Five ***QUESTIONS,*** *Five* ***ANSWERS,*** *One* ***GROWTH STRATEGY***

GROWING GE

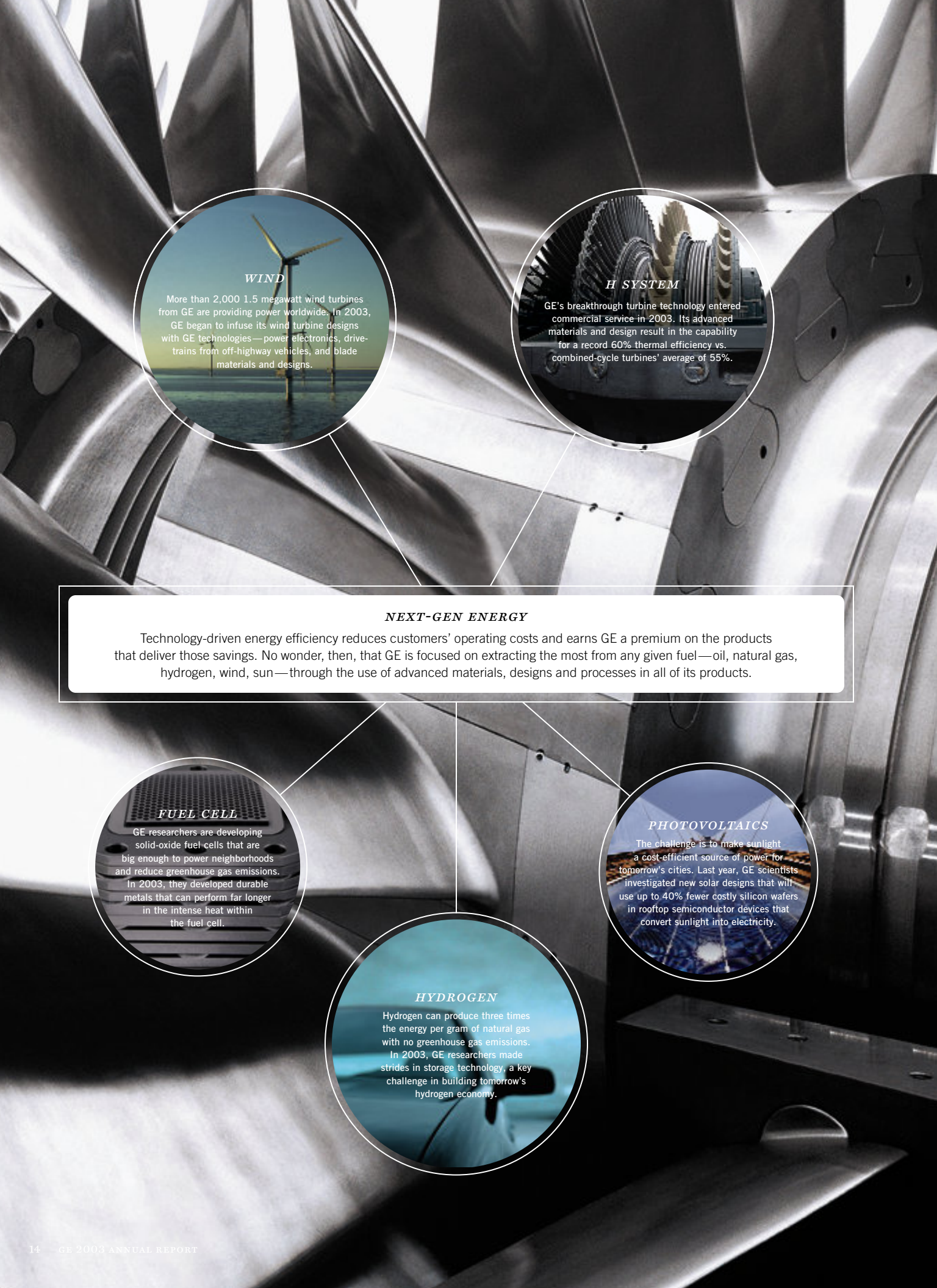
TECHNOLOGY

HOW DO YOU

DEFEAT THE *COMMODITY THREAT?*

ONE

In 2003, GE introduced dozens of new products for industries and consumers, using advanced materials and designs to deliver unprecedented levels of performance. But that was last year. Without new technical breakthroughs, a company's products can become mere commodities subject to deflation and shrinking margins. So GE invests in innovation at every point in the economic cycle to build market share and expand margins, open up new markets and deepen relationships with customers. The challenge GE and its researchers face every day is to understand the dynamics of industries, make the right bets on future technologies, and move innovations from the lab to the marketplace.



WIND

More than 2,000 1.5 megawatt wind turbines from GE are providing power worldwide. In 2003, GE began to infuse its wind turbine designs with GE technologies—power electronics, drive-trains from off-highway vehicles, and blade materials and designs.

H SYSTEM

GE's breakthrough turbine technology entered commercial service in 2003. Its advanced materials and design result in the capability for a record 60% thermal efficiency vs. combined-cycle turbines' average of 55%.

NEXT-GEN ENERGY

Technology-driven energy efficiency reduces customers' operating costs and earns GE a premium on the products that deliver those savings. No wonder, then, that GE is focused on extracting the most from any given fuel—oil, natural gas, hydrogen, wind, sun—through the use of advanced materials, designs and processes in all of its products.

