




Conference Call Transcript

GE - GE Annual Meeting of Shareowners

Event Date/Time: Apr 27, 2011 / 04:00PM GMT

Caution Concerning Forward-Looking Statements:

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include: current economic and financial conditions, including volatility in interest and exchange rates, commodity and equity prices and the value of financial assets; the impact of conditions in the financial and credit markets on the availability and cost of General Electric Capital Corporation's (GECC) funding and on our ability to reduce GECC's asset levels as planned; the impact of conditions in the housing market and unemployment rates on the level of commercial and consumer credit defaults; changes in Japanese consumer behavior that may affect our estimates of liability for excess interest refund claims (Grey Zone); potential financial implications from the Japanese natural disaster; our ability to maintain our current credit rating and the impact on our funding costs and competitive position if we do not do so; the adequacy of our cash flow and earnings and other conditions which may affect our ability to pay our quarterly dividend at the planned level; the level of demand and financial performance of the major industries we serve, including, without limitation, air and rail transportation, energy generation, real estate and healthcare; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of financial services regulation; strategic actions, including acquisitions, joint ventures and dispositions and our success in completing announced transactions and integrating acquired businesses; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

"This document may also contain non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the accompanying supplemental information posted to the investor relations section of our website at www.ge.com."

"Effective January 1, 2011, we reorganized our segments. We have reclassified prior-period amounts to conform to the current-period's presentation."

"In this document, "GE" refers to the Industrial businesses of the Company including GECS on an equity basis. "GE (ex. GECS)" and/or "Industrial" refer to GE excluding Financial Services."

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PRESENTATION

Jeffrey Immelt - *General Electric - CEO, Chairman*

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Good morning and welcome to GE's 2011 Annual Meeting. I'm Jeff Immelt, Chairman of the Board of GE, and here with me today are Keith Sherin and Brackett Denniston. We have our annual meeting in a GE town where the local businesses are outperforming that our shareowners deserve to see, and Salt Lake City fits that description perfectly.

Governor Gary Herbert issued his economic plan for Utah last fall. Simply put, it's that Utah will lead the nation as the best performing economy and be recognized as a premier global business destination. We have more than 1,000 terrific employees working for you across Utah, where GE Energy, GE Healthcare and GE Capital operate facilities. Salt Lake City is a great town, and it's a great town for GE and its shareowners, so welcome to you all.

Yesterday I was fortunate to be at the community health centers, Oquirrh View site, along with its great Executive Director, Dex Pierce. CHC is the state's sole provider of medical and dental services for migrant workers, and operates a clinic in the northern Utah community of Brigham County. A \$500,000 grant from the GE Foundation Developing Health program and GE volunteers' time will help improve primary care access for the underserved and low-income families throughout the Salt Lake Valley. GE volunteers shared hundreds of hours of their time with Utah communities last year, and we hope to do even more in 2011.

Yesterday's announcement is a signal that GE believes in this city. GE is at home in Salt Lake City. But over the past three years, Salt Lake City and the whole of the United States and the world have navigated through some of the toughest economic problems, financial volatility and natural disasters ever seen. Yet in 2010, GE's growth resumed and our earnings expanded by 15%. GE Capital's earnings rebounded sharply. We raised the dividend three times since last year's meeting for a combined 50% increase. Our stock price responded well, up 21% for 2010. And our aim in 2011 and beyond is to continue the progress.

The world we face is getting better. We see signs of economic strength every day. Our financial performance is accelerating, and first quarter of 2011 our earnings per share grew by 65% and we have extended our competitive advantage while investing in growth. In the 2008 to 2010 time period, one that many consider the toughest economic crisis since the Great Depression, your GE earned about \$45 billion and generated \$50 billion of cash. And at every year we earn more money than when the stock traded at an all-time high.

Your Company is today much stronger and safer than when the skies first darkened. We made good decisions during the crisis that are benefiting investors. We invested in GE Capital to weather the crisis and retain a strong business model. This required tough calls, like raising equity in 2008 and cutting the GE dividend in 2009. But today we have a competitively advantaged financial service business that's rewarding investors for strong earnings growth.

We invested more in R&D each year despite the tough economy. Our R&D spending will have grown 54% from 2008 to 2011. We invested for the long term while cutting costs in less essential areas. We face the future with a stronger product pipeline than at any time in our history.

We simplified the GE portfolio. We sold our security business, completed a joint venture of NBC Universal with Comcast, and sold some non-core assets of GE Capital. These moves generated substantial cash for GE, and this allowed us to invest about \$12 billion in strategic acquisitions for energy and healthcare.

We've invested in fast growth segments that will boost earnings in 2011, 2012 and beyond. Looking forward, we believe GE is entering a period where we will outperform financially, while providing our investors an attractive dividend. We are well-positioned to win today and in the future.

Now to our order of business. I'm advised that this meeting is properly convened, that we have a quorum, and that the proposed resolution set forth in a proxy statement are filed as part of these proceedings. We have received proxies representing over 77% of the 11 billion outstanding shares eligible to vote. The Management Proxy Committee has voted these shares in accordance with shareowners' wishes.

It's 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 JP Morgan Chase and Company, a director since 1992. Sandy is Chairman of our Audit Committee. Roger Penske, Chairman of the Board, Penske Corporation, a director since 1994. Dr. Jim Cash, Emeritus James E. Robison Professor of Business and Administration, the Harvard Graduate School of Business, a director since '97. Andrea Jung, Chairman of the Board and Chief Executive Officer of Avon Products, a director since '98.

Ann Fudge, former Chairman and Chief Executive Officer Young and Rubicam brands, a director since '99. Shelly Lazarus, Chairman and former Chief Executive Officer Ogilvy & Mather, a director since 2000. Shelly is Chairman of the Nominating and Corporate Governance Committee.

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Ralph Larsen, former Chairman and Chief Executive Officer, Johnson & Johnson, a director since '02. Ralph is presiding Director and Chairman of the Management Development and Compensation Committee. A.G. Lafley, former Chairman of the Board, President and Chief Executive, Procter & Gamble, a director since '02. Dr. Bob Swierenga, Professor of Accounting and former Anne & Elmer Elizabeth Dean, SC Johnson Graduate School of Management, Cornell University, a Director since '02.

Bob Lane, retired Chairman and former Chief Executive Officer of the Board, Deere & Company, a director since '05. Dr. Susan Hockfield, President of MIT, a director since '06. James Mulva, President, Chairman and CEO, ConocoPhillips, a director since '08. And Geoff Beattie, President and CEO of the Woodbridge Company Limited. Mr. Beattie has been a director since '09. Jim Tisch and Sam Nunn are not with us here today.

