

# Employees

GE's size and multi-business structure provide a unique place in which employees can thrive and fulfill their potential. The combination of GE's breadth of businesses and global scale give employees the opportunity to challenge themselves and make a positive impact in their industry and community. GE's commitment to employees takes several forms: a dedication to two-way communication; an emphasis on integrity; a commitment to providing competitive benefits and meeting pension obligations; a focus on increasing diversity and inclusiveness; and broad support for ongoing training and leadership development.



► GE CHAIRMAN AND CEO Jeffrey Immelt meets with employees at Crotonville, New York, GE's education and development center.



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## Workforce information

GE's workforce is dynamic, with over 50% of salaried employees having fewer than five years of service. Whether through organic growth, acquisitions or divestitures, GE's total workforce expands and contracts frequently, but has remained over 300,000 for the past five years, with nearly half of all employees located outside of the U.S.

TOTAL GE EMPLOYEES

	2001	2002	2003	2004	2005
U.S.	158,000	161,000	155,000	165,000	161,000
Other countries	152,000	154,000	150,000	142,000	155,000
Total	310,000	315,000	305,000	307,000	316,000

## Employee relations

During the past several decades, the relationship between employees and their employers has changed dramatically. Employees change employers and careers more frequently than in past generations, and technology has enabled a new way of working—more mobile, faster and more technologically dependent. Within this new era, GE strives to provide comprehensive systems for immersing recruits in the GE culture from day one—and then providing them with multiple sources of two-way communications to encourage an open dialog.

### Employee opinion survey

Employee feedback is a critical part of the way GE operates. GE's heritage of formally tracking employee opinions about the Company dates back to the 1940s, and within the last decade, GE has refined that process to what is now known as the GE Opinion Survey. This is an annual global, anonymous, web-based employee attitude survey comprised of 69 questions on topics including hiring practices, compensation, management practices, fairness, training and development, diversity and complaint resolution.

In 2006, GE had a record survey response rate of 95% (out of approximately 127,000 professional employees) and improvements in most categories. A survey question with a greater than 60% favorable rating is considered good, greater than 70% favorable rating is excellent and greater than 80% favorable is considered outstanding.

One of GE's lower scores is in the "Tools and Resources" category, which was scored favorably by 61% of the respondents (improving one point from 2005). In today's fast-paced, global world, employees desire the tools and

GE EMPLOYEE OPINION SURVEY HIGHLIGHTS

Question	Favorable		Neutral		Unfavorable	
	2004	2005	2004	2005	2004	2005
In my current position, I am given the opportunity for challenging assignments.	76%	79%	14%	12%	10%	9%
There are no compromises around here when it comes to conducting business in an ethical way.	84%	85%	10%	10%	6%	5%
I am confident that the top corporate leadership of GE will keep the company competing successfully.	78%	75%	15%	16%	7%	9%
My immediate manager/supervisor supports me when I need some time off to take care of personal needs.	88%	88%	8%	9%	4%	3%
I like the kind of work I do.	75%	87%	15%	9%	10%	4%
In my business people go beyond the minimum requirements of their job to do really excellent work.	78%	79%	16%	15%	6%	6%
The people I work with treat me with respect.	88%	89%	9%	8%	3%	3%

resources necessary to keep them efficient and enable them to do their jobs even better.

GE continues its commitment to retaining an inclusive workforce and to furthering its efforts to be an "Employer of Choice." Incorporated in the 2006 survey is an "Engagement Index." The index has provided data that allow GE to understand the

experience and needs of its employees.

This year's results for the Engagement Index indicate a 74% favorable rating for the professional and managerial employee population. The ongoing use of the index will provide a road map for additional 2006 actions and allow GE to remain proactive in its retention efforts.

# Labor relations and employee benefits

GE maintains constructive statutory and contractual relationships with hundreds of employee representatives throughout its global operations. The employee representative arrangements take various forms, but can be generally described as trade unions or works councils. Relationships with these employee representatives are structured based on applicable laws in the countries where GE operates. In all cases, GE respects employees' right to freedom of association and to bargain collectively within the requirements of local law.

For example, in the EU GE has employee representation agreements at the local, national and transnational levels. It has over 300 works council arrangements, including five European Works Councils (EWC) that are aligned with the following business platforms: Consumer & Industrial, Healthcare, Advanced Materials, Energy and Infrastructure.

In 2003, members of GE's two largest unions in the U.S. (which currently represent approximately 15,000 employees) approved new four-year national labor contracts with GE. The larger of the two, the IUE-CWA, represents over 11,000 GE employees at more than 50 Company locations. The UE represents over 4,000 employees at 15 locations. The terms of these two new contracts were also extended to 11 other U.S. unions that have local contracts with GE, representing an additional 4,000 employees. Other U.S. unions represent approximately 5,000 employees.

## GE employee benefits

The provision of a well-conceived benefits package that is responsive to employee needs while maintaining the Company's ability to remain competitive is a fundamental obligation to our employees. GE strives to provide competitive packages that meet or exceed government mandates for specific regions and industries.

In the U.S., there is a recent trend for companies to eliminate defined benefit plans and radically cut back on healthcare offerings for both active employees and retirees. GE has tried to resist this trend and, especially with respect to elimination of its defined benefit plan, will continue to make that effort. Within the U.S., most GE employees are eligible for both a defined benefit plan and a defined contribution plan. GE views it as a competitive advantage to continue to offer these programs with broad eligibility as a vital element in attracting and retaining top talent.

