These sites have also generated an estimated total annual savings of $13.3 million. This energy use reduction is roughly the equivalent to removing nearly 12,000 cars off the road.

Energy Treasure Hunts

GE has made widespread use of the “treasure hunt” process developed by Toyota to identify energy savings and GHG reductions at 181 of its global locations. More than 5,400 projects identified $48,000 MMT of GHG opportunity and a potential 5,800,000 MMBtu in energy savings. Of this potential, nearly 250,000 MMT of CO₂ reduction has been realized or is funded for implementation during 2007. Most important, this process has engaged more than 2,600 of GE’s employees and identified numerous projects that will impact GE’s global GHG footprint.

Solor Panel Installations

GE has also committed to completing several very visible projects using our own technology. In May 2007, GE’s headquarters in Fairfield, Connecticut, began using GE’s own solar panels to generate electricity. In addition to leveraging against energy cost increase, this process demonstrates that renewable technology is a great hedge in the energy market. Five additional locations will be installing solar panels, targeting a total of 20 sites by the end of 2007 – an exciting demonstration of using our own technology.

Using GE Research & Technology Capabilities

GE has been leveraging the experience of our Global Research Centers to work with our businesses on reduction projects, including eliminating 50,000 CO₂ equivalent tons of SF₆ (a potent greenhouse gas) at one of our facilities and working with our chemical plants to perform studies identifying more than 100,000 additional tons in CO₂ reduction opportunities.

eCO₂ Site Certification Program

GE believes in rewarding hard work. A key part of rewarding the numerous sites and facilities that have embraced ecomagination and 1-30-30, is our reward and recognition program. GE recognized 25 facilities globally for beating the 1% reduction requirement and demonstrating a 5% year-over-year reduction in GHG emissions during 2005. In addition, we also recognized six teams that were the “best-of-the-best” in developing the most effective, innovative and creative solutions to meeting our 1-30-30 goals. These best-in-class teams were awarded a grant for use in spreading the ecomagination message beyond GE’s walls, and into the broader community.
Keep the Public Informed

To optimize the potential of our ecomagination business strategy, GE is engaging the public and our customers in a free exchange of information, ideas, comments and constructive criticism. When we engage diverse stakeholders we’re better able to understand our mutual challenges and identify opportunities for improvement. This past year, ecomagination expanded globally as GE increased its engagement with customers and governments around the world, including the launch of ecomagination in China and Australia. GE believes in seeking opportunities wherever they present themselves in the world and doing so in a socially responsible way.

As part of GE’s overall corporate effort to improve transparency, the Company issues its annual ecomagination report to track environmental goals as well as a separate citizenship report to highlight social responsibility endeavors. External measurements are an important indicator of GE’s progress. In the past few years, GE has been selected for several credible, socially responsible investment (SRI) indices, including the Dow Jones Sustainability Index (DJSI), KLD Global Climate 100 Index and Innovest Global 100 “Most Sustainable Corporations in the World” index. 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 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.
The engagement process

To ensure ecomagination research, innovation and customer demands are met, Jeff Immelt appointed Lorraine Bolsinger as vice president of ecomagination. Ms. Bolsinger manages the entire program across GE, uniting marketing and sales and aligning them with the Company's environment, health and safety programs to meet the goals of the initiative and the Company. In this role, Lorraine 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 engaged by liaising with customers, government officials and non-governmental organizations around the world.

In addition to this outreach, GE uses several vehicles to engage the public, including our Web site, special engagements and conferences, and stakeholder events.

Global Events

China

In May 2006, GE launched ecomagination in China, nearly 100 years since GE first began working in the country. At the day's event, Vice Premier Zeng Peiyan expressed his appreciation for the launch of ecomagination, noting that the initiative is in line with the goal of China's national drive to build a resource-saving and environmentally friendly society.

The occasion marked the agreement of China and GE to work together using Chinese enterprises and research institutions to explore new environmental protection and energy-efficient technologies that are well suited for the needs of the Chinese people. Ecomagination in China is being fostered in an environment of some of GE's finest research capabilities in the country, some of the Company's most creative and dedicated employees, and customers who will benefit from the strength and promise of both.

