

Investing in a sustainable future

GE 2007 CITIZENSHIP REPORT



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As global markets become more interdependent, corporate citizenship has a larger role to play in shaping a company's success. For GE, citizenship is a business imperative, offering opportunities—and challenges—to do things differently.

To capitalize on these opportunities requires more than intent—it requires investment.

We are making our intent for citizenship real by investing in the people, ideas, funding and systems that will allow for continuous improvement in a sustainable future.

About this report

This year's book reflects our effort to continue to refine the quality and materiality of our reporting. We continue to evaluate these efforts year over year to understand how we can increase the relevance, engagement and effectiveness of our citizenship commitment.

Scope

This report, published in May 2007, covers GE's worldwide operations for the 2006 fiscal year except where otherwise stated. This is GE's third citizenship report. Reports for previous years are available at www.ge.com/citizenship.

Report quality

GE utilized a Stakeholder Review Panel (SRP) to assess report quality (see page 28 for SRP letter). Ongoing stakeholder engagements have enabled the Company to determine the impact and influence of its corporate citizenship efforts. GE is committed to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, which have informed the development of this report. For this 2007 report, we have used the new GRI "G3" Guidelines and compiled the report according to GRI Application Level A. To learn more about the GRI guidelines, please visit www.globalreporting.org/ReportingFramework/AboutG3/. A full GRI Index for the report can be found at www.ge.com/citizenship/GRI.

GE used the following GRI Reporting Principles to ensure the quality of this report:

- **Balance** Providing both favorable and unfavorable results and covering a range of controversial issues relating to the application or misuse of GE products and services.
- **Comparability** Providing metrics over a minimum of five years (less only when the information is not available) and by including a GRI Index.

- **Timeliness** Publishing our annual citizenship reports at the same time every year with updates to the web site as new issues arise.
- **Accuracy and Reliability** The internal Audit Staff has verified all of the metrics and claims made in the report. The report was reviewed and approved by GE senior management.

Materiality

GE is a diversified technology, media and financial services company. It is comprised of six businesses, which are profiled in this report. Each business profile identifies the key citizenship risks and opportunities specific to the business' industry and products and services.

With this report, GE has introduced the materiality process within one of its businesses—GE Healthcare—for the first time. This pilot consisted of a working seminar with executives from across the GE Healthcare business and resulted in further development of Healthcare's corporate citizenship priorities.

The materiality process (the results of which will be reported in fuller detail in the 2008 Citizenship Report) ensures that the information GE presents prioritizes citizenship risks and opportunities that:

- 1 Substantially influence the decisions of stakeholders
- 2 Have a significant influence over GE's business success

This process was designed and managed in partnership with Business for Social Responsibility, with all final content decisions being made by GE. For more information, please visit www.ge.com/citizenship/downloads.

The issues prioritized for each GE business are listed in the business profiles (pages 14–19).

Future plans

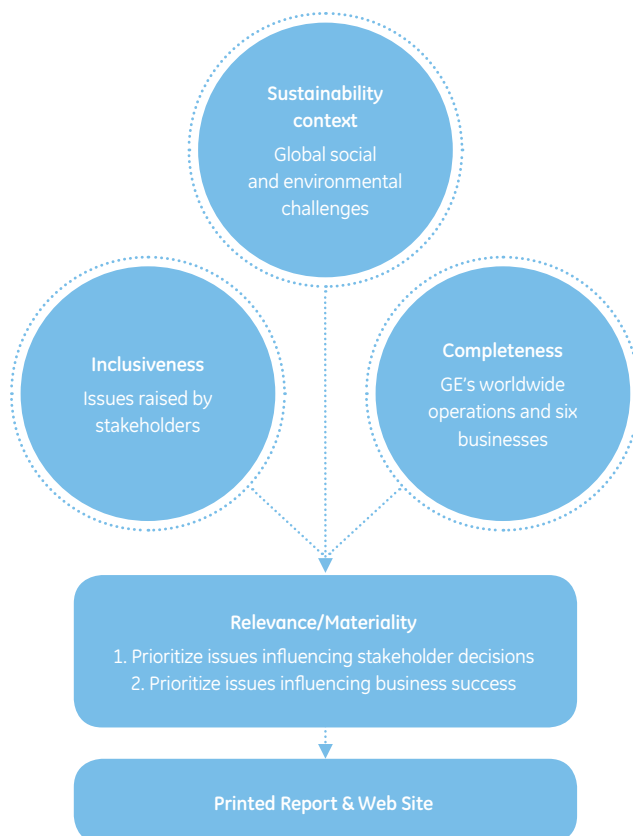
In 2007, the Company plans to conduct a more formal materiality assessment process throughout the remaining five businesses (GE Money, GE Commercial Finance, NBC Universal, GE Infrastructure and GE Industrial).

GE also plans to consider how the output from the materiality assessment process is managed and tracked within each business and how it can be most effectively replicated in future years so that it supports the Company's continued efforts in both reporting and citizenship strategy.



About web-exclusive content in this report

At GE, we have a lot to share when reporting our citizenship strategy and efforts. We are now introducing web-exclusive PDFs of valuable citizenship coverage to supplement what you'll find in this report. Get the big picture of GE corporate citizenship at www.ge.com/citizenship.





GE around the world

Markets big and small around the world are becoming more dynamic and interconnected than ever before. As the global economy grows, so does GE's reach. With operations in more than 100 countries, GE and its products and services touch a growing number of people as we strive to meet many of the world's needs in a responsible manner.

Global growth at an unprecedented scale also creates challenges for societies in both developing and developed countries alike. The world faces massive needs for infrastructure, clean water, clean and affordable energy and better healthcare.

GE is developing solutions for many of these challenges by applying the investments we have made in leadership businesses and developing people who are great builders. GE is exploring new markets and focusing on new solutions while at the same time being committed to a new level of engagement with stakeholders. To learn more about GE around the world, please visit www.ge.com/worldwide.

White indicates GE Locations
Revenues in \$ billions¹

1. Includes U.S. exports to external customers



GE EMPLOYEES & REVENUE COUNTRY-SPECIFIC BREAKDOWN

LOCATION	REVENUES (\$B)	EMPLOYEES
U.S.	89.0	155,000
Canada & the Americas	9.6	30,000
Europe	39.7	85,000
Middle East, Africa & Others	7.0	2,000
Asia Pacific	18.0	47,000
Total	163.3	319,000

Dear friends,

The 128-year history of GE is characterized by a focus on innovation, disciplined investment, superior execution and solid delivery of performance with integrity to our shareholders, our employees and society. GE people worldwide are dedicated to turning imaginative ideas into leading products and services that do more than build the bottom line. They also help solve some of the world's toughest problems.



As GE's place in the global economy grows, we recognize that our products and services touch more and more people around the world. Of note, in 2007, GE will have more revenue from overseas than from within the United States. As we expand in developed and emerging markets, we will be continually challenged to ensure that we invest in a sustainable and intelligent way that leverages our financial, technical and intellectual resources to the benefit of our investors, employees and communities.

To some, this may seem incongruous for a public company like GE whose primary mission is to make money and deliver value to investors. We don't agree. Many of our growth platforms focus on addressing some of the world's most complex challenges, especially as they relate to emerging markets such as India, China or Latin America. The challenges of global warming, water scarcity and energy permeate these markets and nearly every part of the world. Our early experience with ecomagination has shown us that we can develop products to address these challenges and make money in doing so. This also reflects a growing consensus among our customers that they value technology that can preserve the environment and achieve productivity at the same time.

Though we believe we are positioned well to capitalize on global trends, risks remain. Our corporate citizenship must be aligned with our business goals in order to drive future growth and better understand and mitigate these risks. This alignment also helps us deliver on our promises while answering the needs of society.

Over the past year, we greatly increased our dialogue with NGOs, members of government, community representatives and social welfare organizations. This dialogue has allowed us to better understand how our business goals can be aligned with commonly held social goals. The counsel we received helped strengthen our citizenship mission.

GE's corporate citizenship strategy speaks to our strengths in compliance and governance, environmental technology as well as environment, health and safety policies and practices. Those strengths must be reflected and applied in how we do business in emerging markets, a key part of our future growth and success and an important piece of our corporate citizenship strategy. As GE brings to bear its culture of integrity and innovation in communities we serve, our expectation is that we can help to improve the quality of life for citizens, our employees and our investors.

Jeffrey R. Immelt
Chairman of the Board
and Chief Executive Officer,
General Electric Company

Dear friends,

GE believes that corporate citizenship is so tightly linked with integrity and performance that they become one and the same, making good citizenship a way of life at GE and a natural part of the way we work. Delivering financial results while investing in a sustainable future is a responsibility we take seriously.

This past year, we significantly increased our engagement efforts with stakeholders to help us prioritize key issues and develop our citizenship policies. We are listening and responding to their input. We believe the future demands more collaboration, not less, and we are committed to continuing this dialogue.

The future also requires GE to remain committed to the citizenship framework we have established. The environment in which we conduct business is dynamic and challenging at times, especially as it relates to emerging markets. Our culture and our values manifest themselves through *The Spirit & The Letter*, a guide that helps employees understand expected standards of conduct as they face increasingly challenging operating environments. The key dimensions of our citizenship framework include:

- Strong economic performance over a sustained period of time
- Rigorous compliance with legal and fundamental ethical requirements
- Taking ethical actions beyond compliance to increase long-term value

This framework allows GE to identify leadership opportunities related to corporate citizenship. These opportunities are reflected in our consistent focus on four strategic areas in which we aspire to be a leader and which remain relevant to our long-term strategy in delivering reliable growth, as well as to strengthening our citizenship performance. The four areas cover:

- Ecomagination
- Compliance & governance
- Environment, health & safety
- Emerging markets

Our 2007 GE Citizenship Report demonstrates that ecomagination, compliance and governance, and environment, health and safety are even more relevant as our business grows in emerging markets.

Emerging markets are where GE's most dynamic growth opportunities lie and therefore are what drive many of our citizenship activities. These geographies present many daunting challenges:

- Emerging markets consume half of the world's energy and represent 80% of the world's population
- One billion new customers will enter the global marketplace over the next decade
- More than 1.1 billion people around the world lack access to safe water sources
- An estimated \$4 trillion investment will be needed in energy, transportation, infrastructure, clean water and medical needs in emerging markets over the next eight to ten years

GE had \$10 billion of emerging markets revenues in 2000. Today, we have \$29 billion and could reach \$50 billion by 2010. These markets include China, India, Eastern Europe, Russia, the Middle East, Africa, Latin America and Southeast Asia, and are growing at three times the global GDP rate.

Growth in these markets is being driven by several mega trends that have a strong relationship to our citizenship efforts: changing demographics and their impact on healthcare, growing demand for global infrastructure, protecting the environment, conserving energy and natural resources, and building digital connections. As these mega trends unfold, they create big challenges in the areas of new infrastructure, access to energy, clean water and better healthcare for the future growth of developing countries.

GE's global breadth, size and commitment to innovation and learning enable us to better understand emerging market challenges and reflect this understanding in our corporate citizenship efforts. GE's strategy over the last five years of investing in leadership businesses that respond to emerging markets and other challenges is positioning us to do more than sell products. Our strategy, together with dialogue with regional stakeholders, is enabling us to tailor our products and services to understand and meet local needs. Meeting local healthcare needs with customized solutions, for example, is one strategy that is making a big impact.

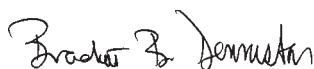
It is not surprising that five of our six business units identify issues related to emerging markets as a key citizenship priority. Our goal in 2007 is to take the understanding generated by our Healthcare materiality assessment exercise conducted in 2006 and extend it to the remaining GE businesses. This will allow us to have a more detailed discussion of our citizenship priorities and share the results of those discussions with you in next year's report.

In the spirit of fostering dialogue and helping shape priorities, we implemented a Stakeholder Report Review Panel for the first time this year, inviting an independent group of stakeholders to review and contribute to the development of this year's report. Their letter is included in this report and their involvement will be ongoing for future reports.

As GE builds its future, we recognize that venturing into emerging markets is not without its complexities, such as ensuring the protection of human rights within our sphere of influence. While GE is uniquely positioned with its products and services to deliver and meet needs in emerging markets, we also have the ability to capitalize on opportunities in a responsible way. This year's report presents our role in emerging markets, both from a business perspective of how we are capitalizing on the opportunity through growth initiatives such as the Value Products from GE Healthcare, and from a citizenship perspective of addressing the associated risks, such as human rights.

By joining a peer company network, the Business Leaders' Initiative on Human Rights (BLIHR), GE is able to work with other member companies to find practical ways of applying the aspirations of the Universal Declaration of Human Rights within a business context and inspiring other businesses to do likewise. Last year we committed to developing a Statement of Principles on Human Rights, and we have delivered on that commitment with much thoughtful input from our stakeholders.

For GE, good citizenship is assuring that our values and focus are consistent. As we expand into new areas, we will continue to appreciate how our values and priorities apply and how we can continue to invest in a sustainable future.



Brackett B. Denniston III

Senior Vice President & General Counsel



Robert L. Corcoran

Vice President, Corporate Citizenship



Highlights/Overview

This overview identifies GE's commitments made in last year's report and the progress we have made toward achieving those commitments. Some highlights include:

- We now have established our first Stakeholder Report Review Panel for review and comment on this year's report.
- We have developed a Statement of Principles on Human Rights and joined the Business Leaders Initiative on Human Rights (BLIHR).
- The Company achieved full-year revenues of \$163.4 billion, up 10%, and earnings of \$20.7 billion, up 11%. These results are consistent with a key component of our corporate citizenship framework: achieving strong economic performance over a sustained period of time.
- We are honored to have been named *FORTUNE* magazine's "Most Admired" U.S. and global corporation for the second straight year and for the seventh time in a decade.

Each section in this report begins with a summary of GE's 2006 commitments and culminates in our expectations for 2007, or Moving Forward. In some cases, commitments are identified through simple and easily understandable metrics and targets (such as our four commitments in ecomagination). In others, our targets are still in the initial or formative stages and will require more data before we can set specific goals. Moving Forward defines activities where GE can play an influential or collaborative role in key discussions or topics (such as public policy or climate change).

Focus Area

Stakeholder Engagement

2006 Commitments

- Conduct ongoing stakeholder dialogues and incorporate feedback

Customers, Products & Services

- Continue progress on ecomagination commitments, including doubling GE's R&D expenditures on eco-related technologies
- Execute and drive Healthcare Re-imagined initiative, an "Early Health" paradigm where diseases can be seen, diagnosed and treated at much earlier stages
- Implement "Responsible Lending Standards" and expand financial literacy programs in countries where GE Money does business

ecomagination

- Double investment in R&D—GE is growing its research in cleaner technologies from \$700 million in 2005 to \$1.5 billion in 2010.
- Increase revenues from ecomagination products
- Reduce greenhouse gas (GHG) emissions and improve the energy efficiency of GE's operations
- Keep the public informed

Human Rights

- Develop a Statement of Principles on Human Rights and identify areas where GE can most effectively serve as a positive influence and further the adherence to strong human rights practices

“The report provides a great deal of information about GE’s activities and performance. It represents a significant step forward in providing transparency about the Company’s broader sustainability performance and impacts, and it demonstrates GE’s commitment to more open communication with its stakeholders.”

GE Stakeholder Report Review Panel

2006 Progress

- Convened multi-stakeholder dialogues around the world (New York, London, Brussels, Warsaw and Hong Kong)
- Established a Stakeholder Report Review Panel
- Conducted more than 350 analyst and investor meetings
- Named “Best IR by a Chairman, President or CEO,” “Best Communications with the Retail Market” and “Best Overall Investor Relations—mega-cap” in 2006 by *IR* magazine
- Ranked “First Team” by *Institutional Investor* magazine

2007 Moving Forward

- Continue multi-stakeholder dialogue sessions
- Further engage the expertise of the Stakeholder Report Review Panel
- Encourage stakeholder feedback as part of materiality process

- Made capital investments totaling more than \$240 million since 2001 to increase research capacity in the U.S. and establish three new research and development facilities worldwide
- Launched Healthcare Re-imagined and driving it forward

- Developed Responsible Lending Standards, a set of 30 guiding principles based on extensive stakeholder and customer reviews in 21 countries across Europe
- Hosted Transport 2016, a discussion on global supply chains and relevant issues such as congested transportation infrastructure and environmental pressures

- Continue progress on eco-related technologies to meet GE’s ecomagination commitments
- Develop new breakthroughs in molecular medicine to accelerate the vision of GE’s Healthcare Re-imagined initiative
- Continue incorporating customer feedback into the development of innovative products

- Update progress on Healthcare Re-imagined initiative and performance technologies in emerging markets
- Continue focus on acquisition integration
- Refocus GE Money’s global efforts on programs and initiatives that seek to empower women by providing financial education and supporting entrepreneurship

- GE’s cleaner R&D investment is on track to reach \$1.5 billion by 2010
- Launched 45 ecomagination products since campaign started in 2005, increasing revenue from \$6 billion in 2005 to \$12 billion in 2006
- Revenues and orders for ecomagination products are on track for \$20 billion

- Achieved major progress on “1-30-30” GHG and energy efficiency commitment

- Continue progress toward meeting GE’s commitments:
- Double investment in R&D; GE is growing its research in cleaner technologies from \$700 million in 2005 to \$1.5 billion in 2010
- Continue to increase revenues from ecomagination products—to at least \$20 billion in 2010, with more aggressive targets thereafter

- Reduce greenhouse gas (GHG) emissions and improve the energy efficiency of our operations. GE is committed to reduce its GHG emissions 1% by 2012, reduce the intensity of our GHG emissions 30% by 2008 and improve energy efficiency 30% by the end of 2012 (all compared to 2004)
- Continue to keep the public informed

- Developed Statement of Principles on Human Rights
- Joined Business Leaders Initiative on Human Rights (BLIHR)
- Conducted Global Privacy Summit held by Privacy Practice Group, comprised of approximately 250 GE professionals in legal, human resources, compliance and information security

- Received the Privacy Innovation Award given by the International Association of Privacy Professionals, for work done in forging Employment Data Protection Standards

- Continue to apply the principles of our Human Rights Statement within the Company’s operating mechanisms
- Report on progress of two working groups formed to handle two of the biggest privacy challenges GE faces—security breaches and handling of customer data

- Participate within BLIHR in two work streams: (1) developing accountability systems for human rights issues and actions; (2) developing best practices for addressing human rights issues in emerging markets

Focus Area

2006 Commitments

Suppliers

- Find efficient ways to encourage suppliers to improve overall management of EHS, labor and security compliance in addition to closing specific findings
- Continue to focus on verifiable finding closure
- Go beyond auditing to consider how capacity building can increase adherence to supplier standards

Environment, Health & Safety

- Further implement GHG emissions and energy efficiency program
- Report on new waste and water metrics (data being collected in 2006 for first time)
- Continue to expand Waste Site Qualification Program beyond current 28 countries
- Continue support for EHS programs in emerging markets

Compliance & Governance

- Focus on acquisition integration processes to ensure prompt implementation of policies
- Focus on compliance in emerging markets

Public Policy

- Continue to address needs for increasingly complex global regulatory environment
- Play key role in energy policy and early health

Communities & Philanthropy

- Increase GE Volunteers participation
- Continue focus on research-based education initiatives that increase sustainable impact

Employees

- Continue to provide a stable base of development, opportunities, jobs and benefits
- Implement best practices from U.S.-based pension plans to strengthen governance procedures globally
- Focus on managing global diversity—in a range of different cultural settings
- Continue to focus on individual competitiveness by improving employee tools and resources

2006 Progress

- Conducted assessments that identified 12,484 findings, with 94% closed to date
- Continued to improve auditor and supplier training and audit closure tracking system

- Reduced greenhouse gas emissions by 4% from 2004 baseline
- Baselined data for water and waste metric
- Expanded Waste Site Qualification Program to cover 35 countries
- Reduced injury and illness rates by 9% and lost time rates by 4%
- Reached \$190 million in cumulative cost savings from injury reductions over the past decade

- Revised Acquisition Integration Framework (AIF), a project to review and strengthen GE's acquisition integration processes
- Made *The Spirit & The Letter* available to more than 300,000 employees in 31 languages in 100+ countries

- Developed policy statement and list of 2005 corporate expenditures (disclosed publicly) to U.S. political parties and candidate committees
- GEPAC (GE Political Action Committee) disbursed \$1.24 million to U.S. federal and state candidate campaign committees and party organizations, with receipts from 2,705 eligible employees

- GE employees and retirees contributed more than one million hours of service to local community initiatives in 2006
- GE Foundation provided two more College Bound grants: \$20 million to Cincinnati, OH, and \$15 million to Stamford, CT, Public Schools in 2006
- Establishing new GE Foundation Globally Competitive K-8

- Invested more than \$1 billion in training and development initiatives
- Paid out \$2.4 billion in pensions and nearly \$2 billion in healthcare and other insurance costs
- Named among "100 Best Companies for Working Mothers" by *Working Mother* magazine for fourth consecutive year

- Conducted spot checks to assess finding closure rigor
- Started to identify projects where GE can partner with others to accelerate EHS capacity development

- As of year-end 2006, GE had 223 facilities covering more than 103,000 employees in global excellence recognition programs
- Conducted four plant manager EHS classroom training courses in the developing world that were attended by 132 members of GE's functional leadership teams

- Reported timely investigation of concerns to Ombudsperson, with 93% closed to date, averaging ~50 days to close
- Developed new emerging markets toolkit with comprehensive guidelines on doing business in emerging countries and linking to experts

- Joined the United States Climate Action Partnership (USCAP), a diverse group of business and leading environmental organizations, to promote effective, economically sustainable climate change
- Hosted Healthcare Summit in China and Pacific Health Summit in Seattle

- Mathematics Standards
- Total charitable giving by the GE family was \$219 million in contributions from the GE Foundation and GE businesses
- Announced expansion of the Africa Project to additional countries through a cooperative partnership with Jeffrey Sachs and the Earth Institute at Columbia University

- Named among "The 40 Best Companies for Diversity" by *Black Enterprise* magazine
- GE Commercial Aviation Services in Shannon, Ireland, named as among Europe's "Top 100 Companies to Work for" by the *Financial Times*

2007 Moving Forward

- Continue to focus on identifying effective labor auditing techniques
- Expand auditor certification program to Latin America
- Continue to identify ways GE can assist in EHS capacity building in places where GE has significant

- Continue focus on meeting greenhouse gas reduction and energy reduction goals
- Add five more countries to the Waste Site Qualification Program
- Sustain and improve GE's EHS metrics while supporting the Company's organic growth and integrating newly acquired operations
- Continue focus on EHS compliance, meeting GE's global EHS expectations and developing

- Provide explanation/interpretation of increases to selected ombudsperson concerns
- Present ombudsperson data by geography
- Continue to improve early warning and anti-corruption processes

- Working directly and through USCAP with administration and congressional leaders to develop legislation by the end of 2008 designed to reduce carbon emissions
- Play a leading role in educating members of the U.S. Congress on the benefits of trade—including maintaining and improving international tax policy—to U.S. businesses, workers and citizens

- Implement 13 newly initiated projects in five additional countries—Kenya, Malawi, Mali, Rwanda and Senegal
- Expand Africa Project to Latin America
- Further develop and enhance world-class education standards in math and science

- Build culture and capability for global growth
- Attract, retain and engage the world's best people and teams
- Continue to anticipate external trends and influence HR public policy
- Use technology to drive leading-edge, simple, efficient HR processes

- numbers of suppliers
- Work with other companies to find ways to minimize repetitive audits and accelerate adoption of a management system approach by GE suppliers

- resources to support capacity in emerging markets
- Use information gathered by new water and waste metrics to identify further opportunities for further reduction in addition to those already undertaken in past years
- Continue global focus on regulations
- GE will continue to work cooperatively with government agencies on remedial issues and at remedial sites for which GE has responsibility

- Expand reach of compliance processes to encompass the five "R's" of risk, reward, regulation, relationships and reputation

- Continue to press for the enactment of legal reform in states with the largest potential liability for GE businesses
- Leading a series of water conservation seminars which will unite industry experts around the world to tackle industrial water reuse, recycle and scarcity problems

- Encourage consumerism in health-care choices
- Provide discussion on gender diversity by region

GE Business Profiles

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.

Products

- Consumer appliances, lighting, and electrical equipment and products
- Engineered thermoplastics; commercial and industrial protection technology
- Full-service transportation equipment leasing, and rental and asset intelligence
- Sensors and nondestructive testing; technology-driven inspection solutions and products
- Automation systems and devices
- GE Industrial also finances business equipment for a wide variety of customer applications

ecomagination products

- ENERGY STAR® qualified products
- X\$D Ultra motor
- Lexan paint replacement

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.

Products

- Power generation and energy delivery systems
- Water treatment and purification, water reuse, water recovery, wastewater, mobile water, water services, and process filtration and purification
- Jet engines
- Turbines, compressors and ancillary products and services for the oil and gas industry
- Freight and passenger locomotives, locomotive parts and locomotive services
- Diesel engines for marine and stationary power applications, motorized systems for mining trucks, and signaling and communications systems for the rail industry; gear units for wind power
- Broad-based commercial financial solutions including structured equity, leveraged leasing, partnerships and project finance for aviation and energy industries

ecomagination products

- GENx engine, GE90-115B engine
- CFM56-3 Advanced Upgrade
- Evolution Series locomotives for North America, China and Kazakhstan
- LM2500+ marine engine
- Cleaner Coal (IGCC)
- Water Scarcity & Water Quality Solutions
- H System Gas Turbine
- Wind turbines
- Solar
- LMS 100 Aero turbine
- Jenbacher Coal Mine Methane, Landfill and Biogas applications as well as capital for renewable energy
- Inspection tools for Ultrascan Duo Pipeline and BCL Compressor series for sour gas reinjection
- GE V250 Palm Oil Gensets; Locomotive Modernizations; Smartburn™ emissions reduction enhancements



At-a-glance

2006 revenues

2006 profit (v%)

employees (~)

\$33.5
billion

5%

89,000

Types of customers

Retailers Home improvement stores, electrical distributors, utility companies, lighting manufacturers, homebuilders

Global manufacturers and molders

Original equipment manufacturers (OEMs)
Machine builders, municipal water/wastewater treatment OEMs suppliers and inspection companies (direct and via distributors)

Transporters of goods and materials

Key citizenship priorities

- Emerging markets, consumer spending and value products
- Product energy efficiency
- Privacy
- Sales to governments



At-a-glance

2006 revenues

2006 profit (v%)

employees (~)

\$47.4
billion

16%

85,500

Types of customers

Aviation and GECAS Airframe manufacturers, commercial airlines, U.S. and international governments

Energy and Energy Financial Services
Independent power producers, utilities, oil and gas producers, oilfield services, pipeline and coal companies

Oil and Gas National, international and independent oil and gas companies engaged in exploration and production, transportation, refining and associated processing

Transportation Railroads, transit, marine and mining companies

Water and Process Technologies Municipalities and government agencies, as well as industries, including: general manufacturing; power; heavy oil production; primary metals; food & beverage; refining and fuel additives; chemicals; petrochemicals; agrichemicals; industrial gases; life sciences; paper and pulp; semiconductor and microelectronics; transportation; and other commercial, institutional and residential customers

Key citizenship priorities

- Sales to military
- Security and human rights (including employee safety)
- Ethics and anti-corruption efforts in emerging markets
- Environmental management issues, including air quality, climate change (both in relation to the development of product solutions to address this topic and the energy efficiency of our operations), and releases of hazardous substances to the environment



GE Healthcare

GE Healthcare's expertise in medical imaging and information technologies, medical diagnostics, patient monitoring systems, disease research, drug discovery and biopharmaceutical manufacturing technologies is dedicated to 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 *in vivo* imaging systems such as X-ray, CT, ultrasound and MR, and accelerate the shifting care continuum toward "Early Health."

Products

- Medical diagnostic imaging equipment (X-ray, CT, MRI, ultrasound, PET scanners)
- Imaging contrast agents and molecular diagnostics
- Patient monitoring and anesthetics systems
- Drug discovery and biopharmaceutical manufacturing technologies
- Integrated healthcare IT systems



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.

Products

- Entertainment, news, and sports television programs
- Movies
- Vacation resorts and theme parks
- Online content



At-a-glance

2006 revenues

2006 profit (v%)

employees (~)

\$16.6
billion

18%

46,000

Types of customers

Healthcare professionals and their patients,
healthcare providers and administrators

Pharmaceutical industry

Biomedical research organizations

Academia

Key citizenship priorities

In 2006, GE Healthcare piloted a new process to determine the materiality of business-specific issues (see "About this Report" on page 2). The results from this exercise enabled GE Healthcare to prioritize these issues as below:

- Access to healthcare in emerging markets (see page 35)
- Embryonic stem cell research (see page 41)
- Healthcare public policy and costs (see page 95)
- Privacy and product security (see page 59)
- Sales, marketing, billing and reimbursement
- Product quality and patient and operator safety (see page 36)

GE Healthcare's other important citizenship issues

- Clinical research ethics and transparency (see page 41)
- Animal welfare (see www.ge.com/citizenship/animals)
- Nanotechnology (see page 41 for GE-wide approach)
- Access to healthcare (see page 35)
- Nuclear/radioactive waste and security (see page 36)
- Environmental impacts (product content, energy use and end-of-life management)
- Product misuse (see page 36)



At-a-glance

2006 revenues

2006 profit (v%)

employees (~)

\$16.2
billion

-6%

15,000

Types of customers

Consumers of television, film and parks content

Advertisers

Key citizenship priorities

- Broadcast standards
- Distributing content through digital media (www.nbcuniversal.com)
- Reaching growing global populations (www.nbcuniversal.com), including marketing and advertising
- Public policy, including content piracy




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, telecommunications and communications, construction, energy, aviation, infrastructure and equipment.