FUEL CELL

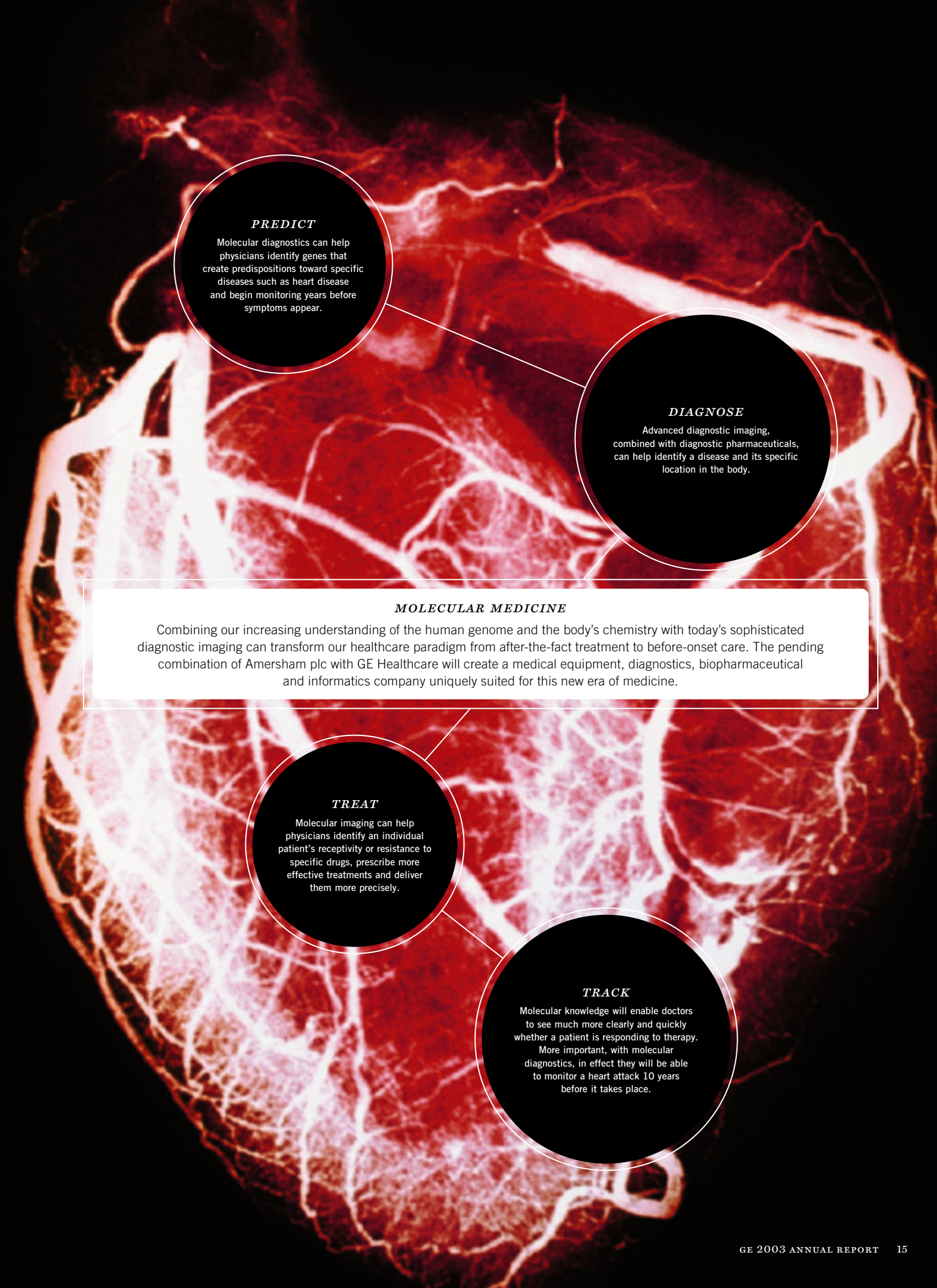
GE researchers are developing solid-oxide fuel cells that are big enough to power neighborhoods and reduce greenhouse gas emissions. In 2003, they developed durable metals that can perform far longer in the intense heat within the fuel cell.

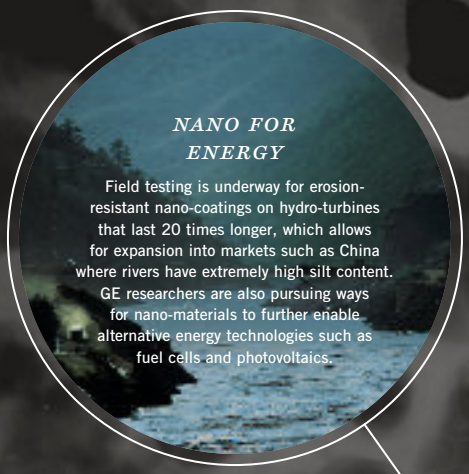
PHOTOVOLTAICS

The challenge is to make sunlight a cost-efficient source of power for tomorrow's cities. Last year, GE scientists investigated new solar designs that will use up to 40% fewer costly silicon wafers in rooftop semiconductor devices that convert sunlight into electricity.

HYDROGEN

Hydrogen can produce three times the energy per gram of natural gas with no greenhouse gas emissions. In 2003, GE researchers made strides in storage technology, a key challenge in building tomorrow's hydrogen economy.


PREDICT
Molecular diagnostics can help physicians identify genes that create predispositions toward specific diseases such as heart disease and begin monitoring years before symptoms appear.
DIAGNOSE
Advanced diagnostic imaging, combined with diagnostic pharmaceuticals, can help identify a disease and its specific location in the body.
MOLECULAR MEDICINE
Combining our increasing understanding of the human genome and the body's chemistry with today's sophisticated diagnostic imaging can transform our healthcare paradigm from after-the-fact treatment to before-onset care. The pending combination of Amersham plc with GE Healthcare will create a medical equipment, diagnostics, biopharmaceutical and informatics company uniquely suited for this new era of medicine.
TREAT
Molecular imaging can help physicians identify an individual patient's receptivity or resistance to specific drugs, prescribe more effective treatments and deliver them more precisely.
TRACK
Molecular knowledge will enable doctors to see much more clearly and quickly whether a patient is responding to therapy. More important, with molecular diagnostics, in effect they will be able to monitor a heart attack 10 years before it takes place.



