

**REMARKS  
OF  
JEFFREY R. IMMELT  
CHAIRMAN AND CEO  
GENERAL ELECTRIC COMPANY**

**As prepared for**

**GE's 2008 Meeting of Shareowners  
Erie, Pennsylvania  
April 23, 2008**

## Shareowner Meeting

Good morning. And welcome to GE's 2008 Annual Meeting. I'm Jeff Immelt, Chairman of the Board of GE. Here with me are Keith Sherin, GE's Chief Financial Officer, and Brackett Denniston, our General Counsel.

The last time we held our shareowners meeting in Erie was 1990. I'd been at GE eight years, and was working in our Appliance business.

GE revenues in 1990 were about \$40 billion. In 2008, your Company's revenues will exceed \$180 billion – more than four times what we reported in Erie at that last annual meeting. At the same time, earnings have grown five-fold from \$4 billion to \$23 billion.

Since 1990, GE has continually seized new, high growth opportunities for you. Our growth strategy today is right for these times – and, more important, it is right for tomorrow.

GE has always been about change, and Erie is a pretty good “proof statement.” At the time of our last shareholders' meeting: Nearly all of our GE Transportation business was in the U.S.; we trailed our major competitor EMD, a division of GM; and our products frequently failed to meet our customers' expectations.

Today, one-third of this business is outside the U.S.; we have high market share; our competition is now owned by private equity; and we are two generations of technology ahead. In fact, behind me is the Evolution Hybrid locomotive that will come off the assembly line here in 2009.

Erie is a GE success story. We have invested in this business ... we are winning in the marketplace ... we are increasing employment ... we are giving back to the community. Yesterday, we visited Harding school. GE has worked with the Erie schools for many years. We are investing \$15 million to improve the Erie school system ... preparing it to compete for the 21<sup>st</sup> Century. Our people roll up their sleeves to mentor these kids and help them learn.

We picked Erie for this year's shareowners meeting to celebrate the City, our people, our progress, and our future here. We're proud to work here, we're proud of who works here, and we're proud of what we make here.

Now, a few words about our order of business in this meeting..

### **ORDER OF BUSINESS**

I am advised that this meeting is properly convened, that we have a quorum, and that the proposed resolutions set forth in the Proxy Statement are filed as part of these proceedings.

We have received proxies representing 80% of the more than 10 billion outstanding shares eligible to vote. The Management Proxy Committee has voted these shares in accordance with shareowner wishes.

### **BOARD INTRODUCTION**

It is now my privilege to introduce the members of your Board of Directors who are with us today. I'm going to ask each director to stand briefly as I introduce them, so you can see who they are. Then I'll ask them to stand again as a group to be recognized.

Sandy Warner, former Chairman of the Board, J.P. Morgan Chase and Company - a Director since 1992. Sandy is Chairman of the Audit Committee.

Claudio Gonzalez, Chairman of the Board, Kimberly-Clark of Mexico. He has been a Director since 1993. Claudio is Chairman of the Corporate Governance Committee.

Roger Penske, Chairman of the Board, Penske Corporation - a Director since 1994.

Sam Nunn, former four-term senator from Georgia – Co-Chairman and Chief Executive Officer of the Nuclear Threat Initiative - a Director since 1997. Sam is Chairman of our Public Responsibility Committee.

Jim Cash, Emeritus James E. Robison Professor of Business Administration, Harvard Graduate School of Business - a Director since 1997.

Andrea Jung, Chairman of the Board and Chief Executive Officer of Avon Products, Inc. - a Director since 1998.

Ann Fudge, former Chairman and Chief Executive Officer, Young & Rubicam Brands, and a Director since 1999.

Shelly Lazarus, Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide - a Director since 2000.

Ralph Larsen, former Chairman of the Board and Chief Executive Officer, Johnson & Johnson - a Director since 2002. Ralph is Presiding Director and Chairman of the Management Development and Compensation Committee.

Bob Swieringa, Professor of Accounting and former Dean, Johnson Graduate School of Management, Cornell University - a Director since 2002.

A.G. Lafley, Chairman of the Board and CEO, Procter & Gamble, and 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.

Susan Hockfield, President of MIT - a Director since 2006.

James Mulva, Chairman, President and CEO of ConocoPhillips. Mr. Mulva is a nominee for GE director.

I would also like to ask Mike Neal and John Rice to stand. They are Vice Chairmen of GE, as is Keith Sherin, who is here at this desk with me now.

Please join me in applauding our board and our vice chairmen. They work every day in your interest.

And now, to the second item on our agenda: our report on Company operations.