Products

- Lending products
- Growth capital
- Revolving lines of credit
- Equipment leasing
- Operating leases
- Financing programs
- Cash flow programs
- Asset financing



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 generated outside the United States and with global operations.

Products

- Credit cards
- Personal loans
- Mortgage and motor solutions
- Corporate travel and purchasing cards
- Debt consolidation
- Home equity loans



At-a-glance

2006 revenues

2006 profit (v%)

employees (~)

\$23.8
billion

17%

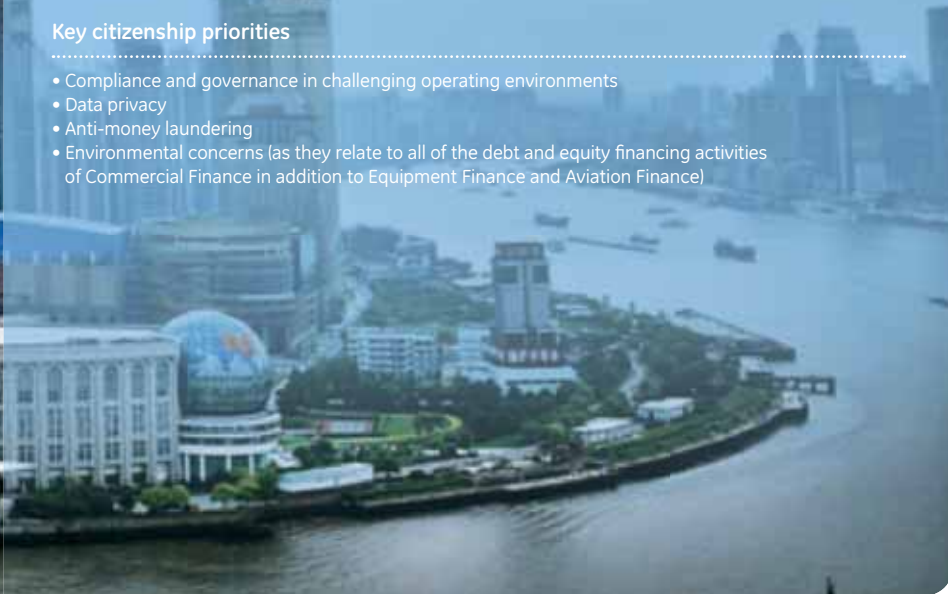
22,000

Types of customers

Businesses of all sizes

Key citizenship priorities

- Compliance and governance in challenging operating environments
- Data privacy
- Anti-money laundering
- Environmental concerns (as they relate to all of the debt and equity financing activities of Commercial Finance in addition to Equipment Finance and Aviation Finance)



At-a-glance

2006 revenues

2006 profit (v%)

employees (~)

\$21.7
billion

15%

52,000

Types of customers

Individual consumers

Retail clients, such as auto dealers and department stores

Key citizenship priorities

- Anti-money laundering
- Responsible lending (including disclosure practices)
- Data privacy and security
- Risks and opportunities of emerging markets
- Consumer financial literacy



GE aspires to be a leader in corporate citizenship. To do so requires identifying the key areas of impact most relevant to our business. With this strategic focus in mind, GE has identified four areas that are aligned with our Company's growth strategy—areas where we believe we can lead citizenship efforts.



ecomagination

Ecomagination is a growth strategy that addresses our customers' needs for more energy-efficient products and services.



Compliance & governance

Compliance and governance is the cornerstone of our reputation and requires the full commitment of our culture to uphold.



Emerging markets

Growth in emerging markets allows us to lay the foundation for citizenship from the inception of a business opportunity.



Environment, health & safety

Operational excellence shapes the tools and measurements that help keep employees safe while reducing our impact on the environment.

Stakeholder Engagement

Engaging our stakeholders enables us to acquire objective feedback about our performance and develop new systems for improving citizenship.

2006 Commitment

- Conduct ongoing stakeholder dialogues and incorporate feedback



GE's commitment

In 2006, GE committed to an open, ongoing dialogue with a diverse set of global stakeholders including government representatives, non-governmental organizations (NGOs), industry and financial analysts, environmental advocacy groups, the media, customers, suppliers, community leaders and employees.

Throughout this past year, we were able to engage representatives from each of these groups and received feedback from stakeholder sessions that was helpful in identifying issues and topics relevant to our citizenship efforts. The dialogue developed between GE and our numerous stakeholders allowed us to appreciate new perspectives.

GE recognizes that it must listen to our stakeholders and learn about their concerns and issues. The insight of our stakeholders helps to identify Company priorities and emerging trends that may impact businesses. GE is committed to transparency beyond our financial results and to providing information that our stakeholders want and need to best understand our business. To this end, we will continue to evaluate new ways to engage stakeholders and incorporate their ideas into our reporting process.

We have begun a systematic process for stakeholder engagement, including mapping of key influencers and convening dialogues at the global, regional and local levels. Going forward we will continue to broaden and deepen our engagement.

Investor communications

GE has long had a systematic communications process to meet the information needs of our investors. GE's Disclosure Committee reviews Company compliance with accounting and disclosure requirements to evaluate the fairness of financial and non-financial disclosures. We also conduct more than 350 analyst and investor meetings every year and send monthly e-mail updates and quarterly brochures covering all business segments, citizenship highlights and key events. Investors surveyed annually by *IR* magazine recognize the effectiveness of our Company disclosure policies and have given GE many awards during the last 11 years, including "Best IR by a Chairman, President or CEO," "Best Communications with the Retail Market" and "Best Overall Investor Relations Program—mega-cap" in 2006 (the latter for eight of the last 11 years). GE was also ranked "First Team" by *Institutional Investor*. GE is in regular contact with representatives of the major rating agencies, and the Company's debt continues to receive their highest ratings.

Multi-stakeholder dialogues

GE convenes multi-stakeholder dialogues around the world that include dozens of investors as well as non-governmental organizations, community organizations and other important external stakeholders. In 2006, GE held meetings in New York, London, Brussels, Warsaw and Hong Kong. The dialogue participants included a diverse set of subject matter experts.

"There will always be challenges. Some challenges no one can own alone, but are there for 'US' to solve together. Change and progress through dialogue can help share the responsibility and opportunities presented by these challenges. I thank GE for its honest conversation during the convening in which we could be part of shaping the future."

Sarah Stokes Alexander
Director of Sustainability and Leadership Programs
Centre for Science and Public Policy



Stakeholder dialogue in Poland

By organizing a major multi-stakeholder dialogue forum in Poland in June 2006, GE and its partners initiated an innovative approach for stimulating new thinking among high-level representatives from Poland's government, business community, NGOs, customers, academics and journalists, together with GE Chairman and CEO Jeff Immelt and other GE executives. The forum addressed global challenges and mega trends in the areas of energy, resource management, technology, knowledge and population at a time when Central and Eastern European countries are making major economic and social transitions. Jeff Immelt noted that global issues do not necessarily have global solutions. Each market faces its own challenges and has different advantages and opportunities it can exploit.

Attendees became more aware that moving toward a better future will require collaboration, new strategies and partnerships among various stakeholders. In September 2006, for example, GE announced the establishment of a European Cleaner Coal center of excellence in Warsaw in cooperation with Polish scientists and engineers. The new center is focusing on expanding the use of cleaner coal technology—or IGCC (Integrated Gasification Combined-Cycle)—across Europe. The stakeholder dialogue forum in Poland touched many hearts, minds and imaginations. GE plans to host future dialogue sessions in different regions of Central Europe.



Input into the decision-making process

The stakeholder input from the global dialogue sessions is clearly linked to GE's learning, policy formation and decision-making processes. Some examples of how stakeholder input drove decision-making include:

- Human rights—GE sought the views of various stakeholders to gain broader understanding of what expectations GE would face as we developed and finalized our Statement of Principles on Human Rights in 2006. GE held stakeholder meetings in New York, Brussels and Hong Kong to invite commentary on GE's 2006 Citizenship Report and to gauge reactions to certain human rights aspirations being considered for inclusion in GE's new statement on human rights. This is similar in approach to how GE engaged stakeholders in the formulation of our ecomagination commitment.
- Reporting—Stakeholder feedback, including feedback from our new Stakeholder Report Review Panel, led to our commitment to produce an annual "best-in-class" citizenship report. Current-year reporting improvements include increased disclosure around project finance, responsible lending, human rights and global diversity. Stakeholder engagement also fed directly into the introduction of the materiality analysis process.

Senior GE officers are regularly involved in reviewing stakeholder feedback, including the Citizenship Executive Advisory (CEA) council. This group meets at least quarterly and reviews summary

stakeholder feedback to ensure that the appropriate actions and resources are in place. The CEA is comprised of five senior GE executives: Brackett Denniston, SVP and General Counsel; Bob Corcoran, VP of Corporate Citizenship; Gary Sheffer, Executive Director of Corporate Communications; Steve Ramsey, VP of Environmental Programs; and Lorraine Bolsinger, VP of ecomagination.

Other "built-in" types of engagement

GE also has several other built-in mechanisms to collect feedback, both internally and externally, including:

- Employees (see page 108)—Anonymous all-employee surveys, Crotonville focus groups, town hall-type meetings with the chairman and other senior officers, and roundtable discussions with various segments of GE's diverse employee population.
- Customers (see page 32)—Dreaming Sessions, Net Promoter Scorecards and "At the Customer" quality initiatives.
- Suppliers (see page 66)—Supplier training programs, "train-the-trainer" sessions on key issues, best practice sharing sessions and supplier conferences.

GE DECISION-MAKING PROCESS



Commentary by the Stakeholder Report Review Panel

Overall, the Panel is impressed with GE's investment and progress in developing its public reporting on its citizenship, or sustainability performance. The Panel is appreciative of the openness and high quality of its dialogue with GE's senior executives. Many of the Panel's original comments have been taken into account in the final, published report, through: (a) adjustments to what and how issues have been covered; (b) GE's commitments for future reporting; and (c) underlying policy changes.

GE's size and complexity make reporting more difficult than for most other businesses; it is in this context that we set out our comments and suggestions. Our comments have been organized under the AA1000 Assurance Standard's three principles, followed by a series of recommendations that would, if acted upon, improve GE's future reporting.

How complete is the report?

The report provides a great deal of information about GE's activities and performance. It represents a significant step forward in providing transparency about the Company's broader sustainability performance and impacts, and it demonstrates GE's commitment to more open communication with its stakeholders. Several parts of the report are particularly well developed. The section on Environmental, Health & Safety (EHS) provides a great deal of information about GE's policies and practices. Also, the new disclosure about the Company's public policy activities is particularly notable and welcome.

GE's greatest impact on the world is through the use of its products. The report demonstrates the growing priority that the Company is placing on developing products that deliver broader environmental and social benefits as part of its core business. In this context, the report would have benefited from more information on specific product impacts, for example, those that did not make the ecomagination portfolio but are within the same product categories, and the impacts of the Company's financial arm and nuclear-power business. The report is rightly focused on GE's global policies and practices, but would be improved by more country-level data, especially in regions like Asia. The report's case study material is helpful in illuminating general statements, data

and conclusions, but would be strengthened with greater clarity as to how they were selected. The Panel welcomes GE's emphasis on the importance of and commitment to promoting in practical ways the "rule of law," and encourages the Company to clarify its interpretation of the concept, and the scope of its activities to strengthen it in different contexts.

Does the report cover *what is material*?

The report covers many social, environmental and economic issues relevant to its key stakeholders, notably its coverage of the ecomagination initiative, its newly established policies and initiatives on human rights, and its approach to lobbying and public policy. Further, GE is to be congratulated for disclosing and remedying shortfalls in areas of key stakeholder concern, notably its discovery that one of its business units was, contrary to GE's publicly stated commitment, selling sensing components destined for use in cluster bombs.

GE's investment in a series of Stakeholder Convenings have enabled the Company to deepen its understanding of stakeholder concerns, as well as build relationships to address these concerns going forward. In addition, the Panel sees the potential for considerable reporting and performance benefits flowing from GE's commitment to a more formal materiality determination process across all of its main business units. GE is encouraged to continue strengthening the focus of future reports on the material links of its citizenship approach to business strategy and performance and to raise the profile of stakeholders' voices, while continuing to make information available on basic compliance.

Does the report cover GE's responsiveness to material issues?

The report sets out GE's commitments to advance its reporting and the underlying performance. Details on progress in EHS, for example, are specific and provide quantitative, forward-looking targets. Similarly, we welcomed GE's new human rights policy. We noted the Company's responsiveness to proposals tabled during the Stakeholder Convenings to highlight the responsibility of businesses in advancing the application of the U.N. Universal Declaration of Human Rights, and to commit to exploring how best this new policy can be applied in its supply chain.

Stakeholder Report Review Panel

Five people were invited by GE to join the Panel, identified in discussion with AccountAbility, the latter acting as the Panel Convener. Panel members were selected for their interests and concerns, their expertise and their knowledge of GE. Each Panel member participated in at least one of GE's Stakeholder Convenings over the period covered by the report. Panel members were asked to participate as individuals, not as representatives of their organizations, which are shown below only for reference:

- Ed Potter (Director, Global Labor Relations and Workplace Accountability, The Coca-Cola Company)
- Elizabeth Cook (Vice President for Institutional Strategy & Development, World Resources Institute)

- Elizabeth McGeveran (Vice President, Governance & Sustainable Investment, F&C Management Ltd.)
- Melissa Brown (Executive Director, Association of Sustainable and Responsible Investment in Asia, Hong Kong)
- Michael Posner (President, Human Rights First)

The Panel provided feedback to GE based on a draft report, and the commentary based on its view of the final report. The Panel focused on the quality of the report, although members raised some performance issues in discussion with GE. The Panel's commentary, set out below, is intended to inform and guide the report readers, as well as GE. Use was made of the AA1000 Assurance Standard, but the Panel's work is not a formal assurance exercise.

GE's responsiveness to material issues would, however, be better understood if the report provided more specific, quantitative measures and targets. Similarly, the Company's progress could be better understood if the report contained more benchmarks against industry norms and best practice.

Recommendations for future reporting

The Panel wishes to congratulate GE for advancing substantially its public reporting, and would encourage it to take further steps to improve future reporting, which would translate into a leadership role in promoting greater transparency across the global business community. In achieving this, the Panel wishes to make several specific recommendations that, if acted upon, would improve GE's future reporting.

- Focus on *what is material*. Clarifying *what is material* to the business and well-specified stakeholders would underpin a more focused, strategically aligned report.
- Strengthening Stakeholders' Voices. Inviting impacted or more critical stakeholders to be directly heard in the report commenting on what they deem material, and their experience of GE.
- Progress Analysis. Using and disclosing more specific, often quantitative, performance metrics and targets would increase the report's robustness and credibility.
- Balanced Reporting. Greater balance in communicating GE's successes, areas of limited progress and failures would enhance the report's overall balance and credibility.

GE's human rights policy and practice

GE's human rights policy is an important step forward both for the Company and for the wider field of human rights. The Panel welcomes GE's commitment to operationalize this commitment across its business units. The Panel would encourage GE to find ways to encourage, monitor and report publicly on the policy's application to the supply chain, particularly of the ILO's (International Labour Organization) Declaration of Fundamental Principles and Rights at Work, including the right to freedom of association, and prohibitions on harassment and discrimination in the workplace.

Submitted by:

GE Stakeholder Report Review Panel

Moving Forward 2007

- Continue multi-stakeholder dialogue sessions
- Further engage the expertise of the Stakeholder Report Review Panel
- Encourage stakeholder feedback as part of materiality process

Customers, Products & Services

Aligning our customers' needs with product development can multiply our contribution to citizenship.

2006 Commitments

- Continue progress on ecomagination commitments, including doubling GE's R&D expenditures on eco-related technologies
- Execute and drive Healthcare Re-imagined initiative, an "Early Health" paradigm where diseases can be seen, diagnosed and treated at much earlier stages
- Implement "Responsible Lending Standards" and expand financial literacy programs in countries where GE Money does business





Customers are becoming increasingly important collaborators in the product development cycle. Two of the ways we collaborate with customers are through our “Dreaming Sessions,” which help us look to the future about what our customers need, and through our Net Promoter Score, a metric GE has adopted to track customer perceptions of performance strengths and weaknesses.

Over the past five years GE has worked to become a more customer-centric and market-facing organization. To achieve this change we have had to develop new tools and processes to engage our customers in the product development cycle. The Net Promoter Score and “Dreaming Sessions” are two of the methods we are using to transform customer relationships and better align our products and services with customer needs. We close the loop with customers and other stakeholders by continually evaluating the real-life application of our products, seeking improvements and clarity where we can, and developing our research and development efforts with close consideration for issues of potential sensitivity.

Net Promoter Score

The Net Promoter Score is based on asking customers one simple question: would they recommend or do business with GE again? They are asked to respond on a scale from zero to ten. Customer ratings of a nine or ten are considered promoters, and those with a zero to six are considered detractors. The rest are considered neutral or passively satisfied. Subtracting the detractors from the promoters produces the Net Promoter Score, a baseline of customer loyalty. What is critical is not the actual score, but our ability to improve the score over time.

To learn about how one GE business uses the Net Promoter Score to create a better experience for its customers, please visit www.ge.com/citizenship/customers.

Dreaming sessions

GE is committed to holding ongoing dialogues and working with customers in innovative ways. Dreaming sessions are attended by industry CEOs and experts to better understand customer needs across specific industries and to develop stronger partnerships to drive innovative solutions to those needs.

In 2006, Transport 2016 in Washington, D.C., presented a major dreaming session where top transportation companies came together to discuss trends and issues over the next 10 years and where GE can play a role. The event gathered 33 CEOs and senior executives from the world’s leading trucking companies, railroads, marine firms and shippers, along with port officials, technology providers and officials from the U.S. Department of Transportation and U.S. Department of Homeland Security.

Attendees envisioned what global supply chains could be in the year 2016 and discussed major concerns like congested transportation infrastructure, heightened security requirements, environmental pressures and the increasing complexity of supply chains. Major issues to work on in future meetings were identified. GE’s breadth of products and services across the transportation supply chain positions it uniquely to improve customers’ productivity as they move raw materials and finished goods around the world.





Healthcare Re-imagined

Healthcare is an industry where GE sees a natural intersection between commercial opportunity and corporate citizenship. GE Healthcare's vision of Healthcare Re-imagined, launched in 2006, is aiming to help the healthcare industry transition from a focus on late disease, where clinicians are seeing patients who already have symptoms of illness, to a model of "Early Health," where clinicians are more actively engaged in assessing disease predisposition and diagnosing disease—or the potential for disease—much earlier in the care process. Transitioning the healthcare industry paradigm to Early Health will save money and lives, enabling the industry to serve patients more effectively.

The example of cardiovascular disease illustrates the benefits of this approach. Today, a cardiac patient has about a 45% chance of survival if treatment begins at the onset of symptoms. An Early Health model using advanced tools such as cardiac biomarkers, non-invasive diagnostic imaging, targeted therapies and IT-based disease management has the potential to nearly double that

survival rate. Lowering healthcare costs associated with advanced cardiac disease could save \$60 billion per year in the U.S. alone.

Beyond the shift to a preventative Early Health model, Healthcare Re-imagined aims to influence change in the industry, so that all patients who need care can gain access to the most current diagnostics. The integrated application of these technologies across the continuum of care will help clinicians predict cancer, heart disease, neurological disease and other disorders; diagnose them earlier; inform a broader cross-section of clinicians to aid in diagnostic decision-making; treat those diseases in more targeted ways; and monitor responses to those treatments.

An overview about how GE is redefining what is possible in healthcare is available at www.ge.com/citizenship/customers. For more information on Healthcare Re-imagined go to www.gehealthcare.com/reimagine.

Healthcare access

Emerging markets represent an opportunity for GE to incorporate citizenship efforts from the inception of a business relationship. GE Healthcare's strategy for emerging markets is based on a company-to-country approach—adapting our products and services to fit the most pressing needs of each market. This approach assesses customers' needs by evaluating the country disease profile and its healthcare infrastructure. For instance, Africa faces severe challenges from child mortality, HIV and tuberculosis, while the newly integrated European Union countries, primarily in Eastern Europe, are confronted with widespread cardiac disease. India and China face the need to provide primary care to rural populations. The access to and availability of healthcare varies widely among and sometimes within these different markets. It is important, therefore, that GE offers the most appropriate and required solutions and technologies for each.

Meeting the unique challenges of emerging markets is important to GE, and we have adapted to meet them. GE Healthcare's Primary Care program is a growth initiative to design products for specific regions in the developing world to help bridge the gap in access to healthcare technology and support UN Millennium Development Goals. GE's Primary Care model bases the design, development, manufacture and support of new products in emerging markets.

In the past, the Value Product equipment GE supplied to developing nations was often composed of modified versions of equipment designed, manufactured and sold in the U.S. or European markets. Today, we have the ability to work where possible in these markets, ultimately supplying equipment made in a country for that country. Our efforts are already producing solutions such as mobile screening technology, robust portable equipment, self-contained devices (with power supply included) and innovative ways to use remote monitoring and data transfer.

Developments in India exemplify GE's approach well. GE Healthcare is introducing a range of inexpensive diagnostic imaging products in India. This will make diagnosis affordable to a large section of the country's population that previously could not afford to pay for tests conducted on more expensive diagnostic equipment. Besides low cost, portability is critical as many patients, especially in remote parts of the country, are often not diagnosed due to lack of proper equipment. The products that GE is producing for local use in India will also be exported to other developing markets.

In China, India and Brazil, GE Healthcare is introducing an innovative, locally built, basic X-ray system that can be operated as either a digital or analog device. The analog mode provides the lowest initial capital outlay for the customer; with the addition of a low-cost digital detector, the system operates without X-ray film and chemicals, substantially reducing the user's operating costs and facility requirements. The digital machine also enables teleradiology, allowing the digital images to be interpreted across the country or across the world when local staffing shortages leave rural healthcare facilities without trained radiologists on site.

Our approach also entails working closely with customers from both the public and private sectors to define a joint roadmap to address their needs and identify the gaps in healthcare in their countries. Working together is a critical step to building intimacy with customers and participating in their healthcare decisions.

Product use issues

GE is committed to producing products that help solve customer problems and improve their quality of life. However, we recognize that some products are controversial. GE hopes to increase transparency and address any concerns by illuminating its approach to these products.

Nuclear power

Nuclear power is a critical part of the energy mix, contributing 20% of the power generation in the U.S. and 16% globally. GE does not own nuclear plants, but as a reactor designer the Company does offer a wide variety of high-quality, nuclear-grade equipment and services. There are 443 operating nuclear reactors globally, with a total net installed capacity of 369,585 Gigawatts of energy (GW(e)). Seventy-seven of the reactors, operating in seven countries, are GE-designed boiling water reactors (BWRs). GE believes nuclear, along with renewables, fuel-efficient gas turbines, and cleaner coal/IGCC, is key to achieving a low-carbon emissions energy production portfolio.

GE's next-generation Economic Simplified Boiling Water Reactor (ESBWR) reactor is currently undergoing an analysis to determine if it can join the ecomagination product portfolio. The climate change benefits of nuclear power are clear: if one ESBWR were used to replace the same amount of electricity generated in the U.S. through traditional sources, greenhouse gas emissions could be reduced annually by an amount equal to taking nearly 1.5 million cars off the road in the U.S.

In late 2006, GE and Hitachi Ltd. signed a letter of intent to negotiate the formation of a global alliance that will combine the two companies' new nuclear power plant and services businesses, with the goal of strengthening existing operations, accelerating the development of new products and services, and positioning our alliance for growth in the nuclear energy industry. Potential areas of investment include new infrastructure, advanced reactor design and service technology, with a focus on new spaces across the industry value chain.

Military aircraft engines and weaponry

GE works with the U.S. government to provide engines for naval vessels and military aircraft, including fighters, tankers, helicopters, surveillance aircraft and bombers. These vessels and aircraft perform important national security, search-and-rescue and humanitarian missions. GE sells and supports engines for military uses with certain foreign governments in strict accordance with U.S. government policy, including U.S. export control law.

Ultrasound

GE evaluates sales on a case-by-case basis to screen for potential misuse where our products might be applied for purposes other than their specified intent (such as the use of ultrasounds for gender discrimination). On all ultrasounds, we have applied strict warning

labels against this misuse and provided training and support for their proper medical use.

In India, for example, GE fully supports Indian public opinion and the government's efforts to strengthen protection against sex determination and misuse of diagnostic equipment through the Pre-Natal Diagnostics Techniques (PNDT) Act. GE Healthcare will only process orders for ultrasound equipment from diagnostic centers and hospitals that have PNDT certificates. Employees are required to terminate all sales discussions when there is reason to believe a potential customer is not committed to complying with our policy and the law in India.

Lighting

GE Industrial produces lighting products, including fluorescent and high-intensity discharge (HID) lamps. All such lamps, regardless of manufacturer, contain small amounts of mercury. In high doses, mercury can have adverse health effects. The increased efficiency of our fluorescent and HID lamps reduces the need for power generation and thereby reduces power plant emissions, including mercury emissions. Today, the average four-foot fluorescent lamp contains approximately 85% less mercury than similar lamps produced in 1985. GE is actively engaged in research to further reduce mercury content and to develop next-generation, energy-efficient, mercury-free lighting technology.

Over the past 10 years, GE has worked closely with the third-party lamp recycling industry and its trade association, the Association of Lighting and Mercury Recyclers (ALMR), as it has developed a robust national third-party lamp recycling industry. The National Electrical Manufacturers Association (NEMA), to which GE belongs, lists all national lamp recyclers and others offering lamp recycling services on its web site at www.lamprecycle.org. The lamp industry places a mercury label and the URL www.lamprecycle.org on the packages of all lighting products that contain mercury.

More than 80% of mercury-containing lamps are used by non-residential facilities. These facilities pay to have their lamps recycled. The lamp-recycling rate for businesses has improved from less than 2% in the 1990s to nearly 30% today, and continues to increase every year.

GE Military Product Disclosure "Continuous Improvement"

Situation summary

In preparing for the 2007 Citizenship Report, GE's Legal and Corporate Citizenship teams became aware of an inaccurate statement concerning one application of a product.

The 2005 and 2006 GE Citizenship Reports discussed product-specific issues, including the statement "GE is not involved in any way in land mine or cluster bomb production and does not make these devices, nor sell parts or components for use in production of these devices." However, a recently acquired business unit is presently supplying a sensor for use by a U.S. manufacturer of a next-generation cluster weapon for supply to the U.S. military.

The sensor was developed for and is used extensively in cardiac diagnostic and corrective procedures. Thousands of medical procedures daily worldwide utilize this sensor to monitor temperature changes in the surrounding medium (in the case of heart catheterization, the medium is saline). A fraction of the sensors developed for the medical application are set aside and modified slightly for use by and shipped to the customer, who then integrates the sensor into each individual munition within the cluster bomb. GE acquired this product when we purchased Thermometrics in 2001.

The product is manufactured today by GE Sensing & Inspection Technologies, headquartered in Billerica, Massachusetts. The business unit forms part of the GE Industrial family of businesses. In 2005, sales of this sensor generated less than 0.001% of consolidated GE revenues.

Of more than 250 million sensors produced each year, only 15,000 are used for this application.

This issue highlights the data-gathering challenges that the Company faces due to its size and complexity. Conversely, this is a perfect example of how the citizenship report development process—in only its third year—is helping overcome structural barriers to identify gaps between stated policy and practice.

Next steps

GE has taken a number of corrective actions. The business will not accept any new orders for products used in this type of application and will not renew the contract at the end of 2007. More important, we examined the steps taken to date to ensure that the statements in this report are accurate and reflect a living commitment by the GE businesses. In 2007, GE businesses will review corporate citizenship commitments as part of the regular Session D, compliance-review process. GE is also launching a new Company-wide review process that will be rolled out to new acquisitions going forward, allowing us to review and strengthen our acquisition integration processes (please see page 86 for more detail on the Acquisition Integration Framework (AIF) in the Compliance and Governance section). We remain committed to a rigorous fact-checking process for this report.

NBC Universal broadcast standards

NBC Universal is committed to providing innovative, entertaining, quality television programming that respects the sensibilities of its diverse viewing audiences while complying with government and corporate regulations and policies.