NANO FOR ENERGY

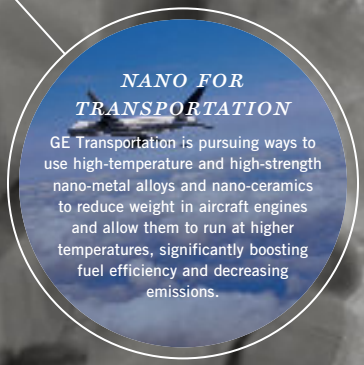
Field testing is underway for erosion-resistant nano-coatings on hydro-turbines that last 20 times longer, which allows for expansion into markets such as China where rivers have extremely high silt content. GE researchers are also pursuing ways for nano-materials to further enable alternative energy technologies such as fuel cells and photovoltaics.

NANO FOR HEALTHCARE

GE scientists are working with molecular chemists and biologists to create nano-size "contrast agents" that will detect cancer, heart disease and Alzheimer's disease long before any symptoms develop. The agents must be small enough to seek out specific diseased cells, but create a large enough "signal" that can be picked up and displayed by imaging scanners.

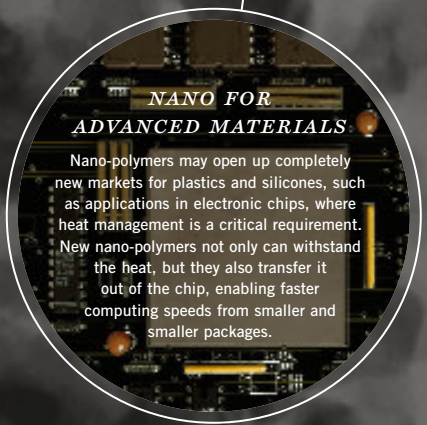
NANOTECHNOLOGY

For GE, nanotechnology is the ultimate material science, with the potential for creating materials such as nano-aluminum (in background) with new properties—strength, conductivity, heat resistance—that could be used to build better diagnostic scanners, higher-efficiency jet engines and energy systems. GE's Global Research scientists filed 28 nanotechnology-related patent applications in 2003, exploring ways to bring lab discoveries to commercial use.



NANO FOR TRANSPORTATION

GE Transportation is pursuing ways to use high-temperature and high-strength nano-metal alloys and nano-ceramics to reduce weight in aircraft engines and allow them to run at higher temperatures, significantly boosting fuel efficiency and decreasing emissions.



NANO FOR ADVANCED MATERIALS

Nano-polymers may open up completely new markets for plastics and silicones, such as applications in electronic chips, where heat management is a critical requirement. New nano-polymers not only can withstand the heat, but they also transfer it out of the chip, enabling faster computing speeds from smaller and smaller packages.

SERVICES

HOW DO YOU

MAKE MONEY FOR YOUR *CUSTOMERS?*

TWO

GE transforms the idea of services from making products run better to making customers' businesses run better. With more than 100,000 long-lived devices providing power, flight, locomotion and medical images around the world, GE takes "maintenance" beyond the tune-up to the core technology upgrade and the sharing of best practices, all with the goal of making customers more profitable.

Keep my ***AIRLINE AIRBORNE***

JAMES C. WIMBERLEY
Executive Vice President and Chief of Operations, ***SOUTHWEST AIRLINES***

Southwest Airlines uses GE to keep nearly 650 of its fleet's jet engines out of the maintenance shop, "on wing" and transporting customers. GE is installing next-generation aero-compressor technology in 300 of Southwest's engines to further extend the time between overhauls, improve fuel consumption and reduce noise—all of which can lower Southwest's costs and keep them moving people about the country.

Keep my ***CUSTOMERS' CREDIT REVOLVING***

TONY DENUNZIO
President and Chief Executive, ***ASDA***

ASDA, one of the United Kingdom's fastest-growing store chains, uses GE Consumer Finance's new dual card to provide its consumers with convenient in-store credit and the added flexibility that comes from pairing the store's private label credit card with a MasterCard®. Consumer Finance's experience serving 100 million credit card customers enables ASDA to cost-effectively build value propositions tailored to the individual interests of consumers, deepening loyalties and driving future business while better managing costs and keeping prices lower.

Keep my ***WORKING CAPITAL WORKING***

ANNE M. MULCAHY
Chairman and CEO, XEROX CORPORATION

Xerox partners with GE Commercial Finance to manage customer financing activities so the world's largest document company can focus on doing what it does best: helping customers use Xerox systems and services to transform their operations and increase productivity.

Keep my ***TRAINS MOVING***

DAVID R. GOODE
Chairman, President and CEO, ***NORFOLK SOUTHERN CORPORATION***

Norfolk Southern is deploying GE's Precision Dispatch System—the rail industry's most comprehensive traffic management system—to coordinate the movements of 1,000 freight trains over 21,500 miles of track so they deliver their customers' freight to the appointed places at the committed times. With Precision Dispatch System, Norfolk Southern aims to improve on-time performance and run more trains without adding new track.