I would also like to acknowledge the service of Sir William Castell, who retired as a GE director yesterday. Bill has served as a GE director since '04. I'd also like to ask Mike Neal, John Rice, and John Krenicki to stand. They are Vice Chairmen of GE as is Keith Sherin, who is here at the dais with me now. Please join me in applauding our Board and our Vice Chairmen. They work hard to grow GE every day.

At this point I'd also like to take a moment to remember Helen Quirini, who was a regular attendee at these annual meetings before her death last October at the age of 90. Helen worked for GE for almost 40 years. Upon her retirement in 1980 she became a staunch advocate for her fellow retirees, submitting shareowner proposals and attending most GE annual meetings from 1997 to 2010 to speak on pension matters and other issues that she felt would better this Company. While she and I did not always agree, she made her presence felt and she's missed here today, so let's give a round of applause to Helen Quirini.

Thank you. And now on to the second item on the agenda, our report on Company operations. We'll go through two parts, Keith will give you an update on our financial performance. Then I'll give an update on growth and competitive advantage. Keith?

Keith Sherin - General Electric - CFO

Thank you, Jeff, and good morning everyone, welcome to Salt Lake. (inaudible). As Jeff said, my name is Keith Sherin. I'm the Chief Financial Officer and I'm going to give you a little update on our financial performance and our outlook, and I'll start with just a simple summary of the economic environment that we see.

You are all familiar with these measurements, but a few things are positive, a couple things are still pressured. Corporate earnings are positive. If you compare last year 2010 to 2009, earnings are up significantly. That's a good sign of a lot of economic activity around the world, and GE is participating in that growth.

You look at global merger spending, up significantly. This is the first quarter of 2011, \$800 billion versus the first quarter of 2010, another sign of confidence by CEOs investing inorganically in their company. US unemployment is down a little bit. That's good, but it's still too high at 8.8%, and one thing that's really been challenging is housing obviously here in the US. The Case-Shiller Index is an index of pricing on housing. It came out again yesterday as down again, so this is something that we're still watching and hasn't really fully recovered or bottomed yet, but it's slowing in terms of its decline.

And then there's two real pressures that everybody's dealing with. One is the fiscal pressure between the amount of deficits that developed countries are running, as well as the amount of debt-to-GDP. This is an example in the US. In the first quarter of '11 we're at 95% debt-to-GDP, but you could do the same ratio for the other developed countries in the world, and it's a drag on growth as governments have to deal with this fiscal challenge.

And then finally, one that we're all wrestling with is commodity volatility. I've just indicated oil here, but there are other pressures in other metals as well. So when you put all that together, we're cautiously optimistic about the environment that GE is competing in. We see a lot of economic activity in the businesses we're in, and things are improving and the outlook is getting better.

Now, there's still a lot of volatility out there in the world, whether it's a geopolitical event or a natural disaster, and how do you protect a company like GE from the volatility events and what should you do to be more safe and secure? In addition to having a really good enterprise risk management system, we've done two things that have dramatically improved the safety and security of General Electric in the last couple of years.

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One, on the left side, we lowered our absolute debt levels and we changed the mix of our debt. We've taken our commercial paper, which is short term borrowings from as much as \$100 billion at the peak, to down around \$40 billion, so a lot less short-term debt that has to roll over and be refinanced on average every 40 days or so.

And the other thing we did was we took our absolute debt levels down. So we've gone from eight to one leverage, eight parts of debt to one part of capital in GE Capital, down to five to one, and that's really helped us in terms of our total volatility and risk. But probably the bigger thing that we've done is on the right side. We have raised our liquidity, and in a time of crisis you need a lot of cash, and we have done a good job of that. We took the parent cash from \$2 billion at the low point up to around \$15 billion at the end of the quarter.

We've taken the GE Capital cash from \$7 billion at the low point. Now we have \$67 billion of cash in GE Capital. That enables us to have cash on the balance sheet so that when our future debt matures we can refinance that debt without having to access capital markets if there are disruptions. So the team's done a really fantastic job of changing the risk profile of the Company, and we're really safe and secure today and prepared for volatility that we see in the world.

So let me talk about the businesses we have. We have world-class leading franchises. This is in the industrial portfolio. You know the companies that we manage. We've got a terrific business in energy, oil and gas, aviation, healthcare, transportation, water, consumer. On the bottom left you can see the size of these businesses in the portfolio.

We've got \$84 billion of revenue in 2010 for these entities and \$14 billion of operating profit. The way we run these companies, we invest a lot in technology, we win market share, and that builds an install base. And then we sell aftermarket services to our customers to help them improve their operation, and it's high margin revenue for us.

We can take our products, we can combine it with our services, we can combine it with our financing, and create real solutions for customers. We're a tremendous global Company. About half our revenue, a little over that, is outside the US and we're very capital efficient. We run this entire Company with a little -- around \$3 billion of plant and equipment a year to continue to reinvest to grow. And we are really positioned for growth in these industrial businesses, and Jeff will cover more of that later.

Now on the financial services side, we have the same thing. We've got tremendous franchises. So we've got a world-class consumer lending and leasing business that provides capital to small and medium enterprises around the world. We've got a tremendous retail franchise. We have hundreds of thousands of retail partners where we help them to sell their goods to customers by providing the financing they need to help the customer buy their products or services.

We've got 50 million active credit cards. We're the private label behind companies like Walmart, when consumers want to buy products at Walmart. And we've got tremendous businesses that are connected to GE. So we're big in financial services in energy and aviation and healthcare, and we've got a large real estate franchise which is continuing to improve its operations.

So the thing about GE Capital that we're really excited about is the earnings turnaround. In 2009, at the height of the financial crisis, we earned \$1.5 billion. In 2010 we earned \$3.3 billion, and in the first quarter last year - of this year - that we just reported, we earned \$1.8 billion. So the financial turnaround is really happening in GE Capital.

We've got great competitive advantages, a tremendous sales force who directly originates with our customers. We know the assets really well. We can remarket them around the world. And we've got a good cost structure. So these are terrific businesses, and we help provide capital to allow companies to grow, and our earnings outlook is tremendous. We've got a really attractive profile here.

Now, one of the things that both the GE Industrial teams and the GE Capital teams focus on is execution, and we want to have the best practices in the areas of capital allocation, enterprise risk management, leadership development and competitiveness using Lean and Six Sigma. And our teams share best practices. We focus on it. We measure the results, and you can see the output on the right side.

Our industrial margins at 17% are at the top quartile of all our peer competitors. Our returns on capital, again at 17%, are at the top quartile of all our peer competitors, and our working capital turns how efficient we are with our assets, our receivables and inventory are at seven turns and in the top quartile of our competitors. So the focus on execution is working, and that's helping to improve shareholder value for all of you in this room.

