

To Our Shareowners:

The Management Development and Compensation Committee of GE's Board of Directors is responsible for designing and implementing compensation programs that reward executives for leadership excellence and sustained financial and operating performance, align their interests with those of our shareowners, and encourage them to remain at GE for long, productive careers. As Chairman of this Committee, I would like to share my perspective on how GE works to ensure that its executive compensation program properly measures and rewards the preservation of value in this time of economic stress.

Measuring Success in Severe Economic Conditions

At GE, we believe in developing and retaining market-tested leaders with the skills and experience needed to perform in a broad range of economic conditions. We invest substantial time and resources in training at all levels of the Company. We see the greatest return on this investment in tough economic times like these. We have a core team of leaders that is prepared to handle the difficult conditions we face—and to protect and grow shareowner value over the long term.

A guiding principle of our compensation program is to ensure that we have in place the right metrics and incentives, applied over the appropriate performance periods. We reward consistent performance and discourage short-term-oriented behavior that may yield a single period of good results without regard for proper risk management or the long-term health of the business.

The Committee uses a mix of compensation that balances rewards for current and long-term performance. Performance metrics include growth in earnings per share, revenue, and cash flow. We believe this is the best way to stimulate innovation and ensure solid execution, while guaranteeing that risks are recognized and managed appropriately over the long term.

Although we fine-tune our compensation programs as conditions change, we believe it is important to maintain consistency in our compensation philosophy and approach. We recognize that value-creating performance by an executive or group of executives does not always translate immediately into appreciation in GE's stock price, particularly in periods of severe economic stress. However, we will continue to reward such performance based on our firm belief that, over time, true value creation does translate into stock price appreciation.

Rewarding Effective Risk Management

A root cause of the global economic crisis was the failure of many executives and businesses to understand and adequately manage and price risk. At GE, we have strategies and management processes that effectively manage risk and maximize opportunities across our businesses. Our process includes long-term strategic planning, executive development and evaluation, regulatory and litigation compliance reviews, environmental compliance reviews, GE Capital's corporate risk function, and GE's senior level Corporate Risk Committee.

When the current financial crisis recedes, we expect that managing risk will be even more important to competitive advantage and long-term success. Our executive compensation program is designed to reward those executives who demonstrate an ability to assess and manage risk effectively.

Over the past year, our leaders have demonstrated the ability to identify risks and adapt our strategies to protect the Company. GE acted quickly to improve liquidity, raise capital, and transform our financial businesses. We have also exited businesses with unacceptable rates of risk-adjusted return.

We believe it is important to continue to reward those who demonstrate this disciplined ability to protect our businesses, but it's only appropriate that certain components of compensation will decline during periods of economic stress and reduced earnings.

It is in this context that we have determined 2008 incentive compensation awards. In one of the most difficult operating environments in memory, GE's leadership delivered more than \$18 billion in earnings in 2008, and our industrial and financial earnings compared very favorably to the S&P 500. This was

the third best earnings year in GE's history. At the same time, however, our 2008 earnings from continuing operations were down 19% compared to 2007. To align compensation with our financial performance, we reduced the size of our 2008 average bonus awards by 19% from 2007.

GE Earnings Versus S&P 500 Earnings

Increase (decrease) in earnings from 2007

GE Consolidated ⁽¹⁾	(19)%
S&P 500 ⁽²⁾	(30)%
GE Industrial Businesses ⁽³⁾	5%
S&P 500 Industrial Sector ⁽²⁾	(0)%
GE Financial Businesses ⁽⁴⁾	(37)%
S&P 500 Financial Sector ⁽²⁾	(170)%

(1) Represents earnings from continuing operations.

(2) Represents operating earnings as reported by Standard & Poor's. 2008 earnings are based upon companies that have reported as of February 2, 2009.

(3) Consists of GE Energy Infrastructure, GE Technology Infrastructure, NBC Universal and Consumer & Industrial.

(4) Represents GE Capital Services.

Leadership in the Challenging Times that Lie Ahead

In the midst of this recession, we look to our extremely capable and well-trained managers to keep GE safe and focused on long-term shareowner value creation. The Board holds our leaders to an extremely high standard—we expect them to manage their businesses with a sense of ownership that is informed both by their deep operational expertise and a broad understanding of how industry dynamics and global economic conditions will affect their businesses now and into the future.

These may be unprecedented times, but we are confident that GE has a capable, well-trained group of leaders that will secure the long-term health, growth, and profitability of the company. In the challenging times ahead, growing and retaining strong leaders and rewarding them appropriately for disciplined and thoughtful management will remain strategic imperatives for GE.

Sincerely,



Ralph S. Larsen
Chairman, Management Development
and Compensation Committee
February 6, 2009



2008 CEO Goals & Objectives

STRATEGIC & OPERATIONAL GOALS

Sustain operating excellence and financial discipline

- Achieved record revenues in 2008 and third largest earnings total in GE's history
- Managed the Company through the current economic turmoil in a safe and responsible way
- Significantly strengthened the Company's liquidity position
- Reduced GE Capital's leverage and its reliance on commercial paper debt and diversified its funding sources

Create a more valuable portfolio of businesses

- Reorganized GE Capital intending to maintain its competitiveness as a smaller, more focused finance company

Drive organic revenue growth at 2 to 3 times gross domestic product

- Generated 8% industrial organic revenues growth

Retain an excellent team with a strong culture

- Managed key leadership transitions at Healthcare, Aviation, and GE Money

Manage the Company's risk and reputation

- Led successful sponsorship and broadcast of the Beijing 2008 Olympic Games

Build an excellent investor base

- Attracted key value investors in 2008 equity offering

Lead the Board activities

- Continued to strengthen Board membership

FINANCIAL OBJECTIVES

(Continuing operations)	Goal	Performance	Change From Prior Year
Revenues (In \$ billions)	190-195	183	6%
Earnings (In \$ billions)	24.2+	18.1	(19)%
EPS (\$ per share)	2.42+	1.78	(19)%
CFOA (In \$ billions)	23-26	19.1	(18)%
ROTC (%)	~20	14.8	(410)bp
Margins (%)	~17	15.6	(100)bp