



Dear Fellow Owners,

Time magazine called this era “The Decade From Hell,” and “when you are going through hell,” Winston Churchill advised, “keep going.”

We suffered one of the worst global economic downturns in history. The banking system teetered on the abyss. The financial sector suffered losses that will exceed \$3 trillion. Unemployment surpassed 10% in the United States and rose even higher in many parts of the world. Asset prices across key segments plummeted. People lost faith in the principles of free markets and their power to create wealth and opportunities.

Yet, in 2008–09, a period many considered the most difficult economic crisis since the Great Depression, GE earned about \$30 billion and generated \$36 billion of cash. And we finished this period much stronger than we started.

The world has been reset. Today’s uncertainty feels like the “new normal.” We will not return to the relative tranquility of the pre-crisis world. Growth will be harder to come by, trends will be more volatile and constituent voices will be louder. We see this environment as an opportunity to renew GE.

Last year, we predicted that calamity would reset the global economy. Now we can elaborate on what this reset world means for GE and our shareowners.

PICTURED LEFT TO RIGHT (*seated)

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

Michael A. Neal*
Vice Chairman, GE and Chairman
& Chief Executive Officer,
GE Capital Services, Inc.

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

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

John Krenicki, Jr.
Vice Chairman, GE and President
& Chief Executive Officer,
Energy Infrastructure

Unprecedented Actions in Unprecedented Times

As we navigated these uncharted waters, we had four goals: keep GE safe and secure; execute and position our infrastructure businesses to perform through the cycle; create financial flexibility; and protect our franchise and brand. We responded to these events as I hope you expected, though sometimes of necessity with more speed than we would have liked. In all of this, I had a lot of help, and never have I been more grateful for it. I trusted in the perseverance of our employees, the dedication of our managers and the wisdom of our Board.

KEEP GE SAFE AND SECURE. Over the last 18 months, we cut employment by 10%, raised equity and cut our dividend—difficult decisions for which I take full responsibility. We fortified GE Capital in the face of rising losses. While our “Triple-A” bond rating was cut, we remained at a strong and stable “Double-A.” Despite our large financial services exposure, GE weathered the crisis without participation in the Troubled Asset Relief Program (TARP).

Our GE Capital team has stabilized that business. We reduced our reliance on commercial paper and decreased dependence on long-term debt. We are funded into 2011. GE benefitted from government lending programs, like most others in the financial services industry. We issued a portion of our debt under the FDIC’s Temporary Loan Guarantee Program, for which we have paid a \$2.3 billion fee. We lowered our leverage and increased our Tier I common ratio to a level comparable with banks.

We trimmed Capital Finance ending net investment by more than \$50 billion and focused our resources on segments that continue to deliver high returns. We are managing the continued risk from commercial real estate and are well prepared for the potential for further volatility in this market.

A number of our finance company competitors disappeared during this crisis. We extended \$150 billion of credit, with a significant portion of it going to small and medium-sized businesses. GE Capital Finance earned \$11 billion in 2008–09 and never had an unprofitable quarter during this period.

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EXECUTE AND POSITION OUR INFRASTRUCTURE BUSINESSES TO PERFORM THROUGH THE CYCLE. We executed in our industrial business and outperformed through the crisis. The profit of S&P “industrial” companies declined 16% in 2009. We outperformed many competitors in the industrial businesses, earning \$14.7 billion of industrial segment profit (excluding media), a 1% increase from the previous year. We reduced our costs by \$6 billion, so we could overcome the impact of reduced demand. Our industrial margins grew to 16.2%, up 60 basis points from the previous year. We sought out pockets of growth wherever we could find them. We deepened our position in fast-growing markets in Australia, Brazil, China and India. We grew our product services and helped make our customers more productive.

CREATE FINANCIAL FLEXIBILITY. We improved our financial strength and flexibility. We increased GE shareowners’ equity by \$13 billion during 2009. We generated close to \$17 billion of industrial cash flow, helped by significantly reducing working capital. Announced dispositions are expected to add another \$10 billion of cash within the next year. We ended the year with \$72 billion of cash.

PROTECT OUR FRANCHISE AND BRAND. We protected the GE brand and our long-term franchise. We increased our research and development (R&D) funding by 7%, and positioned the Company to seize new opportunities through investments. We announced an exciting new initiative, *healthymagination*SM, and continued to successfully drive our signature *ecomagination*SM effort. Through the crisis, GE remained the world’s fourth most valuable brand.

