

Governance

The primary role of GE's Board of Directors is to oversee how management serves the interests of shareowners and other stakeholders. To do this, GE's directors have adopted corporate governance principles aimed at ensuring that the Board is independent and fully informed of the key risks and strategic issues facing GE. GE has met its goal to have two-thirds of its Board be independent under a strict definition of independence. Today, 12 of GE's 16 directors are independent.

The GE Board held 10 meetings in 2006, and each outside Board member visited at least two GE businesses in 2006, without the involvement of corporate management, in order to develop their own feel for the Company. The Board focuses on the areas that are important to shareowners—strategy, risk management and people—and, in 2006, received briefings on a variety of issues including: controllership and risk management, global strategy, potential acquisitions and dispositions, operating leverage, growth opportunities, key businesses, competitive strategy, compliance trends and the impact of macroeconomic trends on the Company. At the end of the year, the Board and each of its committees conducted a thorough self-evaluation as part of its normal governance cycle.

The Audit Committee, composed entirely of independent directors, held 15 meetings in 2006 to oversee our financial reporting activities, the activities and independence of GE's external auditors, and the organization and activities of GE's internal audit staff. It also reviewed our progress in meeting the internal control

requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and compliance with key GE policies and applicable laws.

The Management Development and Compensation Committee (MDCC), comprised entirely of independent directors, held eight meetings to approve executive compensation actions for our executive officers and to review executive compensation plans, policies and practices, changes in executive assignments and responsibilities, and key succession plans. The Nominating and Corporate Governance Committee, comprised entirely of independent directors, met three times to consider GE's governance charter and practices and director nominations. The Public Responsibilities Committee, in four meetings, reviewed GE's 2006 Citizenship Report, Environmental, Health and Safety operations, GE's public policy agenda and the GE Foundation budget.

Finally, we want to thank Bill Conaty for his 40 years of loyal and valuable service to the Company. As head of Human Resources, Bill led by example and helped develop a generation of GE leaders.

To Shareowners:

The MDCC is an independent group of directors on the GE Board and has the primary responsibility to establish, review and approve the CEO's compensation. In the *GE Notice of 2007 Annual Meeting and Proxy Statement* (Proxy), we review the details of our plan and the compensation of our senior leaders. I encourage you to review it.

At GE, we believe that goals and metrics drive behavior. On behalf of the Board, we annually set a number of financial, operational and strategic goals for our CEO that we believe create long-term shareowner value. These goals are cascaded throughout the organization. A common mission drives all of our great team's behavior.

Our CEO's execution versus these goals sets his incentive compensation for 2006 and the total variable compensation pool for the Company. Our job, as your advocate, is to not only be transparent, but also to use our judgment in compensating our leaders. We believe that the tone for performance and compensation starts at the top of an organization.

In 2006, Mr. Immelt received a base salary of \$3.3 million. Based on his solid accomplishments, versus our goals, we paid him an incentive compensation of \$5 million. In addition, we awarded Mr. Immelt 250,000 performance share units. The value of all of Mr. Immelt's outstanding stock awards appears in the Proxy as being worth \$7.4 million, but they are, in fact, largely worthless unless Mr. Immelt delivers on shareowner value and cash flow growth. In all, Mr. Immelt works without a contract and 70% of his compensation is at risk. Here is how he did in 2006.

Sincerely,



Ralph S. Larsen
Chairman, Management Development
and Compensation Committee
February 9, 2007

2006 CEO Objectives

FINANCIAL OBJECTIVES	GOAL	PERFORMANCE	
Revenues (in \$ billions)	160–165	163.4	+10%
Earnings from Continuing Operations (in \$ billions)	20–22	20.5*	+12%
EPS (\$ per share)	1.92–2.02	1.98*	+15%
CFOA (in \$ billions)	24–25	24.6	+14%
ROTC (%)	17–18	18.4	+180 bp
STRATEGIC & OPERATIONAL GOALS		ASSESSMENT	
Broad operating strength across the Company		Company had an excellent year; 11 of 14 reported businesses had earnings growth of 10%+	
Sustain a strong balance sheet and high cash flow		"Triple-A"-rated with more than \$18 billion returned to shareholders through buyback and dividends	
Create a more valuable portfolio		Board supports offensive portfolio moves to improve GE	
Drive 8% organic growth		High-performance growth initiative is delivering results... achieved 9% in 2006	
Retain an excellent team and a strong culture		Metrics on retention remain excellent... 95%+ senior managers retained	
Manage risk and reputation		GE remains one of the most admired companies... <i>FORTUNE</i> (#1), <i>Barron's</i> (#2) and <i>Financial Times</i> (#2)	
Lead the Board activities		GE has an excellent track record on governance	
Sustain high levels of investor communication		More than 350 investor meetings held annually	

*Including effects of January, 2007 restatement, earnings from continuing operations and EPS were \$20.7 and \$1.99, respectively.