One of the processes I said we want to be world-class at is on capital allocation. We've benchmarked with a lot of leading companies. We've had third parties help us. And in the last 12 months we've really gone from playing defense in the financial crisis to going back to offense. As Jeff

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said, we've had three dividend increases in the last nine months. Our annual dividend payment now has gone from \$4 billion up to \$6 billion, so it's up 50%. We want to continue to grow that.

Today, if you buy a share of GE stock you get about a 3% yield from that dividend. On a 10-year Treasury today you get about a 3.3% yield on a 10-year Treasury. So we've got a very attractive dividend yield and it's a significant premium to the dividend yield of other companies in the S&P 500. And we're also buying back stock. Since the middle of last year we've bought back \$2.3 billion worth of stock, so we're returning a lot of capital back to shareholders in the form of the dividend and the buyback, and we're going to continue to do that as we go forward.

And I've talked about the portfolio of companies that we have. We've got a tremendous set of businesses with leadership positions. We've also got a really good earnings outlook. We're not giving specific earnings per share guidance anymore, you all know that, but in 2010 we earned \$1.13 a share. And between 2010 and 2011 we think we're going to have very strong earnings growth, and the drivers are in the middle here.

For 2010 to 2011 the GE Capital rebound is going to be substantial. We're going to earn a lot more money in GE Capital that's going to give us a lot of earnings growth as losses come down, and as we benefit from the margins on the new business that our teams are underwriting.

We're also going to get growth in Industrial. It's not going to be as high as the growth we're getting out of GE Capital in 2010 to 2011. We're going to get good results in our healthcare business. We've got good growth in our transportation business, but those are partially offset as we deal with lower pricing in the wind business, as we deal with the fact that we sold the majority stake of NBC. We went from owning 80% down to 49%, and so we'll have less earnings from NBC. And as we continue to invest more in new products around the world, that's a drag on the Industrial results.

When you look at 2011 going into 2012, we've got a really good profile. Not only do we continue to get the earnings growth out of GE Capital, we're going to continue to see lower losses, and we're going to see the benefits as commercial real estate turnaround happens. We're also going to see really good Industrial growth. We're going to enter a better cycle on the energy business. We're in a later cycle business and you're seeing a lot of order activity. That's going to be positive for shareholders. We're entering a better aviation cycle. We're going to have a lot more output, and the margins are great in our service business.

We're going to get the benefits from the M&A that we've completed. We've done, as Jeff said, \$12 billion of acquisitions, a lot in energy and oil and gas. We'll have a full year of those earnings instead of a partial year, and we will also benefit from the synergies kicking in from our teams working on growth synergies and cost synergies.

And we'll still have some drag from the growth investments that we continue to increase in the Company. But overall this is the best portfolio of companies that we've had in the last 10 years, and it's the best earnings outlook that we've had in the last 10 years for the next few years going forward.

And investors are seeing the benefits. A couple of indicators on the left side just from the last year's annual meeting when we were together, we had seven of the Wall Street analysts who write about the stock and make recommendations who had a buy or a strong buy on the stock. This year at this meeting we're up to 13, so we've had good progress on people recognizing the progress we're making and telling investors this is a time to enter into GE stock.

The price target that those analysts have for the next 12 months has gone from \$22 to \$24, and on the right side you can see we're outperforming the S&P 500 as Jeff said. We outperformed the S&P 500 last year in total shareholder return. We're outperforming the S&P 500 this year, year-to-date in the shareholder return, and I can tell you the entire GE Leadership team has an intense focus on continuing to improve our shareholder value. So thank you, and I'd like to turn it over to Jeff. Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Keith kind of gave you a financial update, I'm going to give just a brief strategic update on the Company. You know, we really are focused on infrastructure and financial services as you look at the Company going forward.

Our foundation is technology, a very strong focus on globalization and customer service. We think we've got some real competitive advantages around the scale of GE, and we have, I think, great opportunities for long-term growth with this set of businesses. There's going to be somewhere approximating \$5 trillion investment in global infrastructure in the next five years. GE is the world's largest infrastructure company so we think we can benefit with this portfolio as we look forward in the future.

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We've done a lot of changes in the company over the last 10 years. If you go to where we were in 2000, 2001 we had just ended this incredible gas turbine bubble in the United States and we had a big insurance portfolio. We had a big plastics and media portfolio. And what we've kind of done over the last decade is step by step repositioned the company that we think is better suited to our core competency to really focus on infrastructure and commercial finance. And that really is the way that we think about the company going forward. A more focused company, but it's taking us time to work through the portfolio and make this set of changes.

Keith talked about basically we do a lot of capital reallocation activities. A year ago we announced, or a little bit more than a year ago, we announced that we were going to take our ownership of NBC down from 80% down to 49%. That provided cash, about \$8 billion of cash. That plus free cash flow allowed us to make big investments in our energy business. These were investments in oil and gas our investments in energy efficiency technology.

Again, with energy prices where they are today this is a pretty good trade. We have tremendously bolstered our energy capability. We've got \$6 billion incremental of energy revenue at high margins and fast growth rates. So we think from a capital allocation standpoint we've strengthened the Company as we've made this reallocation decision between NBC Universal and our energy business.

We've got six growth imperatives that the company's been working on in some way, shape or form for the last decade. It's a focus on technology. It's a focus on services. It's to lead in the key growth markets around the world. It's to continue to expand the GE core, create value out of our financial service business and to solve big problems for our customers in society. And these are things that GE has been focused on for a long time.

We've increased our R&D spending every year for the past decade. We now spend about 6% of our Industrial revenue back to R&D, almost \$6 billion a year. We can dramatically use this to focus on our scale advantage and drive more products and more price points through the system. We work on areas like reverse innovation where we can take low cost ideas from other parts of the world and apply those in the developed world. So we've got lots of technology. We've got tremendous global research footprint. And so technology really is, for our investors, the biggest asset that we've got as a Company.

This is just a few of the products that are out there. We've launched the Boeing -- the engine for the Boeing 787, the GENx engine which is a high technology product. We've got a set of new gas turbines that are coming into technology. We've got the most energy efficient and lowest emission locomotive in the world. We've got subsea technologies that will improve our ability to work with our oil and gas customers. We've got portable healthcare products, some of which you saw out there in the display today. So we really have more products coming out in 2011 than in any year in our history and those, again, are going to serve us well as we go forward in the future.

Technology creates an installed base and you've heard us talk in the past about the importance of services. We have almost 70,000 units in the GE installed base. We'll do about \$40 billion in revenue this year at very high margins. This allows us to capitalize on our installed base. It aligns us with our customers from the stand point of productivity and the way that they use our products. It allows us to drive our margin rates.