We were, however, far from perfect, and I want you to know that we also learned a few lessons during the crisis that will help us run the Company better. Managing size and complexity was a strength for GE during a generation of economic stability. The world we live in today has more systemic risk. So GE must change.

For the last decade, we have run the Company with, at times, more than half our earnings coming from financial services. As we grew, financial services became too big and added too much volatility. **GE must be an industrial company first.** We have increased our investment in industrial growth. We will only grow strategically in financial services. We will carefully monitor our size and return capital from our financial services business as soon as possible.

Over time, we invested in areas like global mortgages, where we could grow earnings, but that in the end did not fully leverage our competitive advantage. **We have taken strong actions to simplify and focus GE around our core competitive advantages.**

We applied a tighter focus on operations and liquidity during the crisis. As a result, we weathered the recession with high margins and strong cash flow. We have built stronger processes around enterprise risk management and capital allocation. Similarly, we have improved the productivity of our supply chain and lowered overhead cost. Historically, we have run the Company with very little cash on hand. Now, we have developed a more conservative cash profile to better prepare for volatility.

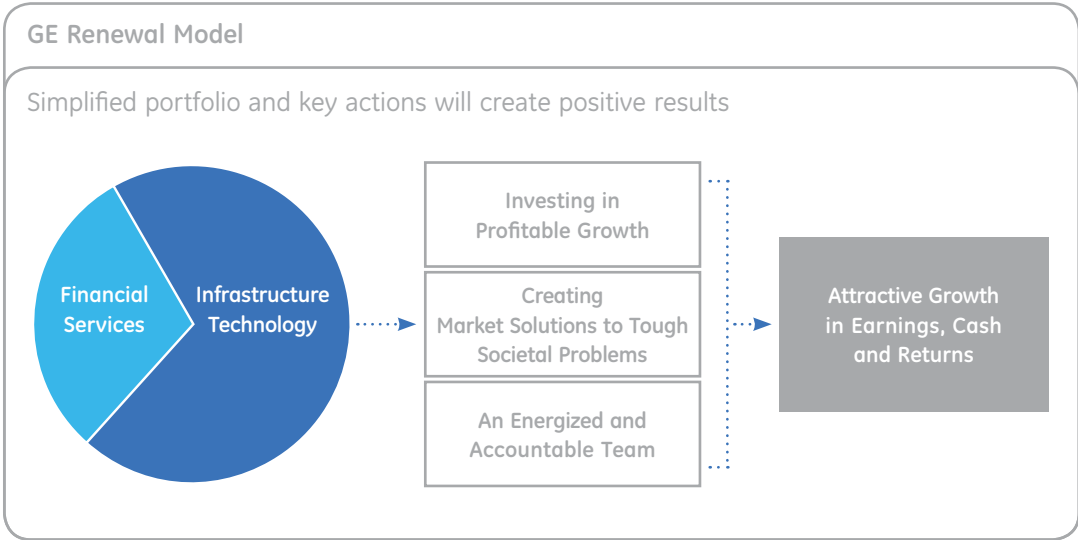
These practices will remain in place even as the economy improves.

It wasn't always pretty, but we executed on our key priorities in 2009. GE Capital is positioned to win in a reset financial services industry. Our industrial business will continue to outperform. We have a healthier balance sheet and a strong brand. We have put you through a lot of volatility during this crisis. But we never stopped learning and making the Company better. We will perform for you in the future.

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The GE Renewal

GE is an innovative technology and services company that can solve some of the world's most difficult problems, grow earnings and have substantial cash available to reinvest in the Company or return to shareowners. And, in the markets we have chosen, we will have a meaningful competitive advantage.



A simplified portfolio focused on infrastructure.

We are the world's best infrastructure company. We've built leadership franchises in Energy, Oil & Gas, Healthcare, Aviation, Transportation, Water and Consumer Products. Investors value our infrastructure business model. We have grown our earnings by almost 10% annually for two decades with high returns and strong cash flow. We have great technical and geographic diversity, which reduces volatility.

Infrastructure can fully leverage GE enterprise advantages. Much of our technology is common to multiple businesses, so we can spread innovations across our portfolio. We share a common approach to servicing our installed base. We enjoy deep relationships across our businesses with emerging-market governments who look at infrastructure in its totality. Our businesses require big investments and financing that only a strong company like ours can provide. We should be able to offer more customer value at a lower cost than any of our competitors.

