



2008 GHG Inventory

DESCRIPTION OF GE'S 2008 GHG INVENTORY

GE completed its seventh annual global Greenhouse Gas (GHG) inventory covering emissions during 2008. GE also separately reports GHG emissions from its equity investments in energy projects.

OPERATIONAL GHG EMISSIONS

GE announced its own internal emissions reduction and energy efficiency commitments in connection with the launch of the ecomaginationsm campaign in March 2005, pledging for its operations to:

- 1) reduce its GHG emissions by 1 percent from a baseline of 2004 through 2012;
- 2) reduce the intensity of its GHG emissions by 30 percent by 2008 on an emissions per dollar of revenue basis; and
- 3) improve its energy efficiency by 30 percent by 2012 on an MMBtu per dollar of revenue basis.

Collectively, GE refers to these goals as 1-30-30. For more information on ecomagination, go to ecomagination.com. Additional information on 1-30-30 can be found in the annual Ecomagination Report. GE has now achieved the first of its three GHG and energy goals — to reduce GHG intensity by 30 percent by the end of 2008.

To ensure that the company meets these important commitments, GE has put together a multi-business and multi-functional team to implement our reduction strategy to develop and capture the most cost-effective GHG reduction and energy efficiency opportunities. GE believes that technical innovation will lead to cost-effective GHG reduction opportunities as well as improvements in energy efficiency, and, therefore, we have structured our approach to focus on integrating innovative GE solutions into our goals implementation approach. Our Global Research Center has been participating heavily in these efforts.

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 Best Practices. To date, GE has identified numerous opportunities for CO₂ reductions and has executed on many projects, including Energy Treasure Hunts and outreach programs, as well as eCO₂ awards and certification.

Energy Treasure Hunts

GE's mechanisms to manage GHGs and energy include "energy treasure hunts," a Lean manufacturing-based process originally developed by Toyota. More than 200 treasure hunts have been conducted globally across GE to date, and this process has driven a reduction in GHG emissions of 250,000 metric tons. This process has also created a pipeline for future projects.

Recognizing Our People

To recognize the hard work of our employees that drive 1-30-30, we started an eCO₂ awards and certification program recognizing those sites that achieve at least a 5 percent GHG reduction. To be certified, sites must demonstrate that reductions were achieved independently of any changes in production levels. During 2008, 41 sites were certified and 10 sites received eCO₂ awards based on extraordinary results and use of GE technology.



Outreach

We have shared our approach to 1-30-30 with GE ecomagination product partners, various customers, and suppliers. GE has also shared its experience with regulatory agencies. GE was one of the contributors to the U.S. Environmental Protection Agency's (EPA) Lean and Energy Toolkit (<http://www.epa.gov/lean>) published during 2007. The U.S. EPA Office of Innovation also completed a case study on GE's GHG avoidance work at GE Aviation's outdoor aircraft engine test facility in Peebles, Ohio, where the production team used Lean manufacturing techniques to change its processes to reduce GHG emissions per engine test conducted.