So this service portfolio that follows up our technical investments, these are very important assets for our investors and positions GE very well for the future. I thought I'd give you one example of software that you could've seen in the display out there because it's close to home. Qualibria is a venture between Intermountain Healthcare here in Salt Lake City and GE. This brings clinical support data to the bedside of our patients and in our hospitals. It allows us to take data that is provided in healthcare and turn it into information.

And I think, again, Intermountain Health has been one of the country's leaders in healthcare quality and low cost, and we think we can transfer that and translate that to the rest of the world through this service offering. So this is a very appealing technology and one of which you can see as you exit today.

We are a big company in the growth markets around the world. China, India, Middle East, Africa. It's about \$30 billion of revenue for us today. It's growing double digits. One of our Vice Chairman, John Rice, who's with us here today is based in Hong Kong. We really think that one of the core competitive advantages of GE is our ability to globalize. That's where a lot of our customers are today.

We're a big exporter from the United States, and we've got a big competitive advantage here and our markets globally are quite appealing and ones that we have to continue to invest in. About 80% of our aircraft engines made here in the United States go outside the United States to customers. About 90% of our gas turbines that are manufactured here in the United States go outside of the United States for our customers. So globalization is a very important part to our GE investors and something we think is important for the future.

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We never stand still in the core technologies that we have. We're always trying to expand the core of what we do and develop what we call adjacencies. On the left-hand side of the chart I talk about a relatively new adjacency which is thin-film solar technology. We've announced the largest investment in US manufacturing of thin-film solar, a technology that we think could hit the highest efficiency in the world. If we get 5% market share in this business over the next three or four years that's about \$5 billion of revenue. So this is really a great growth opportunity for us looking forward.

Now on the right-hand side of your chart that shows you an adjacency we started about 10 years ago in oil and gas. Our revenues were really zero and this space in the late '90s. This year they'll surpass \$10 billion in revenue. We're a key supplier to some of the major oil and gas and national oil and gas companies around the world. So we're always trying to launch new business ideas that could turn into big scale platforms that we can develop competitive advantage over time. And this just shows you two examples looking forward.

GE Capital's key set has had a nice snap back. We think we have a very strong competitive advantage in financial services, two big investor advantages with GE Capital. One is going to be tremendous earnings growth and the other one is we have a lot of capital in GE Capital. A lot of cash that at some point we're going to be able to dividend back to the GE parent and again that just gives us more cash to reallocate to dividends, strategic acquisitions and stock buyback. So a lot of liquidity in GE Capital as well.

And we just have good competitive advantage versus banks. We finance assets that we know better than banks. We have very strong customer relationships with mid-market industrial customers who have a stronger affinity with GE than they do with local banks. We've got some operating advantages in areas like retail finance and some big enterprise and project relationships. So we think this coupling of infrastructure and financial services is actually the wave of the future and is going to help us compete as we globalize and as we continue to launch new technology.

Lastly, you know, we've got two pillars to the GE brand. One is what we call ecomagination which is clean energy. The other one is healthymagination which is affordable healthcare. And clean energy, we will have about \$21 billion of revenue in clean energy products in 2011. That's up from \$5 billion in 2005, so it's a quadrupling over six years. I mean it just shows you the investor value to being in the lead in areas like renewable energy, super efficient gas turbines, electric vehicles, things like that. It's really made GE the partner of choice.

And then affordable healthcare, I think you got a sense when you were out in the lobby the power of healthcare cost, quality and access is really the GE brand positioning in the healthcare world. So we've got lots of portable devices and low cost devices, more information for our customers. So we think this coupling and what they do for the GE brand, making it the fifth most valuable brand in the world, has really created investor value, and again, we like that performance.

So again, a big focus, technology, services, globalization, expand the core, coupling with GE Capital and big solutions. These are the six big growth drivers of your Company as we look forward in the future.

We invest about \$1 billion a year on training of people from the factory floor all the way up through the organization. And we really focus on making them what we call domain experts. We focus on leadership development. We focus on team execution, and again, we do a lot of training on the factory floor in things like Six Sigma and Lean manufacturing.

And we've done a lot to globalize our company, and we continue to be recognized by our leadership development. Probably the most prestigious poll is the one done by Hay Group in BusinessWeek where we were voted number one for leadership development. So we feel good about that in terms of leadership.

One part of leadership is jobs. Jobs are important, clearly not just in the United States, but in every part of the world. This kind of shows you if you take out the impact of the divestitures which we've done over time, we're at about 134,000 US employees. It's up slightly from where it was 5 or 10 years ago, but over the last decade we've gone from having 65% of our revenues in the United States to only 40% of our revenues inside the United States.

So we've gone through in the last decade an amazing global transformation, but at the same time been able to retain our US employment base and mainly because we've been a good exporter. You know, in 2001 we only had \$7 billion of exports.

In 2011 we'll be about three times that level in US exports. This year we'll have about 12,000 new jobs, a lot of manufacturing jobs in the United States. We're really a net exporter to every country in the world and so we think competitiveness and training and all the things we do are going to continue to provide best practices and we think GE is a great US employer with significant global growth.

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I'm also on the President's Council on Jobs and Competitiveness. I want to put that just in a little bit of context for investors. We are a very small supplier to the US government. Only 4% of our revenues go to the US government. We're about number 19 in terms in government contractors so we're not very high on the list of government contractors and basically all the work that we do from the government is in military aircraft and things like that. So, we are a commercial company whose 60% of revenues are outside of the United States.

But we think jobs and competitiveness as a company are very important for the future of this country and we're very committed to doing our part to help competitiveness. And so I'm part of a council that includes big and small business leaders, global and domestic, labor leaders, economists. We're really working hard and I think with a lot of great spirit to create a high impact jobs plan that private sector-led.

Some of the areas we're focused on are areas like helping small businesses, driving exports, the regulatory and tax side, education and training, driving infrastructure. But really private sector ideas to try to drive competitiveness in jobs in this country and lots of outreach to small business organizations, communities and things like that.

So look, I'm honored to be part of this council. I'm honored to serve. The other CEOs that I'm working with from Intel and DuPont and other great American companies large and small have a lot of energy around this effort and a lot of commitment to this effort going forward. And we're all proud to be part of this team and hope that we can create private sector solutions to high unemployment and competitiveness in this country. And we're excited by the prospect.

Lastly on long-term performance, look, this company has performed in good times and bad. We've been through earthquakes and crises and financial crises and things like that but if you look at us over 30 years, each and every five-year increment we continue to drive earnings growth over long periods of times. And as Keith said earlier when we look at the time period of 2010 and 2014 there's no reason why this shouldn't be another good five years for the company in terms of earnings growth. We like the way the portfolio looks in the world today and the competitiveness we drive.