NBC Universal's Program Standards and Compliance Department works with writers, producers and network and studio executives to meet this goal. The department reviews broadcast network entertainment programming to provide guidance and judgment on content issues such as sexual material, nudity, violence, language and dialogue, use of drugs and alcohol and potentially negative stereotypes.

To help families make informed viewing choices, the department assigns an age-appropriateness rating to all NBC Television Network entertainment programs. These ratings appear at the top and in the body of entertainment programs and determine whether a particular program should also receive a program advisory.

The department also ensures that entertainment programming on NBC Universal broadcast and cable networks complies with FCC rules and policies, relevant federal statutory provisions, and GE and

NBC Universal corporate policies. The department requires the integrity, fairness, safety and security of programs and their participants.

Universal Studios, the division of NBC Universal that produces feature films, is a member of the Motion Picture Association of America, whose film rating system helps families make informed decisions about the content of motion pictures.

Smoking in movies: Our approach

In light of the serious health risks associated with tobacco smoking, Universal Pictures is undertaking efforts to reduce the occurrence of tobacco smoking in its films, with a focus on films rated for an adolescent audience. In 2007, a committee, comprised of executives with responsibilities across a variety of disciplines, is actively developing a new policy regarding depictions of tobacco smoking. This policy will also include internal procedures designed to identify and evaluate tobacco depictions during the development and production processes and to foster communication with filmmakers regarding the policy. Pending adoption of a formal policy, informal efforts are under way to reduce the number of tobacco depictions in forthcoming Universal films.

Product use issues (continued)

Responsible lending standards

GE Money is the Company's principal outlet for consumer financing. Business financing is primarily provided through GE Commercial Finance, Energy Financial Services and GE Commercial Aviation Financial Services.

GE Money challenged itself to look inwardly through a "responsible lending" lens at its products, processes and people. The business launched an initiative in 2004, piloted originally in Europe and now being implemented in the Americas and Asia, to address and apply pricing fairly, to reduce and prevent mistakes, and to be sure that standards are applied appropriately in each country while enabling the business to remain competitive.

Based on extensive stakeholder and customer reviews in 21 countries across Europe, the initial phase of the project culminated in the development of our Responsible Lending Standards, which are a set of 30 guiding principles around these key areas:

- Product and product development—"Cooling-off periods" for new and existing products, and a range of contractual Annual Percentage Rate (APR) exists for each product with no interest on fees.
- Disclosure standards—Summary boxes disclosing key product financials to customers prior to their decision to purchase.
- Sales standards—Policies and processes to monitor pricing and sales practices.
- Underwriting standards—Appropriate measures to ensure a clear understanding of indebtedness levels and repayment ability for customers.
- Customer service standards—Billing dates are set that allow customers time to pay bills and avoid unnecessary late fees and interest, and advisory of rate changes on variable rate products is mandatory.
- Collections standards—A policy for dealing with customers in financial difficulty that includes an escalation policy, training of collection staff and third-party collectors in line with the policy.
- Training and communications standards—Annual "voice of the employee" workshops to ensure employees understand and follow policies and procedures. Employee training on responsible lending standards, good customer service practices, key product features and legislative requirements for each product.

Using these guiding principles, each of GE Money's 21 European businesses developed a localized set of Responsible Lending (RL) Standards that were implemented during 2006. The overall result of the audit was satisfactory and showed that "substantial progress had been made since the development of the RL standards in 2005." In addition, the audit determined that senior management engagement and oversight were solid in most of the countries reviewed.

GE Money has developed metrics to help measure the progress of RL standards. These metrics were piloted in Europe in 2006 and are being fully implemented in 2007. GE Money is using key lessons and best practices from the European implementation as a benchmark in developing an implementation plan for the remainder of the global businesses in 2007.

Global initiative: Financial literacy and access

In response to stakeholder concerns about lending practices and consumer credit crises, GE Money has taken a proactive stance to increase financial literacy. The main objective is to help people understand the key industry products and services, the basics of how banking works, budgeting, how to use credit responsibly and what it is required to obtain mortgage and home financing. GE Money is currently reviewing its strategy with the goal of better focusing its global program around financial literacy.

Commercial finance

GE's business finance units have adopted and constantly seek to improve on certain keys to successful financial performance in a manner that accounts for appropriate environmental and social issues. We have learned to:

- Get involved early
- Hire experienced professionals
- Encourage new financial products offering economic and social benefits
- Integrate the environmental function into existing transaction processes
- Communicate
- Take advantage of GE's broad understanding of emerging environmental and social issues
- Use the Equator Principles, among other tools, in connection with developing country construction projects

We have learned that profitable activities can offer unique and substantial benefit for the environment and social welfare.

- Compliance and cleanup—On many occasions, GE business finance units have identified environmental compliance or cleanup matters in connection with proposed financing transactions. We have often been able to complete these transactions by requiring that owners undertake remedial actions and periodically report on progress in correcting deficiencies.
- Clean energy and water—GE business finance units have provided project (equity and debt) financing to support the introduction of clean gas-fired electricity and water in developing countries. These projects enhance the quality of life and promote GE's growth objectives.
- Equity investment in environmental improvement projects—GE business finance units have funded multiple landfill gas projects that evacuate methane from landfills and recover it for use in generating electricity. These projects reduce the dangers associated with methane in landfills, curtail greenhouse gas emissions and recover the heat value from an otherwise wasted resource.



Research and Development (R&D)

GE is committed to leading in technology with significant continued investments in Research and Development (R&D), including the alignment of R&D investments and talent in emerging markets around the world. At GE, innovation occurs at the intersection of disciplines. Through the Company's centralized research organization, GE Global Research, GE can transfer technology platforms and expertise across our business divisions to successfully drive new and better products into the marketplace.

We continue to increase our investment in new research and technology development, with overall spending on R&D increasing more than 37% from \$2.7 billion to \$3.7 billion since 2004. We have also made capital investments totaling more than \$240 million since 2001 to increase our research capacity in the U.S. and establish three new research and development facilities worldwide. These new centers have brought us closer to our customers and communities to solve their unique technical challenges.

GE Global Research has one of the world's largest and most diverse industrial research labs. Some 2,600 scientists representing virtually every scientific discipline are located at four research centers around the globe: Niskayuna, New York; Bangalore, India; Shanghai, China; and Munich, Germany. The scientists work closely with thousands of technologists in GE's business divisions to apply technology in ways only GE can.

For example, our researchers are leveraging decades of knowledge in medical imaging to develop next-generation baggage screening systems for security. Aerodynamics and carbon composites technologies from aviation are being applied to find new solutions to scale up wind power. In healthcare, GE is drawing on expertise in our biology labs to help take GE's imaging and diagnostics systems into the age of molecular medicine.



R&D issues

Scientific discovery needs to be balanced with societal needs and opinions. Today this is true more than ever. With the pace of scientific discovery moving even faster and with new discoveries in such areas as DNA sequencing nanotechnology, the need for balance is greater than ever.

Stem cells

GE develops and provides technology that enables pharmaceutical companies to develop new therapeutic medicines. This research includes the study of stem cells as a resource for discovery. GE's ongoing research uses only adult-derived stem cells or established embryonic stem cell lines to investigate the potential for developing innovative methods of producing human cells that could be used in predictive drug screening applications. GE recognizes the sensitivities associated with the use of stem cells, and we have adopted a clear public position on our approach to the value and responsible use of stem cells. GE's full position statement is available at www.ge.com/citizenship/stemcell.

Animal testing

GE conducts animal studies when required by government regulatory agencies for registration of materials in worldwide markets; to provide needed information used to protect the health and safety of workers, customers and the environment; or in the discovery and development of novel diagnostic products used in the identification and detection of disease. GE is committed to using the fewest number of animals that will provide scientifically sound data for product development, regulatory and worker and customer safety requirements. GE is also committed to considering the use of enrichment measures in both Company and outside laboratory testing programs. GE participates in industry consortia that collaborate on testing, thus reducing animal use by avoiding duplication. GE Healthcare adheres to the "Three R's" through which the use of animals is

Reduced, Refined and Replaced. This principle forms part of the strict regulatory regime controlling the use of animal testing in medicine. GE Healthcare's position statement on animal testing is available at www.ge.com/citizenship/animals.

Use of nanotechnology

As GE explores new possibilities for the application of nanotechnology to solve some of the world's most pressing challenges, we recognize the need to understand and address any possible impact of nanotechnology on people and the environment. To that end, GE has engaged in the following practices:

- Ongoing internal education on the EHS aspects of nanotechnology and development of common approaches across the Company
- Active participation in industry consortia and forums dedicated to general education about nanotechnology issues and to the establishment of nomenclature, standards and EHS practices relative to nanotechnology research
- Supporting increased government funding in research on EHS aspects of nanomaterials as part of overall government initiatives on nanotechnology
- Supporting efforts to clarify applicability of existing laws and regulations to nanotechnology as well as evaluations to determine whether modification of existing laws and regulations is needed

Moving Forward 2007

- Continue progress on eco-related technologies to meet GE's ecomagination commitments
- Develop new breakthroughs in molecular medicine to accelerate the vision of GE's Healthcare Re-imagined initiative
- Continue incorporating customer feedback into the development of innovative products
- Update progress on Healthcare Re-imagined initiative and performance technologies in emerging markets
- Continue focus on acquisition integration
- Refocus GE Money's global efforts on programs and initiatives that seek to empower women by providing financial education and supporting entrepreneurship

Additional information at www.ge.com/citizenship/customers

- Net Promoter Score
- Healthcare Re-imagined

ecomagination

Ecomagination offers customers products and services that improve their environmental performance while driving growth for GE.

2006 Commitments

- Double investment in R&D—GE is growing its research in cleaner technologies from \$700 million in 2005 to \$1.5 billion in 2010
- Increase revenues from ecomagination products
- Reduce greenhouse gas (GHG) emissions and improve the energy efficiency of GE's operations
- Keep the public informed





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.

This is not just good for society, it is also good for GE investors, because GE can solve tough global problems and make money doing so. GE aspires to be the partner of choice for customers around the world—homeowners, business leaders and government officials—by offering advanced technology to improve efficiency and reduce pollution in cost-effective ways. Ecomagination allows us to put our global capabilities, technology leadership and market knowledge to work to take on some of the world's toughest problems. This is good—and sustainable—business for GE and our customers.

To make ecomagination truly “sustainable” from a business perspective, GE set very real, concrete targets at ecomagination's inception. The targets drove difficult decisions across a number of GE businesses, but the results forged ecomagination into something

that could withstand scrutiny and pass the test of “valid business strategy” as opposed to “just a marketing campaign.”

Ecomagination does have its challenges. The most difficult has been the issue of scale: accelerating product reviews while maintaining the integrity of the process and integrating ecomagination onto the drawing board thought process across the businesses. As successful as this initiative has been, ecomagination is still young and faces a long journey.

The ecomagination commitments

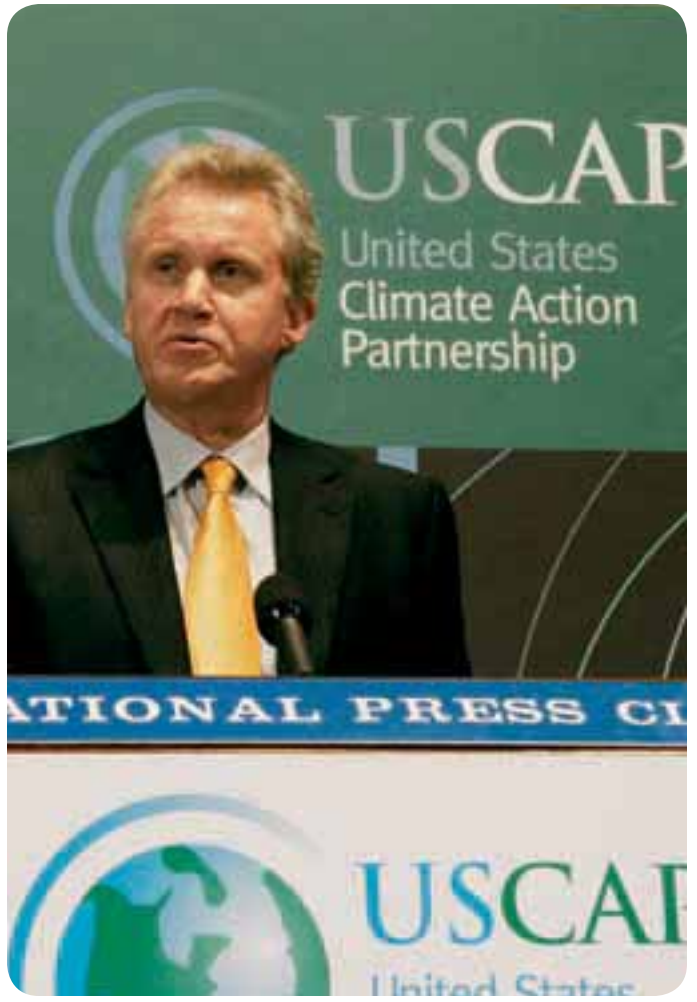
When GE launched ecomagination in May of 2005, we based the strategy on four commitments:

- 1 Double investment in R&D. GE is growing its research in cleaner technologies from \$700 million in 2005 to \$1.5 billion in 2010.
- 2 Increase revenues from ecomagination products. GE will grow revenues from products and services that provide significant and measurable environmental performance advantages to customers—to at least \$20 billion in 2010, with more aggressive targets thereafter.
- 3 Reduce 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 GE's 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 Citizenship Report, ecomagination report, web site and advertising are just some of the ways that the Company will keep the public informed.

These commitments represent ambitious goals for GE and reflect the broader challenges our customers and society face. 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 second year of this long-term plan to meet our goals, we have already launched 45 products and have engaged hundreds of customers. This section details GE's progress in meeting our 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, and is building partnerships and capability that should secure decades of accelerated growth as well as a cleaner, brighter future.



Commitment #1:

Double our investment in R&D

GE is investing in tomorrow's energy technologies, from renewables to hydrogen. Our ability to meet our ecomagination goals will require the full capability of the technologies GE has today and the creation of new ones that expand our ability to solve tough problems tomorrow.

GE is well funded across our four Global Research Centers (in Shanghai, Munich, Bangalore and Niskayuna, New York) and across each of GE's six businesses, enabling us to explore continuous improvement of existing products while searching for the next big breakthrough. While each business pursues R&D specific to its industry and product portfolios, the Global Research Centers are developing a broad technology portfolio to help customers and society meet a range of energy and environmental challenges. Some of the technologies GE is working on are:

Water use and purification initiatives

Scientists are investigating new membrane materials and innovative advanced separation technologies to further treat and improve the performance of on-site wastewater reuse and recycling for the industrial, agriculture and municipal sectors.

Renewable energy initiatives

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

Wind energy

Researchers are exploring more sophisticated wind turbines to better maximize wind capture and better integrate large-scale wind parks into the electric grid.

Photovoltaics

GE is investigating how to use photovoltaics to generate power from sunlight more cost-effectively. We already manufacture solar electric power systems, including building and roof integrated tile systems that can help reduce monthly energy costs by up to 60%.

Biofuels

GE recognizes the benefits and availability of alternative fuels. We continue to develop new technologies that enable our power-generation engine and turbine products to burn a wide variety of biofuels and become more fuel flexible.

Geothermal and waste heat

GE is exploring ways to cost-effectively generate electricity from geothermal energy stored in the Earth's crust and from lower-temperature heat sources, including waste heat in many industrial processes.

Cleaner coal

GE is working on the next phase of power generation to convert coal into a cleaner-burning fuel. By incorporating new technologies to improve the existing Integrated Gasification Combined Cycle (IGCC) system, researchers can increase process efficiency while reducing capital costs and atmospheric emissions.

Carbon capture

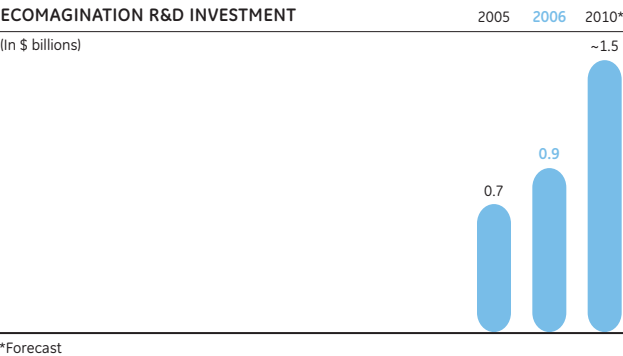
Capitalizing on GE's IGCC system, GE researchers are working on different approaches that will offer more efficient and effective ways to capture CO₂ at a substantially reduced cost.

Transportation initiatives

GE researchers are exploring new technologies to bring the Evolution Series locomotive platform to even higher standards for emissions reductions and fuel efficiency. In aviation, GE researchers have developed new technologies for the GENx engine, which will deliver 15% better specific fuel consumption and 30% fewer NO_x emissions than other engines in its class.

Energy-efficiency initiatives

GE researchers, in a strategic alliance with Konica Minolta, a leading imaging company, have set an ambitious goal to commercialize organic light-emitting diode (OLED) lighting applications within the next three years. OLEDs will provide customers with an entirely different way to light homes and businesses. These applications will be mercury-free and deliver dramatically improved levels of efficiency.



Commitment #2: Increase revenues from ecomagination products

GE's ecomagination commitment is founded on a solid business strategy: to increase revenues for GE by providing solutions for customers that help improve their operating performance and environmental impact. We are excited by our significant wins with the ecomagination products already in the market and look forward to the gains that will be added once new products become certified. These gains—and increasing shareowner returns—are a central element of GE's decision to launch ecomagination. To learn about more specific business ecomagination initiatives, please visit www.ecomagination.com.

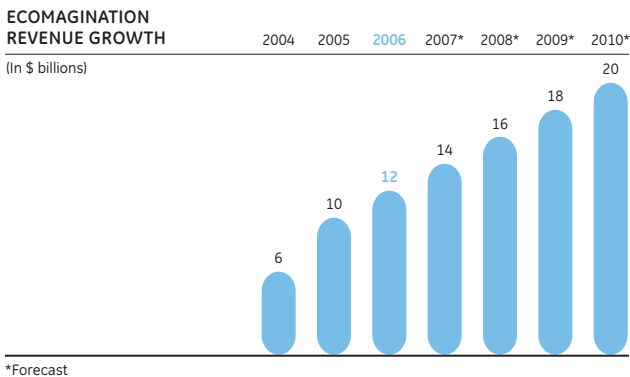
Ecomagination-certified products

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

- 1 Improve customers' operating performance or value proposition
- 2 Significantly and measurably improve customers' environmental performance

Using this standard as a foundation, we created a process to evaluate individual product performance. The outcome of this process is the Ecomagination Product Review (EPR) scorecard, which quantifies the product's environmental impacts and benefits relative to other products. To ensure the accuracy of the scorecard, GE worked with GreenOrder to provide independent, quantitative environmental analysis and verification of our product claims.

A complete list of GE's ecomagination-certified products is available at www.ecomagination.com.



Commitment #3: Reduce our greenhouse gas emissions

One of GE's four pledges under ecomagination 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. To review the 2006 results of our GHG emissions program in more detail, please turn to page 78 or visit www.ge.com/citizenship/EHS.

The "1" reflects the percentage (versus 2004 levels) by which GE will reduce its absolute GHG emissions worldwide by 2012. This is a big goal, given that GHG emissions would otherwise have grown substantially based upon current business growth projections. GE also committed to reduce the intensity of its GHG emissions 30% by 2008 and improve energy efficiency 30% by the end of 2012 (also versus 2004 levels). Improving energy efficiency means big energy cost savings for GE, 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.

To meet these goals, each of our businesses with significant GHG emissions has developed a 1-30-30 strategic plan that is reviewed annually by GE Corporate. We have also developed a specialized database for tracking projects and sharing learnings.

To date, GE has identified opportunities for more than 600,000 MT of CO₂ reductions and has executed on projects with more than 250,000 MT of reductions and \$70 million in energy savings.

Examples include:

- Making widespread use of the "treasure hunt" process developed by Toyota to identify energy saving and GHG reducing opportunities at more than 150 facilities
- Relamping 62 GE facilities with GE Lighting products
- Adding solar panels to more than 20 GE facilities, including GE's headquarters
- Leveraging the experience of our Global Research Center to work with GE businesses on reduction projects, including eliminating 50,000 CO₂ equivalent tons of SF₆ (one of the most potent of the greenhouse gases) at one of our facilities and working with our chemical plants to perform studies identifying more than 100,000 additional tons in reduction opportunities and \$14 million in cost savings

To recognize our best performers, we launched an eCO₂ Site Certification program as well as annual eCO₂ Site Awards. We have certified that 25 plants had a 5% reduction in greenhouse gases in the first year of our commitment. Six eCO₂ Awards were given to operations demonstrating the best performance in absolute greenhouse gas reductions, best use of GE technology, projects with the greatest impact at the lowest cost, demonstrated improvements in efficiency and imaginative solutions for greenhouse gas reductions.



Commitment #4: Keep the public informed

True transparency cannot exist solely as one-way communication or through merely issuing documents. As part of GE's overall corporate effort to improve transparency, the Company issues this annual citizenship report to track environmental and social responsibility goals as well as a separate ecomagination report.

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 engagement process

GE uses several vehicles to engage the public, including our web site, special engagements and conferences, stakeholder events and "Dreaming Sessions" with customers on issues that will affect specific industries over the next 10 years.

Ecomagination Advisory Council

One of the ways 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.

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 launch in India

In February 2007, GE launched an innovative ecomagination initiative in India. The Company signed a memorandum of understanding (MOU) with Air India that will help the airline achieve its goal of becoming an environmentally sustainable airline, with sound environmental programs and practices. This first-of-its-kind partnership will see GE delivering aircraft engines from our ecomagination portfolio to Air India. Beyond aircraft engines, we will partner in other areas such as green building, in-flight content creation and co-branding.

In 2007 we also announced the signing of a MOU for a green building project with Haryana Technology Park. The Haryana Technology Park is a Government of India-approved integrated IT Park supported by the Paharpur Business Centre & Software Technology Incubator Park in New Delhi. We also announced that we will invest up to \$150 million in eco-related research and development funds at the Technology Center in Bangalore over the next five years.

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.

Ecomagination web site

The GE ecomagination web site provides a forum for the latest information on ecomagination progress, advertising and products. This web site is available in several languages and welcomes reader feedback.

Moving Forward 2007

Continue progress toward meeting GE's commitments:

- Double investment in R&D; GE is growing its research in cleaner technologies from \$700 million in 2005 to \$1.5 billion in 2010
- Continue to increase revenues from ecomagination products—to at least \$20 billion in 2010, with more aggressive targets thereafter
- Reduce greenhouse gas (GHG) emissions and improve the energy efficiency of our operations. GE is committed to reduce its GHG emissions 1% by 2012, reduce the intensity of our GHG emissions 30% by 2008 and improve energy efficiency 30% by the end of 2012 (all compared to 2004)
- Continue to keep the public informed

Additional information at www.ge.com/citizenship/EHS

- Greenhouse Gas Inventory

Human Rights

We strive not only to uphold human rights, but to influence the contributing factors to human rights wherever we do business.

2006 Commitment

- Develop a Statement of Principles on Human Rights and identify areas where GE can most effectively serve as a positive influence and further the adherence to strong human rights practices





Whether in established or emerging markets, GE's commitment to human rights extends to employees, suppliers and communities wherever we conduct business. Our commitment is embedded within *The Spirit & The Letter*, which directly sets the standards of conduct for our employees, and also includes the high standards that we set with our suppliers. We face the same potential human rights challenges as many well-intentioned companies as we grow our businesses in emerging markets. As GE operates globally, we are committed to doing so by promoting the advancement of human rights within our spheres of influence.

GE seeks to advance human rights by leading by example—through our employees, suppliers, product offerings, and through interactions with communities and governments. Given GE's size and reach, this is a massive undertaking, but it is also an immense opportunity to do good. We face this opportunity with confidence in knowing that the Company's existing practices and policies provide a solid foundation on which to build. GE believes that we can learn from other companies that share our commitment to advance fundamental human rights as expressed in the Universal Declaration on Human Rights (UDHR). GE has joined the Business Leaders Initiative on Human Rights (BLIHR) for this purpose.

BLIHR membership

In October 2006, GE was honored to become the 13th member of BLIHR. Devoted to identifying and mainstreaming fundamental human rights principles relevant to the operations of business enterprises, this small group of corporations provides a forum for the exchange of ideas and best practices. GE contributes to this important dialogue from our unique global and diversified perspective.

Our decision to join BLIHR was prompted by GE's support for the initiative's mission statement ("To find practical ways within a business context to promote human rights") and the group's desire to make human rights considerations mainstream in day-to-day operations. GE was also impressed by the richness of members' experience in addressing the broad scope of human rights issues within the UDHR and hopes to learn from other companies' experiences. A fitting example of BLIHR's approach is illustrated in the development of a tool,

known as the Human Rights Matrix, which encourages members to think across the 30 human rights principles of the UDHR and assess their corporation's support for those that are most relevant to a business enterprise. The matrix calibrates existing, embedded practices and policies and assesses them according to whether they advance the particular UDHR aspiration on three levels: essential, expected and desirable.

The Human Rights Matrix exercise helped build confidence that GE's existing policies and practices provide a solid foundation on which to develop a clear Statement of Principles on Human Rights. John Morrison, one of the founders of BLIHR and the current program director, welcomed GE's membership in the initiative because of the Company's scope and size. Morrison hopes GE's membership creates the same kind of "excitement and space" for human rights that we have created for environmental concerns with our ecomagination initiative.

"GE joining BLIHR represents a tremendous opportunity for the group in achieving its twin aims of integrating human rights into business management and inspiring other businesses around the world to do likewise. GE brings in great global reach and a number of business sectors. If GE can make human rights awareness a living reality within business culture then we get a step closer to the vision of Eleanor Roosevelt when she introduced the Universal Declaration of Human Rights to the United Nations in 1948. 'Human rights,' she stated, 'should begin in all the small places close to home...such as the factory or the office.'"

John Morrison
BLIHR Programme Director



GE Statement of Principles on Human Rights

Development of GE's Statement of Principles on Human Rights also has been guided by input GE received from stakeholders in meetings held in New York, Brussels and Hong Kong over the past year. A common concern heard during these meetings was that GE's last citizenship report contained discussions on many processes and policies that make up the substance of a comprehensive human rights policy, but that the Company's failure to bring these elements together in a coherent statement suggested a lack of commitment in this area.

Additionally, GE gathered internal input from our business general counsels, business compliance leaders, *Spirit & Letter* policy owners and others. In the end, the following represents GE's commitment to human rights around which, both now and over the coming years, we will enhance existing processes and develop new ones to more fully advance these principles.

Our Commitment

GE, as a business enterprise, promotes the advancement of fundamental human rights. We support the principles contained in the Universal Declaration on Human Rights, mindful that it is primarily addressed to nations but understanding that business has an important role to play. GE has joined with other companies to find practical ways of applying within the business community the broad principles established in the Declaration.

Our Actions

We endeavor to fulfill this commitment in important part by leading by example—influencing our employees and business partners through actions consistent with policies contained in *The Spirit & The Letter*. GE supports our commitment by:

In Our Management Capacity

- RESPECTING the human rights of our employees as established in the ILO's (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, including non-discrimination, prohibitions against child and forced labor, freedom of association and the right to engage in collective bargaining.
- PROVIDING security consistent with the intent of the Voluntary Principles on Security and Human Rights, as well as the laws of the countries in which we operate, retaining security services for preventative or defensive purposes with instructions to use force only when necessary and to an extent proportional to the threat.

With Our Direct Business Partners

- INCORPORATING appropriate principles of *The Spirit & The Letter* into contracts with suppliers, business partners and distributors.
- MONITORING adherence by key suppliers in emerging markets to environmental, health and safety standards, prohibitions against forced and child labor, and local wage and hour laws.
- EVALUATING human rights issues involving our direct business partners—particularly in emerging markets—and considering practical responses within the relevant context.
- ADVANCING application of the ILO Declaration through engagement and collaboration.

In Our Business Capacity

- DEVELOPING and offering products, including those that meet human needs for power, water and medical care, with due regard for fundamental human rights and a sustainable environment.

In the Community

- SERVING as a positive influence in communities in which we operate, demonstrating by our actions our belief that human rights violations are unacceptable.
- ASSESSING, as appropriate, the impact on affected local communities of major infrastructure project financing.

Our *Spirit & Letter* integrity policies address key human rights topics such as non-discrimination, anti-money laundering, anti-corruption, and environment, health and safety. We actively promote two-way communication through our ombudsperson program to align our actions with our policies.

Leading by example: Managing employees

Our ability to advance human rights within our spheres of influence is greatest when dealing with our own employees. As an employer of more than 300,000 employees, GE advances human rights one person at a time at work sites and in communities across the globe and in many big and small ways. Starting with GE's own employees, the Company has adopted the ILO's Declaration on Fundamental Principles and Rights at Work. GE has included the ILO's four human rights principles in the Company's Fair Employment Practices policy: non-discrimination, prohibitions against child and forced labor, and freedom of association and collective bargaining under applicable law. In addition to these principles, GE employees must adhere to a Code of Conduct requiring them to:

- Be honest, fair and trustworthy in all of their GE activities and relationships.
- Avoid conflicts of interest between work and personal affairs.
- Foster an atmosphere in which fair employment practices extend to every member of the diverse GE community.
- Strive to create a safe workplace.
- Protect the environment.
- Sustain a culture where ethical conduct is recognized, valued and exemplified by all employees.

