

ANNUAL SHAREOWNERS MEETING

Philadelphia, PA April 26, 2006

Jeff Immelt

Welcome to the 2006 GE Annual Meeting. I'm Jeff Immelt, Chairman of the Board and CEO and here with me today are Keith Sherin, our Senior Vice President and Chief Financial Officer, and Brackett Dennison, our Senior Vice President and General Counsel.

It's a pleasure to be here in a thriving downtown Philadelphia, the birthplace of American innovation. It was in 1876 in Philadelphia that the Centennial Exposition was held marking 100 years of the United States. One of the visitors to that expo was one Thomas Edison, who two years later founded your company, General Electric. GE still finds inspiration in the Greater Philadelphia area, which is the home to our Water and Process Technologies business, our Trailer Fleet Services Modular Space business, NBC 10, and GE Plastics. And for many years, Philadelphia was home to our Aerospace and Electrical Distribution business.

We employ more than 3600 people here with a payroll of \$270 million, we have more than 28,000 shareholders in the area, and we spend more than \$150 million with Philadelphia area vendors. Last year the GE family contributed more than \$2 million and countless hours to the local community and every year thousands of GE employees and retirees volunteer with important local programs, such as Greater Philadelphia Cares, with whom we met yesterday. We met at Shepherd Elementary in North Philadelphia to celebrate the strides those kids are making in reading. It's really spectacular what principal Jim Otto and the community are doing and we're honored to be a part of it.

GE and Philadelphia have had a great partnership over many years and I want to say thanks for your decades of support. We will continue to be a good neighbor and community citizen.

I'm advised that this meeting is properly convened and we have a quorum and that the proposed resolutions set forth in the proxy statement are filed as part of these proceedings.

We received proxies representing 75% of the more than 10 billion outstanding shares eligible to vote and the management of the Proxy Committee has voted these shares in accordance with shareowner wishes.

It's now my privilege to introduce members of the board of directors who are with us today and I'm going to ask each director to stand briefly as I introduce them so you can see who they are. And then I'll ask them to stand again as a group to be recognized.

- Sandy Warner, former chairman of the board, JPMorganChase & Company, a director since 1992. Sandy is chairman of the Audit Committee.
- Claudio Gonzales, chairman and chief executive officer of Kimberly-Clarke Mexico. He's been a director since 1993 and Claudio is chairman of the Corporate Governance Committee.
- Roger Penske, chairman of the board, Penske Corporation, Penske Truck Leasing Corporate, and the United Auto Group, a director since 1994.
- Sam Nunn, four-term Senator from Georgia, chief executive officer of the Nuclear Threat Initiative, a director since 1997. Sam is chairman of our Public Responsibility Committee.
- Jim Cash, retired James E. Robinson professor of business administration, Harvard Graduate School of Business, a director since 1997.
- Andrea Jung, chairman and chief executive officer of Avon Products, a director since 1998.
- Ann Fudge, chairman and chief executive officer, Young & Rubicam Brands, a director since 1999.
- Shelley Lazarus, chairman and chief executive officer, Ogilvy & Mather Worldwide, a director since 2000.
- Ralph Larsen, former chairman and chief executive officer, Johnson & Johnson, a director since 2002. Ralph is presiding director and chairman of the Management Development and Comp Committee.

- Bob Swearinga, dean and professor of accounting, Johnson Graduate School of Management, Cornell University, a director since 2002.
- A.G. Lafley, chairman of the board and CEO of Procter & Gamble, a director since 2002.
- Bill Castell, a former vice chairman of GE, now chairman of the Wellcome Trust, a director since 2004.
- Bob Lane, chairman of the board and chief executive officer, Deere & Company, a director since 2005.
- Bob Wright, vice chairman of GE and chairman and chief executive officer of NBC-Universal, a director since 2000.
- And I'd also like Dave Calhoun, John Rice, and Mike Neal to stand. They became vice chairmen of GE in 2005.

Would you all please stand once more so we can recognize you with a nice round of applause. Thank you.

