

## To Our Shareowners:

As head of the Management Development and Compensation Committee of GE's Board of Directors, I have written to you each of the last two years, and I write again this year, because I believe it is important to explain to you how we think about executive compensation – and to share our perspective on how GE measures performance, how we motivate and reward our executives, and how we work to insure our compensation programs are aligned with the long-term interests of our shareowners.



GE has always taken the long-term view. The Company has successfully weathered many economic cycles over its 130-year history by hiring, training and developing disciplined leaders who focus on achieving our long-term strategies, thoughtfully managing risks, and creating and preserving shareowner value. It is this discipline and focus that drives the enduring success of the Company.

Many of our top executives have spent most or all of their careers here. They have unparalleled domain expertise and are deeply invested in and committed to the Company. Our compensation programs don't reward them for taking outsized risks that produce short-term gains. We reward our executives for consistently making smart decisions over the course of their careers here that carefully balance risk and return, advance the Company's strategic objectives and deliver long-term results for shareowners.

While we focus on long-term performance, we do not ignore current performance. We evaluate annual performance in the context of progress made against our long-term strategies, results relative to annual objectives and actions to manage risk and preserve shareowner value. Our compensation programs provide for variable rewards depending on performance. Importantly, because we take the long view, good years do not result in extravagant payouts and in bad years compensation is appropriately adjusted weighing the year's performance and long-term performance. We believe this balanced approach is critical to attracting and retaining the best people for the Company's long-term success.

That said, GE did not perform as well in 2009 as it has historically, and that is reflected in this year's payouts.

We believe our compensation for 2009 appropriately balances the earnings decline against the tough, smart decisions made by GE's senior management, a proven team that we believe is among the best in the world. These decisions helped the Company successfully weather one of the worst economic downturns any of us has ever seen.

In 2009, GE took strong actions to rightsize our financial business, focus on core strengths and continue to increase liquidity. We further simplified our business portfolio and continued to build our unmatched global infrastructure business. We transformed NBCU into a multi-platform media business and announced an agreement to move it into a partnership with Comcast to create a more valuable media enterprise. None of this could have happened without a strong management performance by GE Chief Executive Officer Jeff Immelt and the leadership team.

While we expect economic conditions to remain challenging in 2010, the Board is confident that GE has the right executive compensation systems in place to foster the management performance that is central to creating long-term shareowner value.

Sincerely,

A handwritten signature in black ink that reads "R S Larsen". The signature is fluid and cursive.

**Ralph S. Larsen**  
Chairman, Management Development  
and Compensation Committee  
February 19, 2010