

To Our Investors,

Bubbles burst and excess ends in an ugly fashion. The easy credit cycles that defined the recent past have given way to a tidal wave of financial crises. As I am writing, banks have written off almost \$150 billion, entire classes of securities have disappeared, and rating agencies have been criticized. This transition — from easy credit to no liquidity — seemed to occur in the blink of an eye.

Housing was particularly challenged. After fueling consumer wealth for many years, U.S. housing prices declined for the first time in 40 years. Subprime lending standards and complex investment products with risks that were not clearly understood created a “hangover” for consumers and financial institutions.

The environment we face today is a challenging one. How will the U.S. consumer respond to falling housing prices? Should we worry about inflation or recession or both? Can the global markets expand while the U.S. contracts? What impact will the U.S. election have? Will banks resume lending money again at normal levels — when, and at what price?

You could try to pick the perfect investment for this environment, but it would be a challenge. Maybe it is in technology, or emerging markets, or commodities, or Treasury bills.

Or, you could pick GE. A company leading in the essential themes of this global era. A high-performance company filled with strong businesses. A company dedicated to developing leaders. A company built to perform in good times and bad.

One reason for my confidence is our performance. Even in these difficult markets, 2007 was another record-setting year.

Revenues grew 14% to \$173 billion. Earnings from continuing operations grew 16% to \$22.5 billion. We generated record industrial cash flow, and returned \$25.4 billion to investors through the dividend and stock buyback.

We performed well against the operating metrics that we use to measure our progress. Organic revenue growth was 9%, surpassing our goal of growing at 2 to 3 times GDP growth. Earnings per share (EPS) from continuing operations grew 18%, well above our double-digit goal. Our operating profit margin grew 70 basis points, below our 100-basis-point goal, but we made good progress. Returns reached 18.9%, and we are on track for 20% in 2008. Industrial cash from operations grew 15%, well above our target, and our free cash flow was \$19 billion.

Can we continue to perform well in 2008? It will be challenging, as we expect U.S. consumer spending to slow and credit to tighten and be more expensive. However, GE is well-suited for this environment and any other. This is because we invest and deliver. We do this every day, every quarter, and every year.

Invest and Deliver

In 2008, we should hit all of our financial goals and outperform the S&P 500. Our revenues should grow by at least 10% to \$195 billion, with organic revenue growth at 2 to 3 times GDP growth. Our earnings per share should grow by at least 10%. Our return on average total capital (ROTC) should near our target of 20%. We expect to return \$18 billion to our investors through the dividend and stock buyback.

We have the discipline and the processes to win in this tough environment. We are in the fifth year of a successful organic growth initiative that is delivering results. More than half of our revenues are outside the U.S., and our global revenue growth was 22% in 2007. We have \$150 billion of Infrastructure products and services in backlog. We have strict risk discipline, and as a result, have no exposure to losses from Collateralized Debt Obligations (CDOs) and Structured Investment Vehicles (SIVs). We have retained a "Triple-A"-rated balance sheet and generate substantial cash flow, so we can invest while others pull back.

GE is different because we invest in the future *and* deliver today. We are uniquely positioned to win in the *essential themes* of this era. We help to create the future and, by doing so, drive our own growth. We are a *leadership company*. We have built strong businesses that win in their markets. Together, our businesses deliver consistent earnings growth through the cycles. We are a *high-performance company*. We can harness ideas from across the Company to drive superior organic growth, margins, and returns. We are a company that develops *leaders*. Our team is experienced, and still they learn every day. Our bench is deep.

In the rest of this letter, I will share with you the value embedded in the totality of GE. In a tough 2008, this value will be unlocked for you.

Winning in the essential themes

Last year I described our investments in six strategic themes that could propel our growth for decades. These included **infrastructure technology, emerging markets, environmental solutions, demographics, digital connections**, and creating value from **origination**. Our thesis was that each of these themes was essential in the development of the world, and that GE could create a profitable future for our investors, our customers, and society. I would like to give you an update on our progress in two of these themes.

In 2004, we launched our program in *environmental solutions*, called ecomagination.SM We believed that energy shortages and environmental concerns would challenge our customers and, more broadly, society. We had explored other corporate "social" programs on the environment and decided they were not for us. Our program needed to be an "edgy" initiative grounded in business principles with hard metrics, customer commitments, and technology investments. We wanted to use our brand and technology to become a catalyst for broader change, while making money for our investors.

This approach is working. Our original goal was to grow revenues from ecomagination products from \$6 billion in 2004 to \$20 billion in 2010. We were at \$14 billion in 2007 and will

cross \$20 billion by 2009. Every GE business is participating. We have created more than 60 ecomagination products that produce cleaner energy and water or improve efficiency. In the near future, GE will launch technologies ranging from advanced coal gasification to thin-film solar panels to a hybrid locomotive. We will invest \$6 billion to finance renewable energy projects around the world. We have multiple projects underway with our global rail, airline, and utility customers who will be impacted by changes in energy cost and regulations. Our goal is to support our customers' aspirations for cost reduction, compliance, and reputation.