APPLAUSE

Report on Company Operations

And now to the second item on our agenda, a report on company operations.

A venue like the Philadelphia Convention Center is appropriate for our meeting because it's from Philadelphia more than 230 years ago that America elected to go big. We think big is beautiful. At GE our size is a result of our employees' commitment to excellence and determination to win. We're a fast growth multi business enterprise that's growing around the world but our goal is not just to be big—it's to use our size to be great. We used that strength to generate excellent financial results in 2005. Our revenue grew 11% to \$150 billion with 8% organic growth. Earnings reached a record of \$18.3 billion, up 12%. And we generated \$21.6 billion of cash, up 42%.

The company has massive financial strength. We have a triple-A rated balance sheet and an over-funded pension. We used this strength to return \$14 billion of cash to you for our 35th consecutive dividend and a \$25 billion share repurchase program. Meanwhile, GE's reputation remains strong.

We were named *Fortune's* Most Admired Company for the sixth time in the last 10 years and were voted *Barron's* Most Respected Company in its inaugural poll.

That's where we've been. What should be even more exciting to you is where we're going. GE has a business model designed to create wealth on a massive scale. We do this by organizing around large leadership businesses in a simple structure. We lead in our industries, we have low costs, and we spread ideas on a large scale by driving common initiatives across the company that accelerate growth, satisfy customers, and expand margins. And by developing people to both a common culture that's adaptive, ethical, and drives execution.

GE's in position for rapid growth. Some of our growth is driven by the economy and we have a good one today where robust global demand has pushed oil to record heights. We've had 10 consecutive rate increases as the Fed pushes to control inflation. We live in a world that's increasingly more global or more volatile. But over the long term we are exceptionally well positioned to capitalize on a portfolio of tailwinds that should allow us to grow faster than the economy without taking excessive risk. We're capitalizing on investments in developing country infrastructure. There should be \$3 trillion invested in this infrastructure over the next 10 years and we could double our developing country revenue by 2010.

We position ourselves to win as demographics require increased spending on healthcare technology. And by 2010 our Healthcare business could be as large as the entire company was in 1980. We're betting that in a digitized world content and a huge installed base will create value. Our Industrial Service business could be 40% of our revenue by 2010. And we believe that a billion dollars of our entertainment content could be sold online over the same time period. We've globalized our Financial Service business into new markets where our share is very small and by 2010 we could double our Financial Service profits outside the United States.

We've invested in technologies that help our customers in an environment of natural resource shortage. And as oil hits \$70 and water is scarce, the demand for these products are booming. Size needs dynamic platforms on which to grow and we have that in GE.

We restructured the company into six businesses focused on the broad markets we serve: Infrastructure, Commercial Finance, Consumer Finance, Healthcare, NBC-Universal, and Industrial. Each business has scale, market leadership, and superior customer offerings.

And here's a brief sample of our 2006 expectations.

Infrastructure is a strong GE business run by vice chairman Dave Calhoun. We compete in big markets, such as energy, aviation, rail, water, and oil & gas. With revenues of \$45 billion, Infrastructure generates about 35% of GE's earnings. These businesses lead with technology, they win around the world, and maximize lifetime economics with service revenue in financing. GE dominates this market. We have leadership products in the pipeline—the GE-NX engine, Evolution locomotive, water desalination, coal gasification, and renewable energy. This business should be set for a long stretch of rapid growth.

We have \$200 billion in assets in our Commercial Finance business led by vice chairman Mike Neal. Commercial Finance generates 20% of our earnings. This is a massive global business where GE is the domain expert. We have 8500 salespeople and are growing volume by 20%, supported by a strong risk team. With less than 2% market share, we have many years of strong growth ahead.

Dave Nissen has built our Consumer Finance business, which represents 15% of our earnings. We're benefiting from accelerating consumer wealth around the world. We built significant capability in developing markets, like China, Korea, Central America, Russia, and Turkey. Consumer Finance is a marketing powerhouse creating excellent growth prospects for the future.