RELATIONSHIPS

WHAT DISTINGUISHES

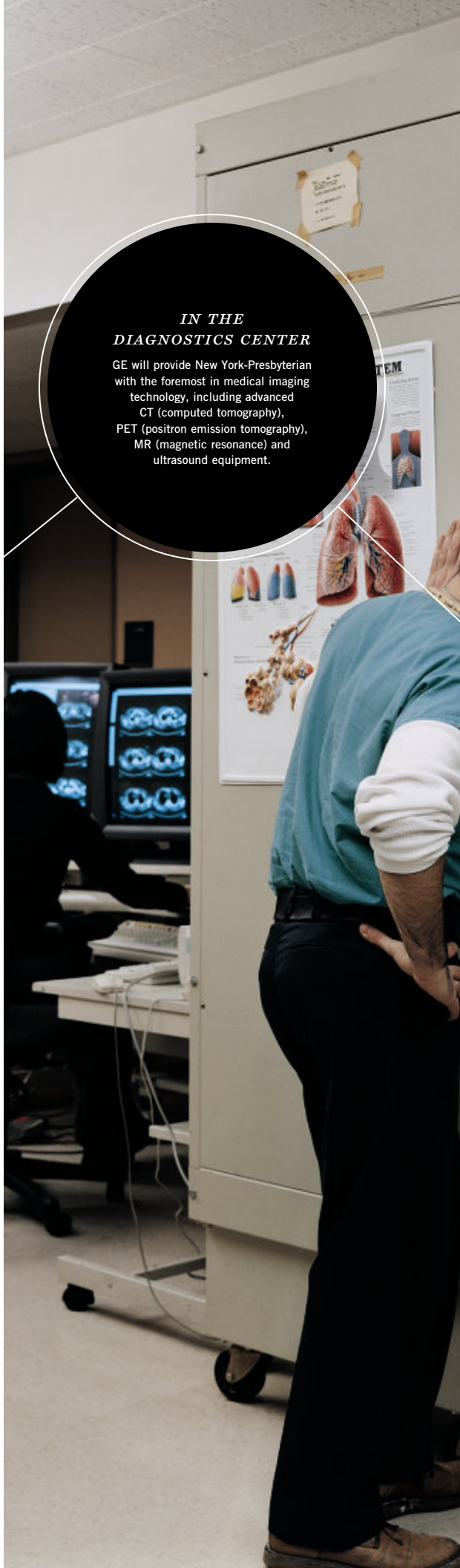
A PARTNER FROM A *VENDOR?*

THREE

It's an approach that builds one-time sales into enduring relationships. In key industries — healthcare, transportation, energy and retail — the challenges are multidimensional. With its long experience in these industries and its diverse set of businesses, GE can offer multifaceted solutions. Customers such as New York-Presbyterian Hospital (portrayed here), which signed a multiyear agreement with GE in 2003 for imaging technology and management training, are transforming their transactions with GE into partnerships.

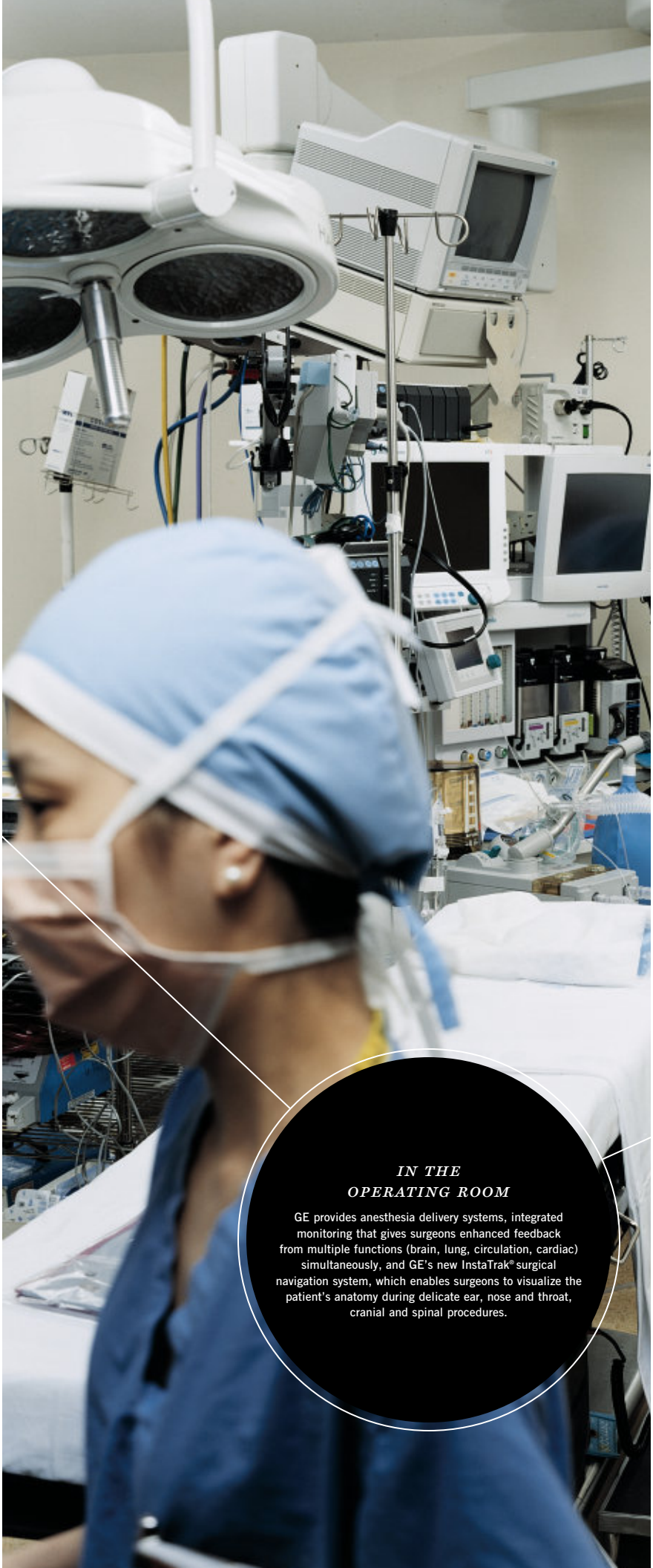
IN ADMISSIONS

GE Healthcare's information technology unit is tackling the paper problem at hospitals by putting a patient's health records and diagnostic images online and making them available throughout the hospital, from the admissions desk to the doctor's office to the patient's bedside. GE's IT solutions simplify record-keeping, enable faster patient treatment and reduce the potential for errors.