GE's Company policies establish rules of integrity for employees in areas ranging from doing business with governments to working within supplier relationships. These principles, codes and policies seek to foster ethical behavior by GE employees as they transact business and serve their communities, thereby advancing human rights. A rigorous and extensive program of training helps to bring these policies to life and create a culture of compliance that extends to principles of human rights. For example, GE's Fair Employment Practices (FEP) policy requires compliance with local law and, where the policy and local law conflict, requires that the conflict be raised to local counsel. This process tends to have the effect of raising local standards on various human rights issues. This was the case in Mexico, where local law arguably permitted practices that discriminated against pregnant women. Any such discrimination was banned when tested against the FEP. Likewise, discrimination based on age, which has been permissible under the laws of some countries in which we operate, has been disallowed when viewed against FEP requirements.

Influencing direct business partners

GE's vision for advancing human rights extends next to our direct suppliers and joint venture partners. GE's Supplier Relationship program requires that we do business only with suppliers that meet certain environmental health and safety standards, comply with local minimum wage laws, prohibit the use of child or forced labor, and comply with laws and regulations that protect their communities and environment. GE endeavors to ensure that these standards are maintained through regular auditing of key suppliers in emerging markets.

However, GE's actions in support of suppliers in emerging markets go beyond mere auditing. We often work with suppliers over substantial periods of time to assist them in adopting management practices that help support compliant pay practices, improved security and increased worker health and safety. (See pages 63–65 in Suppliers section.) Also, where GE maintains control over joint venture business relationships, we ask our partners to adopt *The Spirit & The Letter*.



Influencing through product offerings

GE's product offerings are also viewed through the lens of human rights. For example, GE Healthcare's ultrasound systems sold in India include stringent procedures to safeguard against misuse such as gender discrimination. Even before any statutory obligation, Wipro GE Healthcare proactively cautioned customers through terms and conditions of sale, product manuals and placards on equipment. Wipro GE Healthcare also conducts compliance training and audits of direct sales, deal sales and refurbished machines to protect against misuse. For more information on the ultrasound product use issue, please refer to page 36 in our Customers, Products & Services section.

We also assess key human rights issues that may accompany project financing opportunities in developing countries (see Compliance & Governance section for discussion of use of social and economic analysis of project financing opportunities using Equator Principles framework). For instance, in its financing decisions, the Commercial Finance business has encountered such complex human rights issues as the dislocation of indigenous peoples, which involves weighing the adequacy of compensation and due process.

Other human rights issues are more straightforward—such as the hiring of underage children or forced labor—and present circumstances in which GE declines to participate in a project or transaction. These are just a few examples of how GE product and service offerings are fashioned with an eye toward respecting fundamental human rights.

GE also advances human rights by developing products that are designed to solve the world's toughest problems. We will more than double our research budget relating to cleaner technologies. GE's wind energy business and other businesses that are focused on renewable energy sources, together with our water purification business, are delivering much needed power and water to areas

of the world in dire need of these building blocks for a sustainable socio-economic environment.

GE views products such as water purification and desalination systems as human rights "enablers," and we have projects under way in the Middle East, India and Algeria. In Kuwait City, GE's Sulaibya Waste Water Reuse Facility recycles 65% of the sewage effluent into potable quality water used for agriculture and irrigation, producing 100MM gallons per day. In Algeria, GE's Hamma Desalination Facility will desalinate 53MM gallons of drinking water each day, beginning in December 2007. In rural India, GE is piloting new electrodialysis reversal (EDR) technology to help remove fluoride from rural drinking water.

Similarly, GE has also designed power generation equipment to address the energy needs of people living in emerging markets. In 2006, GE and the U.S. Agency for International Development (USAID) signed a Memorandum of Understanding establishing a public-private partnership to increase access to clean and affordable energy services in rural communities in India. Since that time, GE and AID have worked together to identify pilot sites where biomass-fueled Jenbacher engines can be deployed to bring electricity to underserved areas. At an event in New Delhi in March 2006, one of our customers announced plans to purchase and install more than 30 Jenbacher units. GE has configured these special gas engines to operate on renewable fuel through gasification and biomethanation technologies for rural electrification applications.

GE believes that, while these products are not directly tied to fundamental human rights issues, they have a positive impact on the human conditions necessary for the overall enjoyment of human rights and sustainable economic development.

Advocating respect in our communities

While there are practical limits on our ability to advance human rights outside the United States, we can influence the debate over the adequacy of realization of these rights. One of the most important structural reforms for the promotion of human rights in the developing world is to strengthen the “rule of law.” From GE’s perspective, “rule of law” is the existence of social institutions and legal processes that create, adjudicate and assign rights and responsibilities in accordance with objective principles and accountable institutions of self-governance that are understood by all participants. The adequacy of “rule of law” in a given country affects both our ability to conduct business and the realization of human rights. GE’s activities in this regard fall into three categories: support for changes to the laws themselves, strengthening the legal institutions to improve efficiency and accountability, and promoting a culture of compliance and good governance.

GE looks for opportunities to provide our input into changes in laws that create the basic building blocks for economic growth. For example, GE was invited on two occasions by Chinese universities to share before judges, scholars and government officials Company best practices with respect to the prevention of sexual harassment in the workplace. These presentations were well received and widely reported, and may have some impact in shaping expected proposals in China to strengthen the prohibitions against sexual harassment in the workplace.

GE supports institutional reforms, particularly those related to strengthening the judiciary and creating alternative dispute settlement models. In India, GE supports the work of the Institute for the Study and Development of Legal Systems, which has been working with the Indian Supreme Court for a number of years to design and implement centers for alternative dispute resolution. A center is in full operation in Delhi and a new center is under development in Bangalore. We also work with organizations like Partners for Democratic Change that are engaged in establishing centers in countries that are run by local personnel specializing in multi-stakeholder dialogues and other techniques for managing change and resolving conflicts peacefully. Partners recently set up centers in Mexico and Peru, and is exploring the possibility of creating new centers in Indonesia and Egypt. These institutional reforms strengthen the local “rule of law” and serve as human rights “enablers” in certain emerging markets.

Probably the most challenging aspect of “rule of law” involves the creation of cultures of compliance. In this regard, GE has drawn from its own experience in promoting both the spirit and the letter of compliance with the law. GE is currently working with the World Bank to share our experience and best practices with World Bank staff in terms of GE’s internal processes around compliance and methods for obtaining validation from our employees that GE’s actions are consistent with our policies.

GE’s vision for advancing human rights also extends to participating in outreach programs for the communities in which we operate. GE volunteers have contributed more than one million hours of service to local community initiatives through thousands of big and small actions. The GE Foundation funds philanthropic and volunteer programs in support of education and/or healthcare efforts in Malawi, China, India, Rwanda and the inner cities of the United States. For example, the GE Foundation has given a \$1.8 million grant to fund

a three-year employability program in Poland and Hungary that is intended to benefit up to 10,000 youth and train 400 teachers. The program will be implemented through the International Youth Foundation and will teach vocational and other skills critical to meeting the special needs of youths in central European countries undergoing historic social transformation. GE Volunteers focus on projects ranging from drug counseling in South Africa, to working with local daycare centers serving socially disadvantaged children in Neuss, Germany, to working with AIDS victims in Lisbon, Portugal. Disaster relief throughout the world and the GE Africa project—aimed at reducing infant mortality, generating power and supplying fresh water to Ghana and other disadvantaged countries of Africa—are examples of initiatives sponsored by GE that serve to advance human rights within our communities. (See the Communities & Philanthropy section, page 96, for more on GE’s activities.)

GE operates in most parts of the world. In locations where there is a clear pattern of systematic human rights violations, GE considers whether and how the Company can operate in a manner consistent with human rights principles. The decision on whether or not to conduct business in a particular market can be difficult. Setting aside business considerations, GE is mindful of its corporate citizenship role and its opportunity to help raise human rights and ethical standards in those markets. Decisions to not do business in a market must be balanced with missed opportunities for GE and its employees—working with direct business partners—to potentially influence, over time, the current field of play in emerging markets on issues like human rights and rule of law, where support for these principles is often below acceptable standards.

GE conducts a periodic review of the situation in countries where we do business or where we plan to do business. We consider a number of factors, including whether a country has a poor human rights record as reported by the U.S. State Department, has been listed as supporting terrorists by the U.S. State Department, is on the U.S. Government’s Weapons of Mass Destruction (WMD) list as reported by the State Department and CIA or is designated as a terrorist organization by the United Nations Security Council.

GE also monitors the level of business activity in countries that pose these concerns. This review provides information to senior management for their evaluation of whether the risks in a certain country could have an adverse impact on GE’s reputation and business. As discussed in GE’s prior citizenship reports, GE decided in 1996 not to accept business in Myanmar (Burma) and in 2005 decided not to allow our foreign affiliates to accept new business in Iran. These limitations do not extend to sales of products for humanitarian purposes, so long as these sales are fully consistent with applicable laws. It is our view that providing products that promote the health and safety of the citizens in regimes that pose these concerns furthers human rights.

GE believes that opportunities exist to advance respect for human rights in operating environments where human rights protections are relatively weak. We continue to explore the best and most practical means for ensuring that our presence in such environments contributes to an improved human rights climate.



Privacy

GE is committed to handling personal data responsibly in order to earn and preserve the trust of employees and business partners. Accepting privacy as an integral part of individual autonomy, GE understands that privacy is a human value, and that privacy norms and expectations may vary between different countries and cultures. GE has adopted a global standard for handling employee data that is sensitive to these differences, but at the same time allows for equality and consistency in the treatment of personal information. GE is committed to working with individuals, privacy organizations and governmental actors to engage in best practices as they continue to evolve.

For example, a case study highlighting innovative technologies that can help protect travelers' privacy during airport security screening is available at www.ge.com/citizenship/humanrights.

Personal data and policies that govern personal data

GE collects and processes personal data from employees as needed for employment, human resources, business operations and safety and security. GE also collects personal data incidental to the Company's business operations in our relationships with suppliers, vendors, clients and customers. GE has two functional policies that govern privacy of personal employee, customer and supplier data:

- *The Spirit & The Letter* Privacy policy establishes an overarching standard for the treatment of personal data of suppliers, customers and employees. Thousands of employees and certain contractors have taken GE's online course, *The Spirit & The Letter—Privacy*. The principles reflected in the S&L Privacy policy and in this training also find expression in numerous guidelines and practices that address compliance with global laws pertaining to privacy, data protection and information security. A new training course developed in 2006, *Spirit & Letter—Privacy Level II*, educates GE employees in the handling of personal data. Beyond complying with applicable privacy-related laws, GE strives to foster a culture respectful of all employees', customers' and suppliers' privacy.
- GE's Employment Data Protection Standards (EDPS), also known as our Binding Corporate Rules (BCR), provide a more specific, detailed and comprehensive global policy for employee data.

Available to all employees, the EDPS details what employee information is collected, how it is processed, used and stored, and what parties may access the data. It also provides rights of access and redress to employees and recognizes the jurisdiction of in-country data protection authorities, as well as GE independent ombudsperson teams to address and resolve data privacy concerns. The EDPS establishes strong global standards and practices for ensuring protection and proper usage of employee information. Several European Union countries, including the U.K., France and Germany, have already approved the BCRs as a basis for cross-border employee data transfer.

This past year, GE won the 2006 Privacy Innovation Award given by the International Association of Privacy Professionals, the international accreditation organization for privacy officers. The award was largely based on the work GE has done in forging EDPS, commonly known as "binding corporate rules," as an innovative and effective way for global corporations to protect the privacy of employment data of its widely dispersed workforce.

Privacy practice group

GE's privacy practice group, comprised of approximately 250 professionals in legal, human resources, compliance and information security, convenes monthly teleconferences and several regional in-person meetings, including its annual Global Privacy Summit. The September 2006 Summit in Washington, D.C. included attendees representing five continents and 15 countries. At that meeting, GE was honored to host regulators and privacy experts from a number of countries as speakers, and the GE team heard from several of its working groups, including teams working on two key emerging privacy regulatory and compliance issues: (1) preventing, detecting and responding to security breaches and (2) responsibly handling cross-border customer data. Every business in GE and most countries where GE operates have a designated privacy leader who liaises with the Chief Privacy Leader on matters including compliance with local laws, *The Spirit & The Letter* Privacy policy and the EDPS.

Moving Forward 2007

- Continue to apply the principles of our Human Rights Statement within the Company's operating mechanisms
- Report on progress of two working groups formed to handle two of the biggest privacy challenges GE faces—security breaches and handling of customer data
- Participate within BLIHR in two work streams: (1) developing accountability systems for human rights issues and actions; (2) developing best practices for addressing human rights issues in emerging markets

Additional information at www.ge.com/citizenship/humanrights

- GE Security Privacy Study

Suppliers

GE expects suppliers to obey laws that require them to treat workers fairly, provide a safe and healthy working environment and protect environmental quality.

2006 Commitments

- Find efficient ways to encourage suppliers to improve overall management of EHS, labor and security compliance in addition to closing specific findings
- Continue to focus on verifiable finding closure
- Go beyond auditing to consider how capacity building can increase adherence to supplier standards





GE sets expectations for its suppliers regarding environment, health, safety and employment practices and conducts on-site inspections of many suppliers, mostly in emerging markets. In addition to requiring suppliers to address deficiencies identified in on-site assessments, we are working to provide training to suppliers and identify capacity-building projects in places where GE has a significant supplier base.

Supply chain expectations

GE expects that its suppliers:

- Do not employ workers below the applicable minimum age requirement
- Do not utilize forced, prison or indentured labor, or workers subject to any form of compulsion or coercion
- Comply with laws and regulations governing minimum wages, hours of service and overtime wages for employees
- Comply with laws and regulations protecting the environment and do not adversely affect the local community
- Provide their workers a safe and healthy workplace

Supply chain due diligence

GE generally obtains contractual commitments from suppliers to comply with these standards, including audit and termination rights. GE conducts on-site inspections of many suppliers, mostly in the developing world, prior to placing orders and periodically thereafter. In the past three years, audits have been conducted in 58 countries.

In addition to focusing on corrective action for issues identified during on-site assessments, GE follows an “eyes always open” process to investigate issues raised from other sources, such as press reports and ombudsperson complaints, and requires corrective action where appropriate.

GE teams

GE’s supplier review program relies on active participation by many functions within the Company. Each business global sourcing leader has primary responsibility for execution of supplier reviews and enforcement of the program, including tracking and reporting metrics. GE’s EHS, Legal and Human Resource teams provide training, interpretation of local regulatory requirements and assistance with developing and reviewing corrective action plans. A total of more than 2,200 sourcing personnel globally have been trained in the program (approximately 95% of those requiring training), including 417 who have received detailed training on how to conduct audits.

Awareness training for the sourcing community involves an online training course covering GE’s expectations for suppliers in the areas of environment, health & safety and employment practices; our on-site due diligence requirements; functional roles and responsibilities. Auditor training contains detailed instruction on GE’s on-site assessment questionnaire; how to inspect facilities, review documents and conduct interviews to identify substandard EHS conditions and noncompliance with minimum wage, minimum age and maximum hour requirements; and how to encourage suppliers to implement corrective action.

In 2004–05, we found we needed to ensure a more rigorous audit approach in China and India given the size of the Company’s supplier base and the types of issues identified. We started an even more detailed auditor training program for these countries, including additional instruction on local law requirements and field training followed by a supervised audit with an experienced GE auditor. We now have more than 100 certified auditors in these regions. This has resulted in less variation in identifying issue and defect closure/resolution than in the past. We will expand this program to cover our auditors in Latin America in 2007.

A Perspective from Latin America

Gerardo Vazquez, GE Consumer & Industrial

I am the Sourcing EHS & Reputational Risk Leader for GE Consumer & Industrial, Fanuc, Inspection Technologies, Sensing and Security in Latin America. I have a legal degree, and I've spent more than 17 years working on environmental and labor law matters in the region, including past positions as an HR and EHS manager at GE.

In my experience, most suppliers have been open to GE's assessment approach and are interested in building a culture of compliance. For those few suppliers who do not wish to be audited, we work with our business leadership to convince the suppliers regarding the purpose of our program and its mutual benefit. From the time we started the program, we have had only two suppliers in the region that refused to allow on-site inspections and we developed exit plans for those suppliers.

My team and I have completed more than 350 supplier audits in 2006 and worked with suppliers to close more than 1,400 findings. I've also worked with my GE EHS colleagues in the region to conduct detailed training to improve the ability

of our auditors in the region to detect non-conformances at supplier sites.

We are finding that working with suppliers to encourage and enable finding closure is essential. We organized an action workout with approximately 25 suppliers to help them understand GE's expectations with respect to environment, health and safety, labor law compliance and security. Holding the workout enabled suppliers to close more than 250 security-related findings alone.

We've also arranged for some of our suppliers in Mexico, Chile and Peru to visit nearby GE facilities to benchmark procedures relating to high-risk operations, machine guarding and lockout/tag-out (an electrical safety procedure).

In Mexico, GE is a big supporter of the Mexico Voluntary Protection Program and the Mexico Clean Industries Program. We've been encouraging our suppliers to seek these certifications. This is an excellent way to help suppliers build sustainable EHS management systems for the long term.

A Perspective from India

S. Ravindran, GE Healthcare

I am a Quality and Compliance Manager for GE Healthcare's sourcing organization. I have responsibility for helping our sourcing team implement GE's Supplier Guidelines globally. I've worked on this program since GE started conducting supplier audits in 2001.

In the past year, we've been working to improve our ability to track repeat findings at supplier sites so that we will have a better way to measure sustainable improvement at our suppliers. Other challenges have included working with newly acquired businesses to identify suppliers and train new personnel on GE's supplier program and how to conduct on-site reviews. A further focus area has been making sure that all suppliers who require audits are in fact audited.

I really feel that we are making a difference with this program. I remember when we started conducting on-site reviews how several suppliers really pushed back. We spent a lot of time explaining why these reviews are important. We still have a long way to go, but we've also come a long way. Over time, I am starting to see increased leadership by suppliers on EHS. I am also extremely thankful to the GE and GE Healthcare leadership for their continuous support to the team on this program.

One of the highlights from our program this year was a one-day classroom training that we organized for 60 GE Healthcare India suppliers. We have held similar training

events in the past, and for the first time our participants were primarily supplier top management, which signaled to me that our suppliers are becoming more receptive to the importance of EHS.

Rather than relying solely on lectures, we organized the training as an action workout, with participants viewing photos of substandard conditions, identifying what was wrong and making recommendations on how to correct the issues in a sustainable way. We were able to share our perspective as well as listen to their ideas and build greater understanding. We had our auditors lead the action workout group sessions, which was a great way for them to act as ambassadors, helping our suppliers to improve their EHS programs instead of just pointing out problems.

We were very excited at the positive response from suppliers who participated in the training program. For example, T. Prathapan, Managing Director of Gastronix, stated: "It was a good interactive program where we could get clear-cut details on commonly understood and misunderstood items." Vinayak D. Kamath, Director of Auto CNC Machining Pvt. Ltd. commented: "This training has given us deeper insight into the practices of EHS philosophy that will help us to contribute more toward the environment."

GE plans to work with other Company businesses to replicate this training in 2007.

Helping suppliers improve EHS practices

Zhongshan Hemei Plastics Ltd. (Hemei) is a company based in Guangdong, China that produces plastic film for packing material. GE conducted an on-site assessment at Hemei's site in the fall of 2005 and identified several deficiencies. Hemei addressed the issues identified in the on-site assessment and became qualified as a GE supplier. GE continues to monitor Hemei's performance and track closure of issues identified in follow-up visits conducted since the initial qualification.

Below is an interview with Lin Gang, Hemei's technical department manager responsible for EHS oversight at the company, regarding his experience with GE's on-site assessment process.

Q: What happened during the on-site review?

A: We started contact with GE in the summer of 2005. GE conducted an audit at our site in November 2005. It was the first time for us to be audited. The GE auditors used a checklist during the audit. They reviewed EHS permits, government approvals and EHS-related records. They also conducted a site tour to assess on-site EHS practices. After the audit was completed, GE auditors had a closing meeting with the management team from our site. During the meeting, the GE auditors described details of their findings to us and obtained our management team's commitment to correct all the findings. Most of the findings were related with our environmental management system and workplace safety practices. A written report listing all findings was sent to us a few days later. We finally corrected all the findings and were qualified by GE as a supplier. We started the business with GE in early 2006, and currently GE's business is about 5% of our annual gross income.

Q: How did GE assist you in the process?

A: GE provided help to us when we took corrective actions. For example, GE helped us in the EHS permitting process by telling us what the process was for applying for a particular permit or approval, which agency was the right agency to apply for a particular permit or approval, what kind of forms needed to be filled in, etc. GE also provided us a help kit containing many useful EHS materials and information.

Q: How is GE helping to improve your overall EHS performance?

A: Comparing our current EHS performance with the performance in the last year, I think we have made big improvements. We have obtained the appropriate EHS permits and approvals for our site's operations, and on-site EHS practices are much better. For example, all workers exposed to noise wear hearing protection now. I think EHS is good for our workers and society. It's also a company's social responsibility to protect its workers and environment.

Q: What have you learned about EHS as a result of your work on GE supplier qualification?

A: I now realize EHS is not so expensive and that it can be good for my business. From a business perspective, a good EHS management system also helped us. In spite of GE's business being only 5% of our annual gross income, we recently started discussions with several other MNCs that included EHS as one of their key topics when we discuss business with them. As we had already been audited by GE, we had a better understanding of EHS and customer expectations. We realized EHS is important and we want to continuously improve our EHS management system. We are looking forward to more EHS training and best practice-sharing sessions to help us continuously improve.



Metrics

GE has conducted assessments at almost 4,600 suppliers globally since 2002. In 2006, between GE's initial qualification reviews and repeat assessments, we assessed more than 2,450 suppliers.

Our experience has been that some suppliers make heroic short-term improvement and then slip back after qualification. We address this issue by requiring re-assessments of suppliers subject to an on-site assessment on a variable frequency. Those with the most significant issues in the initial assessment will typically be audited annually. All suppliers subject to an on-site assessment must be reassessed within three years. In 2006, GE conducted more than 1,600 reassessments.

In 2006, our assessment process identified 12,484 findings at approved suppliers.¹ GE requires suppliers to address all findings in a reasonable period and tracks closure in an automated database. To date, suppliers have closed more than 94% of all findings identified. We will track remaining findings to closure. While our experience is that most suppliers seek to meet GE's expectations, we terminated approximately 160 suppliers in 2006 for poor performance in this program.

Improving physical facilities

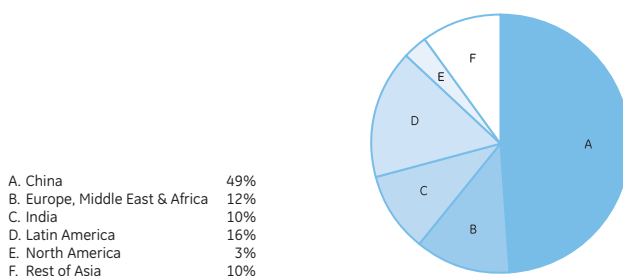
GE started to search for a fabrication shop in China to supply specialized parts. After a few rounds of evaluation, a supplier was identified that had a large fabrication shop and the technical level, quality, logistics and price range in line with our expectations. Unfortunately, the supplier's EHS practices presented concerns during the initial supplier qualification process.

The supplier had a large shop with a very open space, and conducted all operations including sandblasting, painting, welding, fabrication and assembling in one open room. During normal operation hours, especially toward the end of shifts, sandblasting dust and paint fumes deteriorated indoor air quality significantly and were safety concerns.

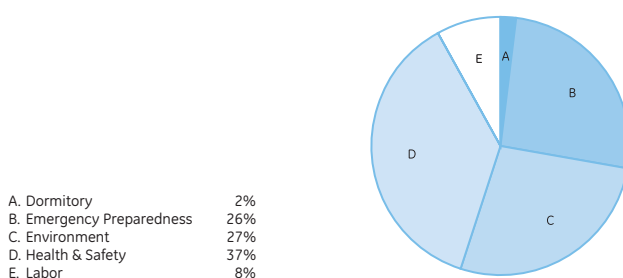
When we detected this situation, we talked with the supplier about our concerns and suggested that the supplier build a sandblasting and paint booth to separate blasting and painting from other operations. Obviously, this required the supplier's capital investment and time. We persuaded the supplier that this was a good investment to protect its workers. In addition, this was a way to show good corporate citizenship to the community and to improve quality. Also, GE clearly communicated with the supplier that if this EHS concern could not be closed, GE would not do business with the supplier.

With GE's help, the supplier built a paint booth and moved all blasting and painting operations inside the booth. The indoor air quality is now much improved.

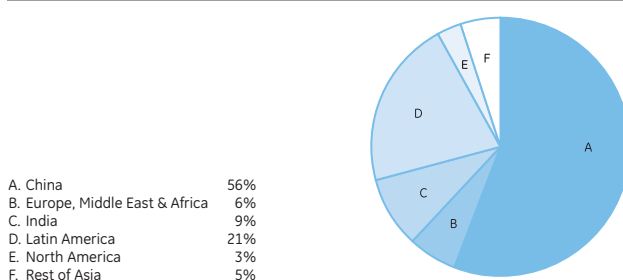
2006 ASSESSMENTS BY REGION



2006 FINDINGS BY CATEGORY



2006 FINDINGS BY REGION



1. If GE decides it will not do business with a supplier for business or other reasons, then the findings are not tracked to closure, although the findings are retained in the system in the event the supplier is reactivated at a later date

Program priorities

Improving supplier EHS management systems

GE has previously highlighted the need to find efficient ways to encourage suppliers to improve overall management of EHS, labor and security compliance in addition to closing specific findings. In the past year GE has improved both our auditor and supplier training materials on what appropriate closure is, with more emphasis on using a management systems approach. The GE China EHS team has also developed a self-audit tool that suppliers can use to help reduce repeat findings in the areas of personal protective equipment, emergency preparedness and response, chemical storage, machine guarding, hazardous waste management, and wastewater and storm-water management. Called CARE, suppliers can use this tool to assess underlying procedures, training and routine inspection programs. Another technique used by GE Consumer & Industrial in China for its strategic suppliers is to schedule follow-up visits to check on issues relating to machine guarding and personal protective equipment, and to help ensure implementation of effective and sustainable corrective action.

Verifiable finding closure

GE has been working on this issue for several years and has continued to improve the Company's auditor training and audit closure tracking system to emphasize obtaining sufficient, objective evidence of

finding closure. Also, the GE Corporate EHS team reviews all findings open more than 180 days.

In GE's 2006 corporate spot checks to assess audit closure rigor in China, we found that the most frequent repeat findings related to fire protection and personal protective equipment. When suppliers were unable to close deficiencies in these areas, GE typically found they had inadequate knowledge of local requirements and GE expectations, or they did not have an effective management system to sustain good performance over time.

We also found suppliers in the 2006 China spot checks that performed well in subsequent assessments. The suppliers that were able to substantially reduce the number of findings compared to previous GE assessments typically had top management who were visibly engaged in driving EHS improvement as well as EHS professional staff.

These findings are consistent with GE's experience in our own facilities. Without management commitment, competent EHS support and a management system, it is difficult to sustain good EHS performance. We are working to build these learnings into our supplier training and capacity-building initiatives.

Ensuring compliance with wage and hour requirements

GE conducted an on-site assessment in March 2006 at one of our fastener suppliers and found that a significant number of the workers had overtime levels exceeding China's statutory limit. After we showed the supplier the relevant regulations, the supplier agreed to address the issue.

Thereafter, GE's buyer and EHS auditor reviewed overtime status on a biweekly basis with the supplier and tracked the supplier's progress in addressing overtime for the next 60 days. While the supplier's attitude was positive and it began to hire more workers, the supplier stated that it needed more time to fully correct the issue.

Because the supplier's efforts to reduce overtime were insufficient after two months, GE sent a formal letter to the supplier's top management demanding quicker action. Also, a cross-functional GE business headquarters team including Legal, Sourcing and EHS started reviewing the supplier's overtime status on a monthly basis. In response, beginning in May, the supplier began to accelerate the hiring of additional workers. Over the next six months the supplier substantially increased its workforce.

By August, GE's review of time sheet records, supplemented by random employee interviews, indicated that the supplier had substantially reduced worker overtime. In addition to continuing to hire more workers, the supplier started to

plan its production more efficiently in order to further reduce overtime. Coincidentally, the local labor bureau of the city where the supplier is located started more official enforcement of overtime requirements in the municipality.

By November, our review of payroll documentation signed by workers for the months of September and October showed work hours in compliance with China's overtime requirements. As part of the finding closure verification process, we also randomly asked workers to verify their working hours before closing out the finding in GE's tracking system.