Joe Hogan leads a \$17 billion Healthcare business, which generates 10% of our earnings. We're exceptionally well positioned to capitalize on important technical trends. We built a \$3 billion business in Healthcare Information Technology where we lead in impor-

tant areas like the electronic medical record. Healthcare is fueled by demographics and we are well positioned for long-term growth.

Vice chairman John Rice leads our \$35 billion Industrial business, which is 10% of GE's earnings. These businesses are benefiting from an improving economy. We've increased our margins by launching great new products, pricing ahead of inflation, and reducing cost. For instance, Appliances, one of GE's oldest businesses, has a 12% margin rate and a 50% return on total capital.

Vice chairman Bob Wright leads our \$16 billion Entertainment franchise, NBC-Universal, which is 10% of our earnings. Our strategy is to be a content leader with diversified revenue streams. We've made great progress in entertainment cable, Hispanic media, news, and movies. We have more than \$300 million of digital content in 2006 and that will grow dramatically in the future.

We've improved the company through the exit of the Insurance business. Last November we announced the sale of our reinsurance business to SwissRe for \$8½ billion. This required a loss on sale but exiting insurance is important for GE. Over the last five years, Insurance created significant volatility and earnings headwind for your company. It was a tough fit for us but I'm confident you will now benefit by having a faster growth, less volatile company.

For the year our revenues should grow about 10%, to \$165 billion, while our earnings will expand about 15%. And throughout the company we continue to work on productivity and capital efficiency projects. We'll generate about \$4 billion of productivity this year and improve our profit rates by more than a point. And we'll generate \$10 billion of free cash flow and improve return on total capital by two points to 18%.

We're seeing this performance in the first quarter of 2006. Our orders grew 33%. Our revenue grew 10%. Earnings per share grew 18%. Cash grew 132%. And return on total capital grew 1.4 points. We are performing for you.

Now we expand this financial performance by driving common initiatives across GE. Our current initiative is organic growth. Over the last six quarters our organic growth rate has averaged 8%. Our aim is to make organic growth a process that's both predictable and

reliable. A key to growth is technology. Product, services, and content create our future. And we invest \$14 billion each year in the intellectual foundation for the company. The scale of this investment is unique. Cleaner coal technology is a great example of GE's depth. This technology is important for our customers in the global economy and it's important right here in Pennsylvania. The world has about a 200-year supply of coal and our technology will produce energy with emissions approaching that of gas. We expect to announce several coal gasification projects this year and we believe this could be a billion dollar product line by 2008 and could deliver \$75 billion of growth between 2010 and 2020.

The bounty of great technology is just not the products we sell today, but also the large installed base of long lived assets where we sell service. Our service business is \$30 billion today—growing quickly and very profitably.

Another element of growth is to create customer value and we've made great strides in terms of listening to our customers' needs, linking internal processes such as Lean and Six Sigma to our customers, and measuring loyalty through a Net Promoter Score. Our experience in the rail industry is indicative of what's going on throughout the company. We worked with our customers to design a leadership product, the Evolution Locomotive. It has the best reliability, the best fuel efficiency, and the lowest emissions performance in the history of the industry. Demand for this product was so great that we were sold out. Now we're stretching our capacity using Lean manufacturing and are now meeting customers' increased demand. We ask our Rail customers how we're doing through a Net Promoter Score and this has identified opportunities to use Lean and Six Sigma in our customers' operations to improve their productivity. We've been able to align our resources to meet their needs.

We've invested in commercial excellence. Our operating capability in financial processes are among the best in the world. Our goal is to make commercial processes just as good by developing skills in sales and marketing.

Last May we initiated a cross-company marketing campaign around energy and environmental technology called Ecomagination. We believe that green is green. In other words, we believe that we can make money for GE investors while solving this difficult problem. And we have outlined a cohesive plan to invest in technology for our customers

and apply some of that technology inside GE and it's working. In 2005 our Ecomagination products grew 30% to \$11 billion and our orders and commitments doubled to \$18 billion. Moreover, GE is positioned as a partner of choice with our customers, who want to improve their energy efficiency and environmental performance.