Australia

GE launched ecomagination in Australia in September of 2006. GE has had business relations with Australia since 1902, and believes in working with the country to discover and develop solutions to growing environmental challenges in Australia and around the world. With this objective in mind, GE Vice Chairman and President and CEO of GE Infrastructure John Rice met with Australian leaders on the day of the ecomagination launch to discuss the unique challenges that Australia faces in securing adequate energy and water reserves in a resource-constrained world. Future efforts will continue to focus on these issues.

United States Climate Action Partnership (USCAP)

In June 2005, the U.S. National Academy of Sciences joined with the scientific academies of 10 other countries in stating “the scientific understanding of climate change is now sufficiently clear to justify nations taking prompt actions.”

GE believes that each year we delay action to control emissions increases the risk of unavoidable consequences that could necessitate even steeper reductions in the future, at potentially greater economic cost and social disruption. Action sooner rather than later preserves valuable response options, narrows the uncertainties associated with changes to the climate, and should lower the costs of mitigation and adaptation.

This past year GE joined the United States Climate Action Partnership (USCAP), a diverse group of business and leading environmental organizations, to promote effective, economically sustainable climate change. The group is underscoring the need for a policy framework on climate change and is calling for national legislation to significantly reduce greenhouse gas emissions over the shortest time reasonably possible.

USCAP urges policy makers to enact a policy framework for mandatory reductions of GHG emissions from major emitting sectors, including large stationary sources and transportation, and energy use in commercial and residential buildings. The cornerstone of this approach would be a cap-and-trade program. The environmental goal is to reduce global atmospheric GHG concentrations to a level that minimizes large-scale adverse impacts to humans and the natural environment. The group recommends that the U.S. Congress provide leadership and establish short- and mid-term emission reduction targets, a national program to accelerate technology research, development and deployment; and approaches to encourage action by other countries, including those in the developing world, as ultimately the solution must be global.

Through dialogue and a year-long collaboration, the group has produced a set of principles and a solutions-based “Call for Action” report mapping mandatory economy-wide, market-driven approaches to climate protection. The members of USCAP pledge to work with the U.S. President, the U.S. Congress and other stakeholders to confront this vital global challenge.

Ecomagination Advisory Council

One of the ways that GE increases its engagement with the public is through the Ecomagination Advisory Council. The council is comprised of a board of six to eight industry thought leaders with expertise in energy and the environment. Current members of the council include:

- James Cameron, Climate Change Capital
- Eileen Claussen, Pew Center on Global Climate Change
- Karen de Seguin, Consultant
- Vrind Khosla, Khosla Ventures
- Jonathan Lash, World Resources Institute
- Richard Macrory, University College London
- Bill McDonough, William McDonough + Partners
- Ernest Moniz, Massachusetts Institute of Technology
- Dan Reicher, Google Corporation

The council meets at least once a year at GE’s Global Research Center in New York and focuses on giving GE guidance on its technology research and investments. Council members are 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.

Ecomagination Web site

The Ecomagination Web site provides a forum for the latest information on ecomagination progress, advertising and products. The revitalized site now features short product films from around the world and interviews with GE customers and employees. The site is available in multiple languages, and visitors can learn more about more than 45 products. To date, the dedicated ecomagination Web site has recorded more than 1.3 million unique visitors.

Public awareness

GE's commitment to keeping the public informed is reinforced through its advertising and digital efforts. The ecomagination campaign provides awareness for business executives and consumers on the platform while also educating them about GE products and services. In January 2007, GE launched its latest round of ecomagination television, print and online advertising that focused on wind and solar energy, water desalination and cleaner coal technology. The new campaign garnered numerous awards and positive feedback from AdAge, The Chicago Sun-Times, AdWeek and iAG Research.