This case study demonstrates that real, verifiable progress can be made in assuring that workers are properly scheduled under the Chinese wage and hour laws. The process is not easy and many suppliers need time, planning help and encouragement to bring overtime hours under control. This is because employees generally want the additional income that comes with working overtime. However, suppliers must limit overtime as a matter of compliance and to protect workers from injuries that can result from industrial accidents that tend to increase with worker fatigue. The case study also demonstrates that by addressing excessive overtime, additional employment opportunities are created, a fundamental reason for limiting overtime.

Going beyond auditing

GE started a process in 2006 to consider how to go beyond auditing to increase supplier adherence to applicable labor and EHS standards. As many other companies have experienced, even with a stable audit program it is difficult to rely solely upon periodic audits to instill a compliance and safety culture at supplier sites. At the same time, especially in those parts of the developing world where enforcement is limited, building supplier capacity requires time and involvement of multiple stakeholders. GE is using multiple approaches to provide training to suppliers. GE is also working to identify projects in places where the Company has significant supplier bases, such as China, India and Mexico, where GE can partner with other stakeholders to accelerate EHS capacity development.

Supplier training and help kits

GE has used multiple approaches to deliver training to suppliers, including:

- Leveraging the on-site assessment process to deliver brief “train-the-trainer” sessions on key issues such as hazard recognition
- Adding compliance and EHS training into the agenda of supplier conferences

- Classroom training sessions taught by GE professionals to share detailed requirements and best practices

For example, in the last four years, GE Energy provided on-site instruction to approximately 500 suppliers (on-site audit followed by an instruction), general training to approximately 1,000 major suppliers (as part of supplier conferences) and detailed training to approximately 150 critical suppliers (one-day classroom training).

GE China has organized an annual classroom supplier training for suppliers for the past two years, with an emphasis on sharing GE EHS best practices. The GE China team also developed a help kit on a computer disc that contains a list of qualified design institutes at national and provincial levels, after screening each of the design institutes to ensure they had the relevant capability to assist suppliers. The CD also contains hazard recognition training materials, with examples of common EHS hazards in manufacturing settings for teaching improved hazard recognition capability. To date, we have distributed more than 1,200 of these help kits, and train our China auditors how to use a “train-the-trainer” approach to introduce the help kits to suppliers at the time of an on-site inspection. The GE India team will roll out a similar help kit in 2007.

Verifying supplier performance

While GE strives to conduct thorough on-site inspections, each review covers a supplier’s operations at a single point in time, and it is possible for suppliers to game the system.

GE conducted an on-site assessment of one China manufacturer in October 2004, identified several items requiring corrective action, and after receipt of evidence confirming closure, commenced business in the first quarter 2005 with a reassessment scheduled for fourth quarter 2006.

We received an anonymous ombudsperson complaint in mid-2006 alleging that the manufacturer was illegally discharging untreated wastewater. Upon investigation, we learned that the manufacturer perceived its wastewater treatment process

to be too costly and had therefore elected to shut off the system when the supplier thought it was no longer under close scrutiny. GE immediately stopped all purchases from the manufacturer due to its willful noncompliance and the supplier will not be reconsidered for future work for at least three years.

The incident illustrates how our “eyes always open” process works, and underscores the importance of training Company auditors to examine work procedures and production records to validate how systems are operating and to test whether a supplier is attempting to show a false picture of compliance. This is an area where GE will continue to look for best practices to identify and screen out deceptive suppliers.

Moving Forward 2007

- Continue to focus on identifying effective labor auditing techniques
- Expand auditor certification program to Latin America
- Continue to identify ways GE can assist in EHS capacity building in places where GE has significant numbers of suppliers
- Work with other companies to find ways to minimize repetitive audits and accelerate adoption of a management system approach by GE suppliers

Environment, Health & Safety

Our systems to ensure environment, health and safety provide measurable data that enable us to continually evolve best practices and improve performance.

2006 Commitments

- Further implement GHG emissions and energy-efficiency programs
- Report on new waste and water metrics (data being collected in 2006 for first time)
- Continue to expand Waste Site Qualification Program beyond current 28 countries
- Continue support for EHS programs in emerging markets





EHS has historically been a core competency and priority for GE. Wherever GE operates around the globe, we apply the same EHS expectations, use best-in-class tools and training, and establish clear operational accountability to deliver EHS results. This past year marked the completion of our first comprehensive water use and waste generation survey. On an ongoing basis, our EHS team is heavily involved in implementing GE's greenhouse gas inventory and ecomagination 1-30-30 goals. Going forward, in 2007, GE faces the challenge to sustain its EHS performance as we integrate recent acquisitions and grow organically.

2006 Highlights

- Reduced injury and illness rates by 9% and lost time rates by 4% in the last year
- GE has reduced injuries 74% in the last decade resulting in \$190 million in cumulative cost savings
- Held environmental exceedances (air, wastewater, spills) essentially flat year over year while production and number of manufacturing sites increased
- On track to achieving 1-30-30 goals and reaching 4% GHG reduction in first two years of program
- Received more than 215 external awards and recognitions for EHS excellence including:
 - Circleville, Bridgeville and Winchester plants (C&I) cited by USEPA's National Partnership for Environmental Priorities for reducing mercury and lead wastes
 - GE Industrial Nagykánisa won second prize in the European Business Awards for the Environment from the European Commission
 - GE Plastics Baroda was the Gujarat State Safety Award from the Gujarat Safety Council in association with the Chief Inspector of Factories for the fourth consecutive year based on excellent plant safety performance

Water use and waste generation

While many GE businesses had been gathering waste generation data for some time, in 2006 we began collecting Company-wide data on water use and waste generation from all global operations exceeding defined thresholds. In setting our internal reporting requirements, we sought to balance the usefulness of information collected with the resource effort needed to gather and report on the data. Based on the analytical work performed in the development phase, the reported data represents approximately 95% of global GE water use and waste generation.

Water

Data has been collected for GE operations that consumed 15 million gallons or more of water in the previous calendar year, including:

- Total quantity of water usage
- Of the total, quantity (percentage) of water usage for non-contact cooling purposes

In 2006, GE operations used approximately 34.7 billion gallons of water of which 17.4 billion gallons were for non-contact cooling purposes.

Waste

Data has been included for GE operations generating more than 100 metric tons of hazardous waste and/or more than 500 metric tons of non-hazardous waste. Data has been collected on:

- Total hazardous waste generated and shipped off-site or managed on-site pursuant to a waste management permit or authorization
- Total non-hazardous waste generated and shipped off-site or managed on-site pursuant to a waste management permit or authorization
- Waste management methods

In 2006, GE operations generated approximately 74.2 thousand metric tons of hazardous waste and 391.3 thousand metric tons of non-hazardous wastes.

While our operations as a matter of policy are continually working to implement pollution prevention projects where reasonably practicable, these results will establish a comprehensive baseline from which we can monitor areas for improvement. GE will continue to report these metrics in future years.

Also, regardless whether an individual site's data are collected as part of the new metric, we take great care to ensure that the waste we generate goes to recycling, treatment and disposal facilities that meet the Company's standards, a standard significantly more protective of the environment and worker safety than local legal minimums.

To ensure GE facilities use the best waste management vendors available, the Company operates a Waste Site Qualification Program that requires auditing and pre-approval of locally permitted facilities before operations can use them. Our standards frequently require waste management sites to upgrade and improve their operations beyond local law requirements if they want to be approved for GE use. GE sites must use GE-approved facilities regardless of the amount of waste they generate.

As of last year's report GE had 28 countries in the program. As of year-end 2006, we have expanded the program to cover 35 countries. GE plans to add five additional countries in 2007.

Erie paint process change

GE's Erie, Pennsylvania, locomotive manufacturing facility conducted a project to streamline its painting process. This has yielded improved housekeeping and a more than 25% improvement in paint utilization, all while avoiding the consumption of more than 10,000 disposable paint containers per year through the use of larger, returnable containers and improved dispensing. Total cost savings are estimated to be more than \$700,000 in those parts of the Erie site already converted, with the potential for even larger savings as other areas and sites adopt the process.

GE Plastics Cartagena water reduction project

The GE Plastics site in Cartagena, Spain, has been undertaking a project to reduce raw water consumption by using micro-filtration to reuse process wastewater from multiple sources within the plant. The first phase of the project resulted in reductions of more than one million cubic meters per year and a savings of \$2 million over two years. Additional improvements are planned for the end of 2007 that would reduce raw water usage by a further 810,000 cubic meters per year. This is important to the region of Murcia, a dry area at risk of desertification, where better utilization of water is especially needed due to water scarcity.

EHS in emerging markets

One of GE's biggest challenges is to support the Company's growth in emerging markets by ensuring EHS compliance, meeting GE's global EHS expectations and developing resources to support capacity within those markets. GE has one set of EHS goals, metrics, programs and tools that apply globally. GE applies the same EHS due diligence and integration processes for transactions in the developing world as in established markets.

We have translated our EHS management system frameworks into 11 languages, and the Company uses compliance checklists customized for local law in 35 countries, including translated versions for 17 countries.

We have also developed more than 100 online multilingual training courses in 17 languages available to our businesses. Last year, we conducted four plant manager EHS classroom training courses in the developing world that were attended by 132 members of GE's functional leadership teams.

In parts of the developing world where GE has significant presence, such as China, Southeast Asia, India, Mexico and South America, our EHS professionals meet regularly to discuss regulatory developments and best practices. Each year, GE's China, India, Mexico and Brazil EHS teams participate in comprehensive training programs on local EHS regulatory requirements.

GE's focus on EHS in emerging markets extends beyond our own facilities. In recent years, we have evaluated the EHS practices of thousands of our suppliers. We also strive to work with customers, regulators and others to improve EHS in places where the Company does business, as illustrated in the case studies presented. For further description of how environmental and social factors are addressed in business finance transactions, see the Compliance & Governance section.

For more information on GE's EHS policy, team and programs, please visit www.ge.com/citizenship/EHS.



Working with regulators

Last year, GE worked with the Shanghai Health Bureau to improve understanding of occupational health management practices among local health officials and small and medium enterprises (SMEs). The project included organizing site visits and classroom training for Health Bureau representatives to understand GE's occupational health management system, keynote speeches at Occupational Health Forums organized by the Bureau, and organizing a classroom training session for more than 40 professionals from local state-owned enterprises and SMEs. Participants noted that GE is not only in compliance with local EHS regulatory requirements, but that the Company's internal EHS standards are higher than required and that GE sets an excellent example on EHS execution for businesses in Shanghai. GE's China Technology Center has also shared occupational health and lab safety best management practices with numerous local health regulators, institutes, hospitals and companies.

Working with customers

As GE Energy establishes more power generation projects in China, the Company has found that not all customers use lockout/tagout (LOTO, an electrical safety procedure) methods to protect against exposure to electrical hazards. This safety procedure, which entails using a lock to protect workers from energy hazards during maintenance, is not required in China, and some customers generally did not understand its benefits. Our approach was to share with customers the importance of the LOTO program and to present a detailed solution of how to integrate it at Chinese work sites.

Once customers realized the program's value, LOTO programs were successfully implemented at eight Chinese power generation sites. The program has also been adopted at a Korean site. In all of these cases, we were able to convince our customers of the value of the LOTO program and customers allowed GE teams to implement it. In many cases the customers adopted the program and even encouraged their other contractors to adopt it. More generally, GE Energy is using EHS as a competitive differentiator in the marketplace with customers around the world by sharing programs, participating in customer EHS events and presenting at industry EHS forums.

Working with GE's non-controlled joint ventures

While GE cannot exercise day-to-day supervision of EHS programs at our non-controlled joint ventures, we work to share EHS programs and best practices with our joint ventures (JVs) so these companies can maximize the effectiveness of their own EHS management systems. Two examples of this approach are Prolec-GE, a manufacturer of transformers, and Mabe, a household kitchen appliance maker. Together these JVs have more than 23,000 employees at 12 manufacturing sites in the Latin America region.

Prolec-GE and Mabe have both voluntarily adopted various GE EHS tools, and top management from both joint ventures conduct annual reviews of EHS performance with GE representatives. Prolec-GE also works with us to conduct comprehensive EHS audits on a biennial basis, and Mabe has its plant managers, human resource managers and EHS managers attend GE's EHS Plant Manager training course every three years.

This ongoing sharing has helped strengthen EHS programs at the JVs in numerous ways. Examples include the adoption of machine guarding standards at Prolec-GE even more stringent than local law. Prolec-GE also is voluntarily participating in GE's commitment to reduce greenhouse gas emissions. Mabe has adopted programs equivalent to GE programs for ergonomics, industrial hygiene and LOTO throughout all of its facilities.

Prolec-GE has obtained certification from the Mexico Voluntary Protection Program (VPP) and Clean Industries Program for its site and is also ISO 14001 certified. Mabe has attained Mexico VPP status at two of its facilities and has a goal to achieve this status at

all of its Mexico facilities by the end of 2007. Mabe has achieved Clean Industry status at two of its facilities as well. This past year, Prolec-GE and Mabe both received the Excelencia Ambiental, the most prestigious environmental award given by the Mexican government. This award was given a second time to only 16 companies certified in the Clean Industry program led by PROFEPA. The Environmental Excellence Award, which was presented by President Vicente Fox of Mexico, is given to companies that clearly show their commitments not only for compliance, but also for environmental sustainability processes such as hazardous chemical and waste reduction programs, re-use and recycling programs, energy saving programs and community programs.

According to Jorge A. Lozano, President of Prolec-GE, "We determined that for the utmost protection of our employees and the environment the JV management team adopted GE's EHS programs because they have long been demonstrated to be best-in-class." Urbano Pérez, Mabe's Vice President for Mexico and Central America, remarks that, "[C]ooperation and integration of EHS strategies and alignments between GE/Mabe is a commitment and responsibility of our business; the conservation of our employees' health and the preservation of our environment are marked in the spirit of our Integrity policy. At Mabe, we work day to day with GE toward a risk-free organization, preventing injury to our employees or deterioration of our environment."



Excellence programs and external recognition

Health and safety excellence programs play a critical role in spurring outstanding EHS results at GE operations, including the U.S. Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP), its Mexico, Canada/Alberta and Ireland counterparts, and GE's Global Star program for operations in other countries. In the past 12 years these programs have enabled the Company to achieve 68% reduction in lost day injuries and illnesses. This has resulted in an estimated \$190 million reduction in incurred workers' compensation costs.

VPP and GE Global Star set performance-based criteria for a managed health and safety system, invite sites to apply, and then assess applicants against these criteria. The verification includes a rigorous on-site evaluation by a team of experts. VPP and Global Star depend on strong cooperation between management and the workforce in order to implement safety programs effectively.

GE could not have attained this recognition without active engagement of all workers at these facilities. As stated by Jerry Ferris, manufacturing assembler at GE Energy's facility in Salem, Virginia: "Safety is more than an idea or an activity. It is a GE core competence and our way of life. VPP allows for the ideas of everyday employees who are the most knowledgeable about processes to contribute to the manufacturing environment's security. In this way, the people who have the most to lose in an unsafe workplace have the most to contribute in providing for a safe one. VPP causes us to tap this resource for the collective good of all GE employees. I am proud to be a sponsor and supporter of this global GE effort. When it comes to working safe, management, salaried employees, individual union workers and labor officers are all on the same team."

As of year-end 2006, GE had 223 facilities covering more than 103,000 employees in global excellence recognition programs, including:

- 108 U.S. OSHA VPP Star Sites (GE has more sites than any other participant in the program)
- 2 U.S. OSHA Merit Sites
- 22 Mexico VPP Sites
- 5 Alberta PIR Sites
- 1 Ireland VPP Star Site
- 85 GE Global Star Sites

In 2006, GE became one of six companies to receive corporate VPP recognition from OSHA, which recognizes the Company's overall health and safety program as world-class and significantly simplifies the VPP application process for individual sites.

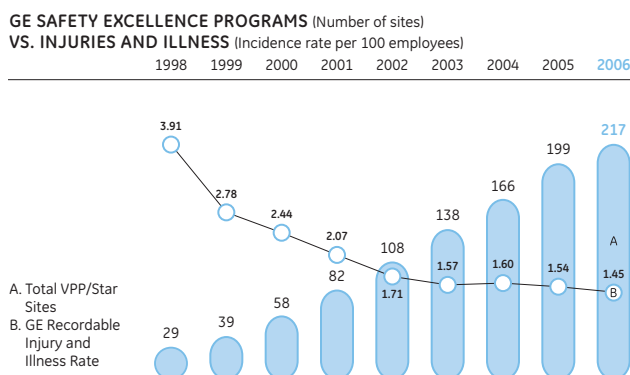
One unique aspect of the VPP program in the United States is the OSHA Special Government Employees Program (SGE), in which qualified volunteers from VPP sites work alongside OSHA employees as team members on VPP on-site evaluations. GE has 55 SGEs who provide support as requested by OSHA. GE also has three Ireland VPP voluntary auditors.

GE's active participation in VPP has led to a number of outreach projects with governmental organizations. In the past year, GE Corporate shared health and safety best practices with the U.S. Air Force, U.S. Department of Defense and U.S. Department of Energy laboratories. GE Energy and the Defense Logistics Agency (DLA) signed a Memorandum of Understanding (MOU) to formalize a VPP mentoring relationship between the two organizations that has existed since 2004. GE Energy signed a similar mentoring agreement with the U.S. Bureau of Engraving and Printing in Washington, D.C.

While GE's focus on excellence programs has helped significantly to improve injury and illness rates, we also have business- and corporate-level Focus programs that take a look at operations with lagging injury and illness records. These programs involve more frequent reviews and visits by headquarters EHS professionals to drive safety improvements. They have been an integral part of GE's safety program over the past several years. We analyze our global injury and illness metrics in order to select participating operations, and then use business, sub-business and site-specific data to identify and implement specific safety improvements.

Although ISO 14001 certification (the International Environmental Management Systems Standard) for environmental performance is not a requirement for GE facilities, many Company operations have been asked to obtain certification by their customers. Today, GE has 92 ISO 14001 sites. GE's EHS management system provides most of the elements of ISO, so Company operations are well prepared if customers ask for certification.

In Mexico, GE has 22 locations participating in the Clean Industries Program run by the Federal Environmental Agency.



EHS metrics

GE's EHS performance is reviewed on a quarterly basis by top management, and GE Corporate Environmental Programs conducts an in-depth EHS operating review with each business on an annual basis. We also use a proprietary web tool called GE PowerSuite® to manage EHS data throughout the Company.

Recognized by Dow Jones Sustainability Index (DJSI) and OSHA as a best practice, GE PowerSuite applications allow compliance process owners at every GE facility/operation to access a standardized platform to record, track and follow up on all EHS matters every day, no matter whether in Schenectady or Shanghai. GE PowerSuite has been a key enabler to allow Company operations to take complex EHS regulations and turn them into actionable items that GE's employees can execute every day. For example, in 2006, users at GE sites used GE PowerSuite to manage 1.4 million compliance self-assessment questions, 171,000 compliance obligations, 227,000 action items and 77,000 safety observations.

GE's 2006 Global EHS Program goals included the following:

- 0 work-related fatalities
- 20% reduction in recordable injuries and illnesses
- 20% reduction in lost time cases
- 33% reduction in wastewater exceedances
- 0 fines
- 0 notices of non-compliance
- 100% completion of regulatory required training
- 0 reportable spills and releases

Workplace injury and illness

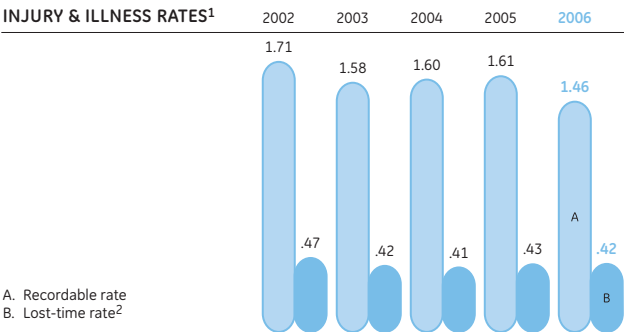
GE's goal is to continuously improve on injury reduction, and we set an annual stretch target to reduce recordable and lost time injuries by 20% compared to last year's results. We have achieved a 74% reduction in workplace injuries and illnesses and a 68% reduction in lost time cases since 1996. In the past year, GE's Global Total Recordable Rate decreased 9% to 1.46 injuries per 100 employees and the Company's Global Lost Time Rate decreased by 4% to 0.42 cases per 100 employees. This translates into thousands fewer injuries (14,136 fewer total cases and 3,023 fewer days away cases) and more employees working safely.

GE employees use a variety of approaches to reduce injury risks in the workplace and a special focus for several years has been ergonomics (an applied science dedicated to the optimal design of workplaces that takes into consideration an understanding of employee capabilities with the objective of reducing the risk of injury and improving productivity). GE runs an Ergonomics Cup competition to recognize the top employee ergonomics teams in GE for innovative and effective ergonomic workplace solutions and sharing ergonomic best practices across the Company. While awards in the past have gone to a variety of teams from both manufacturing and non-manufacturing operations, one noteworthy winner this year was a cross-functional team from NBC Universal's Orlando theme park, which redesigned character costumes to make them more comfortable and the employees who wear them less prone to ergonomic strain. After the park's Shrek costume was redesigned to improve ventilation, body positioning and reduce costume weight,

performers reported a significant increase in employee satisfaction and no ergonomic-related injuries were reported through the end of 2006.

GE was saddened to have seven work-related employee fatalities in 2006:

- Six from vehicle accidents, four of which where police determined the non-GE driver to be at fault.
- One where equipment owned and controlled by another company failed and affected the GE work area.



1. Rates are based on 100 employees working 200,000 hours annually.
2. Lost time rate uses the OSHA calculation for days away from work cases (transfer or restricted cases are excluded).

Air and wastewater exceedances

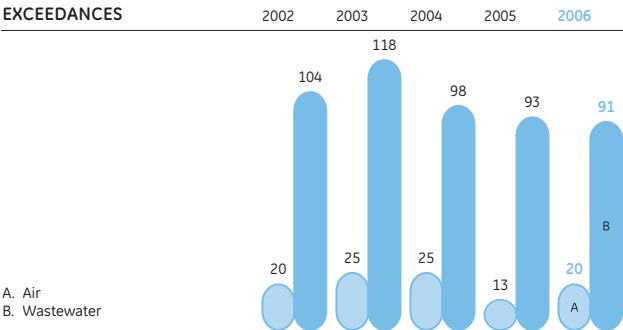
Because of GE's 100% compliance goal and continuous efforts to improve operations, we require internal reporting for each instance that a facility:

- 1 Exceeds any wastewater parameter or applicable effluent standard
- 2 Exceeds any limit on the quantity of air pollutants emitted
- 3 Is found to be operating without any required air or wastewater permit

All such exceedances are reported and counted in GE's metrics no matter how small an increment above permitted levels it may be. We have several hundred facilities with applicable limits and permits; each permit has multiple parameters to track, resulting in more than one million measuring events each year.

Wastewater exceedances remained flat in 2006 compared to 2005 (91 vs. 93). GE had 20 air exceedances in 2006, up from 13 in 2005. For the past five years GE has had between 13 and 25 air exceedances each year (1998 base year exceedances were 68). GE Corporate Environmental Programs works with business units experiencing exceedances to ensure corrective actions are made.

AIR & WASTEWATER EXCEEDANCES

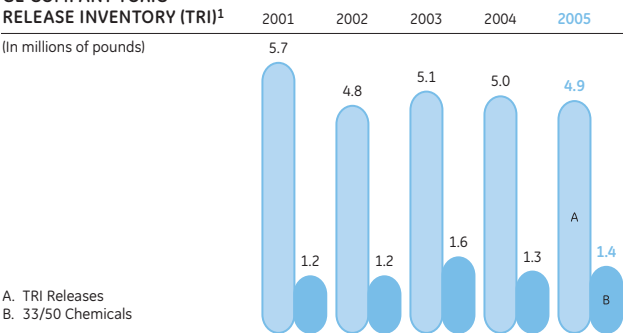


Environmental releases

Since 1987, GE has reported chemical releases in the U.S. to the Environmental Protection Agency (EPA) and has achieved reductions of these releases of more than 80% despite the growth in facilities and production during that time period. All of the significant manufacturing businesses realized reductions in TRI releases in 2005 over 2004. GE's U.S. TRI release totals for calendar year 2005 show a roughly 1.6% reduction compared to 2004.

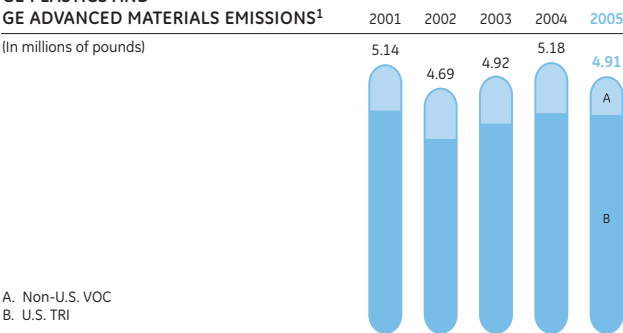
GE Plastics constitutes the bulk of these emissions globally (approximately 64% in the U.S. for 2005). GE Plastics total on-site releases have decreased 8.6% from 2004 to 2005 and more than 17% since 2001. Over the past five years, GE has realized an approximate 13% reduction in all TRI chemical releases and is essentially flat in 33/50 releases.

GE COMPANY TOXIC RELEASE INVENTORY (TRI)¹
(In millions of pounds)



1. This data will always lag by a year since U.S. TRI data for the prior year is not submitted until July 1 (as a matter of law).

GE PLASTICS AND GE ADVANCED MATERIALS EMISSIONS¹
(In millions of pounds)



1. This data will always lag by a year since U.S. TRI data for the prior year is not submitted until July 1 (as a matter of law).

Greenhouse gas emissions

2006 Results:

- GE cut worldwide GHG emissions from its operations by about 4% to 10.8MMT 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 million metric tons (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 charts 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 2004 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/citizenship/EHS. To learn more about our ecomagination commitments, please turn to page 42 or visit www.ecomagination.com.

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's electricity output. For example, if that business unit's equity interest is 100%, all of the GHG emissions from that power plant are attributed to GE. If GE Energy Financial Services business' equity interest is 20%, that is the percentage of GHG emissions attributed to GE. Calculated on this basis, GHG emissions are approximately 10.94 MMT from 27 equity investments.

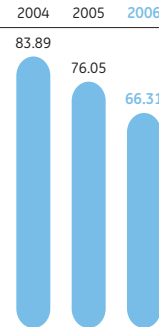
As with GE's commitments on GHG emissions from its operations, GE is also undertaking several initiatives around its equity investments in energy, such as:

- Demonstrating leadership by becoming one of the first financial services companies 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.
- 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.

GE OPERATIONAL GHG EMISSIONS
(Million metric tons of CO₂ equivalent emissions)



GE OPERATIONAL GHG INTENSITY
(MMBtu per \$ million revenue)



GE OPERATIONAL ENERGY INTENSITY
(MMBtu per \$ million revenue)



GE OPERATIONAL ENERGY USE
(Million MMBtu)



Additional metrics

Global paid penalties

GE paid \$339,345 in penalties in 2006. Of that amount, \$90,000 was paid to address a 2004 penalty action at the Waterford, New York, Silicones facility, while an additional \$63,000 was paid as the result of actions at Sistersville, West Virginia, and Termoli, Italy. The Company sold all three Silicone plants in 2006.

Training units completed

GE tracks completion of the number of regulatory-required training classes each employee will be required to attend for the calendar year (a unit is one course for one person). More than 2 million units of training were completed in 2006, with more than 600,000 units completed outside the United States.