Globalization is one of GE's key strengths and a place where only the best can truly go big. Globalization is an area where size is truly an advantage. Our non-U.S. revenues grew to almost \$80 billion in 2005, an increase of 16%. Our most dynamic global growth is in developing markets. We have close to \$25 billion in revenue, growing 20% each year. These countries need infrastructure, financial investment, and capability. The Middle East is a good example of our unique position. Our orders grew to \$8 billion in 2005, doubling since 2003. The region's putting oil profits to work by building infrastructure.

Another great story is being written in India. India needs infrastructure and GE already provides significant energy, transportation, water, and healthcare. And we've set a target to grow to \$8 billion in India by 2010.

Lastly, we work on innovation through a process called *Imagination Breakthroughs*. We have nearly a hundred projects that each have the potential for \$100 million in incremental revenue and we think we'll get about \$3 billion each year. A good example is the Financial Service vertical for our Entertainment sector. We've capitalized on the market knowledge of NBC-Universal to drive incremental earnings in financial services. We launched this initiative in 2004 and already have \$7 billion in assets and \$250 million in earnings.

Some people think that big companies can't grow. We use our size as a basis for growth. Since 2003 we have grown GE by \$37 billion. Our incremental growth is equal to creating a Fortune 100 company the size of Dow or Dupont. And we plan to keep going. Driving new initiatives like growth requires great people in a strong culture, and developing and motivating people is the most important part of my job. I spend most of my time with the top leaders of the company because that's how you create a partnership. It's a big partnership and a strong culture where every leader can make a contribution not just to their job but to the entire company. We have to have the best people and we invest a billion dollars each year training them to help them learn. Today we're training them to

be growth leaders. We study the attributes of companies that had long-term success with organic growth and we found that they had five traits in common.

- They had external focus that defined success in market terms.
- They were clear thinkers who simplified strategy into specific actions, made decisions, and communicated priorities.
- They had imagination and courage to take risk on both people and ideas.
- They were energized by inclusiveness and a connection with people, which builds loyalty and commitment.
- They developed expertise in a function or domain using depth as a source of confidence to drive change.

We're treating this as a major multi year culture change and we expect our leaders to leverage this growth to expand profits and returns for investors. So why do people work for a big company? GE people think big about their team, their careers, and the company. They're people who want to build their dreams with teammates they admire. You can't do that in two or three years or by hopping from one company to the next. It takes years of contribution. GE is a meritocracy where the best contributions are rewarded. Every year we survey our employees to see how they feel about the company. We receive inputs from 95% of our exempt workforce and the results are remarkable. Eighty percent of our employees view GE as a great place to work.

So our financial performance is strong, our growth initiatives are in full swing, we have a great team. What gives with the stock? We've outperformed the market over the past 10 years. We've underperformed over the past five year. We've performed in line over the past three years. And we've underperformed over the past year. Now at the outset, I want you to know that I have skin in the game. I own almost a million shares of GE stock and I have another 500,000 shares that I will not receive unless GE outperforms the S&P 500. We all want the stock to go up. But to do that we have to manage the company. In fact, the only way you can run GE is to believe that performance will ultimately drive the stock and we are performing. Since 2000, on a continuing ops basis, our revenue has grown by 60%, our earnings and cash have doubled. We've reduced debt and

increased organic growth. Meanwhile we've made a few tough calls like the exit of the Insurance business. We're now in a period of expanding profit rates and returns. We're experiencing a little of the "blue chip blues" over the last four years. S&P 100 company earnings have doubled, whether stock values haven't changed. Other big companies are sharing our experience. Sometimes the stock price is ahead of a company; at other times the company is ahead of a stock price and I believe that's the case today. Others believe that as well. Nineteen of 20 sell side investment analysts have GE as a buy and that's why I took my bonus for 2005 in performance shares.

Our profile over the next few years looks great. We will deliver for you, both now and in the future, and I'm confident our share price will follow.