And then the last 10 years in terms of cumulative earnings, I mean other than the oil companies, GE and Microsoft are the only two names on this list for cumulative earnings over the last 10 years. Again, consistency of performance over the decades and over the years, that's really what GE is all about. The ability to change and compete as things change. I think that's really important. So that's where we are but I like how we're positioned for the next five years in the world we're in today.

So just in conclusion I think the Company is rebounding after the recession. The growth is being led by GE Capital and Industrial cycle is going to accelerate the second half of this year into '12. Balanced and disciplined capital allocation should create shareholder value, and we're investing in growth imperatives to build competitive advantage. So that's the end of the presentation now to agenda item number three, presentation of matters to be voted on. Thank you very much.

Jeffrey Immelt - General Electric - CEO, Chairman

Okay, agenda item number three, we'll take up the election of directors and management and shareowner proposals in the order in which they appear in the proxy statement. Then all these matters will be placed before the meeting for a vote. There will be time later on in the meeting for discussion of other business matters, but first we need to address the items that are presented in the proxy.

The independent inspectors of election for this year's meeting are representatives of IVS Associates. The inspectors have taken the oath of office required by law and have been at work since the proxies started coming in. If you've already voted by proxy there's no need to vote by ballot today unless you would like to change your vote, and I'll ask the ushers to pass out ballots now for anyone who has not yet voted or wishes to change their vote. Please raise your hand if you'd like a ballot here today.

I'd now like to return to the election of the directors and to the presentation of the proposals in the proxy statement. If you're a shareowner and wish to speak after a proposal has been presented just go to one of the two aisle microphones. I'll call on you there. Please give your name when you're recognized.

The first matter is election of directors. I place before the meeting to serve as directors for the coming year the 16 individuals whose names and biographies appear on pages 11 through 16 of the proxy statement, namely directors Beattie, Cash, Fudge, Hockfield, Immelt, Jung, Lafley, Lane, Larson, Lazarus, Mulva, Nunn, Penske, Swieringa, Tisch and Warner. Each of these nominees has received the overwhelming majority of the more than 8.1 billion shares voted by proxy. Is there any discussion on these nominees? Dr. Borelli, good morning how are you?

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Tom Borelli - National Center for Public Policy Research/FreedomWorks - Director

Board of Directors and shareholders of General Electric, I'd like to follow up on a question that I had last year that actually you didn't answer. I think I was -- you quickly went to Mike Number Two before you'd give me an answer, and that has to do with the consequences to GE from your close association with President Obama. I'm concerned that your high profile relationship with the president and his policies can really yield a backlash from conservative voters, especially those active in the Tea Party.

Specifically, General Electric lobbied for the president's \$787 billion stimulus plan that really didn't stimulate too much of the economy and also for cap and trade, which we've actively lobbied for which is part of Obama's agenda and a renewable energy mandate. Now all these issues are -- puts the Company on a key collision course with Tea Party members, which as you know, drove last year's election.

So I don't, you know, I came last year with a thought, now I'm coming with data. Last year our group, the Free Enterprise Project, part of the National Center of Public Policy Research and FreedomWorks did a nationwide survey of conservative voters, and we asked them about General Electric's reputation. And going in, General Electric, with conservative voters, had a 50% approval rating. When we advised the voters, the conservative voters, of your positions supporting Obama's agenda it plummeted to 20%. So that's a stark drop with conservative voters which represents a large percent of the country.

And then within the Tea Party segment, going in, your favorability with Tea Party activists was 28% and when they were advised of your lobbying for the Obama agenda it dropped to 13%. And then with conservative voters, 60% of the conservative voters said that they would avoid buying GE products.

So my question and my concern, again, is your high profile stance with President Obama can have a reputational risk on the Company. We've measured it. I have the poll results which I'd like to distribute to your Board of Directors and I'd like you to comment on the political and reputational risk of your close association with Obama and his progressive policies.

Jeffrey Immelt - General Electric - CEO, Chairman

Look, Dr. Borelli, I'm not going to address those specific items again this morning. I would just add what I said earlier that 96% of the revenues of GE are private sector revenues. We are not a big supplier to the US government. We are a free enterprise company.

Tom Borelli - National Center for Public Policy Research/FreedomWorks - Director

No, I never said you are a supplier to the government, but you need the government to give the policies for the subsidies for your business. The point is about your reputation and consumers. Do you know if your electronics business is being hurt because of conservative activists concerned about your close association with the president who by -- who promised by the way to make energy prices sky rocket? And now we're suffering --

Jeffrey Immelt - General Electric - CEO, Chairman

Again, Dr. Borelli, I have immense respect for you. Our market shares and all of our technologies are growing, and it shows by strong double digit order rates and things like that.

Tom Borelli - National Center for Public Policy Research/FreedomWorks - Director

So you have no --

Jeffrey Immelt - General Electric - CEO, Chairman

So I appreciate (inaudible - multiple speakers).

Tom Borelli - National Center for Public Policy Research/FreedomWorks - Director

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-- so you have no concern about the reputational effect.

Jeffrey Immelt - General Electric - CEO, Chairman

Again, I have great respect for you sir. Let's go to microphone number two.

Tom Borelli - National Center for Public Policy Research/FreedomWorks - Director

So you're not going to answer that? I'd like to distribute this to your board members.

Jeffrey Immelt - General Electric - CEO, Chairman

Microphone number two. Yes, sir?

Bill Freeda Shareholder

Good morning Mr. Chairman. My name is Bill Freeda, and before I cast my final vote this morning I would like to make some comments and get answers to some questions. I would like to congratulate you on the performance of our Company this past year. It was nice to see the price of GE stock rise to over \$20 a share as well as the increase in the dividend to \$0.60 per share annually.

But before we express satisfaction with these results I would like to remind all of my fellow shareowners where we started. In 1999, after the last three for one stock split, GE was priced at \$60 a share. So although we have made significant strides in raising the price of our stock, we would need an increase of 200% from its current price just to get back to where it was in 1999.

Now, let's turn our attention to the state of our dividends. Since reducing the dividends by almost 67% you have raised them by 50%. However, I would like to remind shareowners that it would take a 310% increase just to get them back to where they were before the reduction.

But Mr. Chairman, I am here this morning to speak on behalf of GE retirees, current retirees, future retirees, and even retirees who have not yet begun to work for GE and its shareowners. In your letter to shareowners in the 2010 annual report, you said "We have changed our employee healthcare and pension plan to be more competitive over the long-term."

Let me translate for the shareowners. You have asked your employees and pre-65 retirees to pay considerably more for their healthcare, and you made it more difficult for employees hired after January 1, 2005 to enjoy the security of a pension and eliminated company-subsidized retiree healthcare completely.