## **OPERATIONS**

Over the long term, our financial goals are to consistently grow revenue and expand profits, while increasing margins and returns. Over the last four years, our performance has been strong:

- Revenue has grown 13% annually, from \$105 billion to \$173 billion
- Earnings have grown 14% annually, from \$13.3 billion to \$22.5 billion
- Our returns have expanded 320 basis points, from 15.7% to 18.9%
- Our cash flow has grown 17% annually, from \$12 billion to \$23 billion
- We have returned \$75 billion of cash to you in the form of a dividend and buyback

While delivering these financial results, we have reshaped your Company. We have built new businesses in fast-growth industries like renewable energy, life sciences and entertainment cable. We have dramatically increased our investment in technology and content. We have launched hundreds of new products and our market shares are near all time highs.

We have accelerated globalization. GE's business outside the U.S. has grown from 35% in 2002 to more than 50% in 2007. We now have 22 countries where GE's revenues exceed \$1 billion.

At the same time, we have worked hard to reduce cost. We have lowered overhead – as a percentage of revenue – by 40%. We initiated \$2 billion of restructuring last year to reduce our costs. We have initiated cycle time and margin initiatives to improve GE's execution. These actions allow us to generate more cash to invest in the Company or return to you.

We have exited businesses with \$50 billion of revenue to make the Company less risky and faster growth. In the last few years, we have sold our insurance, silicones, industrial distribution, plastics, equipment services and mortgage origination businesses. All of these industries have been among the hardest hit as the economy has slowed.

We have built a stronger GE. That is good, because we are in a very difficult environment. We are in the toughest economy since 2001 and the worst housing crisis since the depression. Banks have written off more than \$250 billion. There is a massive economic “delevering.” Days of easy credit have turned into months of no credit at all. While I am confident about the economy long term, we could see even more difficult times ahead.

GE has not been immune. We had a tough first quarter 2008, below last year and our own expectations. While our industrial earnings grew 26%, our financial services earnings declined by 28%. Consequently, we reset our financial expectations for the year, to grow earnings between 0-5%. We are disappointed that we will not hit our 10% earnings growth goal, particularly after we said that we could.

This has triggered a tough reaction and it should. I can assure you that we look in the mirror and ask ourselves some very tough questions. We do this every day. But we will not let others define our future.

We are a performance Company. We learn from our successes and failures to get better. Meeting our financial commitments is important to our investors and our culture. We are making the appropriate changes in our operations and planning processes to ensure that we deliver for you. These include:

- Increasing the frequency of our business forecasting. I now review these businesses weekly. This will insure that there are no time gaps between how we describe the company and what we deliver.
- Reducing our estimates for financial service earnings for the balance of 2008 to reflect the challenging and volatile economic environment.
- Increasing our cost-out targets from \$2 billion to \$3 billion for the balance of 2008. We are driving 10% cash flow growth from our industrial businesses.
- And we have had detailed discussions with all leaders in the Company to describe what happened in the quarter and make sure it doesn't happen again.

Meanwhile, we will sustain our disciplined processes around capital allocation and performance management. In December, we announced the exit of sizable portions of our consumer finance business and slow growth industrial assets. We expect to complete these transactions even in difficult markets. We will continue to invest in our leadership positions in Infrastructure, Healthcare, Entertainment and Commercial Finance.

We will continue to be tough minded on performance. Since I became CEO, 60% of our top 185 leaders are new. You must be a high-tech, global, customer-oriented leader to play on this team; and you must perform with integrity.

This is not a company that makes excuses. What we are is a great company that had a tough quarter. I think it is important to separate this quarter from the underlying strength of the Company.

So let me put these results in some perspective. We have guided that our earnings will grow 0-5% in 2008. In 1991 and 2001, the last two recessions, GE's growth was 3%. Our financial service earnings may decline 5-10% for the year. But, this is far superior to any of our financial peers. GE remains one of the few "Triple A" companies. In fact, last week a GE bond issuance was two times oversubscribed.

Our infrastructure earnings grew 17% in the quarter. Our global growth was 22% in the quarter. Orders grew 8%; industrial organic growth was 5%. In 2007, GE earned more money than any company in the world, except Exxon Mobil. In a tough economy, our first quarter earnings were \$4.4 billion. This Company is very strong.

What should you think about the stock price? Over the past five years, earnings have nearly doubled, but our price to earnings ratio has declined 50%. Our PE ratio today is about the same as it was in the early 1990's.

One driver of the lower PE ratio is our exposure to financial services. And we will continue to trim our exposure to the most volatile pieces of this industry. But we have great financial service businesses that drive high returns and outperform the competition.

When you think about the company today, there are many reasons to invest. Even our reduced earnings growth estimate should still exceed the S&P 500.