Customer partnerships are at the center of ecomagination. A good example is Waste Management, whose Think Green® business strategy aligns with a number of GE businesses. Our companies share a commitment to sustainable, organic growth built upon industry expertise and strong technology. Our collaboration will grow to include GE Jenbacher gas engines that burn landfill gas, land use for wind- and solar-power generation, hybrid commercial vehicles, and emerging waste-conversion technologies that produce electricity or synthetic fuels.

Ecomagination has become a global brand, symbolic of innovation at GE. We are viewed as a technical partner by customers around the world. We have engaged with governments to drive public policies that create a framework to address global warming and energy security. Due to our early success, we have raised our ecomagination revenue target from a \$20 billion goal to \$25 billion by 2010.

Similarly, we have been building leadership in *emerging markets* for the last decade. It was our belief that the combination of population growth, raw material inflation, and improved governance could lead to rapid expansion in these markets. Today, the growth rate of emerging economies is four times that of the U.S. Their governments are investing in massive infrastructure projects that will drive local consumption. GE is well-positioned to meet this demand. Our growth rate has averaged 20%, and we should have \$40 billion of emerging market revenue in 2008.

You have heard me talk in the past about our unique "company-to-country" approach to emerging markets. This allows us to use the breadth of a multi-business company to increase sales. Perhaps the preeminent "company-to-country" relationship is the Beijing Olympic Games. The Games will be a showcase for GE to combine the presence of our global entertainment franchise with the value of our infrastructure technology. GE's leadership position in the Olympics will create \$2 billion of revenues in 2008 and decades of goodwill in China.

We are building great customer relationships with some of the largest companies in the emerging markets. Mining customers plan to invest \$200 billion in capital equipment in the next five years. We see an opportunity and believe that mining could be a \$1 billion business for GE by 2010. It is dominated by seven big players, none of whom have U.S. headquarters. Vale is a great Brazilian mining company with whom we recently committed to a multi-year technical development agreement in Transportation, Energy, and Water. BHP Billiton, a global mining leader headquartered in Australia, is working with GE on a comprehensive environmental solutions initiative.

PICTURED LEFT TO RIGHT (*seated)

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

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

Keith S. Sherin,* Vice Chairman, GE and Chief Financial Officer

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



DELIVERING A VALUABLE BRAND

Over the past five years, we have invested in our brand to align it with our business strategy and to make it more relevant to our customers around the world. As global business becomes more competitive, the GE brand is more valuable than ever before.

BRAND VALUE GROWTH

(In \$ billions)

2003

2007

\$42

\$52



Since the launch of *imagination at work*, the value of GE's brand has grown from \$42 to \$52 billion, according to a 2007 Interbrand study.



imagination at work



An important part of satisfying our customers in emerging markets is developing unique products to meet their needs. We have a pipeline of high-tech, low-cost products for our customers, designed and produced in their countries. Our Healthcare business develops products in six emerging markets, where we have close to 2,000 engineers. They launch approximately 30 high-tech, high-quality products every year. Recently, we initiated a program to serve primary-care clinics in Turkey using portable ultrasound, mammography, and X-ray technology. These initiatives are an integral part of improving the healthcare systems in emerging markets.

China and India are the biggest emerging markets, and are essential to GE. But we see that the Middle East and Africa are changing even more rapidly. GE's revenues in the region will grow from \$5 billion in 2006 to \$13 billion in 2010. Here we win by being a local player. We are building plants to manufacture healthcare products in Saudi Arabia to address a \$20 billion market in the region by 2010. At the Dubai Air Show last November, GE captured \$10 billion of commercial engine wins from Middle Eastern airlines. We are building equipment-servicing shops in Algeria, Angola, Qatar, and Abu Dhabi.

Growth in environmental solutions and emerging markets is exhilarating and essential to the economic future of the world. But leading in these themes can be difficult for U.S. companies. Many still believe that there is not a need for clean energy, or that global warming is a hoax. Furthermore, globalization remains controversial. Some prefer to focus on the challenges of globalization rather than the opportunities created by it.

But we remain advocates for change. To accelerate investments in clean energy and environmental solutions, we have asked governments around the world to put in place targets for greenhouse-gas emissions reduction and incentives for new clean energy technologies. To facilitate growth around the world, we have advocated for open markets that operate with high standards of conduct, product quality, and respect for workers.

Creating the future requires technology *and* reputation. We have never hesitated to use our good name in causes we believe are good for the world and for GE investors. And the payoff for you is substantial: ecomagination revenues are expected to grow from \$6 billion in 2004 to \$25 billion in 2010; emerging market revenues will grow from \$19 billion in 2004 to almost \$50 billion in 2010. *This is \$50 billion of revenue growth for GE in a relatively short time period.*

Scale can be an advantage for growth. By investing in these strategic themes, we make our size an advantage *and* give our Company an enduring purpose.