Government agency inspections

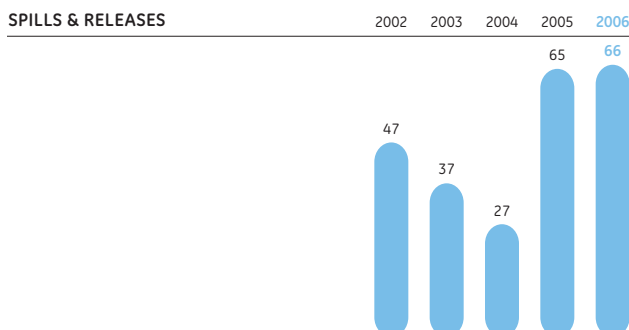
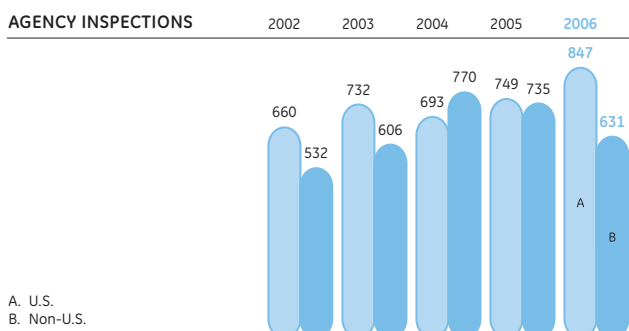
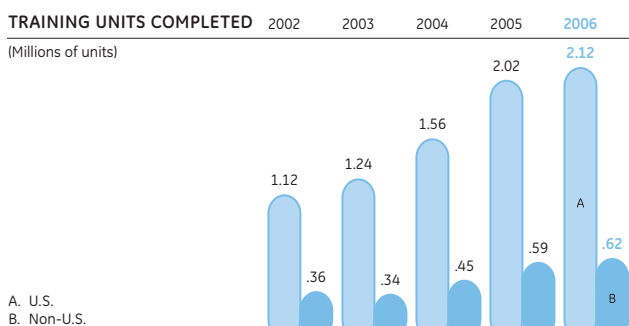
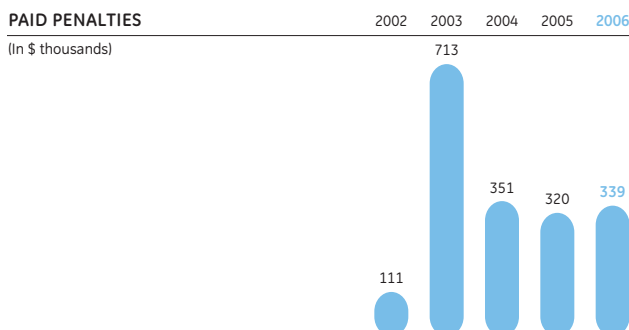
GE had 1,478 government EHS agency inspections at its facilities in 2006, almost the same as GE had in 2005 (1,484).

GE reportable spills

GE tracks any current spill on or from a site that is reportable to regulatory authorities. A reportable spill or release is either:

- A spill or release to a water body (e.g., stream, river, lake, pond, sea, ocean, etc.); or
- Any other spill/release reportable to regulatory authorities (excludes spills/releases to a water body)

Spills have remained flat in 2006 compared to 2005 (66 vs. 65).



Remedial responsibilities

GE is a 127-year-old company with facilities across the globe. Many of those facilities began operating at a time when scientific understanding and regulatory requirements were far different from today. Changing standards and knowledge require that these “legacy” issues involving environmental contamination must be addressed. GE is currently involved in 79 sites on the U.S. EPA’s Superfund National Priorities List.¹ At almost all of these sites, GE’s involvement is very small—with sole responsibility at just four sites. GE has reached agreements with federal and/or state regulators at virtually every site about the right way to proceed.

It is our approach to work cooperatively with government agencies to address remedial issues at sites where GE has responsibility. The Company has a record of successfully meeting the commitments it makes.

GE’s most significant PCB sites are the Hudson River in New York, the Housatonic River in Massachusetts and Connecticut, and a former transformer facility in Rome, Georgia. These three sites represent approximately 81% of GE’s PCB-related expenditures during the 1990–2006 period. GE’s PCB expenditures during this period were more than \$800 million.

Hudson River

GE has reached a comprehensive agreement to implement the U.S. Environmental Protection Agency (EPA) 2002 Record of Decision requiring that PCBs be dredged from a 40-mile area of the Upper Hudson River. GE used polychlorinated biphenyls (PCBs) at two plants on the Upper Hudson River in New York State many decades ago, before concerns were raised about their human health and environmental impacts. GE did not manufacture PCBs, rather they were purchased from Monsanto. GE’s use of PCBs was at all times legal and their use was discontinued in 1977. After a two decade-long assessment of what to do about the PCBs, the EPA decided in 2002 to dredge portions of the river. Since then, we have been working constructively with the EPA on the dredging project. In July 2002, we reached an agreement with the EPA to collect and analyze sediment samples from the river, which were needed to design the dredging project. More than 50,000 samples were collected at a cost of more than \$20 million. In 2004, GE reached another agreement with the EPA in which the Company agreed to complete the design of the dredging project, at a cost of about \$25 million. In 2006, GE submitted the Final Design to the EPA for approval as part of these agreements.

In 2005, GE and the EPA reached an agreement to implement the EPA dredging project. On November 2, 2006, the Federal Court approved the agreement. This comprehensive agreement underscores GE’s commitment to cooperate with the EPA, the State of New York and other stakeholders to implement the EPA’s 2002 decision to dredge PCB-containing sediments from the Upper Hudson River. Specific provisions include the following:

- GE will hire contractors to conduct the dredging, to construct and operate a sediment processing and dewatering facility, and to transport the dried sediment for final disposal in properly permitted facilities.

- At the sediment processing and dewatering facility, GE will construct a 1,450-foot-long terminal where barges will unload sediments; construct a water treatment system to separate water from sediments and treat more than one billion gallons of water over the life of the project; install equipment to process more than 4,000 cubic yards of sediment each day, and build a rail yard with more than 38,000 feet of track to transport sediments to final disposal. To transport this material for disposal will require a fleet of approximately 450 rail cars, each capable of transporting 100 tons of sediment.
- Dredging is scheduled to take place 24 hours a day, six days a week. Up to 45 vessels will be in the river to perform the work. During the first year of dredging (Phase 1), 265,000 cubic yards of sediments are targeted for removal and disposal. The target date for commencing dredging is spring 2009.
- After Phase 1, an independent peer review will be conducted to evaluate the project. After peer review, modifications that the EPA believes are appropriate for the second phase of dredging will be made. GE’s decision to perform the second phase of the dredging project will be made after peer review of the first phase is completed.
- GE has paid the EPA more than \$63 million to cover the cost incurred by the government in studying the river and overseeing GE’s work, and will pay up to \$53.5 million more to the government to cover additional costs to oversee GE implementation of the dredging remedy.
- GE will submit at least nine technical reports to the EPA for its review and approval that detail Phase 1 operations, including: three comprehensive work plans; quality assurance plans for monitoring and dredging construction; a performance standards compliance plan; a transportation and disposal plan; a facility operation and maintenance plan; and a long-term monitoring plan.
- During dredging, GE will conduct extensive air, water, sediment, noise, light and odor monitoring. GE will continue to perform an annual fish-monitoring program in the Upper and Lower Hudson.
- After dredging activities are completed, GE will conduct an extensive long-term monitoring program to evaluate the river’s recovery and ensure the effectiveness of the habitat restoration program.

Construction of the sediment processing facility began on April 23 and will take 18 to 20 months to complete. This facility must be completed before dredging can begin.

To learn more about this topic and detailed activities related to this issue, please visit www.hudsondredging.com.



Rome, Georgia

GE is working cooperatively with the Georgia Environmental Protection Division (EPD) to remediate PCBs at GE's former Rome transformer manufacturing plant. The former Rome facility is regulated under a state permit, which addresses investigation and cleanup of PCBs both on the plant side and outside the plant. GE recently completed a soil cleanup along streams and creeks where small amounts of PCBs flowed from storm water runoff from the plant. Since 1990, GE has spent more than \$64 million on the Rome project, including more than \$39 million on environmental investigation and cleanup. GE and Georgia EPD will continue to work cooperatively to complete the remediation of the Rome site.

first half-mile of remediation of PCBs from the Housatonic River in Pittsfield, Massachusetts, where GE formerly manufactured transformers and capacitors. GE is also undertaking a cleanup of the former plant area. GE will transfer 52 acres of land to PEDDA (Pittsfield Economic Development Authority) for development in one of the largest brownfields projects to date. The EPA has completed the next 1.5 miles of river cleanup, a project funded through a GE-EPA cost-sharing arrangement. Since 1990, GE has spent more than \$430 million on the project, including more than \$370 million on its environmental investigation and cleanup at its former transformer plant and nearby areas.

Housatonic River, Massachusetts and Connecticut

GE, the EPA, the State of Connecticut and the Commonwealth of Massachusetts are working cooperatively under a comprehensive settlement agreement reached in 2000. GE completed work on the

Moving Forward 2007

- Continue focus on meeting greenhouse gas reduction and energy reduction goals
- Add five more countries to the Waste Site Qualification Program
- Sustain and improve GE's EHS metrics while supporting the Company's organic growth and integrating newly acquired operations
- Continue focus on EHS compliance, meeting GE's global EHS expectations and developing resources to support capacity in emerging markets
- Use information gathered by new water and waste metrics to identify further opportunities for further reduction in addition to those already undertaken in past years
- Continue global focus on regulations
- GE will continue to work cooperatively with government agencies on remedial issues and at remedial sites for which GE has responsibility

Additional information at www.ge.com/citizenship/EHS

- Overview of EHS Policy, Team and Programs
- Greenhouse Gas Inventory

Compliance & Governance

Compliance and governance are business imperatives supported by an open-door culture and rigorous systems.

2006 Commitments

- Focus on acquisition integration processes to ensure prompt implementation of policies
- Focus on compliance in emerging markets





GE is committed to setting high standards for good corporate governance and operating with integrity. Our commitment to perform with integrity is instilled in every employee as a non-negotiable expectation of behavior. This expectation is backed by a culture of compliance and beliefs that are supported by a system of an independent and fully informed Board, comprehensive processes, policies, communications and training that strives to enable transparency and provides direction on how to make the shared commitment to integrity actionable. Nevertheless, the complexities of doing business in a global marketplace with changing and variable legal and regulatory policy requirements make compliance an ever-evolving, demanding undertaking.

Board/Senior Executive accountability

GE's Board of Directors and GE's Risk Committee play vital roles in the oversight and management of the Company. From this senior leadership GE expects involvement, objectivity and accountability.

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 on 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 outside Board members visited at least two GE businesses each in 2006 without senior management present in order to develop their own feel for the Company. The Board also meets periodically without management. The Board and its Committees focus 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, security and crisis management, global strategy, potential acquisitions and dispositions, organization changes,

environmental trends, organic growth, competitive strategy, compliance trends, impact of macro-economic trends on the Company and corporate social responsibility. At the end of the year, the Board and each of its committees conduct a thorough self-evaluation as part of its normal governance cycle.

Public Responsibilities Committee

Chaired by former United States Senator Sam Nunn, the Public Responsibilities Committee reviews and oversees the Company's position on corporate social responsibilities and issues of public significance that affect investors and other key GE stakeholders. In 2006, the Public Responsibilities Committee met four times. Additionally, senior GE officers are regularly involved in reviewing corporate citizenship priorities, for example, through the Citizenship Executive Advisory Council (CEA). This group meets at least quarterly and reviews summary stakeholder feedback to ensure that the appropriate actions and resources are in place. The CEA is comprised of five senior GE executives: Brackett Denniston, SVP & General Counsel; Bob Corcoran, VP of Corporate Citizenship; Gary Sheffer, Executive Director, Corporate Communications; Steve Ramsey, VP of Environmental Programs; and Lorraine Bolsinger, VP of ecomagination.

Ombudsperson process

GE has an extensive ombudsperson process that serves as a mechanism for individuals to ask questions and report integrity concerns without fear of retaliation.

Employees and others with connections to the Company must have confidence that they can freely report concerns about legal or ethical violations, and that their concerns will be objectively investigated by Finance, Legal and Human Resources (and outside specialists if necessary) with appropriate individual and remedial action and without fear or favor.

Employees are subject to discipline if they fail to report a known or suspected concern. In addition, retaliation against those who raise integrity concerns is prohibited and is grounds for disciplinary action. GE has processes in place for objectively investigating and resolving integrity concerns, and ombudsperson system activity is reported to the Audit Committee of the Board of Directors.

With an extensive global network of more than 700 ombudspersons, coverage is provided for every business and country in which GE operates. Every ombudsperson speaks the local language and understands the culture and business environment of his or her location. GE ombudspersons are trained in procedures for receiving concerns, initiating investigations, monitoring case progress and closure. In 2006, 21 training sessions and regional workshops were held to assure all ombudspersons receive prompt and regular refresher training.

Employees may raise their concerns anonymously if they choose. Confidential investigations are conducted when concerns are raised about possible violations of GE policy or the law.

Prompt corrective action and discipline demonstrate a strong integrity culture at GE. During 2006, 1,514 integrity concerns were reported through the ombudsperson process (38% anonymously) covering a variety of issues. The rising rate of reported concerns is an indicator of a healthy integrity and compliance culture and a growing company. It demonstrates that employees recognize their responsibilities to raise compliance questions and concerns that come to their attention. Increased usage of the ombudsperson process also demonstrates that leaders have set the right integrity culture, creating an environment that encourages employees to come forward with their questions and concerns without fear of retribution.

The results of these 1,514 investigations led directly to 395 disciplinary actions being taken, including 173 employee separations, 13 vendor disqualifications, 159 warnings, 14 job changes and 36 financially impacted employees.

Of the disciplinary actions, approximately 51% occurred outside the U.S. Ombudspersons monitor investigations to ensure timely closure, with 93% of last year's investigations closed to date, averaging ~50 days to complete. Non-conformance with Company policies and procedures results in corrective actions such as training, strengthening routines and simplifying/updating processes. Although many non-conformances result from unintended mistakes, disciplinary actions are taken in appropriate cases including intentional wrongdoing.

OMBUDSPERSON CONCERNS BY AREA

POLICY	2002	2003	2004	2005	2006
Fair Employment Practices	363	390	402	421	434
Conflicts of Interest	237	212	240	253	198
International Trade Controls	36	44	39	64	100
Routines, Documentation, Internal Measurements	45	51	93	108	98
Business Records (T&L, Time & Attend)	65	45	70	80	87
Environment, Health & Safety	63	88	83	119	85
Supplier Relationships	78	82	71	69	72
Petty Theft	58	36	42	55	70
Privacy	26	48	35	42	64
Controllershship (Accounting, Financial Reporting, Billing)	56	49	42	43	58
Improper Payments	22	33	28	34	58
Security & Crisis Management	18	2	10	22	37
Intellectual Property	51	35	34	41	36
Working with Governments	80	75	55	52	31
Complying with Competition Laws	46	36	23	27	4
Other Integrity Concerns	122	133	71	67	82

INVESTIGATION RESULTS

- 1,514 concerns reported
- 395 disciplinary actions
- 93% closed to date; average ~50 days to close

It is critical that all GE employees worldwide understand how to raise their integrity questions and concerns and trust the system. Employees come to know their local business ombudsperson through postings, articles, various Company intranet sites and by ombudsperson introductions at business all-employee meetings, including integrity events and training.

Acquisition Integration— Compliance

GE's approach to acquisition integration is defined by our belief that integrity must be linked inextricably with performance at every level of the Company. Every acquired business has a unique corporate culture, a culmination of shared attitudes and values that has a powerful influence on how employees behave. Ultimately, the objective for every GE acquisition integration is the successful transfer of GE's integrity program to the acquired business, while taking care to learn from, preserve and incorporate all best practice compliance practices and processes from the acquired businesses. Our goal is to ensure that GE's high standards of ethics and compliance in our integrity program are the principal guides of the behavior of employees of the new acquisition.

Successful compliance integrations are defined by reference to the vision for GE's own compliance integrity program and culture, one in which all employees are:

- Aware of the compliance risks around them
- Knowledgeable as to what the "right thing" is to do
- Committed to doing the right thing
- Operating in an environment that supports and expects compliant and ethical behavior

Exporting GE's compliance integrity program and culture to a business with its own ingrained corporate culture, however, is not easy. Successful compliance integrations require time, resources, commitment and leadership. The effort begins with the non-negotiable expectation that GE integration leaders have no greater

responsibility than to build and maintain a successful compliance culture within the acquired business. Next, GE integration teams leverage a process-based methodology, known as the Acquisition Integration Framework (AIF), to assure a successful integration. Details about the AIF are available at www.ge.com/citizenship/compliance.

Revised Acquisition Integration Framework (AIF)

In 2006, GE initiated a project to review and strengthen our acquisition integration processes. GE's Corporate Audit Staff analyzed three years of data on integrations, with a focus on compliance investigations that arose from recent acquisitions. Based on observed data trends, the team implemented several key improvements to the tool, including:

- Defined compliance tasks to be completed at every phase of the integration following the deal close
- Developed a comprehensive compliance "test work" questionnaire to facilitate a thorough review of the acquisition's core processes
- Developed new metrics to allow GE's Policy Compliance Review Board to track the progress of compliance integrations

The improvements to the AIF process are now being piloted in GE's recent Vetco-Gray acquisition, with a formal rollout of the improved process scheduled for second quarter 2007.

Anti-money laundering

Money laundering is a problem of global proportions with devastating social consequences. The ability of drug dealers, terrorists, organized crime, corrupt public officials, illegal arms dealers and other criminals to launder funds allows for the continued operation and expansion of their criminal enterprises. Money laundering can erode public trust in the integrity of financial institutions, create financial instability and potentially undermine national economies. GE Money has an obligation to participate in the international effort to shut down the channels that money launderers use to help fund criminal activity.

To this end, in 2006, GE Money renewed and updated its global anti-money laundering policy that, among other things, requires the appropriate verification of identity of all new customers, initial and ongoing due diligence to understand the nature of customers' use of GE Money products and assurance that customers are conducting their activities as anticipated.

Stemming the flow of proceeds of illicit activities is a matter of great importance to GE Money. Technology improvements and enhancements are providing us with the ability to address

the ever-changing environment in which criminals operate. In 2006, GE Money initiated a global program to implement state-of-the-art suspicious transaction monitoring technology in all GE Money businesses. We have also continued our implementation of new technology to screen customers and potential customers against government lists of known terrorists, drug traffickers and money launderers.

In addition, we continue to sensitize our staff to the vulnerabilities created by money launderers and other criminals, by conducting continuing education and training on the latest techniques used by these criminal elements. GE Money employees must fully understand those actions that may be violations of relevant anti-money laundering or terrorist financing laws, and immediately escalate to compliance and legal staff any potential violations. We continue to work with law enforcement and regulatory agencies as well as a broad range of financial organizations to address the complexity and global nature of money laundering and terrorist financing.

The Spirit & The Letter

Compliance is never easy and remains a challenge in an increasingly complex regulatory environment, especially in emerging markets. In the global marketplace, GE's relationships with employees, customers, suppliers, shareowners and governments are subject to a dynamic system of legal and regulatory requirements—all of which must be first interpreted and then applied according to GE's Company-wide standards.

The Spirit & The Letter is a guide to help employees understand the standards of conduct that the Company sees as fundamental to honoring its commitment to performance with integrity. *The Spirit & The Letter* helps GE achieve compliance by establishing a common standard of behavior required of all employees—everyone, everywhere, every day. As the title suggests, GE's approach to compliance is founded on a commitment to perform with integrity according to both the spirit and the letter of the law everywhere GE does business. The booklet contains GE's core compliance policies and is made available to employees globally in 31 languages. *The Spirit & The Letter* is also available on the Company's internal web site with expanded versions of each policy, information on how to implement GE's policies and procedures, and additional resources. To download or learn more about *The Spirit & The Letter*, please visit www.ge.com/citizenship/spirit.

The Spirit & The Letter also articulates the special responsibilities of Company leaders to create a culture of compliance within their businesses and functions, and to personally lead compliance efforts. In 2007, GE will launch a revised and updated version of *A Leaders' Guide to Integrity*, a guide that sets forth the key responsibilities that GE leaders have to build the right integrity culture and compliance infrastructure.

GE's integrity program is founded on the bedrock principle that business leaders, including the Company's most senior leaders and including any person who manages other employees have no greater responsibility than to uphold GE's compliance culture. GE leaders must proactively build and maintain an unassailable culture of integrity that pervades the business, one that requires an unwavering commitment to the laws and regulations, and expects fair, honest and trustworthy behavior from GE employees in all their GE activities and relationships. GE leaders are also required to excel at anticipating and managing legal and regulatory risks. Leaders are expected to develop an early warning mindset and closely examine "business-as-usual" practices for sources of unanticipated risk.

The guide will be revised to define a common vision, objective and strategy for GE's integrity program. At the heart of the revised guide will be a description of the six fundamental processes that, when effectively executed, form the foundation of a world-class compliance culture. The guide will include compliance tools that are designed to help leaders execute on the six integrity processes together with a self-assessment checklist to track progress. A refreshed compliance leadership-training course will also be developed to complement the new guide.

Moving Forward 2007

- Present ombudsmen data by geography
- Continue to improve early warning and anti-corruption processes
- Expand reach of compliance processes to encompass the five "R's" of risk, reward, regulation, relationships and reputation

Additional information at www.ge.com/citizenship/compliance

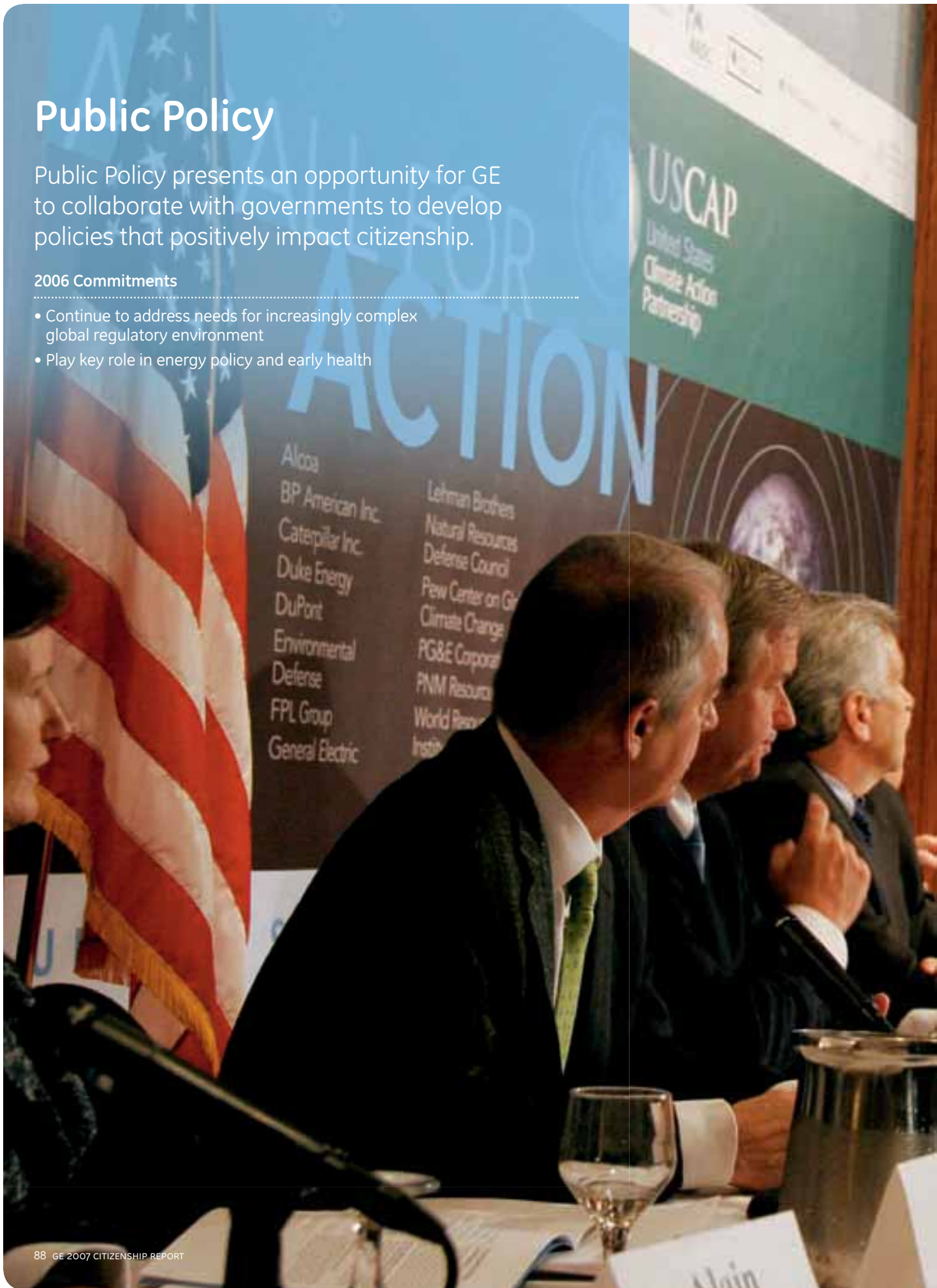
- Board/Senior Executive accountability
- The Audit Committee
- The Nominating and Corporate Governance Committee
- GE Risk Committee
- Chart of operating reviews
- Operating mechanisms
- Governance of citizenship
- Legal processes and systems
- Financial processes and systems
- Acquisition Integration Framework

Public Policy

Public Policy presents an opportunity for GE to collaborate with governments to develop policies that positively impact citizenship.

2006 Commitments

- Continue to address needs for increasingly complex global regulatory environment
- Play key role in energy policy and early health





GE works with governments around the world to build relationships that positively serve the pursuits of both business and governments. The business community has a direct stake in a wide range of policy debates: health and safety regulations, economic development, education policy, energy policy and encouraging the growth of transparent markets, among others. GE's business activities have long required governmental engagement and the Company participates in the policy development process in a number of ways, including direct contact with government officials, participation and membership in associations and coalitions, and through public debate.

GE's relationships with governments around the world

GE has increasingly focused on deepening and improving its ability to work effectively with governments throughout the world. We firmly believe that a better understanding of GE's vision and business activities—and government's impact on those pursuits—will serve both parties well. Moreover, we have made a concerted effort to enhance our working relationships with government officials.

The rules governing governmental transactions and advocacy activities differ from country to country, and can be varied and complex. Our total commitment to integrity has led us to broaden our base of trained government relations professionals in the United States and global areas, and to continuously educate GE leaders on changes in the rules and regulations governing interactions with government officials. The GE Board is briefed regularly on our government relations and compliance activities.

While the character of GE's interactions with government may vary from country to country, the one constant is a total dedication to complying with the spirit and letter of the laws and regulations governing GE business activities.

Global government relations

GE has operations in more than 100 countries and approximately half of our employees and revenues are from outside the United States. Because of this global footprint and the interconnected nature of today's business world, it is important that GE participate in public policy debates globally.

GE participation in global public policy begins locally. In each community where GE does business, GE strives to engage with local governments, communities and civil society on issues of mutual interest. Through national or regional executives, as well as through other corporate and business personnel with country, regional or international responsibility, GE provides its perspective to local governments, communities, and civil society. In this way, these stakeholders understand our presence in each of these communities and, importantly, can identify the relevant GE executives with whom to engage in a two-way dialogue on the range of issues important to the community and important to GE. GE CEO Jeff Immelt has clearly articulated the dual role played by our national and regional executives, in particular, as ambassadors of GE in the countries in which they operate, as well as ambassadors of each of those countries to the broader GE community. Beyond these Company resources, GE also participates in business, trade and issue-specific associations that bring special expertise and the broader views of the business community to global public policy debates.



Mexico

In Mexico, GE played a key role in 2006 in bringing together a coalition of Mexican businesses and trade associations (including the U.S., Japan and German Chambers of Commerce) to successfully oppose a measure that would have severely limited foreign investment in Mexico by eliminating a concept known as "neutral shares." This limitation would have limited growth and opportunities in Mexico to the detriment of Mexican consumers, workers and investors as well as multinational companies.

Chile

GE's anti-corruption and compliance efforts also extend to particular countries. In 2006, GE partnered with Transparency International in Chile to develop a model compliance program that can be adopted by both private-sector and governmental entities. To date, one large business group in Chile has fully implemented the initiative, and two very important counties kicked off their integrity and transparency programs in 2007.

European Union

This year the European Union is considering its next steps on climate change and energy security policy. GE is contributing to that policy debate in a variety of ways. The Company has submitted comments through the Center for European Policy Studies supporting policies designed to accelerate the deployment of cleaner energy technologies. Most important, GE supports policies that will produce a long-term price of carbon as part of a program to stabilize atmospheric greenhouse gas concentrations. GE executives have made this same point in conferences and in meetings with EU officials.

China

In 2006, the Chinese central government initiated the "Green GDP" concept to emphasize the importance of energy conservation and pro-environment policies. To support these policies, GE signed a MOU with the Chinese National Development & Reform Commission (NDRC) during Jeff Immelt's May 2006 trip to China. The MOU strengthens cooperation between China and GE in sustainable development and the "green" applications and solutions of eco-magination. Under the MOU, a steering committee of senior GE and NDRC officials oversees working groups focused on Energy, Aviation, Rail, Water and Consumer & Industrial. Already this cooperation has yielded joint GE and NDRC seminars on Integrated Gasification Combined Cycle (IGCC) technology, wind energy and water treatment.

Qatar

In Qatar, GE has been actively involved in providing advice and counseling to the country's educational bodies as the nation moves toward its objective of improving the quality of education for its people. Both as an independent voice, and as part of broader groups that are called upon for input and assistance, GE continues to help. With the establishment of the GE Research Center in Qatar, where both local and international professionals will perform R&D activities, GE will ideally continue to provide more insights and "real-life" input to Qatar's leaders.

South Africa

GE is committed to anti-corruption and compliance efforts across the globe. For example, the Company actively supports global negotiation, ratification and implementation efforts on the Cape Town Convention. Convention signatories commit to honor the written contracts of commercial parties in transactions involving various types of infrastructure-critical equipment such as aircraft. Studies indicate that this kind of transparency and predictability will result in significantly lowered costs of development, particularly in emerging economies.