We have a dividend yield of 4%. And, at our current PE ratio, there should be upside as we perform.

Investors have been very patient. We run GE based on your trust. But you don't want me to be CEO of your company if I don't have the courage of my convictions. This Company needed to change, and we are improving it every day. My belief in this Company is unshaken. We have the right team and we have the right strategy.

From here it is all about execution ... solid earnings, organic growth, expanding returns, generating cash. And we will deliver for you.

We believe in our strategy, and will not turn back. So let's talk about the future.

### **WINNING IN THE ESSENTIAL THEMES**

Your company is dominating in the big themes of the future. This includes infrastructure technology, emerging markets, environmental solutions, demographics, digital connections, and creating value from origination. Our thesis is that each of these themes is essential in the development of the world, will drive substantial growth and that GE can build a competitive advantage.

I would like to give you an update on several of these themes that are closest to our Transportation business headquartered in Erie.

**Let's look at Infrastructure. The world will invest \$10 trillion in infrastructure technology in the next decade, and GE is in the lead.**

Infrastructure will drive our earnings for the next few years. It was approximately 40% of GE's earnings in 2007. This is a \$70 billion business, growing revenue 20% annually. Currently, most of our Infrastructure business is outside the U.S. Eventually, the U.S. will begin to invest in new infrastructure, which should mean another five to ten years of rapid growth.

Our competitive advantage in Infrastructure is based on technology. We invest \$3 billion in research and development each year, so that we have a deep pipeline of new products. Our Infrastructure equipment orders have grown nearly 40% annually for the last three years. While this has been great for current earnings, our equipment growth is even more exciting for the future.

In 2007, we added approximately 6,000 thermal and wind turbines, engines, and locomotives to our installed base, which drives even greater service growth. We finished 2007 with a \$100 billion backlog of service agreements built on the technology of our installed base. Our Infrastructure service business can grow profitably for decades.

Infrastructure is also a good market to use our balance sheet for investment. We finance about \$65 billion of infrastructure assets, including aircraft, desalination plants, and wind farms. We know these assets better than our competition and can invest at high returns.

**Next, think about the environment. All three Presidential candidates advocate a carbon “cap + trade” system. The world seeks technology solutions to clean energy and water issues and GE is in the lead.**

Ecomagination originated earlier this decade, the result of our view that energy shortages and environmental concerns would challenge our customers. We wanted to invest in environmental technology to increase our growth rate and lower our cost.

This formula is working. In 2004, we set a goal to grow revenues from ecomagination products to \$20 billion in 2010. This year, we exploded across \$14 billion in revenues. We are raising our annual ecomagination revenue goal to \$25 billion by 2010.

Ecomagination is one of GE’s most successful growth initiatives ever – a massive amplifier of our strong innovation and execution capabilities. We have created more than 60 ecomagination products -- from every part of the Company -- that produce cleaner energy and water or improve efficiency.

Ecomagination aligns us with customers. Customers like Burlington Northern, which partnered with us on the Evolution locomotive... and the U.S. utility American Electric Power, with whom we’re investigating demand-side management.

Ecomagination has become a global brand, symbolic of innovation at GE. We are viewed as a technical partner of choice by customers around the world. And we have driven efficiency into our own operations, saving the Company money.

**Lastly, consider that growth in the emerging markets is 4 times the U.S. and GE is in the lead.**

Population growth, raw material inflation, and improved governance will lead to rapid expansion in markets like Brazil, China, Russia, India, Turkey, along with those in the Middle East. Our growth rate has averaged 20 percent, and we should have \$40 billion of emerging market revenue this year.

I've told you before about our "company-to-country" approach to emerging markets. GE has a unique role, whereby our size and scale allows us to offer "instant infrastructure" to any emerging economy.

A great example is Kazakhstan, hardly a place I thought I would visit when I joined GE 26 years ago. We have signed a framework agreement where GE could achieve \$3 billion of revenue across the Company; from rail to energy to healthcare.

Winning in emerging markets requires new business models that may help us win in the U.S. In Healthcare, we are developing low cost breast screening clinics to serve the rural regions. In India, we are pioneering NBC Universal content using a partnership structure that can be replicated globally.

Nowhere in the world is changing more rapidly than the Middle East and Africa. At the Dubai Air Show last November, GE captured \$10 billion of commercial engine wins from Middle Eastern airlines. All of these products are manufactured in the U.S.

GE is also building leadership in demographics. Our Healthcare business is positioned for decades of expansion with growing populations in emerging

markets and aging populations in the developed world. We are building leadership in digital connections. Our digital revenue, particularly in NBC Universal, should reach \$5 billion by 2010. With 10,000 originators positioned globally, we can bridge sources of funds with customers who need them. We have picked the right markets to lead; and we have built competitive advantage.