We develop leadership businesses

Management and the Board spend a significant amount of time defining what makes a "great GE business." We invest in leadership businesses that reflect the essential themes mentioned earlier and leverage our key capabilities: brand, technology, content development, globalization, people, and financial strength. We like businesses where good management results in superior financial results. We like broadly diversified businesses with multiple ways to grow. We believe that our process skills create a competitive advantage. We like businesses where we can "retool" our strategies to capture new opportunities for profitable growth.

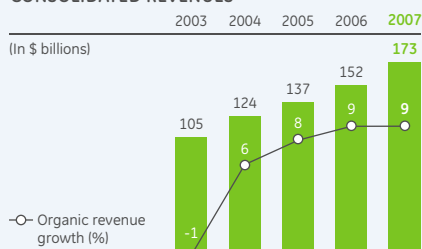
We have aggressively reshaped GE over the past few years. Since 2002, we have exited businesses with revenues of about \$50 billion—the equivalent of a *FORTUNE 50* company. We have exited all or most of our insurance, materials, equipment services, and slow-growth entertainment and industrial platforms. We also exited our U.S. mortgage origination business and announced plans to sell our personal loan business in Japan. Strong and consistent actions have increased our growth rate while reducing volatility.

Over the same time period we acquired \$80 billion of new businesses—the equivalent of a *FORTUNE 30* company. We invested in Infrastructure, creating one of the largest

MEASURING OUR PROGRESS

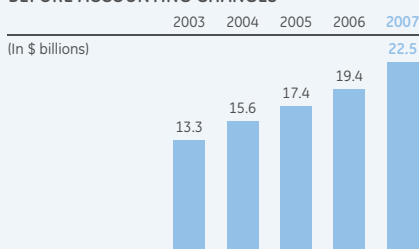
Throughout the economic cycles, GE's long-term goals are organic revenue growth at 2 to 3 times GDP growth, greater than 10% earnings growth, operating cash flow growth exceeding earnings growth, and a return on average total capital of 20%.

CONSOLIDATED REVENUES



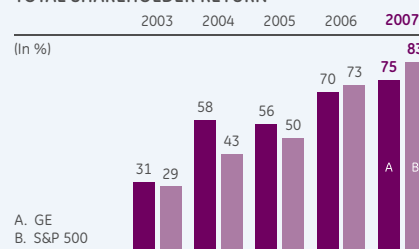
Revenues increased 14% to \$173 billion. Organic revenue growth was 9%.

EARNINGS FROM CONTINUING OPERATIONS BEFORE ACCOUNTING CHANGES



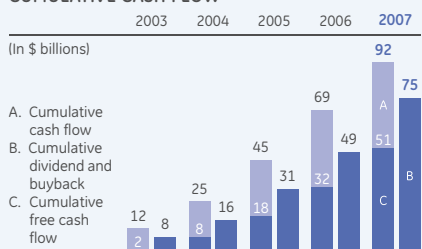
Earnings grew 16% to \$22.5 billion. Earnings were \$2.20 per share, an increase of 18% versus 2006.

TOTAL SHAREHOLDER RETURN



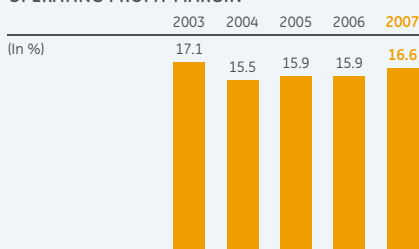
Over the last five years, total return for GE shareholders (stock price appreciation assuming reinvested dividends) was 75% versus the S&P 500's total return of 83%.

CUMULATIVE CASH FLOW



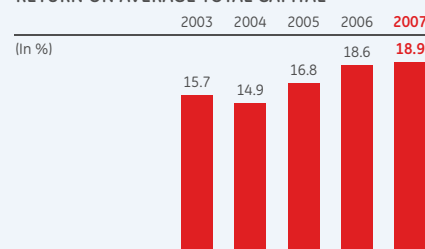
Cash from operating activities (CFOA) was \$23.5 billion. Industrial cash flow growth was 15%.

OPERATING PROFIT MARGIN



Operating profit margin increased 70 basis points (bp) to 16.6% in 2007. This operating efficiency improvement is near an all-time high for GE.

RETURN ON AVERAGE TOTAL CAPITAL



Return on average total capital (ROTC) improved 30 bp to 18.9%. This is in line with the Company's historical highs for ROTC.

renewable-energy businesses in the world. We diversified our Healthcare and NBC Universal (NBCU) franchises by investing in fast-growth markets such as life sciences, healthcare IT, and cable programming. We created a new high-tech industrial business called Enterprise Solutions. And we dramatically expanded our financial services businesses in global markets. Our strategic investing and execution have created a higher-margin, more global company that is well-positioned for today and tomorrow.

In 2007, we demonstrated the ability to create value for our investors through capital redeployment. We sold our Plastics business because of rampant inflation in raw material costs. With that capital we acquired Vetco Gray, adding a subsea platform in Oil & Gas; we acquired Smiths Aerospace to create an avionics platform; we built global cable content through the acquisition of Oxygen and Sparrowhawk; and we added several industrial service

platforms. We significantly exceeded the earnings we lost from Plastics, increased our industrial growth rate, and launched new platforms for future expansion.