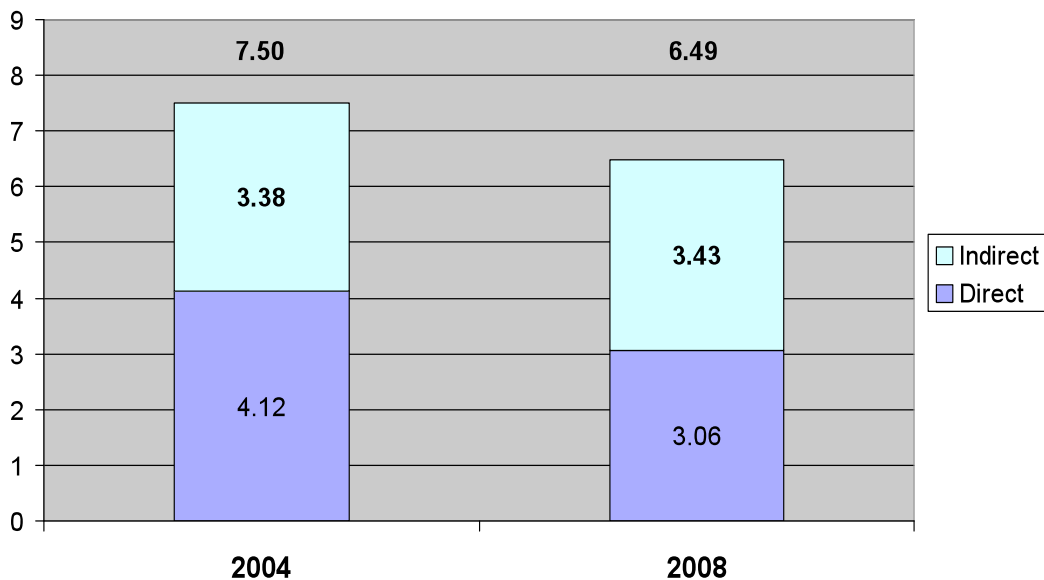
GHG EMISSIONS TOTALS

GE has added 36 facilities that were acquired, newly established or newly determined to be within the boundaries of GE's 575-site inventory and removed 36 facilities that were divested, closed or newly determined to be outside the boundaries of GE's inventory during the course of 2008. We anticipate further changes in our emissions profile in 2009 due to acquisitions and divestitures that will be made during the course of the year. Our adjusted baseline is now approximately 2 percent lower than the adjusted 2004 baseline reported last year and 37.5 percent lower than the original baseline reported in 2004. About 32 percent of the sites in GE's original inventory have been replaced by newly acquired sites in addition to the increase in the number of sites from 558 to 575. Adjusting the 2004 totals to reflect the changes in GE structure allows us to determine the real change in emissions and energy use from 2004 to 2008.

GE's worldwide GHG emissions from operational sources were reduced by approximately 13 percent in 2008 compared to 2004, as shown below. GE's worldwide energy use from operational sources decreased approximately 7 percent to 60 million gigajoules in the same period. The GHG intensity was reduced by approximately 41 percent and the energy intensity was reduced by approximately 37 percent, aided by a 47 percent increase in revenue over the same period of time.

GE Operational GHG Emissions

(million metric tons of CO₂ equivalents)





The 2008 data include 575 individual GE sites as well as almost four thousand small and medium sites, the vehicle and air fleets that GE operates for its own use, and numerous desalination plants that GE owns and operates for its customers.

GE has established 2004 as its baseline year for measuring progress towards achieving its GHG emissions reduction commitments. GHG emissions data for 2004 are used for comparison purposes.

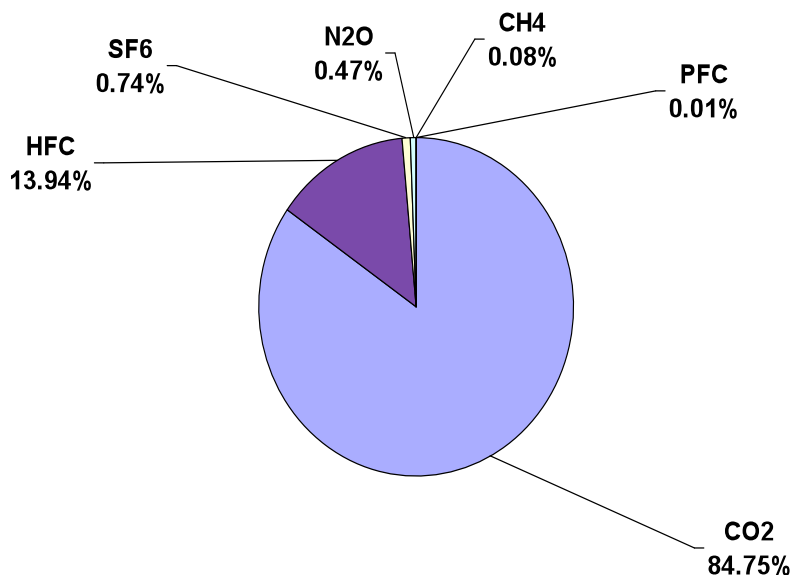
The 2004 baseline and 2008 data include 52 and 35 thousand metric tons of biomass CO₂ emissions, respectively.