Is GE too big to grow? We have grown by \$70 billion since 2003. We are in the markets that require size ... breadth and depth ... to build leadership. By winning in these themes, we are positioning the Company for a dynamic future.

### **A GREAT TEAM**

Delivering these results is a great GE team, including more than 1,000 employees and retirees in the room today. They are dedicated ... they are loyal ... they are focused on execution. In 2007, FORTUNE and CEO magazines again named GE the best Company in the world for developing leaders.

For retirees, GE's pension plan has been a reliable source of comfort. Since 1945, GE employees have contributed \$3.7 billion to the pension and received \$40 billion in return. Our pension is significantly over funded and we plan to meet our commitments in the future. In 2007, we provided our eighth voluntary pension increase for more than 130,000 employees.

We also provide healthcare benefits to most employees and retirees. This is important to attract a great team, and we have the moral obligation to provide a consistent healthcare framework in the future.

But healthcare will change over time. The costs are high and the growth rate is too fast. We will work with governments to modernize the healthcare system. We will work with you to keep you healthy. But, we also will continue to modify the plan to sustain our competitiveness.

Another “GE team” I want to acknowledge are our reservists and veterans who have served in Iraq.

Today, five years after the start of the war in Iraq, there are more than 6,000 veterans employed at GE. We have a number of programs providing special support for our employees and their families. We help them during deployments and when they return to service at GE. We have been on GI Jobs Magazine’s Top Employers for the last five years, are partners with Disabled American Veterans, and have been awarded the Pentagon’s Freedom Award.

### **ONLY GE**

I always like to close my remarks by discussing the business in our host city... this year, GE Transportation. By the “laws of nature” this business should not exist in this city, and our investors should be meeting somewhere else. This is a 100-year-old business, in a 100-year-old factory, located in a city that has been rocked by industrial layoffs.

Yet, we love this business and we are fond of the city. Our business is thriving. Why? Because we invest and deliver; because we are GE.

Erie has become a high tech, global powerhouse, because of GE. We have invested \$2 billion in research and development over the past four years. We will launch the first hybrid locomotive, which will save 20% on fuel economy

and emissions. We have the cleanest, lowest-cost locomotive in the world in the Evolution engine. We have sold 2,000 units since 2005, making the “EVO” the fastest selling unit in history. We have advanced our technology to improve customer productivity, while launching new products into new markets like mining and marine.

We have a great customer franchise. Railroads like CSX, Norfolk Southern and Union Pacific have partnered with GE to improve their productivity. Global customers, like Vale (in Brazil) and China’s MOR, value our partnership. We have the highest quality products in our history driving record levels of market share around the world.

We have invested in people. John Dineen is a premier GE leader who has transformed this business. John is joined by a respected and experienced team. Dave Tucker, our sales leader, travels endlessly to sell our products. Steve Gray, our engineering leader has executed the technical rebirth of this business. And, Nancy Anderson and Tina Donikowski, who both grew up in Erie, and are a key part of our global team.

Our investment in people doesn’t include just “management.” Our production team has committed to lean manufacturing techniques focused on cycle time. It used to take 80 days to build a locomotive; we should get to 10 days by next year. Todd Wyman, our manufacturing leader, and his team – both professional and hourly – have improved customer satisfaction while delivering unmatched results.

GE has built a successful business in your town. But there is another reason this business is thriving that you may want to think about this year. That is globalization. We have 5,100 employees in Erie. The amount of engineers here

has tripled since 2005, while the manufacturing headcount has increased 10%. All this while the U.S. economy has slowed.

This is because our exports have flourished. Today, our customers are in Brazil, China, Mexico, Kazakhstan, Egypt, South Africa – every corner of the world. While other people in Pennsylvania may be afraid of globalization, you can face the world with confidence. Our products are the best ... our costs are the lowest ... we have earned the right to compete! Please know that without access to global markets our workforce in Erie would be much, much smaller.

That's the essence of GE: the best people...building the best products...and selling them to the world. This kind of free and fair trade is crucial to GE's growth – and the growth of the U.S. economy.

I am proud of GE ... our people, our technology, our reputation and our spirit. The last time we were in Erie, the global market share of this business was 30%; now it is 75%. Over the long-term, GE builds businesses that, in time, deliver in the marketplace and for investors. And there is not one employee who has ever lived in this town who doesn't share my pride.

For people in Erie...across Pennsylvania ... and hundreds of other towns and states in the U.S. and around the world, GE's ability to invest and deliver has given millions of investors and employees something important: the confidence that tomorrow will be even better than today.

Thank you. Now, let's move on to discussions and voting on matters set forth in the proxy statement.