Today we have six leadership businesses: Infrastructure, Healthcare, Commercial Finance, NBC Universal, Industrial, and GE Money. Each of these businesses can hit our financial goals while adding to the strategic value of GE.

Infrastructure is an example of a business where GE has solid leadership. Infrastructure will drive our earnings for the next few years. It was approximately 40% of GE's earnings in 2007. It grew revenues 23%, earnings 22%, and orders 26% in the year. About 60% of our Infrastructure business was outside the U.S. Eventually, the U.S. will begin to invest in new infrastructure, which should mean another five to ten years of rapid growth, at returns exceeding 30%.

Our competitive advantage in Infrastructure is based in technology. We invest \$3 billion in research and development each year, so that we have a deep pipeline of new products. Our Infrastructure equipment orders have grown on average 39% annually for the last three years. While this has been great for current earnings, our equipment growth is even more exciting for the future. In 2007, we added approximately 6,000 thermal and wind turbines, engines, and locomotives to our installed base, which drives even greater service growth. We finished 2007 with a \$100 billion backlog of service agreements built on the technology of our installed base. Our Infrastructure service business has \$26 billion of very profitable revenues and should grow more than 10% annually for the next decade.

One of the things I love about our Infrastructure business is that we are always on the "same side as our customers." In other words, we make money together. A great example is the relationship we have with Duke Energy. We worked together to form the U.S. Climate Action Partnership (USCAP), an important initiative for industry and non-governmental organizations to provide a set of principles that will guide future climate legislation. In 2008, Duke and GE are collaborating on wind energy, new gas turbines, and an investment to build the first commercial Integrated Gasification Combined Cycle (IGCC) coal plant. We are strategic, technical, and financial partners.

About 35% of our earnings are in Commercial Finance and GE Money. Financial services is a great example of how our execution enables us to outperform our competition. Our teams have grown their earnings more than 10% for decades, so we like these businesses. However, in 2007, "financial services" took on a negative connotation for investors. The equity value of banks and consumer finance companies declined by 20% in the second half of 2007. Conversely, our financial services earnings grew 20% this year despite the volatility in the industry. We earned \$10.3 billion, and our write-offs were small relative to our size.

Our financial services businesses are inherently more valuable than those of traditional banks or other financial services companies. Why? Because we have significant global origination in end-user markets that we understand better than others. We have deep expertise in areas such as commercial real estate and commercial equipment leasing. We have sound risk principles that are deeply embedded in our culture and supported by a strong balance sheet. We underwrite risk to hold on our balance sheet, so that we can manage our exposure to an asset class or customer. We have a great global position. More than half of our financial services earnings are outside the U.S. As the rest of the world continues to expand, we can withstand a market slowdown in the U.S. and still grow earnings.

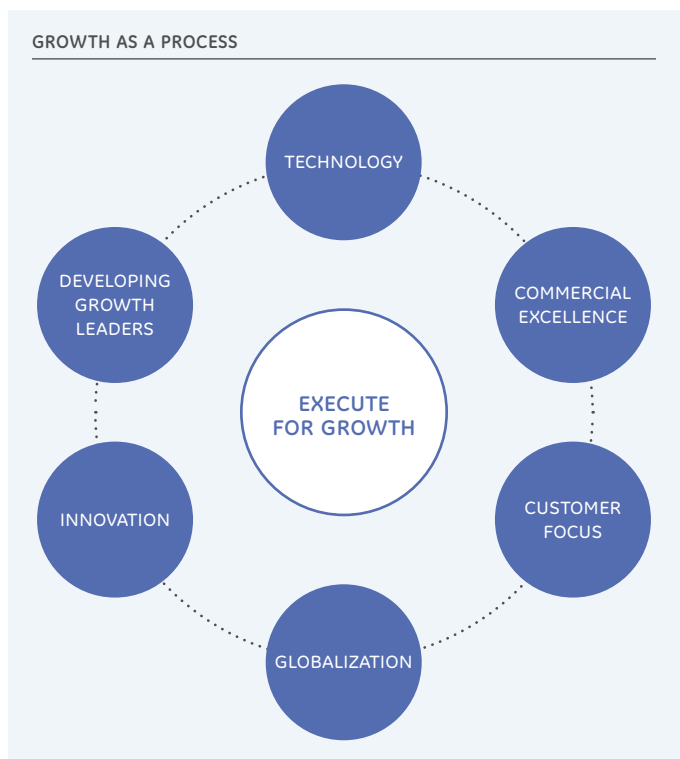
Our financial services businesses should do well in a year like 2008. Pricing will improve as banks retrench. There could be \$300 billion of assets available at high returns. We plan to seize opportunities in the current turmoil and position our financial services businesses for years of profitable growth.