In addition, I understand that employees hired after January 1, 2012, will not be permitted to participate in the GE pension plan at all. Your letter also states that "Looking forward, we have reduced GE's vulnerability to tail risk events." If Jeff, you find it necessary to view pensions and retiree healthcare as tail risk events and curtail and eliminate them as a matter of good business, let me turn your attention to two other tail risk events.

The supplementary pension plan, and my personal favorite, the appropriately named excess benefit plan. These plans are enjoyed by only a small percentage of the GE employees. The annual report shows that the projected benefit obligation of the supplementary pension plan at the end of 2010 is \$4.43 billion. This is an unfunded plan, which means nobody has contributed into it, and its payments come directly out of the pockets of GE shareowners.

If, Mr. Chairman, you are serious about, serious about dramatically reducing GE's vulnerability to tail risk events, eliminating these plans would not only be a good business decision, but also a no-brainer.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, Bill. Are you --

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Bill Freeda Shareholder

Not quite.

Jeffrey Immelt - General Electric - CEO, Chairman

Okay.

Bill Freeda Shareholder

In this year's letter you make several references to leaders and leadership and very few about employees who actually perform the work for GE. Leaders are important, of course, but they would be meaningless and ineffective without the men and women who actually build the airplane engines, turbines, locomotives and medical equipment that GE sells.

It is disrespectful to marginalize their loyal contributions when they retire, while creating an aristocracy and financial windfall for only a special few. Jeff, I am not asking you to break any promises that have already been made. I am asking you and the Board of Directors to eliminate the supplementary pension plan and the excess benefit plan for any new employees hired after January 1, 2012 as an additional step to, as you have so eloquently stated, reduce GE's vulnerability to tail risk events.

Jeffrey Immelt - General Electric - CEO, Chairman

Thanks, Bill. Microphone number one, yes sir? Remember we're just going on directors so far, so --

David Ridenour

Yes, well, this pertains to that, good morning Mr. Immelt.

Jeffrey Immelt - General Electric - CEO, Chairman

Good morning. Yes, sir?

David Ridenour

My question pertains to your role as on the Council on the Competitiveness and Jobs. In that capacity, who do you represent there? Do you represent shareholders or broader American people? Would you ever advocate anything that was not in the interest of General Electric or its shareholders?

Jeffrey Immelt - General Electric - CEO, Chairman

Again sir, I think all of us that serve on councils like that just try to represent our best judgment, and frequently because of my point of reference they'll be associated with GE, but not all the time. But I do think it's important for the private sector to try to be helpful when they can and try to use independent judgment as part of that sir.

David Ridenour

But if there is something that would hurt General Electric, would you oppose it? Would you speak out --

Jeffrey Immelt - General Electric - CEO, Chairman

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Look, I mean I would --

David Ridenour

-- strongly against it and who --

Jeffrey Immelt - General Electric - CEO, Chairman

-- look, I would -- again, I just don't want to give this kind of black and white philosophy. I want to be helpful. I want to try to do my best to help. That's what I want to try to do.

David Ridenour

I think shareholders would appreciate it if you were helpful to shareholders.

Jeffrey Immelt - General Electric - CEO, Chairman

Okay, I respect your view sir, thank you. On microphone number two, yes ma'am?

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

Good morning, Deneen Borelli from the National Center.

Jeffrey Immelt - General Electric - CEO, Chairman

Hi, Miss Borelli, how are you?

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

How are you? I have a question before I vote for the Board. It's regarding your stance toward price carbon. Do you have full Board support from General Electric Board members to back up your efforts for pricing carbon, and that is to tax fossil fuels, which in your mind will spur development of renewable energy products?

Jeffrey Immelt - General Electric - CEO, Chairman

Again Miss Borelli, there is no really legislation at all on that today, and we've discussed --

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

No, do you have full Board support?

Jeffrey Immelt - General Electric - CEO, Chairman

-- these things. Of course, of course. Yes, ma'am?

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

Of all of your board members?

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Jeffrey Immelt - General Electric - CEO, Chairman

Yes, ma'am.

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

All right, so James Mulva, CEO of ConocoPhillips, that's fossil fuels company?

Jeffrey Immelt - General Electric - CEO, Chairman

Again, I-

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

You have his full support --

Jeffrey Immelt - General Electric - CEO, Chairman

I think we've had these discussions, ma'am.

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

-- to tax fossil fuels?

Jeffrey Immelt - General Electric - CEO, Chairman

Yes, ma'am. Thank you.

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

You have his full support?

Jeffrey Immelt - General Electric - CEO, Chairman

Yes, ma'am.

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

And James Tisch as well? He has a number of subsidiaries that are fossil fuel companies.

Jeffrey Immelt - General Electric - CEO, Chairman

Again, I think all of us participate in the oil and gas industry, even GE. We've got an \$11 billion business in oil and gas, ma'am.

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

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So with this initiative, you're taxing fossil fuels which would make them much more expensive, energy prices are already going up and Americans are already being squeezed with higher energy prices, so you have no problem taxing fossil fuels?

Jeffrey Immelt - General Electric - CEO, Chairman

Again we believe in technology and a broad array of technology, solar, wind. We're big in natural gas. We've got coal turbines, steam turbines. We make all of these technologies, ma'am.

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

But today those aren't comparable with fossil fuels.

Jeffrey Immelt - General Electric - CEO, Chairman

Again, we make all of those technologies. We support them and --

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

So you have no problem taxing fossil fuels? I just want to make sure I'm clear on that.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you ma'am. Microphone number one, yes, sir?

Richard Barnes Shareholder

Good morning, my name is Richard Barnes. I'm the son of Elva Barnes, she was a long term shareholder in GE, always has greatly admired your Company and it was always her dream to attend the annual shareholders meeting. So I'd like to tell you thank you from the bottom of your heart for bringing the shareholder's meeting here to my hometown, Salt Lake City, Utah.

Please know you and all -- any shareholder's meeting is welcome to come to Salt Lake any time. Tourism means a great deal to us and I appreciate all the nice products you do, the medical things were helpful to my mom on her -- throughout her life, so thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, sir. Next on the agenda is the proposal to ratify selection of KPMG as independent auditors for 2011, which I place before the meeting, we have with us today Mr. Tim Flynn and Mr. Bill O'Mara. Your Board of Directors recommends ratification. Any discussion on that?

Let's see, the next item on the agenda is management proposal say-on-pay, the advisory resolution on executive compensation. The Board of Directors recommends a vote for the advisory resolution on executive compensation.

The next proposal is, the next advisory vote is on the future frequency of advisory votes on executive compensation. The Board of Directors recommends a vote for every year. Discussion on that?