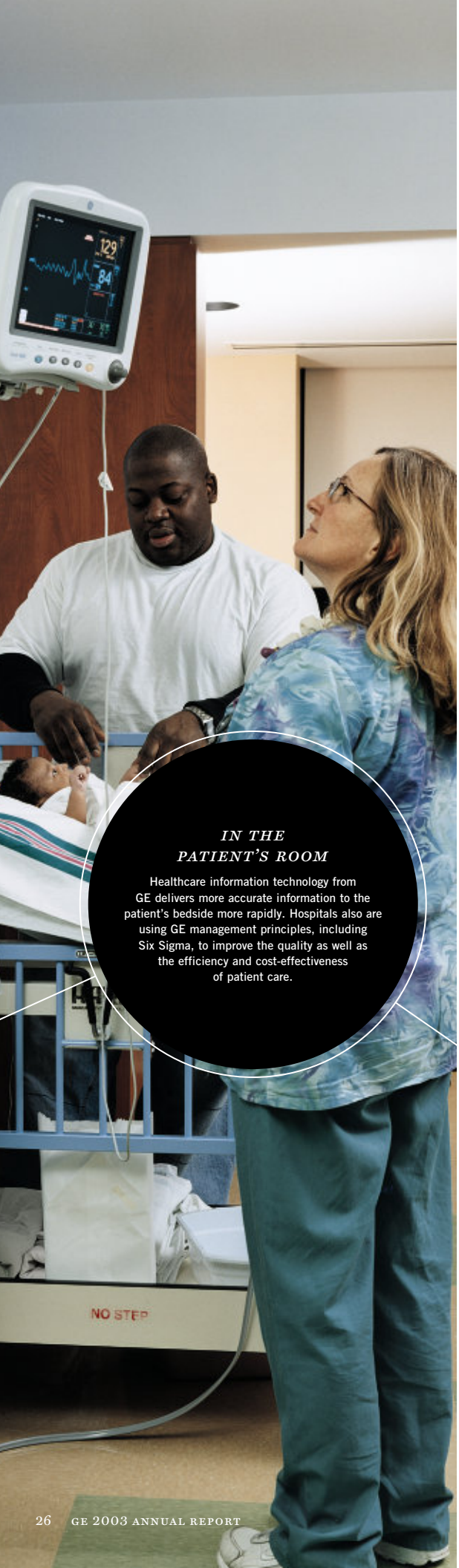
IN THE DIAGNOSTICS CENTER

GE will provide New York-Presbyterian with the foremost in medical imaging technology, including advanced CT (computed tomography), PET (positron emission tomography), MR (magnetic resonance) and ultrasound equipment.



IN THE OPERATING ROOM

GE provides anesthesia delivery systems, integrated monitoring that gives surgeons enhanced feedback from multiple functions (brain, lung, circulation, cardiac) simultaneously, and GE's new InstaTrak® surgical navigation system, which enables surgeons to visualize the patient's anatomy during delicate ear, nose and throat, cranial and spinal procedures.



IN THE PATIENT'S ROOM

Healthcare information technology from GE delivers more accurate information to the patient's bedside more rapidly. Hospitals also are using GE management principles, including Six Sigma, to improve the quality as well as the efficiency and cost-effectiveness of patient care.

IN THE CFO'S OFFICE

Beyond the revenue gains that GE's imaging technologies offer with faster procedures and higher reliability, the Healthcare Financial Services unit of GE Commercial Finance can provide hospitals with financing that helps them manage risk and strengthen their balance sheets. GE can also provide a variety of basic facilities needs: real estate, security systems, water processing, electrical circuits and even lighting fixtures.

GLOBALIZATION

WHERE DO YOU

DRAW YOUR *BORDERS?*

FOUR

In a global economy, the answer is to operate worldwide as one global team. If companies are to grow, they must serve markets and customers far beyond their home countries, not only exporting products and services but also developing local capabilities in those new markets. By operating as one global team, GE businesses serve customers throughout the world, stimulating economic growth and creating high-value, high-tech jobs in the U.S. and around the world.

Innovation that starts at home.

EVENDALE, OHIO

ZOLITA MARTIN, TERI LOVELASS *(seated)* AND CRAIG MERRILL
GE TRANSPORTATION, AIRCRAFT ENGINES

Bets on aircraft engine technology must be made up to 10 years before they result in a sale. Investments in regional jet engine technology that GE began making in the 1980s paid off last year in the winning bid to supply the engine for China's new regional jet, the ARJ-21. GE's CF34-10A delivers four times the reliability, 20% lower operating costs and higher thrust than competitors' engines. With the CF34-10A, the airframe maker can give the ARJ-21 a greater flight range, more space for passengers and more cargo capacity—meaning more potential revenue. GE is sourcing the CF34-10A from global suppliers, most of which are based in the United States.

Sales that speak the local language.