NBCU is a great example of a business that becomes more valuable as its market evolves. In 2002, 75% of its earnings derived from NBC broadcast television. But we realized that the broadcast model, while important, would grow more slowly in a

digital world. We have refocused NBCU in global markets around fast-growth cable, film, and digital businesses. Today, driven by powerhouse brands such as USA Network and Universal Pictures, these businesses in total represent more than 80% of NBCU's earnings and are growing at about 15% each year. In 2008, we expect to achieve double-digit growth in digital revenues. As a result, NBCU is positioned to grow earnings 10% in 2008.

As with the rest of GE, NBCU has exciting growth opportunities outside the U.S. This is approximately 20% of our revenues today, and will grow 20% annually. Last year, we launched a studio in London to produce global content. We recently agreed to acquire a significant stake in India's NDTV, a major media company in one of the world's fastest-growing markets. In 2008, we will have 15 cable and satellite brands that will be distributed in more than 100 countries around the world. We will double our revenues to \$500 million in international cable. We are playing in a \$100 billion market, so we have a massive runway for growth.

Should we sell NBCU? The answer is no! I just don't see it happening ... not before the Olympics ... not after the Olympics. It doesn't make sense. The business has outperformed its competition and the GE average for the last 20 years. Our diversified content position is very strong. Content is increasing in value in a digital world. We are in a good cycle, with momentum around the Beijing Olympics, the U.S. elections, and the 2009 Super Bowl. NBCU benefits from GE's global footprint, financial strength, and human resource skills. And, NBCU provides us with a leading perspective on digital transformation. NBCU adds value to GE, and GE adds value to NBCU. This is true now, and it will be true in the long term as well.



GE has great leadership businesses. But there are two aspects of GE that are still under-appreciated. The first is our financial strength. GE remains one of only five “Triple-A”-rated companies in the U.S. Our free cash flow—cash available after we pay our dividend—was \$19 billion in 2007. Our pension plans have \$67 billion of assets, with a surplus of \$15 billion. Our financial discipline gives us tremendous strategic flexibility and should make our investors feel secure.

The second is the importance of diversity. Earlier this decade, we were grappling with the collapse of the U.S. power bubble and a tough commercial aviation cycle. But we could keep investing in Infrastructure because NBCU, Healthcare, and GE Money were doing great. In 2008, our businesses that rely on the U.S. consumer will face challenges. However, they will be more than offset by booming Infrastructure growth and steady progress in Commercial Finance, Healthcare, and NBCU. Together, this strong portfolio will deliver reliable growth for you.

We are a high-performance company

Investors often ask how we can execute in a company with such diverse businesses. We do it by running the Company with common initiatives around growth and financial discipline. We have established two Company-wide councils to drive results: a Commercial Council and an Operating Council. Each has about 20 members from around the Company. We meet regularly to learn from each other, challenge each other, and root for each other. We know that superior execution stems from great leaders aligned with common processes and focused on lofty goals.

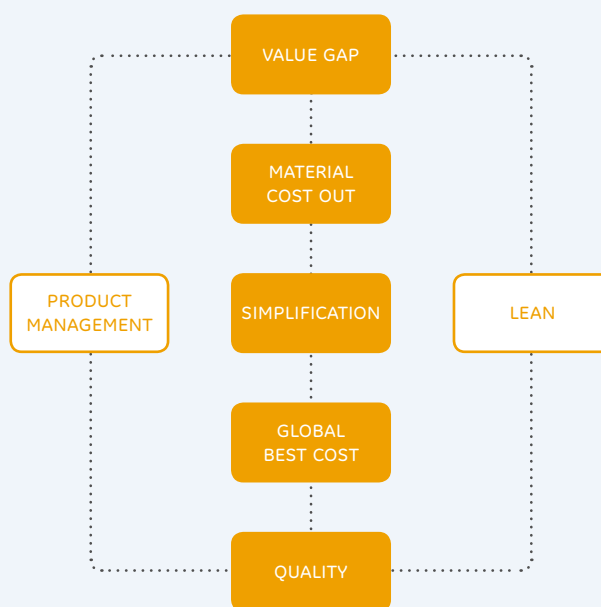
We formed the Commercial Council in 2003. We felt that our historic organic growth rate of 4% was too low. We focused on building a process that could deliver organic revenue growth at 2 to 3 times GDP growth. At 8% organic growth, we would be safely ahead of our financial and industrial peers.

For the last few years, we have executed our “Growth as a Process” initiative. Our focus has been on the “Growth Wheel,” depicted in the diagram to the left. Consistent execution—in technology, commercial excellence, customer focus, globalization, innovation, and developing growth leaders—has yielded excellent results. Our organic revenue growth is improving: 2004, 6%; 2005, 8%; 2006, 9%; 2007, 9%.

This initiative is transforming GE. We have significantly increased our technical funding and have a rich pipeline of new products coming to the market. We have applied GE process skills, such as Lean Six Sigma, to improve our speed and responsiveness. We are using Net Promoter Scores to measure our progress with customers. We have built strong engineering and commercial teams around the world to tap into new growth markets.