No company can ignore, however, the trends relating to these legacy costs. When GE makes changes—as it has done over the years—they'll be done intelligently and incrementally. The Company will also continue to maintain open lines of communication to help employees understand any changes and how those changes may affect them. And we'll keep on reminding everyone that, even as our benefits evolve, we always want to be the employer of choice.

## GE and employee health (relating to HIV/AIDS and other infectious diseases)

GE is committed to the health and well-being of its employees. GE recognizes that with global operations, it must be prepared to face the particular challenge of employing members of communities that are affected by chronic infectious diseases such as HIV/AIDS. To that end, GE will:

- ▶ Maintain safe and healthy work environments
- ▶ Not discriminate in hiring and employment practices based on health status
- ▶ Respect the privacy of GE employees related to their health, consistent with GE's privacy policy
- ▶ Be in compliance with all laws that pertain to the employment and care of employees with HIV/AIDS or other infectious diseases
- ▶ Conduct employee education and/or outreach about HIV/AIDS as needed

## Pension management

The GE Pension Plan, which covers most U.S. employees, dates back to the beginning of the 20<sup>th</sup> century. GE's management of the Pension Plan and the assets in the pension trust has resulted in a surplus, allowing the Company to meet current and future retirement obligations to more than 520,000 people.

## GE pension trust (U.S. only)

GE's effective management of its pension plans and assets is founded in a careful management system. GE's Benefit Plans Investment Committee, which reviews the investment performance of the assets of GE's pension plans, is comprised of GE's CFO and four senior leaders and meets twice a year. GE's citizenship principles are also applicable to its pension plans. During initial research of a potential investment, among the factors GE evaluates are a company's practices in labor relations, shareholder treatment and environmental policies to determine its commitment and practice of social responsibility. For public equities, GE utilizes an online "Stockwatch" report, which lists a governance rating for each company in the portfolio.

## Training and development

Key elements to GE's learning culture include energy, curiosity and candor, as the talented people it attracts and recruits apply themselves to unravel the most challenging problems of the future. GE leaders are evaluated on how well they guide the professional growth of their people, providing counsel and goal setting. Leaders are responsible for ensuring functional competence and overall business excellence of their teams, in an operating climate that emphasizes integrity without the least exception.

GE invests more than \$1 billion in training and development initiatives each year. GE's dedication to training is most visible at the John F. Welch Learning Center in Crotonville, N.Y. This first-of-its-kind corporate center celebrates its 50<sup>th</sup> anniversary in 2006 with the ongoing mission to train and share best practices on leadership. GE Corporate leaders are frequent guest speakers during classes to promote learning based on real-world and timely experience. GE also provides a global network of online learning, available to every GE employee. GE employees completed 2.9 million online courses in 2005, a 26% increase from the year before.



# Diversity and inclusiveness

While GE has made progress, the Company is committed to continuing to improve the representation of women, U.S. minorities, and non-U.S. citizens in leadership roles in the Company. In 2005, 34% of Company Officers and 40% of Senior Executives were diverse (women, U.S. minorities, and non-U.S. citizens) versus 22% of Company Officers and 29% of Senior Executives in 2000. Nearly one quarter of GE's leadership comes from outside the U.S.

## COMPARATIVE U.S. RACE AND ETHNICITY REPRESENTATION

	American Indian/ Alaskan Native		Asian-Pacific Islander		Black		Hispanic		Total Diverse Representation	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
Executive	0.1%	0.2%	5.2%	6.2%	4.1%	4.3%	2.4%	2.9%	12%	14%
Professional	0.2%	0.2%	7.5%	8.0%	4.7%	4.8%	4.8%	5.4%	17%	18%
All other	0.4%	0.4%	3.4%	3.5%	13.2%	13.3%	7.6%	10.5%	25%	28%
Grand total	0.3%	0.3%	5.2%	5.5%	9.3%	9.4%	6.2%	8.2%	21%	23%

## COMPARATIVE GLOBAL FEMALE REPRESENTATION

	2004	2005
Executive	20%	20%
Professional	27%	28%
All other	38%	39%
Grand total	33%	34%

### Case study: GE affinity networks

GE's Women's Network continues to grow around the world, particularly in Asia. Over the last five years the Women's Network has grown from one location in Tokyo, Japan, to over 23 locations across China, India, Indonesia and Australia. The

Shanghai chapter is a great example. From 2004 to 2005 the chapter hosted 18 events attended by more than 1,000 people—20% higher than the year prior. Events cover topics such as financial planning, self-defense, technology training, performance, networking and image and exposure. The Shanghai chapter of the Women's Network helps to differentiate

GE from other companies by participating heavily in recruiting events on campus, sharing experiences and inviting potential recruits to GE's Technology Center. The chapter also focuses heavily on career development to increase retention in China's dynamic marketplace.

## Moving forward ►

Continue to provide a stable base of development, opportunities, jobs and benefits

Implement best practices from U.S.-based pension plans to strengthen governance procedures globally

Focus on managing global diversity—in a range of different cultural settings

Continue to focus on individual competitiveness by improving employee tools and resources