Okay, shareowner proposal number one, to be sure that all the proponents have an opportunity to present their proposals today, the presenters and other speakers should confine their comments during this portion of the meeting to the subject matter of the proposal which has been presented. We'll then have an opportunity to discuss all of the items later.

Shareowner proposal number one was submitted by Evelyn Y. Davis, and asks the Board to take steps to provide for cumulative voting in the election. Miss Davis couldn't be here today so I placed her proposal as set out in the proxy before the meeting. Any discussion on that proposal? Yes sir, on number two?

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Glenn Johnson - International Brotherhood of Electrical Workers - Business Manager

Wrong proposal.

Jeffrey Immelt - General Electric - CEO, Chairman

Okay so, that's proposal number one. Proposal number two relating to the future stock options was submitted by Trowel Trades, an S&P 500 Index Fund. I understand that Mr. Glenn Johnson will present that proposal on behalf of the fund, Mr. Johnson on microphone number two. Yes, sir?

Glenn Johnson - International Brotherhood of Electrical Workers - Business Manager

Good morning, Mr. Chairman --

Jeffrey Immelt - General Electric - CEO, Chairman

Good morning.

Glenn Johnson - International Brotherhood of Electrical Workers - Business Manager

-- members of the Board and fellow shareholders. My name is Glenn Johnson and I'm here to present the proposal submitted by the International Brotherhood of Electrical Workers, IBEW, which can be found on page 50 of your proxy statement.

The IBEW asks the Board of Directors to adopt a policy that all future stock option grants to senior executives be performance-based. To qualify as performance-based, an option must have an exercise price set above the market price on the grant date, or vest upon the attainment of a performance objective.

Implementation of this policy is important at this time because the Company's compensation committee recently shifted the focus of executive equity awards from its historical mix of restricted stock and long-term performance units to stock option grants.

According to the Company's 2010 proxy statement, executive officers as a group received stock options to purchase 7.1 million shares, and in March of 2010, the Company's CEO received a grant of 2 million stock options. These option grants lack performance vesting criteria and could result in the Company's executives being rewarded for market gains unrelated to the Company's specific performance.

This is of particular concern since the company share value was at an unusually low level at the time of grant. Adoption of this proposal would provide challenging performance objectives and serve to motivate executives to enhance long-term corporate value. Please support this proposal. Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you sir.

Glenn Johnson - International Brotherhood of Electrical Workers - Business Manager

And now I'd like to introduce Mike Cerrone, my colleague, to add an additional comment to what I said.

Jeffrey Immelt - General Electric - CEO, Chairman

Great.

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Glenn Johnson - International Brotherhood of Electrical Workers - Business Manager

Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, sir. Mr. Cerrone?

Mike Cerrone - IUE-CWA - Shareholder

Good morning.

Jeffrey Immelt - General Electric - CEO, Chairman

Good morning.

Mike Cerrone - IUE-CWA - Shareholder

My name is Mike Cerrone, and I am a retired IUE-CWA member from Philadelphia. I rise in support of shareholder proposal number two. It makes no sense to reward executives with stock options that have no link to performance of the Company, yet the Board of Directors is recommending against approval. That is to be expected.

General Electric has a long history of fighting to keep higher compensation for executives, but is more than happy to allow tens of thousands of hourly retirees who built this Company to fall into poverty as the value of their pensions continuously erodes from inflation. The GE pension plan should be changed to add a cost of living adjustment. That makes a lot more sense than handing out stock options with no performance criteria.

As a recent retiree, I am not suffering like those who struggle to live on a couple hundred dollars a week, but I soon could face a significant financial hardship if GE gets its way and makes me pay much more for my healthcare. I already have to pay premiums as an active employee and not my pension check.

Now, you want to adopt a massive cost shifting exercise, hidden behind a smokescreen of better health outcome in a consumer-directed plan. GE, do the right thing and allow your retirees to live with dignity, respect and financial security. Add a COLA and stop pushing for the outrageous cost shifting healthcare plan.

GE is no longer viewed as one of the premier places to be employed and retire from. GE employees and retirees are valuable human capital, not just numbers. Your employment package for salary workers is a disgrace and can only serve as another roadblock for attracting and retaining top candidates for employment.

We worked hard and long for the Company and helped build the value of GE. A company is aided in its growth and prosperity by how it treats its employees and its retirees.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you sir. Thank you.

Mike Cerrone - IUE-CWA - Shareholder

I only have a little bit more here.

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Jeffrey Immelt - General Electric - CEO, Chairman

Okay, great.

Mike Cerrone - IUE-CWA - Shareholder

Mr. Immelt, I realize that when you were chosen CEO, you weren't handed the best circumstances. You have made inroads by bringing back the manufacturing to this country, but more needs to be done. Manufacturing helps this country and its businesses that operate here to prosper. It's time to bring back the barges, and I believe you realize that. Hopefully, you'll share GE's prosperity with retirees in the form of COLA and increases in dividends for all shareholders.

Don't forget the retirees are huge shareholders. In closing, I was fortunate enough to have known Helen Quirini. I view her as an esteemed role model. I can only hope to be half as dedicated as she was. Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you very much, sir. Shareowner proposal number three relating to withdraw of stock options granted to corporate executives was submitted by Mr. John Hepburn of New Zealand. I know Mr. Hepburn is here today. Good morning Mr. Hepburn.

John Hepburn Shareholder

Good morning again, and good morning everyone. You will find my shareowner proposal on page 51 of the proxy statement. It reads, "Resolved, upon an affirmative vote, that the shareowners of General Electric request that the Board of Directors take the necessary actions to withdraw, in sufficient numbers, stock options granted to nine corporate executive officers in 2009 and 2010, to leave the remainder close to levels granted in the years 2002 through 2008."

Most likely you will have read my supporting statement, so over the next four minutes I will provide you with some background, emphasize key items and update vital figures. You may have noted that I live in New Zealand. Like GE I am multi-national. If you have some trouble with my mongrel accent, I apologize in advance. It is partly New Zealand, also Canadian, originally Scottish.

Turning back to my proposal, here is some background. Our directors really didn't want you to have this opportunity to vote on it. On their behalf the Company's Washington law firm wrote a seven-page letter to the Securities and Exchange Commission asking that its staff concur in the director's view, that my proposal be excluded from General Electric's proxy statement because, and I quote, "The proposal is so impermissibly vague and indefinite so as to be misleading, so that neither the shareowners voting on the proposal, nor the Board of Directors in implementing the proposal, would be able to determine, with any reasonable certainty, what actions or measures the proposal requires."