Infrastructure offers GE dynamic, long-term growth through building out adjacencies. We built several new adjacencies over the past decade, like renewable energy, oil & gas, water treatment and life sciences. In 2000, these businesses were virtually zero; today they generate around \$20 billion in revenue. We are currently launching new adjacencies in batteries, avionics and services.

We are repositioning GE Capital as a smaller and more focused specialty finance franchise. Our competitive advantage is in value-added origination and risk management. We will continue to be a significant lender for assets we know, and in markets where we are a recognized leader. We are preparing for a more highly regulated financial services market. GE Capital can still generate solid returns in this more focused form.

Our ability to finance improves our understanding of how our customers work and make money. Outside the United States, governments like to partner with companies that bring complete technical and financial solutions. To small businesses, GE Capital can add more value than banks because we offer industrial practices that help them grow.

Reducing our ownership stake in NBC Universal (NBCU) was a difficult decision, but it offers important benefits to the Company. Presuming the deal is approved, we expect to receive an attractive valuation and a lowered risk profile.

GE owned NBCU for more than 20 years, during which average growth and return both were 11%, above the industry average. We were the ratings leader for most of those years. We have been a consistent investor in content, people and platforms. More recently, we had disappointments in primetime for our broadcast network.

But we got the big things right. When we merged with Universal in 2004, we enhanced shareowner value by diversifying our broadcast business model. Subsequently, we built one of the industry's most successful cable platforms, broadened our content, made investments in Hispanic media, globalized our distribution and positioned the business for a digital future.

Investors in GE expect us to make smart capital-allocation decisions. This is what the NBCU/Comcast partnership will be. The transaction will generate cash that we can invest in infrastructure growth. At the same time, we will own a large stake of a media enterprise, better positioned to compete.

Our leadership in infrastructure and financial services positions GE for long-term growth. There will be more than \$10 trillion invested in infrastructure by 2015, with a significant portion in emerging markets. Our simplified, powerful portfolio is aligned with global growth opportunities well into the next decade.

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Investing in profitable growth.

We have consistently enhanced our capability to drive organic growth. We have positioned GE to capitalize on the available “tailwind” in a world with uneven growth.

WE HAVE BROAD TECHNICAL LEADERSHIP. Our competitive advantage in technology is based on robust investment, an innovative team and our ability to create a low-cost position. In 2010, we will spend about 5% of our industrial revenue on R&D. We have filed 20,000 patents this decade. We have nearly 40,000 engineers and scientists around the world.

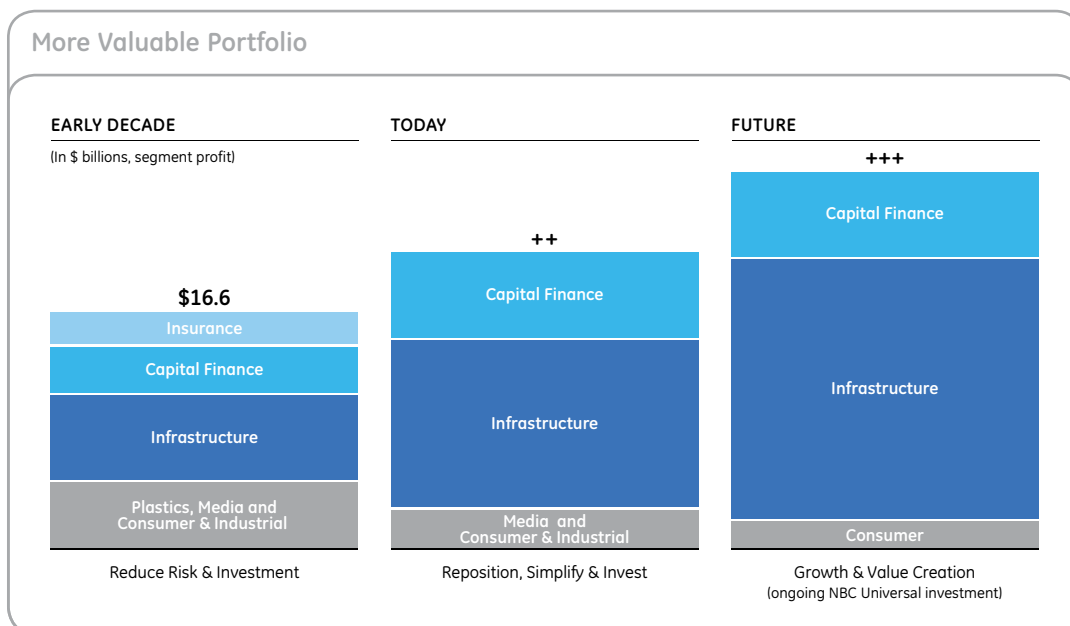
We have developed more than 150 core technologies that create leadership across our company. We share technologies and innovation across multiple platforms to create technological scale. We benchmark each of these against our competition and lead in many.