One area of focus has been on enhancing the value of the GE brand. In 2003, we launched a new GE brand campaign called “imagination at work.” Through consistent and superior execution, we rejuvenated the brand. In 2003, about 30% of thought leaders viewed GE as an innovative technology company; in 2007, this number was 78%. Meanwhile, we have fortified the fourth most valuable brand in the world, valued at \$52 billion in Interbrand’s 2007 “Best Global Brands” survey, as depicted in the exhibit on page 4.

OPERATIONAL EXCELLENCE



Innovation is another element of our growth strategy. In 2004, we launched Imagination Breakthroughs, a process to create a pipeline of innovative organic growth ideas. Some of our pipeline represents big bets such as the “very light jet” engine, low-cost desalination, and energy-efficient appliances. We are also focused on adjacencies: untapped markets or technologies that are close to what we do today. This mix allows us to execute on a steady pipeline of innovation to drive organic growth.

Non-Destructive Testing (NDT), led by Caroline Reda, is a great innovation example. This is an Imagination Breakthrough, “Class of ‘04.” NDT is a part of Enterprise Solutions. It leverages imaging technology from our Healthcare business to test the structural integrity of infrastructure parts. NDT was a classic “adjacency”; we understood the technology and the market, but we were not in the business. I view this as easy growth for GE. Today, we have a \$700 million NDT business that is a global leader. It is growing revenues 25% each year, drawing on technology from our Global Research Centers and selling into markets we know such as energy, oil and gas, and aviation.

Innovation is a key pillar for organic growth. Our team loves to dream and see those dreams become reality. Through our focus on Imagination Breakthroughs, we are developing 20 new “\$1 billion businesses” inside GE at all times.

We were so encouraged by the work of the Commercial Council that we decided to create its “twin,” the Operating Council. Members include our best manufacturing, sourcing, engineering, and product management leaders from across the Company who share ideas and compete on results. Our goals are to expand operating profit margin to 18% by 2010—up 140 basis points from 2007—improve working capital performance, and achieve returns of 20%. To do this, we focus on product management, material cost out, simplification, Lean Six Sigma, and capital allocation. This process can be seen in the Operational Excellence diagram on this page.

Achieving sustained improvement in margins and returns requires teamwork among product management, engineering, and supply chain. We have set detailed margin and cycle time goals for the top 30 product lines in the Company, representing 75% of our earnings. Our work is already delivering results. The most critical area of focus in these inflationary times is on reducing material cost. GE purchases about \$40 billion of material each year. Despite inflationary pressure, we should reduce our material cost by \$1 billion in 2008.

Aviation is a leader in reducing material costs. We have a full order book due to the technical and commercial success of our engine product line. We have a \$19 billion backlog of engine orders, the highest in our history. Many of these are for the GENx engine, which offers our customers a 15% efficiency gain and a dramatic reduction in emissions. Now we must deliver these engines on time and with high quality. But that is not enough.

David Joyce (Product Management), Scott Ernest (Supply Chain), and Jeanne Rosario (Technology) are working together to deliver more for our customers and investors. Their cross-functional teams are improving design, yields, supplier agreements, and global best-cost sourcing. We will meet our customer delivery dates and technical specifications. And, we also have robust productivity plans to meet our profit goals.

Initiatives work in a multi-business company. Our teams are trained to share ideas with each other and they love to compete. At GE, a single best practice can generate billions of dollars in savings, earnings, and revenues for investors.

We develop great leaders

We have always believed that building strong leaders is a strategic imperative. When times are easy, leadership can be taken for granted. When the world is turbulent, you appreciate great people.

Ultimately, we want to develop people who are guardians of GE's culture, champions of our legacy, and protectors of our reputation. They must perform with integrity, be disciplined and aggressive—and at the same time, able to solve problems with global ingenuity.

These are high-level concepts. On a practical level, this means that our people must be experienced and motivated. They must understand their industries and GE's expectations for their performance. Our teams must be willing to learn and change. Personal growth is key to a successful career at GE. And we must always have a deep bench. GE is committed to *institutional success*, which means that everyone has a replacement ready to play.

Mark Hoffman runs CNBC. Mark is a domain expert and a great leader. When Fox launched its business news channel in 2007, some people thought we would have a terrible year. They expected this tough competitor to beat CNBC. Instead, we got better and our ratings improved. We had record financial results, we strengthened our team, and we extended our global reach. More importantly, today, during these difficult financial markets CNBC remains a trusted source of business news. We are soundly outperforming the competition and will continue to aggressively build on our leadership. Mark, like his colleagues, knows what it takes to win in his market and inside GE.

GE has always been a learning company. Historically, our training has focused on each individual. Today we feel that "team learning" can drive the most change. As I promised last year, more than 50 teams completed our training called Leadership Innovation and Growth (LIG). This is a team-based, action-learning course. Our leaders are taught to connect their strategic vision with the culture, resources, and capability of the Company. LIG creates a bridge between innovation and operations. It allows us to embed growth into the DNA of our Company.