EXTERNAL DIRECTORS

(left to right)

Claudio X. Gonzalez ^{1, 2, 3}

Chairman of the Board and Chief Executive Officer, Kimberly-Clark de Mexico, S.A. de C.V., Mexico City, and Director, Kimberly-Clark Corporation, consumer products. Director since 1993.

Robert W. Lane ¹

Chairman of the Board and Chief Executive Officer, Deere & Company, agriculture and forestry equipment, Moline, Illinois. Director since 2005.

Andrea Jung ^{2, 3}

Chairman of the Board and Chief Executive Officer, Avon Products, Inc., cosmetics, New York, New York. Director since 1998.

Susan Hockfield ^{3, 4}

President of Massachusetts Institute of Technology. Director since 2006.

Roger S. Penske ⁴

Chairman of the Board, Penske Corporation, Penske Truck Leasing Corporation and United Auto Group, Inc., transportation and automotive services, Detroit, Michigan. Director since 1994.

A.G. Lafley ³

Chairman of the Board, President and Chief Executive, The Procter & Gamble Company, personal and household products, Cincinnati, Ohio. Director since 2002.

James I. Cash, Jr. ^{1, 4}

Retired James E. Robison Professor of Business Administration, Harvard Graduate School of Business, Boston, Massachusetts. Director since 1997.

Sam Nunn ^{2, 4}

Co-Chairman and Chief Executive Officer, Nuclear Threat Initiative, Washington, D.C. Director since 1997.

Ann M. Fudge ⁴

Former Chairman and Chief Executive Officer, Young & Rubicam Brands, global marketing communications network, New York, New York. Director since 1999.



INTERNAL DIRECTORS
(pictured on page 2)

Sir William M. Castell ⁴

Former Vice Chairman of the Board, General Electric Company. Director since 2004.

Douglas A. Warner III ^{1, 2, 3}

Former Chairman of the Board, J.P. Morgan Chase & Co., The Chase Manhattan Bank, and Morgan Guaranty Trust Company of New York, investment banking, New York, New York. Director since 1992.

Ralph S. Larsen ^{2, 3, 5}

Former Chairman of the Board and Chief Executive Officer, Johnson & Johnson, pharmaceutical, medical and consumer products, New Brunswick, New Jersey. Director since 2002.

Robert J. Swieringa ¹

Anne and Elmer Lindseth Dean and Professor of Accounting, S.C. Johnson Graduate School of Management, Cornell University, Ithaca, New York. Director since 2002.

Rochelle B. Lazarus ^{3, 4}

Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide, advertising, New York, New York. Director since 2000.

Jeffrey R. Immelt ⁴

Chairman of the Board and Chief Executive Officer, General Electric Company. Director since 2000.

Robert C. Wright ⁴

Vice Chairman of the Board & Executive Officer, General Electric Company. Director since 2000.

¹ Audit Committee

² Management Development and Compensation Committee

³ Nominating and Corporate Governance Committee

⁴ Public Responsibilities Committee

⁵ Presiding Director



Citizenship

GE has a proven ability to impact the communities where employees work and live—and beyond. In 2006, the Company rallied its philanthropy resources to extend the impact to communities around the globe and focus on two central themes—education and healthcare. By integrating Foundation grants, product donations, Company contributions and volunteer resources, GE employees drove substantive change while fostering deep, personal connections that encouraged and inspired communities. Around the world, GE's employees demonstrated a tireless personal commitment to work together and deliver great outcomes for communities in need.

Employees and retirees combined for more than one million volunteer hours on key community initiatives and total giving by the Company exceeded \$200 million in contributions from the GE Foundation and GE businesses. As Company resources continue to focus on U.S. and international education and healthcare issues, GE delivers on its commitment to becoming a good neighbor and a good global citizen.

GE made significant strides in 2006 on the Africa Project, as part of an ongoing \$20 million donation effort to bring improved healthcare delivery to rural communities across Africa. With the completion of seven additional sites in Ghana, the value of GE's Africa investment to date exceeds \$12 million and includes 12 hospitals and clinics. The program is now expanding into nine additional countries in Africa. Pictured here are children in Asesewa, Ghana, who will see the benefits of GE's commitment to "early health."