GHG EMISSIONS TYPES

Approximately 85 percent of our operational GHG emissions are CO₂, as shown below. These emissions result from combustion of fuels at our facilities and process or fugitive emissions of CO₂ (direct emissions) and from the generation of purchased electricity, steam, hot water and chilled water at third-party facilities (indirect emissions). Natural gas accounts for almost 84 percent of the fuels directly combusted at our operational facilities on energy input basis.

Approximately 14 percent of GE's GHG emissions come from emissions of HFC-134a and HFC-245fa during insulation foam-blowing operations at our refrigerator manufacturing plants. This foam improves the energy efficiency of our refrigerators. HFCs are substitute foam-blowing agents that GE is using to replace an ozone depleting substance that is being phased out under the U.S. Clean Air Act (for which GE received a Stratospheric Ozone Protection Award from the U.S. Environmental Protection Agency in 2004).

Distribution of 2008 GE Operational GHG Emissions by type



GE operations in the U.S. and Europe account for approximately 91 percent of GE's worldwide operational emissions.



PROTOCOL

The GE GHG Inventory is modeled after the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition" (2004) (the "Protocol"). For its operational inventory, GE follows the "control" approach and includes GHG emissions from sources over which it has operational control. The Protocol also identifies three scope categories: Scope 1 includes direct GHG emissions from sources that are owned or controlled by the reporting company; Scope 2 includes indirect emissions associated with the generation of imported/purchased electricity, steam, hot water or chilled water; and Scope 3 allows for other indirect emissions that are a consequence of the activities of the reporting company but occur from sources owned or controlled by another entity. According to the Protocol, Scopes 1 and 2 must be accounted for; however, Scope 3 is optional. GE collects data sufficient to determine most Scope 1 and Scope 2 emissions. Data on Scope 3 emissions are not collected because GE does not control these emissions and because data for these emissions are not readily available to GE.

However, with GE's decision to become one of the first financial services companies to report GHG emissions related to equity investments in power projects, we are taking an approach that, in one respect, does not conform precisely to the Protocol. The Protocol asks reporting entities to report GHG emissions based on either an operational control or equity basis. Because GE has *both* significant manufacturing emissions as well as significant emissions resulting from equity investments in power projects, reporting on an operation control basis for the manufacturing operations and an equity share basis for the power plant investments is more accurate and more transparent than reporting on either an operational control basis only or an equity share basis only for the entire corporation.

INVENTORY PROCESS

There are five sources of data for GE's operational GHG Inventory:

- Detailed energy use and emissions data from the largest facilities in the company (approximately 82 percent of total GE GHG emissions)
- Mobile source emissions
- Desalination plant emissions
- Emissions estimates for small facilities
- Emissions data for medium facilities

LARGE SITES

GE created a GHG Inventory database in Gensuite®, which is GE's proprietary web-based EHS management system to collect the necessary detailed inventory data from the following types of facilities:

- All manufacturing, power generation and engine/turbine test facilities;
- All service and distribution facilities with greater than 50 employees;
- All major business headquarters
- All major standalone data centers

GE included 558 worldwide facilities meeting the above criteria in its original 2004 baseline GHG Inventory database and 575 worldwide facilities meeting the above criteria in its 2008 GHG Inventory database. The change in the number of facilities from 2004 to 2008 is the net of those facilities removed from the inventory because of divestment, closure or consolidation with other facilities, those facilities added to the inventory because of acquisitions, newly established facilities



or separation from facilities included previously, or facilities removed or added to the inventory due to changes in GHG inventory boundary determinations.

