Invest and Deliver

GE 2006 ANNUAL REPORT

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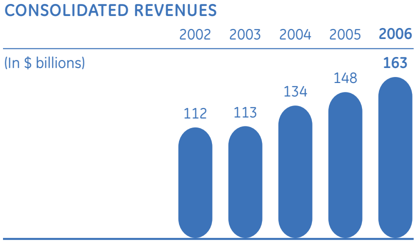
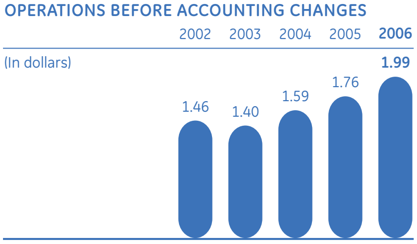
Performance Summary

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 20%.

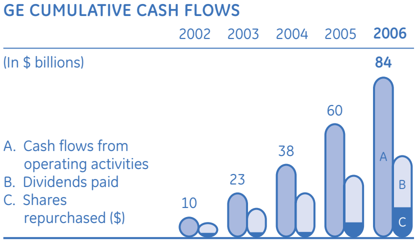
CONSOLIDATED REVENUES



DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS BEFORE ACCOUNTING CHANGES



GE CUMULATIVE CASH FLOWS



HERE IS HOW GE PERFORMED IN 2006:

- 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 (CFOA) was $24.6 billion, up 14%. Industrial cash flow grew 7%. Return on average total capital (ROTC) was 18.4%, up 180 basis points from 2005.
- The Board of Directors increased the dividend 12% for GE's 31st consecutive annual increase. In addition, GE repurchased $8.1 billion of stock as part of its $25 billion program. At year end, GE's dividend yield was 3%, a 50% premium to that of the S&P 500. In all, GE returned more than $18 billion to GE shareowners in 2006.
- Total return for GE shareowners (stock price appreciation assuming reinvested dividends) was 9% versus the S&P 500's total return of 16%. Over the last three years, GE's total shareowner return was 30%, equivalent to that of the S&P 500. At year end, GE traded at a forward price/earnings ratio (PE) of 16.8X, a 10% premium to the S&P 500.
- GE continued to earn the respect of the business world. GE was named *FORTUNE* magazine's "Most Admired Company" for the second straight year, and GE ranked second in *Barron's* annual survey of the world's most respected companies.
- GE has substantial financial strength. The Company remained one of only six "Triple-A"-rated U.S. industrial companies. Our global pension plans have more than $60 billion in assets, a surplus of nearly $9 billion. The Company expects to meet its obligations to pensioners with no significant increase in funding for the foreseeable future.
- GE invested $15 billion in its intellectual foundation including products, services, marketing and programming. The Company filed 2,650 patents, representing an increase of 19% versus 2001. The GE brand is one of the most valuable in the world.

GE is a reliable growth company.

We have positioned ourselves to invest and deliver in the most challenging of global economic environments.

We have valuable leadership businesses that are positioned to capitalize on global trends. Our organic growth capabilities and disciplined financial execution prepare a strong leadership team to deliver each and every day.

This is your GE.

PICTURED LEFT TO RIGHT

Lloyd G. Trotter, *Vice Chairman, GE and President & Chief Executive Officer, GE Industrial*

Michael A. Neal, *Vice Chairman, GE and Chairman, GE Capital Services*

Jeffrey R. Immelt, *Chairman of the Board & Chief Executive Officer*

Robert C. Wright, *Vice Chairman of the Board & Executive Officer, GE*

John G. Rice, *Vice Chairman, GE and President & Chief Executive Officer, GE Infrastructure*

To Our Investors:

I assumed the CEO job on September 7, 2001, a fact most of you know. The week after September 11, GE's stock was in a "free fall." On September 21, GE opened at $29 and then stabilized. As the stock hit $34 during the fall, I bought 15,000 shares thinking, **"I love the Company and when will it ever be this cheap again?"** The answer turned out to be—in 2006.

You can only believe one thing if you run GE or own GE stock: Consistent earnings and cash flow growth, with expanding returns, increase shareowner value. This is a long-term investment. There are no short-term tricks.

We lead the Company to grow earnings and cash flow with high returns. We invest and deliver consistently. If you take out the effect of non-cash pension, over the last five years we have nearly doubled GE's profits from $11 billion in 2001 to $21 billion. Cash flow from operations has made similar progress, growing to $24.6 billion. Our return, at 18.4%, has increased 220 basis points in the last two years and is near our target.

We strive to be a reliable growth company. Our earnings growth has been 11% over one year, 10% over five years, 11% over 10 years, 12% over 15 years and 11% over 20 years. Over the past 20 years, the S&P 500's earnings growth has averaged 8%.

The question is: Has reliable growth gone out of style? Alternative investments such as hedge funds are very popular today. GE's PE ratio is only a modest premium to that of the S&P 500, despite our strong performance.

We don't believe reliable growth has gone out of style. We know that reliable growth is always in style for long-term investors. They look at the Company over an extended horizon, like I do. They benefit from a company that anticipates change in the environment and executes aggressively. This is your GE.

A reliable growth company must have the courage to invest and the discipline to deliver. It took courage to invest over $1 billion in a new jet engine, such as the GE90, with minimal returns for more than 10 years. Today, because of these investments, GE enjoys exceptional success in commercial aviation. The GE90 engine should generate $40 billion of revenues over the next 30 years.

It took courage to invest $11 billion to acquire Amersham in 2004. This was our biggest industrial acquisition, and it gave us capability in molecular diagnostics. Today, we have a transformed Healthcare business that is a leader in the early detection of disease.

At the same time, we will always be disciplined in our actions. It takes discipline to be one of only six U.S. industrial companies with a "Triple-A" balance sheet. It is tempting, particularly today, to add more leverage. However, we like the financial flexibility of a strong balance sheet.