Our focus is on introducing more new products at more price points. We are driving management practices to capture new opportunities, called “reverse innovation.” Essentially, this takes a low-cost, emerging-market business model and translates it to the developed world. To this end, we have developed a full line of high-margin, low-cost healthcare devices, designed in China and India, and now marketed successfully in the developed world.

We are extending our technology through partnerships. Intel and GE are partnering to offer new innovation in home healthcare. We partnered with the Aviation Industry Corporation of China (AVIC) to form a joint venture in avionics. GE, in partnership with Eli Lilly and Company, is working to develop an approach to molecular pathology that could aid custom treatment decisions for many forms of cancers. GE and Google have partnered to bring smart grid technology into the home. Partnering allows us to introduce more products faster.

WE ARE EXPANDING OUR SERVICE BUSINESSES. Today, we have \$35 billion in product service revenue, with a \$129 billion backlog. Services represent one-third of our revenue and nearly three-quarters of our industrial earnings. Our product service earnings grew even in the recession. High-margin services will continue to grow naturally because of our expanding backlog and installed base.

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We have continued to drive two infrastructure growth initiatives, ecomagination and healthymagination. In so doing, we have made great progress on the stubborn problems of energy efficiency and affordable healthcare. GE always takes a “systems approach” to problem solving, applying innovative solutions to customer and societal needs.

Our competitive advantage in services is a deep understanding of our customers’ productivity based on how they use our products. For instance, a 3% reduction in fuel consumption across GE and our partners’ aircraft-engine installed base would save our airline customers \$2 billion annually.

The next “untapped” market in services is to improve customers’ operations by automating their workflow through software and asset management. We are developing leadership in new markets like smart grid, electronic medical records, movement planning for locomotives, advanced aviation information systems and productivity solutions.

WE LEAD IN GROWTH MARKETS. Today we have a \$38 billion business in growth markets, which include resource- and people-rich regions, like the Middle East, Latin America, China and India. This represents about 40% of our industrial revenue. These markets are investing trillions of dollars in infrastructure and favor a multi-business company that can bring solutions. This allows us to form a “company-to-country” approach in countries where government and business work together to solve infrastructure needs.

We are accelerating localization of capability in order to lower costs and leverage talent. In 2010, we will open six service shops in emerging markets, build our fifth global research center, in Brazil, and add thousands of sales and service reps in these regions.

Investors should view GE as a great way to participate in emerging-market growth. Our share in emerging markets is comparable to the United States; our margins and service penetration are similar to the developed world. And we are committed to a cost position that can compete globally, sometimes by positioning with local players.

Pre-crisis, we had targeted an organic revenue growth goal of 2 to 3 times GDP. In 2010, I expect our organic growth to be slightly positive. Over the near term, our position in services, emerging markets, technology and global solutions should propel GE to organic revenue growth in excess of the GDP.

Creating market solutions to tough societal problems.

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We’ve been an innovator in clean energy. In 2005, we launched ecomagination, which is all about producing innovative technologies that save customers money and create jobs. It has worked at GE. Our revenue from ecomagination products has grown from \$5 billion to \$18 billion in 2009. We have set new goals for growth and for environmental impact.

Technology is the key to a clean energy future. Last year, we made substantial investments to commercialize smart grid solutions, sodium and lithium battery technology, offshore wind, smart appliances and multi-fuel gas turbines. We remain committed to introducing a new generation of nuclear reactors and clean coal technology. These innovations will facilitate energy security and job creation.

Similarly, we believe there is a huge opportunity in affordable healthcare. Healthymagination was conceived to grow our Healthcare business by providing better healthcare to more people at lower cost, mainly by helping doctors.