The GHG Inventory database allows each site to enter the quantity of fuel used by fuel type and the unit of measure based on its own fuel purchase and/or combustion records as well as data on emissions of other GHGs. Gensuite calculates the emissions, in metric tons of CO₂ equivalents, for each emission category as well as a total for all emission categories. Gensuite allows entry of data for use of coal, liquid fuel, alternative fuels, natural gas and electricity as well as data for other GHG uses in process operations. For some of these categories, a specific subcategory can be chosen (e.g., residual vs. distillate oil).

GE uses emission factors primarily from USEPA Climate Leaders guidance documents to calculate CO₂ emissions for the fuel types evaluated in the GE GHG Inventory. Other emission factors are obtained from WRI and IPCC documents when USEPA factors are not available. Based on guidance provided by the USEPA Climate Leaders program, GE uses USEPA eGRID sub-regional average emission factors to calculate indirect emissions resulting from the purchase of electricity in the U.S. Indirect emissions resulting from the purchase of electricity outside of the U.S. are calculated using countrywide average factors obtained from the International Energy Agency. Emissions for other GHGs were calculated based on process data. The 100-year Global Warming Potential ("GWP") for CH₄, N₂O, HFCs, SF₆, and PFCs are taken from the USEPA Climate Leaders Design Principles document. Emissions of CH₄ and N₂O from the combustion of fuels are calculated using emissions factors obtained from the EPA Climate Leaders guidance documents.

Gensuite calculates direct combustion emissions by multiplying a given quantity of fuel by an emission factor. As with direct fuel combustion emissions, Gensuite also calculates indirect emissions for electricity that was purchased by multiplying a given quantity of electricity by an emission factor. Direct emissions resulting from the generation of electricity for export offsite are included within the direct emissions. The Protocol recommends this approach and instructs companies to report emissions from exported electricity, heat or steam under supporting information and not to deduct those emissions from company emissions.

The inventory includes 20 sites in the U.S., Europe, Asia and Canada that import steam, hot water or chilled water from third-party cogeneration plants, district heating plants or chilled water plants. Each of these sites determines the quantity and type of fuel or electricity needed by the third-party plant to generate the steam, hot water or chilled water purchased by the site. This quantity of fuel or electricity is then multiplied by the appropriate emission factor to determine the indirect emissions from steam, hot water or chilled water purchases. A default thermal efficiency of 80 percent is used to calculate the quantity of fuel needed to generate the steam or hot water that was purchased based on guidance provided in the WRI/WBCSD Emission Calculation Tool. Most of the plants use the default thermal efficiency. Methodology provided in Section 8.6 of the California Climate Action Registry General Reporting Protocol, October 2002, which is consistent with the principles stated in the Protocol for the purchase of energy, is used in determining the quantity of electricity and therefore the GHG emissions associated with the purchase of chilled water.

Emissions of other GHGs (emissions from combustion of CO, and direct process emissions of CO₂, CH₄, N₂O, HFCs, SF₆, and PFCs) are entered directly into Gensuite in kilograms or metric tons and converted to metric tons of CO₂-equivalents using EPA's published 100-year GWP coefficients. Generally, emissions are based on purchase records and the assumption that all



used material was emitted. For certain processes, however, site-specific knowledge of the process and/or emissions factors are used to determine actual emissions. GE emits only minimal quantities of PFCs.

Mobile Sources:

GE calculates emissions from motor vehicles centrally managed by GE Fleet Services in the U.S., Canada, Europe, Japan, Australia, New Zealand and Mexico, motor vehicles leased or rented from Penske Truck Leasing and Ryder Logistics in the U.S. and motor vehicles owned by GE businesses in the U.S. In addition, GE calculates emissions from GE-owned corporate aircraft including the flying test-bed (a large airliner used for flight testing jet engines). Mobile source emissions are calculated by obtaining fuel use and/or vehicle miles traveled records and applying appropriate emission factors obtained from the U.S. EPA Climate Leaders guidance documents. Methane and nitrous oxides emission for mobile sources are also calculated using emission factors obtained from U.S. EPA Climate Leaders guidance documents. In addition, GE includes emissions from GE-controlled motor vehicles that are refueled on site at GE Large Sites. The emissions from these vehicles are included in the combustion of fuels calculations for Large Sites discussed above.