SHANGHAI, CHINA

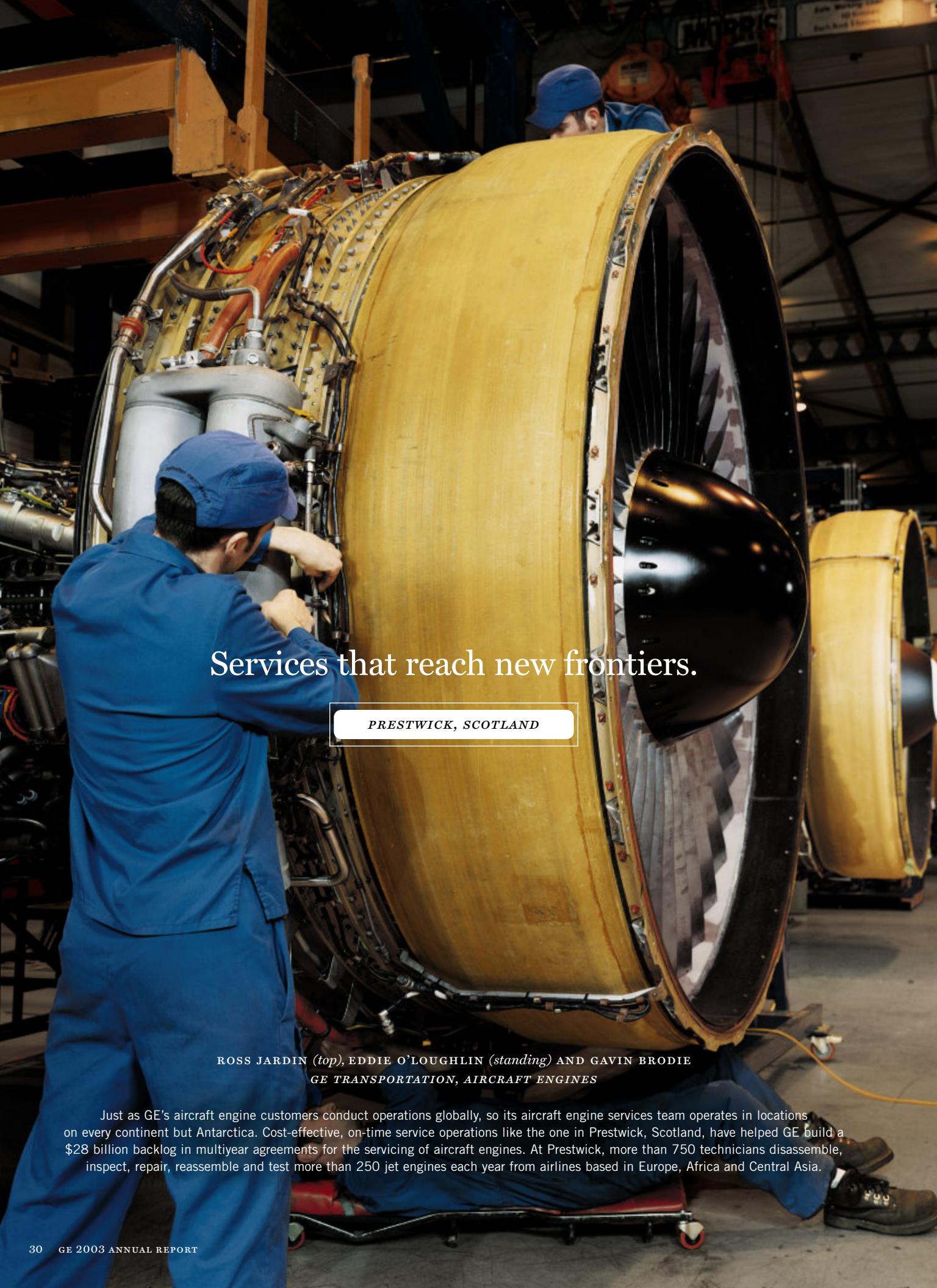
(left to right)

WEIMING XIANG
GE TRANSPORTATION, AIRCRAFT ENGINES

YUZHONG YANG
Chairman, AVIC I COMMERCIAL AIRCRAFT CO. LTD. (ACAC)

LI LIU
GE COMMERCIAL FINANCE, AVIATION SERVICES

China plans to build more than 50 regional airports in the next seven years to meet the country's need for swifter intra-country travel. ACAC designed its ARJ-21 regional jet for China's diverse and demanding flight environments, which include the hot temperatures and high altitudes experienced on routes in western China. GE worked with ACAC to design its CF34-10A engine for such airspaces. GE also committed to the long-term success of ACAC and China's airline industry, leasing aircraft to Air China, opening a new technology center in Shanghai to work with customers and offering training for Chinese executives in GE management processes. ACAC and GE see a potential market for 500 ARJ-21s over the next 20 years, representing a potential value to GE of $3 billion.



Services that reach new frontiers.

PRESTWICK, SCOTLAND

ROSS JARDIN *(top)*, EDDIE O'LOUGHLIN *(standing)* AND GAVIN BRODIE
GE TRANSPORTATION, AIRCRAFT ENGINES

Just as GE's aircraft engine customers conduct operations globally, so its aircraft engine services team operates in locations on every continent but Antarctica. Cost-effective, on-time service operations like the one in Prestwick, Scotland, have helped GE build a $28 billion backlog in multiyear agreements for the servicing of aircraft engines. At Prestwick, more than 750 technicians disassemble, inspect, repair, reassemble and test more than 250 jet engines each year from airlines based in Europe, Africa and Central Asia.

GROWTH

ARE YOU

LEADING CHANGE OR *CHASING IT?*

FIVE

GE has always been a multi-business company. Over the past 125 years, GE has swiftly evolved to seize new opportunities created by changes in technology and the economy. Today GE is building new platforms in industries and markets with above-GDP growth that provide opportunities to apply GE technology and management expertise to accelerate that growth.

KEN BOYDA
GE INFRASTRUCTURE, SECURITY

In an uncertain world, security is paramount. Out of a $125 billion global security market, GE identified the fast-growing segment of electronic security technology as a $29 billion, high-margin opportunity, and launched its security business with the acquisition of Interlogix in early 2002. GE's process of reshaping new businesses, identifying adjacent markets and adding imaging technology from other GE businesses helped Security fast-track technologies like trace material detection and VideoIQ™. Security achieved $900 million of revenues in 2003 and expects annual revenues to approach $3 billion in 2005.