We are investing \$6 billion to introduce new technologies that address healthcare cost, quality and access. They range from a handheld ultrasound, which could one day become as indispensable in remote areas as a physician’s stethoscope, to high-tech imaging modalities — like magnetic resonance — at revolutionary price points.

We've built strong bonds with hundreds of community hospital systems like Ochsner, in New Orleans, and Virtua Health, in New Jersey. Over the last decade, we've gone beyond supplying them diagnostic imaging equipment. We work just as hard on quality, leadership and productivity solutions. We've helped make Ochsner and Virtua two of the highest-quality and most cost-efficient health systems in the country.

Providing solutions requires technical breadth, customer value and societal trust. GE brings this to clean energy and affordable healthcare, places where governments must invest. This will provide sustainable and profitable growth to investors.

An energized and accountable team.

One of the challenges of leadership in tough times is keeping your team realistic in the present and optimistic about the future. The pre-crisis business rules are gone forever. In their place are different challenges like resourcing for growth in emerging markets, working with global governments and adapting to economic volatility.

Evolving leadership is a strength for GE. We learn constantly from success and failure, and we use what we learn to educate our leaders. For example, we learned important lessons about risk and liquidity management over the past 18 months. In the next few years, we will intensify development of leaders who will thrive in the future.

One way to rejuvenate leadership is to learn from others. We sent 30 of our best leaders to more than 100 major institutions to learn how they are training for the future. We visited Google, West Point, MIT and other institutions around the world.

This is what we have learned, and what we will teach: Leaders must be better listeners; we must be comfortable with ambiguity; we must inspire by example and vision; we must move with competence and speed; and we must respect people and connect with society. The bottom line is that people have different expectations for leaders.

At the same time, when leaders come together in their business teams, they must execute better than ever. We plan to send our top business units through a team-based course called "Leadership Innovation and Growth." They will focus on operational execution, organic investment and anticipating change. We aim to develop a new generation of leaders who will power the most competitive company in the world.

Our leaders' measurements and compensation will be further aligned with investors. In 2010, we will have a long-term incentive plan using four key metrics: 2010-12 cumulative earnings-per-share, where targets will reflect the attractive financial profile I described earlier; cumulative industrial cash generation, which provides the capability to grow our dividend in line with earnings; industrial return on total capital goals, which would keep GE on a level with other highly valued companies and reflect effective capital allocation; and GE Capital ending net investment consistent with our vision of a smaller, more focused financial services business. Achieving these goals will create a more valuable company.

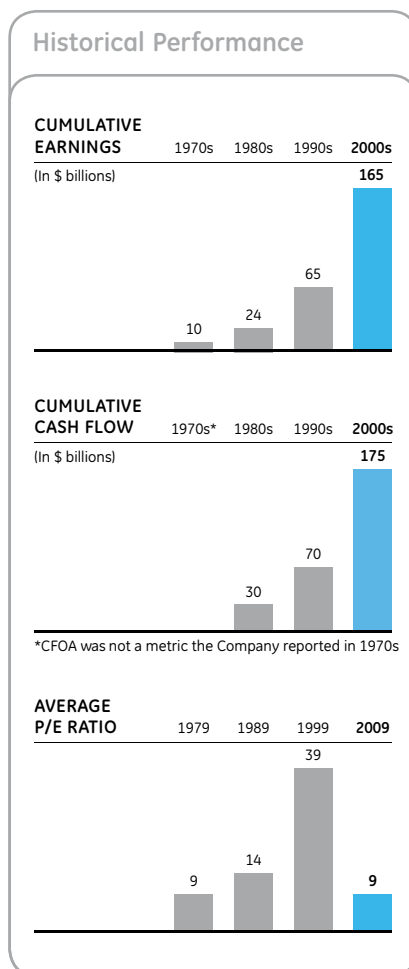
Intensifying efforts to grow leaders, incorporating external perspectives, operationalizing learning and further aligning incentives with investor interests — that's how GE is energizing leadership for the 21st century.

Attractive growth in earnings, cash and returns.

We expect 2010 earnings to be flat with 2009. In 2011 and beyond, we expect GE to generate solid earnings growth, even if the economic recovery is uneven. We will achieve this growth while generating substantial "free cash" that could further enhance investor returns.