Desalination Plants:

GE owns and operates numerous desalination plants located primarily in Spain and on islands in the Caribbean. These plants provide potable water to various municipalities for distribution to their citizens. Purchased electric power is by far the primary GHG emissions issue for these plants. The quantity of purchased electric power for these plants is estimated based on the quantity of potable water produced and an energy use factor provided by the GE Water & Process Technologies business that owns and operates the plants. The International Energy Agency electric emission factor is used to calculate GHG emissions for facilities located in Spain. The Annex II North American average factor obtained from the International Energy Agency is assumed for calculating the GHG emissions for the facilities located in the Caribbean.

Small Sites:

GE has almost 4,000 small locations worldwide for which detailed site-specific data is not collected individually due to the difficulty and expense that would be associated with such an effort in comparison to the relative significance of the emissions in GE's overall inventory. Emissions for these small facilities in the U.S. are calculated based on the "Energy Usage Determination Based on Commercial Buildings Energy Consumption 2003 Survey Data Calculation Worksheets, November 2004, version 1.0" obtained from CH2M Hill in its role as support contractor for the EPA Climate Leaders Program. Using this tool, one can determine the expected electricity and natural gas usage for a facility based on the type, location, and square footage of the facility. GHG emissions are calculated by multiplying standard emission factors (eGRID sub-regional average electric emission factors and the same natural gas factor used for large facilities) times the calculated energy usage per facility obtained from the tool. Emissions for small facilities outside of the U.S. are calculated using average electricity and natural gas usage values by facility type derived from the tool. These average usage values are then multiplied times the facility square footage data and appropriate emission factors to calculate emissions for non-U.S. facilities. Emissions calculated from natural gas usage are considered direct emissions and emissions calculated from electricity usage are considered indirect emissions.

Medium Sites:

GE reviewed its sites with the largest square footage within its small sites GHG estimate and discovered that 10 of these sites had entered electricity and fuel use data into the Energy Management Information System database that was designed to manage utility invoices. Therefore, actual energy use data was available to establish the 2004 baseline and



current year emissions for these sites. GE calculated the GHG emissions using the actual energy use data and emission factors in the same manner as with the Large Sites inventory.

GE's worldwide GHG emissions are calculated by summing the large site, mobile source, desalination plant, small site and medium site emissions for each year.

Sources Not Included:

GHG emission sources not included in the Inventory because GE did not have operational control over them include the following:

- Minority owned joint ventures
- Energy generation facilities where GE has a service relationship but where GE does not have operational control
- Aircraft, motor vehicles, railroad locomotives, etc., owned by GE but leased to and controlled by others
- WRI/WBCSD Scope 3 sources

GHG emission sources not included in the Inventory because the emissions from the sources were estimated to be immaterial include the following:

- Motor vehicles controlled by GE but not centrally managed through GE Fleet Services, Penske Truck Leasing or Ryder Logistics and not owned by GE businesses in the U.S. and not refueled onsite at GE Large Sites
- Leakage of HFCs from GE-owned and -operated air conditioning, refrigeration and chilling systems
- NBC Universal off-site movie and TV show production operations
- Hazardous waste remedial operations at former GE sites

QUALITY ASSURANCE

GE is continuing to work toward increasing the accuracy of its GHG Inventory. It has modified its GHG Inventory collection database to make it as simple as possible to eliminate issues that have tended to introduce errors in the past. In addition, GE has developed numerous guidance documents and an internal guidance web site and has provided extensive training on the inventory and on the use of Gensuite. Finally, GE has performed extensive data quality reviews on the GHG inventories including side-by-side comparisons of GHG emissions for 2007 and 2008 to identify and understand the reasons for significant differences (changes in production, fuel, manufacturing processes, etc.). Unit costs (\$/kWh, \$/gal, \$/scf, etc.) for electricity and fuels have been compared between sites in the same country to identify significant differences and to determine whether the underlying data were correct. A number of data quality issues were identified, analyzed and corrected, where necessary, through this process.