Vishal Wanchoo leads our \$2 billion Healthcare Information Technology business. This is a business that Vishal started in 1998 and has built to the present level. Vishal took his team through LIG last summer. At the end of the course he and his team decided to increase funding for global resources and to launch new growth adjacencies such as digital pathology. They have created the blueprint for a \$10 billion business, and are taking concrete actions every day to make that growth happen.

Every great company has a deep bench. We are always ready for leadership transitions. Over the past year, four of our great leaders announced their retirement: Bob Wright, our vice chairman at NBCU; Bill Conaty, our senior vice president of Human Resources; Dave Nissen, our CEO of GE Money; and Lloyd Trotter, our vice chairman at Industrial. All had been at GE for more than 25 years and were beloved in the Company. They became industry icons. Some would consider them irreplaceable, but we had all worked for decades to develop their successors.

Jeff Zucker is our dynamic new leader at NBCU. He is building on Bob's work, driving NBCU into a more global and digital future. In Human Resources, John Lynch, a Scotsman, is inspiring a new generation of GE leaders to be passionate about globalization. He, too, is building on the legacy of his predecessor. Charlene Begley picked up most of Lloyd's responsibility. She is a talented GE growth leader with a bright future. And Bill Cary is moving GE Money's headquarters to London where he will continue to drive global growth.

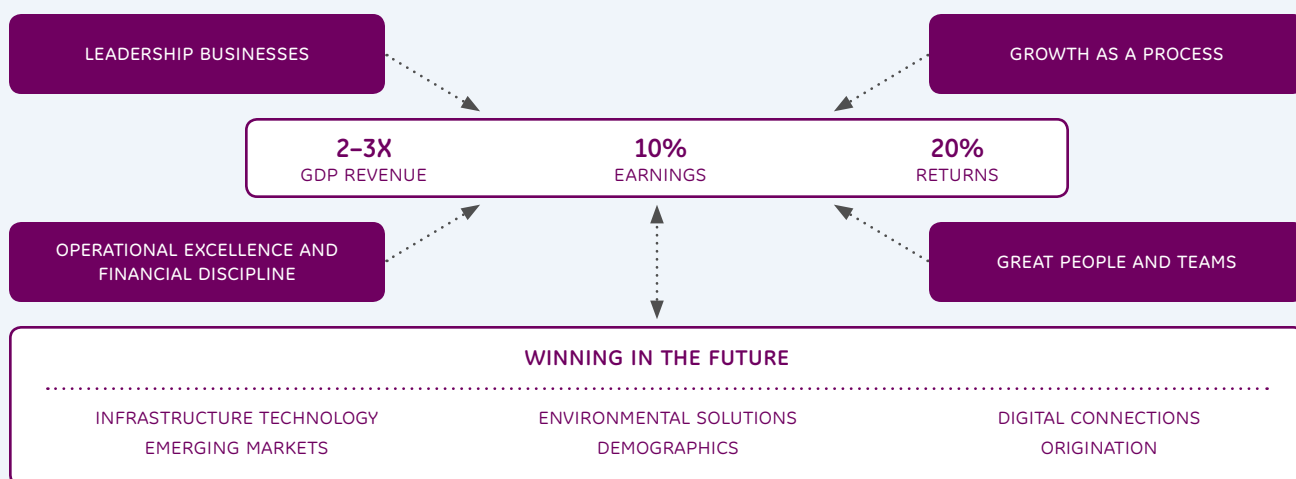
At a GE retirement party, you see a lot of smiles. Our retirees are proud of what they built at GE. They leave as friends, and we keep them as lifetime "GE Ambassadors." Meanwhile, for each senior leader who leaves, numerous talented and younger leaders get promoted. They are energized to drive change for a new generation in a dynamic global economy.

The secret to all of these dimensions of developing leaders is to have a great team of human resource professionals. Enduring companies must have a passion for people. GE has a great HR team that protects our valuable human assets. I want to give them special recognition this year.

The Future

We plan to deliver in a difficult environment. All the GE leaders understand the environment, and we have been planning for it. We are committed to executing the financial goals I have described in this letter. We don't believe in excuses, and you won't hear any from us.

STRATEGIC PRINCIPLES



We plan to press our advantage in the essential themes that will shape our growth for decades: infrastructure technology, emerging markets, environmental solutions, demographics, digital connections, and creating value from origination. We love the leadership position we are building, and it is already delivering for you.

We will continue to earn the respect of the business world. We regularly rank in the top five of *Barron's* and *FORTUNE's* "Most Admired" lists. In 2007, we were number one in *Chief Executive Magazine's* survey on the "20 Best Companies for Leaders." And, just this month, *Fast Company* ranked us the fourth most innovative company in the world behind only Google, Apple, and Facebook—not bad for a 130-year-old company!

Beyond this, we are committed to improving communication around the Company and addressing things that may have frustrated our investors, including accounting adjustments to our historic financial results. We will continue to improve our strong model for controllership, and we have added regulatory resources around the Company to anticipate key issues.