Infrastructure earnings should continue to be strong. We won many big global orders in 2008-09 and face the future with \$175 billion in backlog, a record high. We have a full pipeline of new products. And product services, which account for more than 70% of our infrastructure profitability, will continue to grow. By 2011, we should see earnings growth from both equipment and services.

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GE wants to help lead an American growth renewal. We are investing more in technology than at any time in our history. We are rebuilding manufacturing capability. We are selling our products in every corner of the world. We are one of the country's biggest exporters, with \$18 billion in export-related revenue. We are financing small and medium-sized companies and working with them to grow their businesses.

Productivity and cost control will be important. Since 2008, we have invested about \$3 billion in restructuring. We have closed more than 400 facilities, while creating a leaner and more agile company. We are on track to reduce working capital by \$5 billion in 2009–10. We remain near the top of our industrial peers in margins and returns.

In the near future, we expect to earn a full return on investment in GE Capital, with annual profit growing substantially in the next few years. Regardless of how financial regulation evolves, there will be great demand for strong lenders that can help companies grow.

Capital Finance earned \$2.3 billion in 2009 and should strengthen during 2010. Earnings could experience a significant “bounce back” in 2011. Our credit costs in 2009–10 are about three times those in the last few years. But it appears that nonearning assets have peaked and losses will be declining substantially over the next year or two. At the same time, margins on new business remain strong.

We should have more than \$25 billion of cash at the GE parent during 2010, including cash from internal generation and the impact of announced divestitures. In addition, this cash will grow in line with profits each year and could be even greater as we restore the GE Capital dividend in the future.

We plan to allocate capital for acquisitions to build out our strong infrastructure franchise and grow our dividend in line with earnings. Over time, we may buy back stock. We will be disciplined, patient and committed to improving long-term returns.

We worked hard during the crisis to prepare the Company for the future. We are emerging as a “Renewed GE,” a company that is more competitive and positioned for long-term growth.

Business Accountability

My job is to run GE. But we all have responsibilities to our country, and there are times when CEOs need to speak up about practices that are not in the best interests of the United States and our free market economy, that great engine of prosperity. A recent Gallup poll showed that only 13% of Americans trust big business, while more than 40% have no confidence in its integrity and competence.

When citizens distrust big business, governments will follow suit. We can find ourselves in a sort of “dark cycle,” where the people who can make our economy better are considered its worst enemies.

The rallying cry becomes, “Why can't you clowns just create some jobs?” That is where we are today, both in this country and in much of the developed world. I fear that if we don't improve the mood in our country, populism will turn to protectionism, to the great detriment of us all.

Americans are angry. People around the world are angry. But anger is not a strategy. The only strategy we can have as a country is to create more growth. And GE will continue to be a tough-minded and optimistic growth company.

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We will add nearly 1,200 jobs in Michigan over the next decade to accelerate our capacity in manufacturing. And, we committed to add almost 1,000 jobs in Louisville, Ky., to make the next generation of smart appliances. Similarly, we created valuable manufacturing jobs in Mississippi, South Carolina, Ohio and other regions across the country. We have decided to double our on-campus hiring in the 2010 recruitment cycle versus the previous year.

We are doing this despite the fact that more than half of our revenue is generated outside the United States. Why? Because a confident America is important for globalization to continue; and globalization is important for economic growth; and economic growth is important for GE to succeed. In the future, companies must “earn the right” to globalize. It can’t be taken for granted.

I know GE can make a difference to the American economy and innovation; we can also make a difference by the example that we set. We want to be a company that is always getting better. A company that understands where it fits in markets and in society—and appreciates its responsibility to both. A company that makes better the great nation that made possible its success.

I am proud to work at GE, and I love our team. We are beginning a renewal that should be financially attractive to investors, while positioning GE to lead and our shareowners to prosper as new systems and values for the global economy are created. We are grateful for your support, and we will prove ourselves worthy of your trust.



Jeffrey R. Immelt
Chairman of the Board
and Chief Executive Officer
February 19, 2010

Even in an environment of renewal, GE businesses are positioned for growth. With a simple, powerful portfolio and an attractive financial profile, GE will seize the opportunities presented by the world’s toughest challenges. We will do so by combining broad technical leadership, an expansion of services, investments in emerging markets and valuable relationships. Only an organization with such a unique identity—at once, a problem solver, builder, educator and learner—can achieve such a task.