Independent Verification of the 2004 and 2008 GE GHG inventories

Because 2004 serves as GE's baseline year, the Company retained an independent consultant, Cameron-Cole, LLC, to review its inventory and provide verification. Cameron-Cole issued a verification statement in March 2006, indicating that it found nothing to indicate any material errors or omissions or anything that would indicate that GE's inventory was not complete. Cameron-Cole also found that GE's inventory generally conforms to the accounting principals in the Protocol. Cameron-Cole's verification statement provides additional information.



GE has also retained Cameron-Cole to perform an independent verification of its 2008 GHG Inventory since 2008 is the goal year for GE's GHG intensity reduction goal. Cameron-Cole's review is ongoing so that results are not yet available.

POWER PLANT EQUITY INVESTMENT GHG EMISSIONS

GE is also reporting GHG emissions from investments in power projects through GE Energy Financial Services.

GE Energy Financial Services invests in power projects in a number of ways (equity, lease, debt). We are reporting emissions for investments in which GE Energy Financial Services has an equity interest in the operation of the project based upon GE Energy Financial Services' percentage of equity ownership. For example, if GE EFS' equity interest is 100 percent, all of the GHG emissions from that project are reported. If GE Energy Financial Services' equity interest is 20 percent, GE EFS reports that percentage.

In 2008, GE Energy Financial Services' GHG emissions totaled approximately 9.88 million metric tons of CO₂ equivalent from 24 investments. Seven of these investments, representing 4.37 million metric tons, are subject to CO₂ emissions regulation in the United States or Europe. By comparison, GE Energy Financial Services held an equity interest in 25 power projects in 2007, which emitted 9.71 million metric tons of CO₂ equivalent. In addition, the renewable energy projects in which GE Energy Financial Services has purchased equity interests avoided 5.06 million metric tons of CO₂ equivalent in 2008.

GHG emissions from GE's equity investments in power projects are calculated in the same manner as for GE's operational fuel combustion sources except that Gensuite is not used. Fuel use information is collected for each project in which GE has an equity investment. The same fuel combustion emission factors as used in the operational GHG inventory are then used to calculate the full GHG emissions for each project. GE's equity share of the GHG emissions is then calculated by multiplying the full emissions for each project by GE's equity investment share for each project. The equity share GHG emissions for all projects are then summed to calculate the GE power project equity investment GHG emissions. GHG emissions from purchased electricity are excluded because they are considered to be de minimis given that power projects typically only purchase electricity during a maintenance outage — they supply their own electricity needs during normal production. In 2008, less than 1 percent of Baglan Bay's GHG emissions resulted from purchased electricity. In addition, GHG emissions associated with emissions of methane and nitrous oxide are excluded because they are also considered to be de minimis. In 2008, emissions of methane and nitrous oxide accounted for only 0.25 percent of Baglan Bay's GHG emissions.

In 2006, GE Energy Financial Services demonstrated leadership by becoming one of the first financial services companies to report greenhouse gas emissions associated with power project equity investments. In 2008, the GE unit continued this leadership, outlining its guidelines on emissions involving these investments:

- Establish a long-term goal to balance investments in new coal-fired power plants with renewable energy, clean technology investing and greenhouse gas emissions cuts.
- Focus investments in new coal power plants on efficient, super critical technology and projects with sequestration potential.
- Price CO₂ for coal and other fossil fuel plants into deal approval processes.
- Engage with non-governmental organizations through U.S. CAP on policy recommendations to ensure that new coal-fired generating units are designed to take into account the future cost of carbon.
- Voluntarily report emissions.
- Explore increasing focus on investments in energy conservation and efficiency.