I want investors to see that GE is truly more than the "sum of the parts." The strength of GE is in the "totality." It is the ability to deliver in good times and bad. We do this because we invest and deliver. We are winning in the essential themes; we have built leadership businesses; we are a high-performance company; and we develop great leaders.

I am compensated to deliver for you. In 2003, the GE Board's Management Development and Compensation Committee (MDCC) decided to put all of my equity compensation in performance shares that mature over five years.

The performance shares pay out in a balanced fashion: 50% based on total GE shareholder return versus the S&P 500's return; and 50% based on our operating performance as reflected by

achieving annual cash from operating activities (CFOA) growth of at least 10%. Our theory has been that business performance drives stock performance and, in most periods, they move together.

Our business performance has been solid. CFOA growth has averaged 21% over the last five years. Our total shareholder return over that same period has been a respectable 75%, but we have trailed the S&P 500's return of 83%. Accordingly, I will receive only half of the performance shares allocated by the MDCC.

This is bad news for me, but good news for investors because our performance is not yet fully reflected in our stock price. This will change. I am so confident in our performance that I continue to buy GE stock in the open market, just like you do.

I, along with all of our leaders, am aligned with investors. We believe in performance and long-term commitment to the Company. In the toughest of times, you can count on us. That is the way we are built, the way we grow, and the way we are paid.

We have averaged earnings growth of 11% over the past 25 years, including 16% in 2007. We have increased our dividend for 32 straight years. We invest and deliver: every day ... every quarter ... every year ... and we will in 2008. Thank you for all of your support. Our best days are ahead.

Jeffrey R. Immelt
Chairman of the Board
and Chief Executive Officer
February 20, 2008



GE values breadth and depth. Our Corporate Executive Council consists of leaders from across the Company including legal, finance, operations, sales, and marketing. The members of the council have an average of 20 years experience in navigating the complexity and opportunity of a global, multi-business company.

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

2. Kathryn A. Cassidy
Vice President & GE Treasurer

3. Scott C. Donnelly
President & Chief Executive
Officer, Aviation

4. Daniel C. Janki
Vice President, Corporate
Investor Relations

5. John M. Samuels
Vice President
& Senior Tax Counsel

6. Jeffrey S. Bornstein
Senior Vice President
& Chief Financial Officer,
Commercial Finance

7. Pamela Daley
Senior Vice President,
Corporate Business
Development

8. Susan P. Peters
Vice President, Executive
Development & Chief
Learning Officer

9. Mark W. Begor
President & Chief Executive
Officer, GE Money, Americas

10. John M. Dineen
President & Chief Executive
Officer, Transportation

11. Mark M. Little
Senior Vice President,
Global Research

12. Ferdinando Beccalli-Falco
President & Chief Executive
Officer, International

13. Richard A. Laxer
President & Chief Executive
Officer, Capital Solutions

14. Wayne M. Hewett
Vice President, Supply Chain
& Operations

15. Yoshiaki Fujimori
President & Chief Executive
Officer, GE Money, Asia

16. William H. Cary
President & Chief Executive
Officer, GE Money



17. Joseph M. Hogan
President & Chief Executive Officer, GE Healthcare

18. James W. Ireland III
Vice President & Chief Executive Officer, GE Asset Management

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

20. Ronald R. Pressman
President & Chief Executive Officer, Real Estate

21. James P. Campbell
President & Chief Executive Officer, Consumer & Industrial

22. Deborah M. Reif
President & Chief Executive Officer, Equipment Services

23. Stephen R. Bolze
Vice President, Power Generation

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

25. Brian B. Worrell
Vice President, Corporate Audit Staff

26. Elizabeth J. Comstock
President, Integrated Media, NBC Universal, Inc.

27. Keith S. Sherin
Vice Chairman, GE and Chief Financial Officer

28. John J. Falconi
Vice President & Chief Financial Officer, GE Infrastructure

29. John F. Lynch
Senior Vice President, Human Resources

30. Charlene T. Begley
President & Chief Executive Officer, GE Industrial/Enterprise Solutions

31. Jeff R. Garwood
President & Chief Executive Officer, Water & Process Technologies

32. John Krennick, Jr.
President & Chief Executive Officer, Energy

33. Claudi Santiago
President & Chief Executive Officer, Oil & Gas

34. Brackett B. Denniston III
Senior Vice President & General Counsel

35. Daniel C. Heintzelman
Vice President, Energy Services

36. Daniel S. Henson
Vice President & Chief Marketing Officer

37. S. Omar Ishrak
President & Chief Executive Officer, Clinical Systems, GE Healthcare

38. Shane Fitzsimons
Vice President, Corporate Financial Planning & Analysis

39. Jeffrey A. Zucker
President & Chief Executive Officer, NBC Universal, Inc.

40. Mark L. Vachon
President & Chief Executive Officer, Diagnostic Imaging, GE Healthcare

41. Gary M. Reiner
Senior Vice President & Chief Information Officer