Japan

GE in Japan has been deeply engaged in the Japanese government's ongoing efforts to revitalize the economy through systemic reforms to promote foreign direct investment, which remains at the lowest level in the OECD. Examples range from support of the Japanese government's proposal to enable a tax-deferred, cross-border triangular merger regime similar to that permitted for domestic enterprises, to advocacy efforts to encourage greater transparency in the administrative process through meaningful public comment periods and more frequent use of the no-action letter system, to liberalization of the labor laws and promotion of diversity to generate labor mobility in a demographically aging workforce that has traditionally underutilized key segments, especially women.

Trade

Trade liberalization and rules-based systems of commerce are key factors in driving economic growth and improving living standards throughout the world. GE remains a strong public proponent of expanding open markets and reducing trade barriers for goods and services. With an increasing share of revenue growth coming from international markets both for GE and generally in the world economy, advocacy for free trade is more important than ever. GE strongly supports modernizing the multilateral trade framework through the Doha Round that will enable trade laws to keep pace with the expansion of global trade brought on by huge technological advances and further economic integration. Continued expansion of liberalizing trade agreements along with the discipline of a rules-based trading system will help to increase global living standards and business opportunities. GE will also continue to proactively monitor its suppliers in emerging markets to ensure that they treat their employees fairly and honor environmental quality.

U.S. political contributions and disclosure

GE complies with all disclosure requirements related to campaign finance and advocacy activities. GEPAC, The U.S. Federal Lobby Disclosure Act, and GE corporate contributions to eligible candidates and campaign committees are three areas that receive particular attention.

- General Electric Political Action Committee (GEPAC)—As allowed under U.S. federal campaign finance law, GE sponsors GEPAC, a political action committee that supports political candidates whose views are consistent with the Company's goals. GEPAC

solicits funds from eligible GE employees and under the supervision of an independent board of GE employees, makes contributions to U.S. federal and selected state candidate campaign committees and political party organizations. GEPAC disburses no corporate funds to political candidates. In 2006, GEPAC had receipts of \$1.15 million from 2,705 eligible employees and disbursed \$1.24 million to federal and state candidate campaign committees and party organizations. Disbursements are listed at www.fec.gov, as well as many independently operated web sites.

- GE Corporate contributions—Although not allowed at the federal level, corporate contributions are permitted in selected state and local elections, and to some state parties. In 2006, the Company developed a policy statement on corporate contributions and published a list of 2005 corporate expenditures to political parties and candidate committees. In addition, an oversight board was established to monitor the policies governing these contributions. To see the comprehensive list, please visit www.ge.com/citizenship/publicpolicy.
- U.S. federal and state government relations activities—The Lobby Disclosure Act (LDA)—LDA is a semi-annual report filed with the Secretary of the U.S. Senate and the Clerk of the U.S. House of Representatives reporting total lobbying expenditures, as well as the issues and GE employees participating in Company advocacy activities. It can be accessed at www.house.gov or www.senate.gov.

In addition, a committee of Company leaders was established to oversee the policies governing political contributions.



China healthcare summit

GE Healthcare worked with the Chinese Medical Association to organize a unique forum to examine future healthcare policy in China. Many government officials, academics and healthcare professionals attended and discussed several topics, including trends in medical reform policies, investment and efficiencies of the healthcare system, and access to healthcare. GE Healthcare presented a comparative study of recent medical reforms in the United Kingdom, Germany and United States. The outcomes will feed into the Chinese government's work on possible reforms to its healthcare system to meet the country's changing needs.

2006 Statement on Political Contributions

The success of GE depends significantly on sound public policies at the national, state and local levels. Governments, through advancing their legitimate regulatory and political interests, affect the commercial environment in which GE operates. Every day, issues vital to our ability to recognize value for the Company's stakeholders are debated and decided in the U.S. Congress, in state legislatures and in local forums across the country—issues such as trade, taxes, energy, healthcare, environment and legal liability, to name a few.

GE participates in the political process through contributions from the GEPAC and through Company contributions where legal and appropriate under state law.

As part of its oversight role in public policy and corporate social responsibility, the Public Responsibilities Committee of the Board of Directors reviews at least annually the Company's policies and practices related to political contributions.

Federal U.S. law prohibits companies from contributing to candidates for federal office, but many states allow corporate contributions to state and local candidates, committees, political organizations and ballot issue campaigns. As described in the Company's code of conduct, *The Spirit & The Letter*, any contribution of Company funds or other assets for political purposes in the United States must be approved in advance by GE's Vice President for Governmental Relations. Political contributions made with Company funds outside the United States must be approved by both GE's Vice President of Governmental Relations and the Vice President for International Law and Policy, or by their designees. In 2006, GE established a Corporate Oversight Committee comprised of eight senior GE officers to oversee GE's policies governing corporate political contributions and contribution activity. The Corporate Oversight Committee receives reports on GE's political contribution activities regularly from GE's Vice President of Government Relations.

GE makes bipartisan contributions to political candidates and initiatives that support the advancement of the Company's policies and programs and promote innovation, sustainable economic growth and the interests of the industries in which GE operates. In determining which candidates and initiatives to support, GE balances, among other factors, the views promoted by a candidate or ballot initiative, the impact effectiveness of the contribution, the quality and effectiveness of the candidate or organization to which the contribution is made, and the appropriateness of GE's level of involvement in the election or ballot initiative. With respect to particular candidates, the Company considers, among other factors:

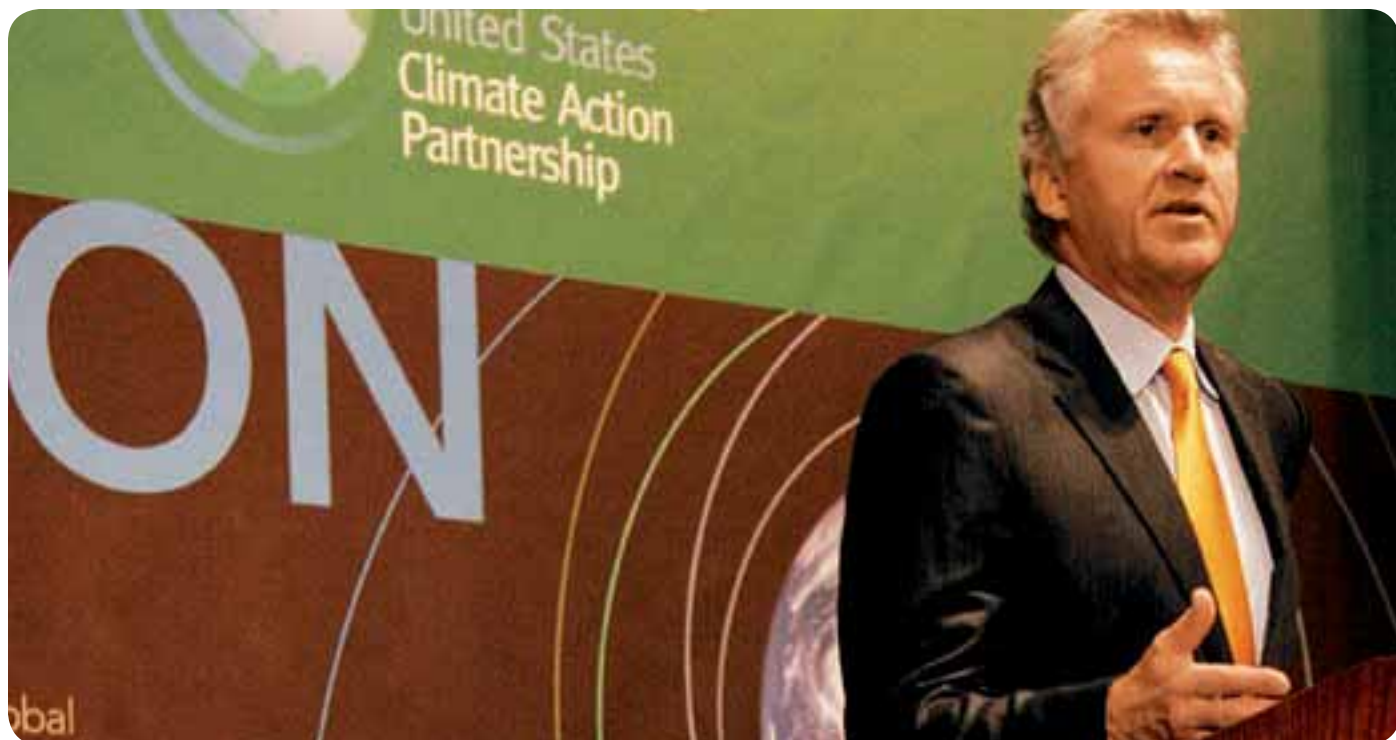
- The personal characteristics of a particular candidate (including the candidate's integrity and effectiveness)
- Whether the candidate sits on a committee that addresses legislation affecting GE's businesses or the global economy
- Whether the candidate represents a state or district within which a GE business operates or is located
- The candidate's committee standing and ranking
- The candidate's elected political leadership position and voting record

In 2005, GE contributed \$538,170 to political candidates and initiatives as identified in a chart that can be found at www.ge.com/citizenship/publicpolicy. GE also belongs to a number of trade associations at the national, state and local levels. Beginning in 2007, for each association from which GE receives a notice that the association has or will spend \$25,000 or more of GE's payments in a fiscal year on non-deductible lobbying and/or political expenditures under Internal Revenue Code ("Code") Section 162(e), we will ask the trade association to identify the portion of those payments used in connection with participation or intervention in a political campaign on behalf of (or in opposition to) any candidate for public office, as defined under Subsection 162(e)(1)(B) of the Code. We will include in our political contributions report any responses we receive to such request.

GE has long had political action committees, GEPAC and the Connecticut Political Action Committee (ConnPAC), so that GE employees, acting together, can support candidates who share the Company's interests, values and goals. GE conducts the PACs in a way that is completely consistent with the Company's commitment to integrity.

- GEPAC is an independent entity that raises voluntary contributions from eligible GE employees and supports candidates for the U.S. Senate and House of Representatives and selected state candidates. In addition, contributions to certain national party organizations and presidential campaigns are made when appropriate. GEPAC also makes contributions to certain state office candidates so long as federal PAC contributions are permitted to state candidates in accordance with state laws. These states currently include Ohio, Pennsylvania, Wisconsin, Kentucky, North Carolina, South Carolina and Texas. In 2005, GEPAC raised more than \$900,000 from more than 2,500 employees and contributed \$976,450 to federal and \$202,275 to state candidates in the United States. The Federal Election Commission regulates GEPAC's activities; reports detailing its activities are available at www.fec.gov.
- ConnPAC operates separately in Connecticut and has focused on issues relevant to the people and state where GE is headquartered. As of January 2007, ConnPAC activity has been suspended as a result of changes in state campaign finance laws.

Both entities are non-partisan, voluntary funds supported by GE employees who choose to participate in the political process by pooling their resources to elect candidates who share the values and goals of the company and its employees. A committee, which is made up of employees nominated from each of the GE businesses and corporate components, directs contributions. The GE Board sets overall budget targets. Day to day decisions are delegated to a subcommittee of the GE Board. GEPAC retains counsel to ensure compliance with the spirit and letter of all applicable laws and regulations.



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 that lays out a blueprint for a mandatory economy-wide, market-driven approach 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.

“You’ve moved this whole issue into the big leagues now and you’ve gotten our attention.”

U.S. Senator John Warner
R-Virginia



Climate change

Energy and environmental policies have long been a focus for GE. In recent years, governments around the world have worked with the scientific community, businesses and NGOs to develop responses to increased concerns over the role of carbon emissions in climate change. Our history of leadership in serving energy markets with superior R&D and technologically advanced products gives the Company enormous credibility in the policy review process. We participate in developing carbon policy through direct advocacy with government officials and as a leading member of coalitions such as The U.S. Climate Action Partnership. Government leaders in the U.S. and throughout the world look to organizations like GE to work collectively and develop technologies and policy options for one of the world's greatest challenges.

Trade associations and memberships

No other company in the world has the breadth of issues and business activities faced by GE. GE joins trade associations, coalitions and professional organizations for a variety of reasons, including public policy development and advocacy on public policy issues. Some of these organizations are large and advocate broad views related to the business environment, globalization and other current issues (e.g., the U.S. Chamber of Commerce or the National Association of Manufacturers in the U.S.). Some are industry specific (such as the U.S.-based Financial Services Forum, the American Home Appliance Manufacturers Association or the Aerospace Industries Association).

GE Healthcare

Thought leadership on the need to transform healthcare delivery from late disease to early health was a major component of GE Healthcare's active public policy programs in its major markets throughout 2006. The business has engaged the public, government leaders, healthcare providers and patient groups to help raise awareness of the increasingly important role of medical diagnostics and promote the "Early Health" agenda. A notable contribution was CEO Joe Hogan's keynote speech at the annual Milken Institute Conference in Los Angeles in which he addressed the role of new technologies and the increasing costs and inequalities in healthcare. An article based on this presentation, "The Tipping Point in Healthcare," was published in the *Journal of the American College of Healthcare Professionals*. The presentation can be found at www.gehealthcare.com/tippingpoint.

GE Healthcare was also a convener and leader of the Pacific Health Summit in Seattle in June 2006, where healthcare providers and policy makers met to consider the transfer of best practices in healthcare, moves to early health and preparedness. A possible avian flu pandemic was a major topic, and is an area where GE Healthcare, in conjunction with other GE businesses, is engaged in planning and supporting global governments and aid organizations. In the United Kingdom, GE Healthcare continued to sponsor its long-standing series of public lectures on healthcare technology at London's Oxford and Cambridge Universities, and in Japan supported the international Science Technology and Society Conference. In the United States, GE Healthcare extended its relationships with selected patient advocacy groups, working with groups concerned with cancer, heart disease, stroke, diabetes and Alzheimer's.

Moving Forward 2007

- Working directly and through USCAP with administration and congressional leaders to develop legislation by the end of 2008 designed to reduce carbon emissions
- Play a leading role in educating members of the U.S. Congress on the benefits of trade—including maintaining and improving international tax policy—to U.S. businesses, workers and citizens
- Continue to press for the enactment of legal reform in states with the largest potential liability for GE businesses
- Leading a series of water conservation seminars which will unite industry experts around the world to tackle industrial water reuse, recycle and scarcity problems

Additional information at www.ge.com/citizenship/publicpolicy

- 2006 Statement on Political Contributions
- Anti-Corruption, Asbestos litigation reform—U.S., Free trade

Communities & Philanthropy

We are taking a strategic approach to our impact in communities by focusing on healthcare and education.

2006 Commitments

- Increase GE Volunteers participation
- Continue focus on research-based education initiatives that increase sustainable impact





GE has an ability to impact the communities where employees work and live—and beyond. In 2006, we rallied our philanthropic 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, systemic change while fostering deep, personal connections that encouraged and inspired communities, especially in those geographies beyond the traditional GE footprint.

The issue of substandard educational systems, both in the United States and globally, has consequences to our business. Our expectation is that societies in which we do business provide a rich

talent of qualified and diverse abilities. Quality education not only complements GE’s growth strategy in local markets, but also is a means to the ongoing development of these markets, allowing for systemic change of societal issues. To a lesser extent, our efforts in Africa related to the UN Millennium Development Goals are also important to our business strategy. With 29 out of 30 African countries being at the bottom of the UN Human Development Index, this is a continent where we can help people with some of our most innovative products.

Education

With many inner-city educational systems across the United States in crisis—especially in relation to math and science—and access to education in developing countries impacted by societal barriers, GE is focusing its efforts on developing new standards and enabling new partnerships at the U.S. local, state and national levels. These initiatives ensure that children and youth are equipped with the knowledge and skills to succeed in school and effectively transition to a productive career.

U.S. College Bound District Program

The GE Foundation created the College Bound program in 1989 to increase the percentage of high school students in the United States who go to college. The program has been a success: since the program’s inception, in more than 20 schools, the percentage of students going to college increased to 75%, up from less than 40%.

The program continues to expand its objective of increasing college-going rates and achieving systemic change across five U.S. school districts, with an emphasis on bolstering math and science curricula. The GE Foundation made progress toward its \$100 million commitment to American public education with the award of two additional grants in 2006: \$20 million to the Cincinnati Public Schools district in Ohio and \$15 million to Stamford Public Schools in Connecticut. The Jefferson County Public Schools district in Louisville, Kentucky, received a similar \$25 million grant in 2005. The grants are designed to improve student achievement in math and science and increase college readiness through comprehensive school/business/community collaboration.

The GE Foundation has established the new GE Foundation Globally Competitive K–8 Mathematics Standards, which incorporate many of the elements of the mathematics standards found in the world’s highest performing countries, such as Japan, Singapore and the Netherlands (see charts, page 99).

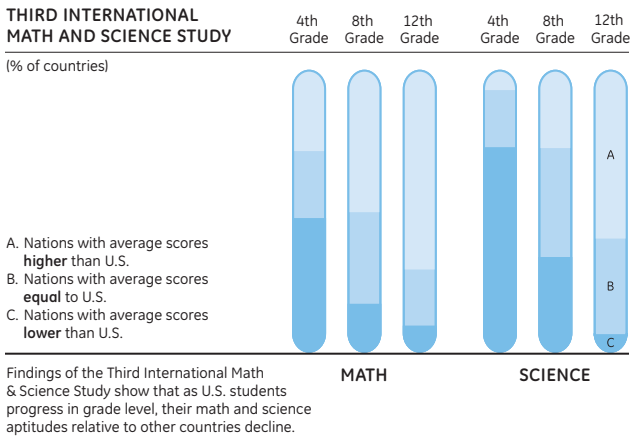
The new GE Foundation mathematics standards reflect:

- Coherent content and transitions
- Deeper, richer instruction
- Reduced repetition and redundancy
- Balance of skills, concepts and applications
- Focus on mastering versus exposure
- Ready for algebra in the 8th grade

This model creates rigorous and engaging learning environments to support academic success with emphasis on curriculum development, quality instruction and community engagement.

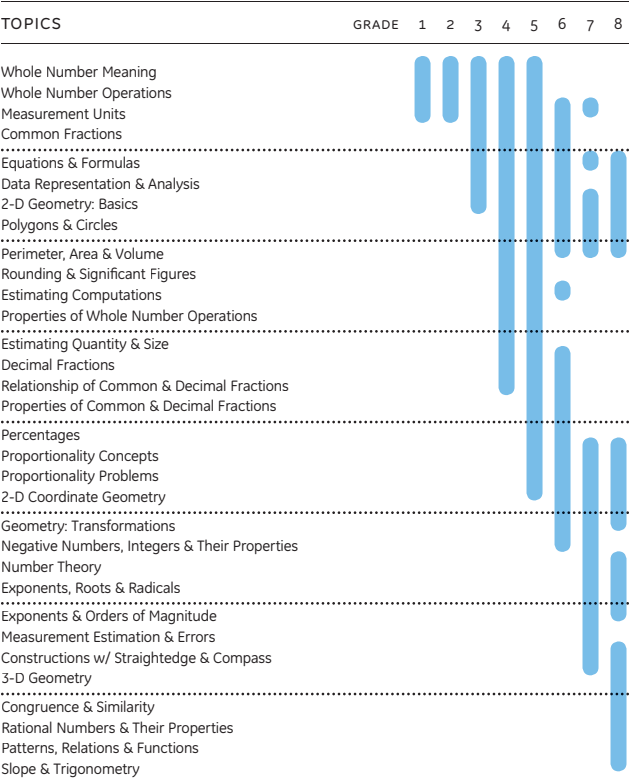
Both the College Bound program and the new GE Foundation Globally Competitive K–8 Mathematics Standards are designed to equip youth with the knowledge and skills to transition from school to work and succeed in the global marketplace as employees and entrepreneurs. Why are we doing this? As a company focused on technology and value-added products, based in a country with a knowledge-based economy, GE is concerned with continued declining scores in these disciplines.

For more information on the College Bound District Program, please visit www.ge.com/citizenship/communities.

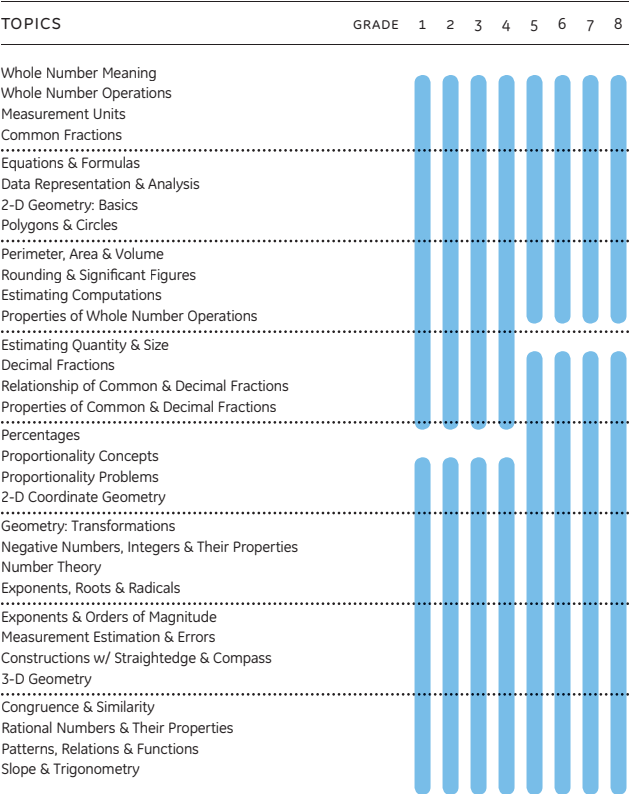


Curricula in high-achieving countries demonstrate a sequence of progressively more complex math skills, while in the U.S. math curricula focuses on exposure, not mastery, of the content, as the student advances.

TYPICAL HIGH-ACHIEVING COUNTRY MATH CURRICULA



TYPICAL U.S. STATE MATH CURRICULA



Source: Third International Math and Science Study

Education in emerging markets

Malawi: Girls Education Program

In Malawi, one of the poorest countries in the world, children's access to school and their academic achievements are a major concern. Vulnerable children—especially girls—receive minimal support or encouragement to attend school, and a significant percentage of students drop out after only a few years of formal primary level instruction.

GE has partnered with Save the Children in Malawi to launch the "Building a Brighter Future for Malawi Girls" Project. Initiated in 2006 through a GE Foundation grant, this 12-month program focuses on enabling girls' primary school education in Malawi's Zomba district's rural schools.

The program addresses this crisis by creating girls-centered programs, enhancing teacher quality, strengthening school sites and administration, and engaging parents and the community. Practical interventions are being used to create positive classroom, school and community environments to support girls' education. Teacher training and parental coaching also combine to strengthen literacy and numeracy, encourage re-enrollment and increase grade-on-grade completion among primary school-aged girls. In addition, student clubs, mentoring activities and community advocacy posts stress the importance of education and teach life skills such as confidence, independent thinking and personal responsibility.

By engaging key stakeholders—parents, teachers, community leaders and local government officials—the program is fostering community ownership for solutions and creating the foundation for sustainable improvement for the long term.

India: Making education a reality

Despite recent progress in education access and equity in India, significant work remains to improve education, particularly for children in impoverished communities.

By committing nearly \$2 million in recent grants to Pratham, an organization chartered to advance quality education initiatives in India, the GE Foundation has created a primary school pilot program in Bangalore and Hyderabad that is reaching 140,000 students in 1,600 schools. The program supports teacher training, curricula development, technology improvements and assessment programs, with the goals to enhance instruction and learning, improve proficiency and strengthen school management.

Early results are very favorable: literacy rates have jumped dramatically and overall community engagement has increased significantly. For example, approximately 70,000 children from Bangalore schools participated in an intensive literacy program and nearly all can now read.

Healthcare

GE's philanthropic commitment to healthcare system improvement is based on product and service donation. GE's signature program, the Africa Project, draws on GE product expertise and employee enthusiasm to create a sustainable systems approach to upgrade and maintain hospitals in rural African communities. With proven results from initial work completed in Ghana, the Company expanded the program across Africa in 2006 and will take it to Latin America in 2007.

Africa Project

The GE Africa Project is a \$20 million product donation investment to improve healthcare delivery in rural African communities. The program draws on GE product expertise and employee engagement to provide a sustainable, systems-solution approach to gaps that exist in rural healthcare facilities today. Solutions comprised of products from GE's Energy, Water, Healthcare, and Consumer & Industrial businesses are deployed to each facility with adequate training on equipment operation, repair and maintenance. At the same time, an ongoing partnership is initiated between each hospital and a team of GE employee volunteers to ensure the improvements are sustained. The "system solution" approach was expanded and refined through project work in Ghana and a process for sustainability was instituted in partnership with the completed hospitals. In September 2006, we announced an expansion of the Africa Project to nine additional countries through a cooperative partnership with Jeffrey Sachs and the Earth Institute at Columbia University, branding the effort "GE Millennium District Hospitals."

Leveraging the model developed for hospitals in Ghana, we are extending the impact of our philanthropy to the district hospitals and clinics that serve the 12 Millennium Village Project sites across 10 African nations. With the completion of seven additional sites in Ghana in 2006, the value of GE's total Africa investment exceeds \$12 million. The project has yielded a total of 12 upgraded hospitals in Ghana and 13 newly initiated projects in five additional countries: Kenya, Malawi, Mali, Rwanda and Senegal. With the expansion to the Millennium District Hospitals, GE will complete upgrade work in more than 30 hospitals and clinics across Africa.

Identifying the best solutions

The system-level solution implemented in each hospital and clinic targets gaps in access to reliable power, clean water, up-to-date healthcare equipment, working appliances and long-distance communication capabilities in district hospitals and clinics. The solution components are comprised primarily of GE products and technology from GE Energy, Water, Healthcare, and Consumer & Industrial businesses, as well as emerging technology applications from GE's Global Research Centers.

Continuous feedback from local healthcare providers has enabled product teams to better understand the unique needs of rural district hospital environments and specify new product configurations to improve the solution set for these communities.

This firsthand view on basic requirements and potential solutions can ultimately fuel broader solution development efforts across the Company.

Engaging leaders

While GE manages the projects end-to-end, local leader partnership is essential to successful project implementation. Building relationships with local community leaders begins with facility selection and equipment specification. When large-scale construction is required, community members are often recruited to participate in construction efforts, strengthening a sense of ownership and commitment to the project. Prior to installation work, hospital leaders identify equipment champions for training and maintenance, and ensure budgets are available for consumables and future maintenance requirements. GE specialists are on-site for all installation and start-up work, as well as technician training.

Long-term relationships

To ensure the solutions implemented are sustained over the long term, GE engages its African American Forum (AAF) to adopt each completed site. The AAF charter is to build relationships with hospital leaders and the community, monitor equipment utilization and track community health progress. Through ongoing communication with the site leaders, each adopting "parent" ensures equipment is maintained and operational, and identifies process improvements in the facility. Eligible employees participate in four-week, short-term assignments at select hospital sites. Participants focus on driving productivity and process improvement, using GE's lean toolkit and process knowledge.

In total, the interface with GE employees has an overwhelmingly positive impact for all involved. Rural hospitals receive the benefits of continual coaching and productivity improvements, as well as an ongoing contact for equipment operation and maintenance issue resolution. GE employees have a unique opportunity to put their volunteer talents and professional skills to work helping some of the world's poorest communities help themselves.



Changing the lives of others two continents at a time

From her hometown of Chicago, to remote villages in Africa, Rosetta Hooker is helping to make a difference in the lives of virtually thousands of adults and children around the world.

As chairperson of Community Outreach for GE's African American Forum (AAF), Rosetta has been a primary contributor to projects focused on community building and education around the globe. One example of community building is taking place in the rural hospitals that have been upgraded as part of GE's Africa project.

"We initiated an AAF program to create mother-baby kits for new mothers in Ghana to help them care for their infants," says Hooker. "We raised enough money to donate more than 1,000 kits comprised of cloth diapers, safety pins, clothes, clean bottles, thermometers and lotions."

Now, Rosetta's AAF team is working on a new project to provide appropriate bedding for hospital patients, including mattresses, mosquito netting and linens. "In many of the hospitals we visited, beds didn't have mattresses; patients were lying on box springs," recalls Hooker. "This will greatly increase the comfort of patients. To date, we've raised enough to donate 700 bed packages."

Closer to home, Rosetta is leading efforts to improve education in the United States. In Chicago, Baltimore and other cities around the country, she has helped to coordinate opportunities for AAF members to tutor and mentor local students in reading, math and science.



“The humanitarian conflict in Darfur affects millions of people—especially women and children—and we’re working to meet their most basic needs at this critical junction. This funding [from the GE Foundation] will help stabilize camps and save lives.”

Helene Gayle
President and CEO, CARE

Disaster response and readiness

While in 2006 there were fewer major global disasters, GE continued to be an active private-sector partner for disaster response and readiness. GE supported Katrina reconstruction efforts in the United States and subsidized relief efforts for typhoon victims in the Philippines and Vietnam, as well as for refugees in Darfur, Sudan. Additionally, we continued our support of UNICEF and the Red Cross, two key global relief organizations, focusing on disaster readiness with active engagement on water and sanitation solution development, and disaster preparedness planning.