The mtvu GE ecomagination Challenge

GE believes imaginative ideas come from all sources, including from college students. To spark creativity and innovation among young people, GE joined with mtvu, MTV's 24-hour college network in September 2006 to host the mtvu GE ecomagination Challenge. College students from across the United States were challenged to submit groundbreaking ideas for projects that would make their schools more environmentally responsible.

After GE and mtvu announced the top 10 finalists, students cast the deciding vote for the project they felt had the greatest potential environmental impact. The winner was MtF and its team, Biodiesel/BMIT, which proposed construction and management of a campus biodiesel system to convert waste vegetable oil from dining locations to a certified biodiesel that will be used to power transportation on campus. As the winner, MtF received a $25,000 grant to help bring its biodiesel proposal to life as well as an Angels & Airwaves Earth Day concert.

In a survey conducted after the challenge, awareness of GE as an environmentally conscious brand rose by 64%.

GE Awarded ENERGY STAR Partner of the Year

In addition to our large B-2-B customers, consumers are an important audience for ecomagination. As interest and concern for the environment grows, consumers want to know how they can make a positive impact through their everyday actions. GE's products that are qualified as ENERGY STAR create visibility for the cause while also providing consumers with a responsible purchasing option. GE has been committed to meeting ENERGY STAR qualifications for as many of its Consumer & Industrial products as possible. From 2002 to 2006, GE invested more than $405 million to develop and bring to market high-efficiency appliance products. In 2006 alone, GE invested more than $55 million in ENERGY STAR qualified appliance products—up 31% over 2005.

In recognition of this commitment, the U.S. Department of Energy and the U.S. Environmental Protection Agency awarded GE Consumer & Industrial the ENERGY STAR 2007 Partner of the Year Sustained Excellence award for the second year in a row. The award recognizes GE's achievement in creating high-performance household appliance and lighting products that help reduce energy spending and protect the environment.

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. For example, GE works closely with major retailers to drive awareness of ENERGY Star bulbs through broad consumer and customer outreach campaigns, and is an avid supporter of the ENERGY STAR "Change a Light, Change the World" campaign. Today, more than 50% of all GE appliance products are ENERGY STAR qualified, including nearly 520 appliances and more than 65 lighting products.

"Partners like GE are outstanding leaders in protecting our environment through energy efficiency... As one of the 2007 ENERGY STAR Sustained Excellence winners, GE has taken energy efficiency to new heights year after year and we all benefit."

Bill Wehrum
Acting Assistant Administrator for EPA's Office of Air and Radiation
Continuing revenues increased 10% to $163.4 billion. Organic revenue growth was 9%.

A cap-and-trade system regulating greenhouse gas emissions is one of the most practical ways to create this signal, combined with sector-specific policies to stimulate technological innovation in coal-based energy, buildings and transportation.

The vast majority of corporations at the forefront of this new business movement. With its policy leadership, GE is ensuring that the movement will continue to grow.

Eileen Clauussen
President
Pew Center on Global Climate Change

When GE announced in 2005 that it planned to develop a line of products to help combat climate change and other pressing environmental problems, it called it “the biggest and most ambitious climate strategy in corporate America.” And it was. A mere two years later, the idea has emerged in the mainstream. Companies like Wal-Mart, Bank of America, PG&E and Weyerhaeuser, to name just a few, have also made significant new efforts to improve their products and operations to benefit the environment. Long-time leaders have also recently announced major joint initiatives, such as the BP-DuPont collaboration on the development of biofuels and green building materials. By conventional measures — profits, sales, publicity — ecomagination has been extraordinarily successful.

But in my mind, the real success of ecomagination should be measured not in dollar signs, but by the change it has led in the wider corporate world.

Still, much more needs to be done. The challenge is great and time is short — what we need is nothing less than an economy-wide global shift to low- and no-carbon technologies. While a growing handful of the world’s top companies are pulling us in the right direction, policy incentives must be put in place that push the rest of the business world to catch up. GE understands that through the use of market-based policies, we can spark the transition to a low-carbon economy that will be good for the company, good for the economy and good for the planet.