I'd now like to turn our attention to GE's social plans, a topic I know is important to many of you in the room today. A lot's been written about pensions and healthcare and I would say in all honesty, if we were starting GE over again today we would have different social plans than we've supported in the past. But we're not. We made a commitment to you in the form of a defined benefit pension plan and we decided to have a healthcare plan that would be responsive and flexible to balance employee needs with company competitiveness.

Let's start with pensions. For decades GE has been a good steward of our assets and obligations. And while we've made changes in the pension benefits for new hires that are more consistent with industry trends, we have maintained our long standing commitments to current employees and retirees. Employees have contributed \$3½ billion—\$3½ billion—to the GE pension since 1945. Over the last 50 years employees have contributed \$3½ billion. Over that same time period retirees have received \$35 billion—\$35 billion—in pension payments. Last year alone we paid benefits totaling \$2.4 billion. At present we have long-term obligations of \$43 billion to some 523,000 people. These are current and future retirees and their beneficiaries who receive pension benefits. Today many large companies face significant funding challenges. Some have terminated or modified their pension plans. Our pension plans have a surplus. This is the result of managing the fund carefully to fulfill a long-term commitment to a half million people. GE has kept that promise. In addition, we've provided seven voluntary improvements since 1980. We will continue to consider changes. But we will not over-promise and we will not change our successful approach to managing the fund's commitments.

Healthcare's different. Healthcare is an operating expense like materials and capital. In 2005 it was \$2.2 billion and growing 10% annually. And we will not let this expense grow unchecked. We will continue to work with healthcare providers to improve their quality. We will continue to work with governments to modernize the healthcare system using technology. And we will continue to drive more healthcare consumerism in our employees and retirees. We're committed to controlling healthcare costs and will never allow it to be a burden to the future growth of GE. You will always have a great plan within the context of a competitive company.

I want to conclude today by talking about a business that's headquartered in Philadelphia, our Water and Process Technologies business. In 2001 we conducted an exhaustive search to identify new markets for GE. We had very focused criteria. We wanted to invest in global businesses that were technology based, had multiple revenue streams, and fulfilled essential needs and we identified water. There's a global dimension. Four billion people live in areas of profound water shortage. There's increasing regulation dictating a need for technical investment. Developing country governments believe that clean water is a strategic advantage. This will be a big and growing market for a long time. We looked at the industry. The technologies were good fits with GE—chemistry, material science, energy, and services. The customers were common to many other GE businesses. The competition was mainly regional and fragmented and we felt that water was an essential fit with our global Infrastructure business so we launched. We've invested more than \$4 billion in eight acquisitions over the last four years. We built a strong technical franchise and are working hard to integrate a sales force of more than two thousand people. And we're building the world's most efficient desalination plant in Algeria. In 2006 this business should have revenue of more than \$2 billion. The future looks bright. Water's become a global infrastructure business along the lines of Engines, Energy, Rail, and Oil & Gas and we will grow a financial service vertical right alongside. It's hard work but I believe that water could be a \$5 billion business by 2010.

A \$5 billion business right here in Philadelphia. One that didn't exist in 2001. This is your GE. It's a company that's constantly reinventing itself. We're willing to take a few risks but work hard to grind out ultimate success. It's a company that's filled with builders, with people who can create the future. And in the Water business we will make money by solving one of the world's toughest problems.

The average retiree at GE is about 70 years old. They might have joined GE in 1958. In 1958 Lighting was about 25% of the company. Today it's less than 1%. If GE had remained the company they joined, if the company hadn't taken risks, no one would get a pension. Instead we're fearlessly building out new ideas. And in this willingness to put it on the line your future's secure.

So I hope you're a little bit proud of this American company that's winning around the world. How does this happen? Why do some people take risks while others fall behind? It's because of people. GE people. It's in their brains, it's in their hearts, it's in their guts. So when you come here today I hope you celebrate a great team of GE leaders that conquered fear with innovation and hard work and I hope we also celebrate everybody in this room who helped make GE great.

Thank you and now we will present and discuss matters to be voted on in order of their appearance in the proxy statement.

Thank you.

APPLAUSE

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