Humanitarian aid to the Darfur region in Sudan

In response to the escalating humanitarian crisis in Darfur, Sudan, the GE Foundation provided \$2.0 million in grants to support the humanitarian relief efforts managed by CARE, UNICEF and the International Medical Corps. The grants have allowed the three agencies to continue their ongoing efforts to serve refugee populations in the Darfur region. Current support activities include provision of temporary shelter, sanitary facilities, potable water, health services and food aid, with the goal to reduce child and maternal mortality and malnutrition rates.

Yogyakarta earthquake relief fund

Six GE employees whose homes were lost to the May 2006 Yogyakarta earthquake in Indonesia received funding from the GE Volunteers Foundation—an employee-funded foundation created in part to help GE communities and GE employees impacted in a disaster—to help with rebuilding new homes. In addition, more than 70 GE volunteers gave their time to help their GE colleagues and families rebuild homes in coordination with local GE Volunteer councils and GE’s partner, Habitat for Humanity Indonesia, in the aftermath of the quake.

Philippines/Vietnam typhoons

In late 2006, a series of typhoons wreaked havoc in the Philippines and Vietnam, causing extensive flooding in both countries for extended periods. The storms killed more than 400 people, and displaced hundreds of thousands more. In response to the international call for aid, the GE Foundation gave \$100,000 to the American Red Cross to support relief efforts in the region. Financial resources were used to procure food, drinking water, medicines, mosquito netting, clean-up kits, and temporary shelter and tools, as well as to bring psychosocial support to the disaster victims.

Katrina school rebuilding

In 2005, GE responded to the call for immediate assistance for help in the aftermath of Hurricane Katrina. More than a year later, reconstruction efforts in the area continue with GE’s support. In 2006, GE donated approximately \$600,000 worth of equipment and materials to schools ravaged by Hurricane Katrina—allowing more than 50 schools in New Orleans to open on schedule. The donated lighting enhanced school security and helped gain fire marshal approval at scheduled re-openings. GE also donated appliances, working closely with the school system for several months to ensure the right equipment was identified and installed to meet the needs of the school system. GE’s donations will keep on giving in the form of operating savings. All lights and appliances donated were ecomagination and ENERGY STAR products, which will save the school system an estimated \$43,000 each year in energy costs.

GE People

Around the world, GE 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 GE family was \$219 million in contributions from the GE Foundation, GE businesses and GE employees and retirees.

Our employees are donating their time and money to improve their communities, one project at a time. Employees are called on to apply their professional skills and capacity to help improve communities and non-profit organization efforts. Employees are equipped to serve their communities in multiple ways:

- Building stronger communities where they live and work
- Mentoring students to help them achieve their academic goals
- Working to protect the environment
- Bringing relief during disasters

GE executives are often involved as project champions, sharing their best practices from GE's operations, financial rigor and people development processes with organization and community leaders.

GE Volunteers

In 2006, GE employees and retirees contributed more than one million hours of service to local community initiatives. Today, there are more than 131 GE Volunteer councils located in more than 38 countries around the world. Each is responsible for mobilizing volunteers to address the serious social issues facing their communities, including mentoring students, protecting the environment, community development and applying their professional capacity to help school systems and nonprofits.

GE Volunteers Foundation

The GE Volunteers Foundation connects GE people to the needs of their communities, strengthens GE Volunteer efforts globally, and enables GE people to respond to their colleagues in times of natural disasters. Established in 2005, the GE Volunteers Foundation provides assistance to GE employees who have suffered catastrophic loss during times of disaster. This unique mechanism enables GE employees to contribute to disaster relief funds that directly support their business colleagues around the globe.

The GE Volunteers Foundation is funded by direct donations from GE employees and retirees, and through proceeds from the GE Volunteers Foundation credit card. For each purchase made with the card, the Volunteers Foundation receives 1.5% of the purchase total. Employees, retirees, friends and family can take pride in knowing the use of this credit card in their daily transactions will assist GE Volunteers and will have an immediate impact on the entire GE community.

Here are a few examples of other key volunteer initiatives that took place in 2006:

In the Community, For the Community

A unit of GE Commercial Finance launched an innovative new corporate citizenship program that touches on GE's three focus areas for citizenship efforts: education, disadvantaged youth and families, and building stronger communities. The program "In the Community, For the Community" is focused on helping non-profit providers of after-school programs for disadvantaged children.

In addition to providing traditional volunteerism and financial support, GE employees also share their business skills, experience and best practices with the non-profits to help build capacity and improve the effectiveness of the organization.

Pilots have been launched in four communities: Danbury, Connecticut (Regional YMCA of Western Connecticut); Minneapolis, Minnesota (CommonBond Communities); Scottsdale, Arizona (Boys & Girls Clubs of Greater Scottsdale); and Sydney, Australia (Girls & Boys Brigade). More locations are planned for 2007.

FIRST Robotics

Every year more than 20 different teams throughout GE participate in FIRST (For Inspiration and Recognition of Science and Technology), a program that seeks to inspire students about potential future careers in the fields of science and technology by challenging them to design and build a robot to play a prescribed game in a frenzied 45 days. GE Volunteers participate as team mentors as well as competition support personnel to help develop math and science skills using our people's knowledge in the engineering and science fields. A GE Foundation grant of \$100,000 for capacity building support will help FIRST realize its goals of more complete coverage of its growth initiatives as needed, including staff development, evaluation or program support. In 2007, FIRST is aiming to grow 20% through the additional participation of new GE Volunteers councils.

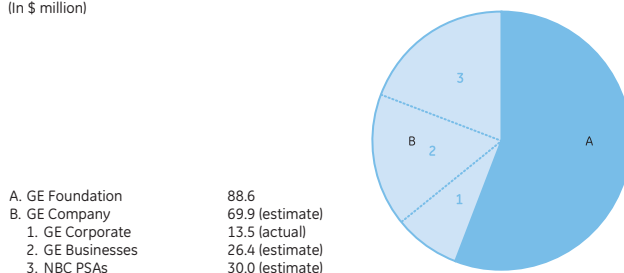
Junior Achievement

In 2006, more than 2,400 GE Volunteers and nearly 58,000 students took part in GE/Junior Achievement (JA) programs that spur student achievement in disadvantaged areas around the world. GE Volunteers play a critical role in the overall success of this program by helping JA students learn and demonstrate economic business concepts and skills. A GE Foundation grant of \$1.2 million—divided equally between U.S. and non-U.S. programs—will continue to expand JA's programs beyond borders, both geographic and socioeconomic. JA's goal is to reach 90,000 of the most at-risk students around the world through this program.

Giving details

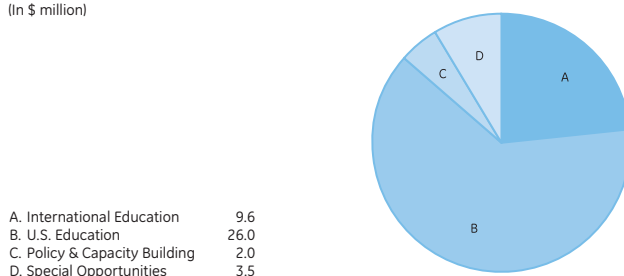
ALL CONTRIBUTIONS

(In \$ million)



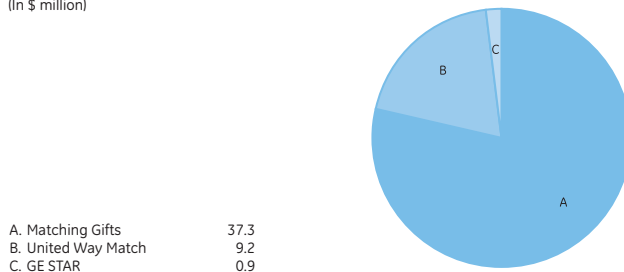
GE FOUNDATION DIRECTED GRANTS BREAKDOWN

(In \$ million)



GE FOUNDATION EMPLOYEE PROGRAMS BREAKDOWN

(In \$ million)



Moving Forward 2007

- Implement 13 newly initiated projects in five additional countries—Kenya, Malawi, Mali, Rwanda and Senegal
- Expand Africa Project to Latin America
- Further develop and enhance world-class education standards in math and science

Additional information at www.ge.com/citizenship/communities

- College Bound District Program

Employees

We strive to create a culture of opportunity where employees can challenge themselves to reach their full potential.

2006 Commitments

- Continue to provide a stable base of development, opportunities, jobs and benefits
- Implement best practices from U.S.-based pension plans to strengthen governance procedures globally
- Focus on managing global diversity—in a range of different cultural settings
- Continue to focus on individual competitiveness by improving employee tools and resources





GE’s size and breadth of businesses provide a dynamic environment in which employees can grow—professionally and personally—and make a positive impact on the business and community.

GE is committed to investing in its employees to provide challenging opportunities to shape their careers and be in the front seat of history through our global leadership. A multitude of resources in the way of training—including nearly 3.4 million online courses completed in 2006—mentoring, coaching, global affinity groups and rigorous performance appraisal helps fuel individual growth.

GE regularly engages with employees to understand their opinions on their relationship to the Company and learn opportunities for improvement. Through the engagement process, we continue to

find that our employees want to understand more about the value of a GE job. We are responding by continuing to provide competitive benefits with healthcare resources; advancing a diverse workforce representing the best and brightest in each of the countries in which we operate; supporting a leadership culture through systems and policies that foster communication and integrity; ensuring privacy; and enabling work/life flexibility.

Workforce information

GE’s workforce is dynamic and reflects changes arising from our organic growth, acquisitions or divestitures. GE’s total workforce has remained at more than 300,000 people for the past five years, with more than half of employees located outside the United States.

As acquisitions and divestitures affect the composition of the Company and our workforce, we are mindful of the impact these transitions have on employees. GE supports its employees during these transitions with programs to assist them in advancing their professional and personal development.

TOTAL GE EMPLOYEES (in thousands)

LOCATION	2001	2002	2003	2004	2005	2006
U.S. Employees	158	161	155	165	161	155
Non-U.S. Employees	152	154	150	142	155	164
Total	310	315	305	307	316	319

GE EMPLOYEES COUNTRY-SPECIFIC BREAKDOWN

LOCATION	
U.S.	155,000
Canada & the Americas	30,000
Europe	85,000
Middle East	2,000
Asia Pacific	47,000
Total	319,000

Employee relations

GE’s heritage of formally tracking employee opinions about the Company dates back to the 1940s. Within the last decade, GE has refined that process to what is now known as the GE Employee Opinion Survey. In addition to the Employee Opinion Survey, GE utilizes other tools to gauge employee satisfaction. This systematic approach to capturing and acting upon employee feedback is very effective, as broader, more strategic findings are balanced with more specific and tactical perspectives that are more focused on implementation.

The GE Employee Opinion Survey is a bi-annual survey of approximately 140,000 salaried employees that allows for clearer trend observation by function and business. The broad nature of the survey enables employees to provide candid input that highlights areas of need and opportunity. Plans and action items are developed that address those broader areas of opportunity. The nature and methodology of the survey allows the impact of changes made by the businesses to be more accurately measured and experienced by employees. The next survey will be completed in January 2008.

The other important tool utilized by the Company is an engagement survey used to gain insight from employees on a frequent basis. A statistical sample of employees is queried monthly to capture employee feedback on their daily work activities, direct management, learning and development, organizational culture and senior leadership. Summary results are provided to business and corporate leaders on a semi-annual basis, which provides feedback on engagement strategies at corporate and business levels throughout the Company. Action plans are developed throughout the year to improve, processes and overall employee engagement. The frequent rhythm of this process, when combined with the broader Employee Opinion Survey, enables the Company to continually evolve and improve its engagement and relationship with employees.

To learn more about how GE uses Opinion Survey feedback to improve communication about employee benefits, visit www.ge.citizenship/employees.

Labor relations and employee benefits

GE maintains constructive statutory and contractual relationships with hundreds of employee representatives throughout its global operations. The employee representative arrangements take various forms, but can be generally described as trade unions or works councils. Relationships with these employee representatives are structured based on applicable laws in the countries in which we operate. In all cases, we respect employees' rights to freedom of association and to bargain collectively within the requirements of local law.

For example, GE has employee representation agreements at the local, national and transnational levels within the EU. Specifically, GE has more than 300 works council arrangements, including five European Works Councils (EWC): one at GE Healthcare, two at GE Industrial covering Consumer & Industrial and Plastics, and two at GE Infrastructure covering Energy/Oil & Gas and GE Water & Process Technologies.

In 2003, members of GE's two largest unions in the United States (which currently represent approximately 15,000 employees) approved new four-year national labor contracts with GE. The larger of the two, the IUE-CWA, represents more than 10,000 GE employees at more than 50 Company locations. The UE represents more than 4,000 employees at 15 locations. The terms of these two new contracts were also extended to 11 other U.S. unions that are members of the AFL-CIO Coordinated Bargaining Committee, which have local contracts with GE representing an additional 4,000 employees. These agreements are scheduled to expire on June 17, 2007. The parties are preparing to negotiate successor contracts. As usual, issues of pension, healthcare costs and services, job security, and wages will dominate the upcoming bargaining sessions. However, the Company and its unions have a nearly four-decade long history of finding common ground. Other U.S. unions represent approximately 5,000 employees.

GE employee benefits

The provision of a well-conceived benefits package that is responsive to employee needs while maintaining the Company's ability to remain competitive is a fundamental obligation to our employees. We strive to provide competitive packages that meet or exceed government mandates for specific regions and industries.

In the United States, there is a recent trend for companies to eliminate defined benefit plans and radically cut back on health-care offerings for both active employees and retirees. GE has resisted this trend—especially with respect to elimination of its defined benefit pension plan. Within the United States, most GE employees are eligible for both a defined benefit plan and a defined contribution "401(k)" savings plan. We view as a competitive advantage our ability to continue to offer these programs with broad eligibility as a means of attracting and retaining top talent.

To help employees gain more value from their healthcare benefits and help the Company manage rising healthcare costs, GE offers two innovative programs. The first is Health Coach, which enables U.S. employees to contact healthcare professionals who help in navigating the healthcare system, answer questions, find doctors, locate medical institutions, research treatment options and obtain

unbiased information. The second program, Health by Numbers, is a Company-wide program designed to create awareness around ways to improve individual health through the use of an online health tracker tool.

No company can ignore, however, the trends relating to legacy costs. When GE makes changes—as it has done over the years—they will be done intelligently and incrementally. The Company will also continue to maintain open lines of communication to help employees understand any changes and how those changes may affect them. And GE will continually remind employees that, even as Company benefits evolve, GE always wants to be the employer of choice.

GE and employee health (relating to HIV/AIDS and other infectious diseases)

GE is committed to the health and well-being of its employees. We recognize that with global operations, as well as with an expanding presence in emerging markets, we must be prepared to face the particular challenge of employing members of communities that are affected by chronic infectious diseases such as HIV/AIDS. To that end, our Company will:

- Maintain safe and healthy work environments
- Not discriminate in hiring and employment practices based on health status
- Respect the privacy of GE employees related to their health, consistent with GE's privacy policy
- Comply with all laws that pertain to the employment and care of employees with HIV/AIDS or other infectious diseases
- Conduct employee education and/or outreach about HIV/AIDS as needed

Pension management

The GE Pension Plan, which covers most U.S. employees, dates back to the beginning of the 20th century. GE's management of these plans in 2006 will allow the Company to meet current and future retirement obligations to more than 635,000 employees globally.

GE pension trust (U.S. only)

The favorable funding of GE's pension plans is the result of the prudent management of the associated assets. GE's Benefit Plans Investment Committee, which reviews the investment performance of the assets of GE's pension plans, is comprised of GE's Chief Financial Officer and four senior leaders and meets at least twice a year. GE's citizenship principles are also applicable to management of pension plan assets. During initial research of a potential investment, among the factors GE evaluates are a company's practices in labor relations, shareholder treatment and environmental policies to determine its commitment to and practice of social responsibility. For public equities, GE uses an online "Stockwatch" report, which lists a governance rating for each company in the portfolio.

Diversity and inclusiveness

GE is committed to continuing to improve the representation of women, U.S. minorities and non-U.S. citizens in leadership roles in the Company. In 2006, 30% of Company officers and 39% of senior executives were diverse (women, U.S. minorities or non-U.S. citizens) versus 22% of Company officers and 29% of senior executives in 2000. Nearly one-quarter of GE's leadership comes from outside the U.S.

Customer summits hosted by GE's diverse employee Affinity Networks at Crotonville are part of a strategy to engage diverse, senior executives from GE's key customers and strategic partners. These are multi-day sessions with more than 120 executives, approximately half from within GE and half from the executive ranks of our customers. The agenda focuses around opportunity and impact as a leader, strategies for developing and leading organizations, and personal development and networking opportunities. It is an extraordinary opportunity to interface with customers and drive growth.

GE has a strong engineering heritage and a significant number of our employees work in industrial or technology businesses. Yet, we struggle with the problem of historic under-representation of women enrolled in engineering programs at universities around the world. Despite that fact, this year we achieved increases in the professional and executive population of women, increasing representation to 29% and 21% respectively.

In this report, we also include data on "U.S. minorities." Some stakeholders have asked why just the U.S. and why not other countries? Half of GE's employees—almost 155,000—live and work in the United States—by far the largest single country population—with the next largest GE country population numbering significantly less. The U.S. minority categories are uniformly used by the government for reporting diverse representation progress in the United States. While all cultures struggle with issues of inclusion and opportunity, the standards and codification of what constitutes diverse representation from country to country are not common. However, what we

found through experience is simple: creating and nurturing a culture of respect, opportunity, candor and inclusiveness create an environment where diversity can thrive anywhere in the world.

GE is acknowledged as one of the best companies for developing leadership talent. We focus diligently on recruitment at the start of the pipeline. Our campus recruiting programs look for the best and brightest, while our training and development programs help to grow people based on the merits of their performance. We offer programs to help employees balance their professional and personal obligations with benefits like telecommuting, job sharing, paid time off, family leave and care programs, education programs and adoption assistance. Finally, we recognize the power of diversity and the strength that results from inclusiveness. Our business and workforce inclusiveness creates a limitless source of ideas and opportunities.

Supplier diversity

GE's Supplier Diversity program was launched in 1974 to ensure that we focus on doing what's right for our global reporting, our communities and our Company. We enlarge our pool for good ideas and high-quality goods and services, while enhancing economic opportunity and growth for all. We believe that excellence in supplier diversity can result in excellence in supply chain management and lead to growth for all. We continually strive to grow our diverse supplier base and annually we recognize those in the Company who successfully support our supplier diversity programs.

To learn more about our GE Supplier Diversity Program, please visit www.ge.com/citizenship/employees.

COMPARATIVE U.S. RACE AND ETHNICITY REPRESENTATION

	American Indian/Alaskan Native		Asian-Pacific Islander		Black		Hispanic		Total Diverse Representation	
	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Executive	0.2%	0.1%	6.2%	6.3%	4.3%	4.3%	2.9%	3.3%	14%	14%
Professional	0.2%	0.2%	8.0%	8.4%	4.8%	5.0%	5.5%	5.6%	19%	19%
All other	0.4%	0.4%	3.5%	3.6%	13.2%	13.5%	10.5%	10.4%	28%	28%
Total	0.3%	0.3%	5.5%	5.7%	9.4%	9.5%	8.2%	8.1%	23%	24%

COMPARATIVE GLOBAL FEMALE REPRESENTATION

	U.S.		Non-U.S.		Total Women	
	2005	2006	2005	2006	2005	2006
Executive	16%	16%	4%	5%	20%	21%
Professional	13%	13%	15%	16%	28%	29%
All other	16%	16%	23%	24%	39%	39%
Total	15%	14%	19%	20%	34%	34%

Jobs

Over the course of its 128-year history, GE has provided jobs and opportunities to millions of people throughout the world. Today, our commitment includes the management of over \$60 billion in assets within our global pension plans that allow the Company to meet the current and future retirement obligations for more than 635,000 employees and retirees globally. Additionally, GE is the most widely held stock in the world with more than 5 millions shareowners and engages thousands of suppliers globally in the manufacture of goods and services. Our responsibility to employees and the greater GE family is one we take seriously. We build businesses. This takes people who believe in teamwork and have pride in workmanship. We have a team that is focused on building a company that has enduring value and makes the world a better place. Building and growing businesses requires a commitment to employees, their satisfaction, and pride in being part of a diverse and quality workforce.

This commitment is reflected in \$44.5 billion in order backlogs within our Infrastructure business, \$1.6 billion within our GE Industrial business and \$5.9 billion within GE Healthcare. This equates to years of potential stability for many workers throughout the United States and the rest of the world. For example, in 2006 alone, GE has increased its payroll in GE Infrastructure and GE Healthcare by over 7,500 jobs. These high quality jobs allow us to recruit and train skilled workers who will continue to drive the development of new innovative products.

Nevertheless, as we invest in people and capabilities that increase leadership technology and innovation, ultimately, it is the customer that drives the success and the growth of our business. The mechanisms we have in place, such as the Net Promoter Score to capture customer feedback and better serve customer needs, allow our businesses to grow and recruit even more world-class talent to develop new product platforms. Only by having a strong customer relationship can we fulfill our responsibilities to our employees and communities in providing and increasing high quality jobs within our businesses.

Our GE Transportation business in Erie, Pennsylvania and our GE Aircraft Engines business based in Cincinnati, Ohio have benefited greatly from our growth strategy and ability to expand our commercial sales internationally. These facilities provide challenging and rewarding jobs to employees, as well as allow them to continually

recruit to meet the increased demand for their products and services. These two locations illustrate an important shift, as global revenues for GE will equal our U.S. revenues in 2007. Innovation by our employees has become mainstream. We should have 60 Imagination Breakthroughs generating \$25 billion revenues in 2007, and we have another 90 in the pipeline. This translates to increased job growth, satisfaction and stability within some of our most dynamics industries.

Our organic growth has benefits for employees, investors, suppliers, customers and communities. As GE continues to invest in the future and manage its valuable set of leadership businesses, we will continue to aspire to recruit and retain the next generation of leaders who will maintain the momentum achieved through our growth strategy.

Training and development

Key elements to GE's learning culture include active experimentation and action-based learning, as the talented people GE attracts and recruits apply themselves to unravel the most challenging problems of the future. GE leaders are evaluated on how well they guide the professional growth of their people, providing counsel and goal setting. Leaders are responsible for ensuring functional competence and overall business excellence of their teams, in an operating climate that emphasizes unyielding integrity.

GE invests more than \$1 billion in training and development initiatives each year. GE's dedication to training is most visible at the John F. Welch Learning Center in Crotonville, New York. This first-of-its-kind corporate center celebrated its 50th anniversary in 2006. GE Corporate leaders are frequent guest speakers during classes to promote learning based on real-world and timely experience. GE also provides a global network of online learning with nearly 3.4 million online courses completed in 2006.

Moving Forward 2007

- Build culture and capability for global growth
- Attract, retain and engage the world's best people and teams
- Continue to anticipate external trends and influence HR public policy
- Use technology to drive leading-edge, simple, efficient HR processes
- Encourage consumerism in healthcare choices
- Provide discussion on gender diversity by region

Additional information at www.ge.com/citizenship/employees

- Employee Relations
- Supplier Diversity Program

GE Company profile and financial highlights

Financial highlights

GE is a reliable growth company. Taking out the effect of non-cash pension, over the last five years GE has nearly doubled profits from \$11 billion in 2001 to \$21 billion. Cash flow from operations has made similar progress, growing \$24.6 billion. GE's return on average total capital (ROTC), at 18.4%, has increased 220 basis points in the last two years and is near our target.

GE has six strong businesses aligned to grow with the market trends of today and tomorrow. We have positioned ourselves to invest and deliver in the most challenging of global economic environments. Our ability to invest and deliver enables GE to achieve reliable growth, today, tomorrow—and for decades to come.

TOTAL COMPANY 2006 PERFORMANCE

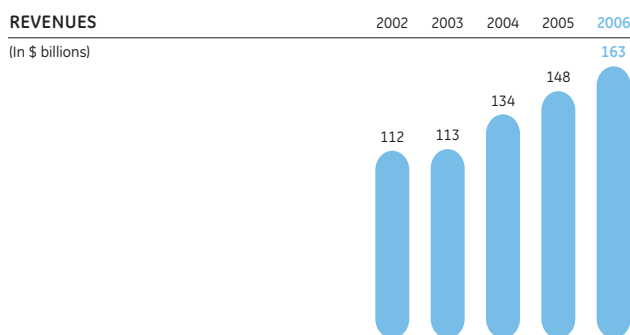
	(in \$ billions)	(V%)
Organic Revenue Growth		9%
Earnings	\$21	11%
Cash Flow	\$24.6	14%

TOTAL COMPANY 2007 OUTLOOK

	(V%)
Revenues	~9%
Earnings	~10–12%
Cash Flow	(Industrial CFOA) 10%
EPS	\$2.18–\$2.23 +10–12%

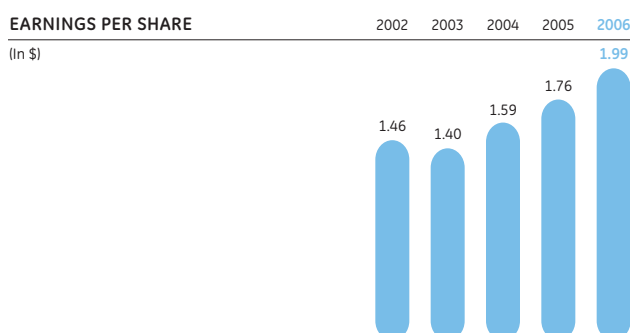
REVENUES

(In \$ billions)



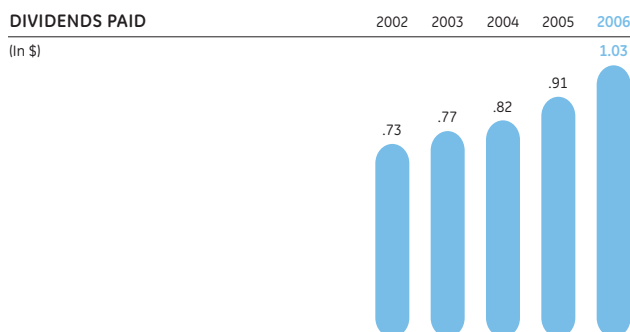
EARNINGS PER SHARE

(In \$)



DIVIDENDS PAID

(In \$)



GE by the numbers

Strong, sustained performance and stakeholder impact

- GE is the most widely held stock in the world with more than 5 million shareholders.
- GE has substantial financial resources, remaining one of only six "Triple-A" rated U.S. industrial companies.
- GE's global pension plans have more than \$60 billion in assets; GE's management of these plans in 2006 will allow the Company to meet current and future retirement obligations to more than 635,000 employees and retirees globally.
- The total GE family is comprised of more than one million people, including 319,000 employees; the GE family contributed \$219 million and more than one million volunteer hours on community and relief initiatives worldwide in 2006.
- GE serves hundreds of millions of customers and GE buys billions of dollars in materials, components, goods and services from suppliers.
- GE invested about \$15 billion in its intellectual foundation, including product, services marketing and programming; GE filed 2,650 patents in 2006, representing an increase of 19% versus 2001.
- In 2006, GE delivered earnings from continuing operations of \$20.7 billion, up 11%; GE returned \$18 billion to investors in the form of dividends and share repurchase.
- 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 for the seventh time in a decade, and ranked second in *Barron's* annual survey of the world's most respected companies.

Visit GE's interactive online citizenship report
at www.ge.com/citizenship

Contact information

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Internet address

Visit GE online at www.ge.com/citizenship for more information about GE and its citizenship performance. The 2006 GE Annual Report is available online at www.ge.com/annual06. For detailed news and information regarding GE's strategy and its businesses, please visit the Press Room online at www.ge.com/news and our Investor Communications site at www.ge.com/investor.

Corporate ombudsperson

To report concerns related to compliance with the law, GE policies or government contracting requirements, write to:
GE Corporate Ombudsperson, P.O. Box 911, Fairfield, CT 06825; or call (800) 227-5003 or (203) 373-2603; or send an e-mail to ombudsperson@corporate.ge.com.

GE Board of Directors

For reporting complaints about GE's financial reporting, internal controls and procedures, auditing matters or other concerns to the Board of Directors or the Audit Committee, write to GE Board of Directors, General Electric Company (W2E), 3135 Easton Turnpike, Fairfield, CT 06828; or call (800) 417-0575 or (203) 373-2652; or send an e-mail to directors@corporate.ge.com.

GE feedback

Your feedback on GE's progress is appreciated. Please e-mail your comments to citizenship@ge.com.

For more information on GE's citizenship strategy or for stakeholder inquiries, please contact one of the following:

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This FSC-certified paper is made with 100% post-consumer waste. The emissions from the electricity used to manufacture this paper are offset with credits from windpower projects.

GE employed a printer that produces all of its own electricity and is a verified totally enclosed facility that produces virtually no volatile organic compound emissions.

Design by VSA Partners, Inc.
Printed by Cenveo Anderson Lithograph,
a Forest Stewardship Council (FSC)
certified printer.



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