GE joined the U.S. Climate Action Partnership (USCAP) with this understanding in mind. USCAP is an unprecedented CEO-level collaboration of over two dozen major corporations and nongovernmental organizations, including the Pew Center, that is calling on the U.S. Congress to pass legislation establishing a mandatory, economy-wide climate policy at the earliest possible date. GE and the rest of the companies in USCAP understand that the most important driver for technological change is a strong price signal.

A cap-and-trade system regulating greenhouse gas emissions is the most practical way to create this signal, combined with sector-specific policies to stimulate technological innovation in coal-based energy, buildings and transportation.

Financial highlights
Throughout the economic cycles, GE’s long-term financial goals are: organic revenue growth of 2-3X GDP; greater than 10% annual earnings growth; operating cash flow exceeding earnings growth; and a return on average total capital of 10%.

- Continuing revenues increased 10% to $163.4 billion. Organic revenue growth was 9%.
- Earnings from continuing operations grew 11% to $20.7 billion. Earnings in four of six businesses grew by more than 10%. Industrial operating profit expanded 40 basis points to 15.2%.
- Cash flow from operating activities EFOA was $24.6 billion, up 14%.

Consolidated revenues (in $ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>GE</td>
<td>112</td>
<td>116</td>
<td>124</td>
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</tbody>
</table>

Diluted earnings per share from continuing operations before accounting changes (in dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<tbody>
<tr>
<td>GE</td>
<td>1.99</td>
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GE cumulative cash flows (in $ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<tr>
<td>GE</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>60</td>
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GE at a glance
GE is an integrated company organized into six businesses:
GE Industrial
GE Industrial provides a broad range of products and services throughout the world, including appliances, lighting and industrial products; factory automation systems; plastics; and sensors technology, non-destructive testing and equipment financing; and management and asset intelligence services.

GE Healthcare
GE Healthcare expertise in medical imaging and information technologies, medical diagnostics, patient monitoring systems, disease research, drug discovery and biopharmaceutical manufacturing technologies is dedicated to predicting and detecting disease earlier, monitoring its progress and informing physicians, helping them to tailor individual treatment for individual patients. GE’s announced acquisition of Abbott’s in vitro diagnostics and point-of-care diagnostics businesses for $8.1 billion will complement GE Healthcare’s existing leadership position in vivo imaging systems such as KVA, CT, Ultrasound and MRI, and accelerate the shifting care continuum toward “Early Health.”

GE Infrastructure
GE Infrastructure is one of the world’s leading providers of essential technologies to developed, developing and emerging countries. Through products and services in aviation, energy, oil and gas, transportation and water and process technologies, GE is helping to develop the infrastructure of countries all over the world. GE Infrastructure provides aviation financing as well as energy and water investing, lending and leasing.

NBC Universal
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. Formed in May 2004 through the combining of NBC and Vivendi-Universal Entertainment, NBC Universal owns and operates a valuable portfolio of news and entertainment networks, a premier motion picture company, significant television production operations, a leading television stations group and world-renowned theme parks. NBC Universal is 80% owned by General Electric and 20% owned by Vivendi.

GE Commercial Finance
GE Commercial Finance, one of GE’s largest growth engines, offers an array of services and products aimed at enabling businesses worldwide to grow. GE Commercial Finance plays a key role for client businesses in more than 35 countries and industries such as healthcare, manufacturing, fleet management, real estate, real estate communications and construction, energy, aviation, infrastructure and equipment.

GE Money
GE Money, formerly known as GE Consumer Finance, is a leading provider of banking and credit services to consumers, retailers, auto dealers and mortgage lenders in approximately 50 countries around the world. GE Money offers a broad range of financial products and is a truly global company, with approximately 75% of its net income coming outside the United States and with global operations.
To learn more about GE’s ecomagination strategy and get updates on progress as it relates to products, services and our overall commitment, please visit www.ecomagination.com.

If you’d like to share this with colleagues, refer them to www.ecomagination.com/report, where they can download the full report.