CLAUDI SANTIAGO
GE ENERGY, OIL & GAS

Oil & Gas, a unit of GE Energy, serves the vast networks of wells, pipelines and refineries that transform crude oil and natural gas into fuel for the world's infrastructure. Starting with the acquisition of Nuovo Pignone from the Italian government in 1994, Oil & Gas has followed the pattern for a GE growth business: identify the high-growth segments of exploration and production, transportation and processing; create new technology such as advanced turbomachinery and compressors for transporting liquid natural gas; build a strong value-added service platform including pipeline inspection; expand globally, with operations in 42 countries; and expand the view of the industry to include new opportunities such as subsea exploration technology. As a result, Oil & Gas has grown to $2.8 billion of revenues in 2003.

"Optical film is a highly sophisticated material. To make it, we needed advanced designers, physicists who specialize in optics, and people who could develop advanced methods of defect detection. We were able to tap optics experts at Lighting and Global Research."

JOHN KRENICKI
Advanced Materials

"We've shared our imaging technologies with Transportation, Energy and Water Technologies, and we've found some terrific management ideas, like Transportation's lean manufacturing process. It's a great give-and-take process."

JOE HOGAN
Healthcare

"We all learn that leaders should have a player/coach ethic. Wherever you go, you have to roll up your sleeves and dive into the business. Coming from outside the insurance industry, I used that approach and attitude to help lead the team through a tough turnaround."

RON PRESSMAN
Insurance

"At Water Technologies we're using Transportation's remote monitoring and diagnostics to alert us to corrosion problems, Healthcare's ultrasound to pinpoint their exact location, and our own treatments to solve them."

BILL WOODBURN
Infrastructure

"We saw how Mike Neal's equipment financing unit segmented a market to identify potential customers—define narrow segments, find adjacent areas with complementary technologies, and find technology transfers that can create new products. It was a perfect blueprint for building GE's new security, sensing and automation platforms."

LLOYD TROTTER
Consumer & Industrial

"We are 11 separate businesses, each of which would be in the Fortune 500 as a separate entity. But the things we share—a consistent, tested operating system, common values and a depth of leadership—are the very core of our combined company. They are what make us GE."

MIKE NEAL
Commercial Finance

"We are using ideas from every GE business to grow in Asia, and our new research center in Shanghai will return the favor for GE worldwide."

YOSHIAKI FUJIMORI
Asia and Japan

"At GE Capital I learned about managing long-term financial risks. Now I have tens of billions of dollars in multiyear aircraft engine service contracts that transfer financial and operating risk from our customers to us. I've found the GE Capital approach well suited for a long-cycle business like ours."

DAVE CALHOUN
Transportation

"As a centralized research organization, our purpose is not only to discover and develop new technologies, but also to spread them across the GE businesses. So we bring thousands of scientists and engineers from an array of scientific disciplines to the major technical challenges of our industries."

SCOTT DONNELLY
Global Research

"We added sensor technology from Global Research to our new GE VeriWise™ trailer-tracking system—now it not only locates trailers but also monitors their performance. This new technology will help our customers reduce logistics costs and cargo losses and address some of their concerns about homeland security."

ART HARPER
Equipment Services

"We're putting sensor technology developed for medical devices, aircraft engines and electrical systems into refrigerators, ranges and other home products to give consumers superior control."

JIM CAMPBELL
Consumer & Industrial

"Our IT people found a great idea at Fleet Services—move your communications traffic from dedicated leased lines to virtual private networks that route calls over the Internet. We tried it in Japan in 2003, quadrupled our download speeds and saved $1.6 million."

DAVE NISSEN
Consumer Finance

"Our wind turbines are literally being made out of other GE businesses: power electronics and controls from Consumer & Industrial, gearboxes from Rail, knowledge of materials and aero design from Transportation, and systems integration from Global Research. The result is going to be a world-class turbine."

JOHN RICE
Energy

"Being part of GE gives NBC the financial means to do things like the pending merger with Vivendi Universal Entertainment. And it forces us to work within a rigorous operating framework that has us always thinking a few big steps ahead of the competition. In a fast-moving industry like ours, this is a crucial competitive advantage."

JEFF ZUCKER
NBC

"Because NBC is part of GE, we have more to offer advertisers—namely, access to the best practices of other GE businesses. When we shared with Samsung what we know about driving organizational change, the result was not just a big media buy, but an expanded commercial relationship with Samsung that touches every other GE business."

RANDY FALCO
NBC

"In Europe, the Middle East and Africa, we are exploring new markets on the basis of 'one GE'—common initiatives, processes and values—with great results in terms of growth, far beyond what the businesses can achieve working on their own."

NANI BECCALLI
Europe, Middle East and Africa

"We're adapting some of Consumer & Industrial's marketing tools to our process for launching new products and services. We have robust technical reviews and cost controls, and now we want to add C&I's rigor in defining customer expectations at the early stages of product development."

CHARLENE BEGLEY
Rail

What's the ***ADVANTAGE*** *of a*
MULTI-BUSINESS *company?*

YOU CAN BORROW IDEAS FROM YOUR FRIENDS

There is ***NO QUESTION***
about ***GOVERNANCE***

CORPORATE GOVERNANCE

The role of GE's Board of Directors is clear: to oversee how management serves the long-term interests of shareowners and other stakeholders. To do this, GE's directors have adopted corporate governance principles aimed at ensuring that the board remains informed, independent and involved in your company. GE's goal is to have two-thirds of its board be independent under a strict definition. Today, 12 of GE's 16 directors meet that standard.

In 2003, the board changed compensation policies to further align the long-term interests of our executives and shareowners. Most prominently, the equity compensation of GE's CEO will consist entirely of performance share units that will vest only if specific long-term performance goals are met. The change reflects the board's belief that the CEO of GE needs no retention compensation and that his or her equity compensation should be focused entirely on performance. In addition, non-employee directors now receive 60% of their compensation in deferred stock units that do not vest until one year after they leave the board.

GE's governance principles are published in the Governance section of the GE Web site at *www.ge.com/governance*.

MEETINGS

The GE board held 13 meetings in 2003. In December, the board voted to increase GE's quarterly dividend for the 28th consecutive year. The Audit Committee, composed entirely of independent directors, held 11 meetings to review the activities and independence of GE's external auditors and the activities of GE's internal audit staff. It also reviewed GE's system of disclosure controls and procedures — including internal control over financial reporting — and compliance with key GE policies and applicable laws. The Management Development and Compensation Committee, composed entirely of independent directors, reviewed in nine meetings all executive compensation plans, policies and practices, changes in executive assignments and responsibilities, and key succession plans. The Public Responsibilities Committee, in three meetings, reviewed GE's litigation matters and GE's policies on charitable contributions.

GARY ROGERS AND ANDY SIGLER

In anticipation of his retirement later this year after more than 37 years of outstanding service to GE, Gary L. Rogers stepped down from the board and his role as a Vice Chairman in December 2003. He will continue to serve the company as a senior advisor until he retires this December.

Andy Sigler, a GE director for 20 years and the board's current presiding director, has announced his intention to retire in 2004. Andy's vast business knowledge and experience, and his determination to help make GE a leader in governance, have served GE well. Ralph Larsen, former chairman and CEO of Johnson & Johnson, has agreed to succeed Andy as chairman of the Management Development and Compensation Committee and presiding director.

KENNETH G. LANGONE [1, 3]
Chairman, President and Chief Executive Officer, Invemed Associates, LLC, investment banking and brokerage, New York, N.Y. Director since 1999.

JAMES I. CASH, JR. [1, 4]
Retired James E. Robison Professor of Business Administration, Harvard Graduate School of Business, Boston, Mass. Director since 1997.

ROBERT J. SWIERINGA [1]
Dean and Professor of Accounting, Johnson Graduate School of Management, Cornell University, Ithaca, N.Y. Director since 2002.

SAM NUNN [2, 4]
Retired Partner, King & Spalding, law firm, Atlanta, Ga. Director since 1997.

RALPH S. LARSEN [2, 3, 5]
Former Chairman and CEO, Johnson & Johnson, pharmaceutical, medical and consumer products, New Brunswick, N.J. Director since 2002.

ANN M. FUDGE [4]
Chairman and Chief Executive Officer, Young & Rubicam Inc., advertising and media services, New York, N.Y. Director since 1999.

INTERNAL DIRECTORS (pictured page 3)

JEFFREY R. IMMELT [4]
Chairman of the Board and Chief Executive Officer, General Electric Company. Director since 2000.

DENNIS D. DAMMERMAN [4]
Vice Chairman of the Board and Executive Officer, General Electric Company, and Chairman, General Electric Capital Services, Inc. Director since 1994.

ROBERT C. WRIGHT [4]
Vice Chairman of the Board and Executive Officer, General Electric Company, and Chairman and Chief Executive Officer, National Broadcasting Company, Inc. Director since 2000.

A.G. LAFLEY [3]
Chairman, President and Chief Executive, The Procter & Gamble Company, personal and household products, Cincinnati, Ohio. Director since 2002.

ROGER S. PENSKE [4]
Chairman of the Board, Penske Corporation, Penske Truck Leasing Corporation and United Auto Group, Inc., transportation and automotive services, Detroit, Mich. Director since 1994.

ANDREA JUNG [2, 3]
Chairman of the Board and Chief Executive Officer, Avon Products, Inc., cosmetics, New York, N.Y. Director since 1998.

CLAUDIO X. GONZALEZ [1, 2, 3]
Chairman of the Board and Chief Executive Officer, Kimberly-Clark de Mexico, S.A. de C.V., Mexico City, and Director, Kimberly-Clark Corporation, consumer and paper products. Director since 1993.

ROCHELLE B. LAZARUS [3, 4]
Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide, advertising, New York, N.Y. Director since 2000.

DOUGLAS A. WARNER III [1, 2, 3]
Former Chairman of the Board, J.P. Morgan Chase & Co., The Chase Manhattan Bank, and Morgan Guaranty Trust Company of New York, New York, N.Y. Director since 1992.

1 Audit Committee
2 Management Development and Compensation Committee
3 Nominating and Corporate Governance Committee
4 Public Responsibilities Committee
5 Presiding Director

A GREAT COMPANY must also be a GOOD COMPANY

CITIZENSHIP

Being a good citizen has always been an important part of our corporate history and how we run your company. Today, citizenship means environmental compliance, leadership in corporate governance, the very highest of ethical standards and strong community engagement. GE has a long and proud history of supporting the communities where we live and work, and education remains at the forefront of GE's philanthropic and volunteer efforts. In 2003, through the combined efforts of the GE Foundation, GE businesses and generous donations from employees and retirees, the GE family contributed $140 million and one million hours of volunteer time to support the important work of thousands of community organizations.

There are some areas of the world, however, where even the most basic needs remain unmet. GE has been particularly touched by the plight of many people in Africa who do not have access to modern healthcare, sufficient power, or even clean water. By tapping our diverse portfolio, we have found a small way to make a difference. Over the next five years, GE Energy, GE Healthcare and GE Infrastructure will donate X-ray machines, patient monitors, power generators and water purification systems worth approximately $20 million to local hospitals. The project will touch the lives of thousands of people in Ghana and then expand to other African hospitals in 2005. We're proud, and humbled, to know that the very best of our resources can help improve the lives of those in need around the globe.