In a one-and-a-half page letter to the SEC, I repudiated these assertions and included a straightforward calculation of how the proposal might be implemented. The SEC came back with a letter to the law firm stating "We are unable to concur in your view that GE may exclude the proposal from its proxy materials."

Two weeks later, the law firm wrote a second letter to the SEC, eight pages long this time, in part attacking my short letter, requesting that SEC staff reconsider their decision. The SEC's deputy chief counsel responded briefly to the law firm, stating "After reviewing the information contained in your second letter, we find no basis to reconsider our position." So it was a bit of a struggle but here we are today.

It is the opportunism and magnitude of these option grants that I find unwarranted. A mere six days following our shares plunging to a 17-year low in March of 2009, a price collapse from \$42 or 86% over sixteen months, to \$5.73, our directors were dealing to corporate executive officers the equivalent of a royal flush in stock options grants with, unlike Mr. Immelt, no performance conditions.

This timing was also six months prior to the historical September date that had prevailed for at least 10 years. And then there's the quantum. Each vice chairman, for example, receiving over his 2008 grants, a sixfold increase in 2009 and more than a threefold increase in 2010.

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So what are the updated figures with respect to shareowners in the second to last paragraph in my supporting statement which was submitted six months ago? Despite a \$0.03 increase in the quarterly dividend since then, the annual dividend rate is still 52% lower than in 2008. Now, while the S&P 500 Index has now recovered to a level some 14% of its late 2007 peak, our GE shares are still 52% lower than their late 2007 peak.

Each of the vice chairmen, how are they faring? For much of February GE shares traded above \$21, reaching \$21.65 on the 14th, at which price their 2009 and 2010 stock option grants combined were in the money to the extent of \$25.81 million each, almost \$26 million. Now, in the four years 2004 through 2007, GE shares traded mostly between \$30 and \$40. If our shares recovered to just the low end of that range, \$31, which is halfway between today's price and the 2007 peak of \$42, their gain of \$26 million doubles to \$52 million each.

So in conclusion, I would like to thank you all for listening to what I had to say, and to those who have already voted for my shareowner proposal, a second thank you. For those of you still to vote, I ask that you please vote for. Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, Mr. Hepburn. Chairman, proposal number four relating to climate change risk disclosure was submitted by the National Center for Public Policy Research. I know that Dr. Borelli is here today to present the proposal on behalf of the National Center for Public Research. Ms. Borelli?

Deneen Borelli - National Center for Public Policy Research/FreedomWorks - Fellow

Thank you. We urge fellow shareholders today to vote for our proposal calling for our Company to disclose the business risk related to developments in the scientific, political and regulatory landscape regarding climate change. Our proposal has sound footing since it is based on guidance issued by the Securities and Exchange Commission. Candid and full disclosure of business risks is embedded in SEC policy and it serves the best interest of shareholders.

Disturbingly, GE appealed to the SEC in an effort to block this proposal from appearing in our proxy statement. Thankfully, management's high priced legal team lost and the SEC sided with us. Why would Mr. Immelt want to block a proposal seeking disclosure surrounding the Company's climate change business strategy? What is Immelt trying to hide? The answer is clear, shareholders, Immelt is trying to hide the fact that demand for wind turbines, solar panels, and technology that captures carbon dioxide from coal-fired power plants depends on government action. And that is politics.

Plainly speaking, Immelt needs federal and state legislation to drive demand for GE's renewable energy products. The problem with renewable energy is that they are expensive and far less efficient in generating power from fossil fuels, so Immelt needs the boot of government to drive sales. Accordingly, Immelt's climate change business strategy is really a political strategy.

His political strategy is twofold, raise the cost of fossil fuels through legislation such as cap and trade, and legislate demand for renewable energy by mandating a renewable energy standard where the government mandates a certain percentage of electricity must come from renewable sources, and this is why Immelt has partnered with President Obama, to raise the price of fossil fuels through a cap and trade scheme that according to the President would make electricity prices sky rocket.

Sky rocketing electricity prices from fossil fuels is needed to level the economic playing field with costly renewable energy products. The problem for Immelt is the real change has not been the climate, but the political atmosphere that is reducing the prospects for renewable energy products. The Waxman-Markey Cap and Trade bill that would have taxed fossil fuels and forced Americans to derive 25% of our electricity for renewable products died in the Senate.

A leaked Company document emphasized the importance of this legislation for the Company. It said, and I quote, "If this bill is enacted into law it would benefit many GE businesses."

Immelt, you can't have it both ways. Since the passage of Waxman-Markey would have been good for business, its failure to become law is obviously bad for business. A failure of cap and trade to become law constitutes a business risk. Republican control of the US House of Representatives greatly reduces the likelihood that any cap and trade legislation will be adopted by Congress. Without cap and trade, Immelt's hope now resides with President Obama and his call for a clean energy standard that calls for 80% of our electricity to be derived from renewable energy by the year of 2035.

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Republican control may also reduce the chances of Obama's clean energy standard. Government fiscal considerations can affect business plans. Demand for companies' renewable energy products is affected by government subsidies, but this source of funding can suddenly be reduced or eliminated. For instance, budget deficits in the European countries resulted in subsidy cuts for wind and solar energy creating substantial uncertainty for investors.

Our nation has soaring budget deficits and debt, and may also reduce government subsidies for GE's renewable energy products. The business challenge facing renewable energy was made clear during a recent Company conference call. On April 24th, Reuters reported that GE acknowledged that the demand for wind power dropped to about half of its 2009 sales because of competition from natural gas that is far cheaper. Clearly, in a free market, utilities would choose the cheapest and most reliable forms of energy, and that is not wind power.

As shareholders, we have a right to know that Immelt's renewable energy strategy is a boom or bust gamble on the shifting winds of politics. That is why I urge you, my fellow shareholders, for your support on this proposal, calling for GE to disclose the business risk of the Company's climate change business strategy. Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, Ms. Borelli. Shareowner proposal number five, relating to transparency in animal research was submitted by Julia Randall of Chevy Chase. I understand Ms. Randall is here and will present the proposal. Ms. Randall?

Jessica Sandler - PETA - Shareholder

Hi. Good morning. Our comments on this proposal will be made by Julia and myself, Jessica Sandler. I head the Regulatory Testing Division for People for the Ethical Treatment of Animals. If you're not aware, PETA is the largest animal rights organization in the world, with more than 2 million members.

Let me begin by saying that we tried everything we could in order to avoid bringing this shareholder resolution. After withdrawing our previous resolution in 2006, we entered into a very productive dialogue with GE. GE made some serious and important changes to the way it used and housed the animals in its chemical division testing. It was groundbreaking actually, and we were happy to tell any reporter who asked what a good job GE had done in this area.

In 2008, however, after its chemical division was sold off, we asked GE to bring its healthcare division, including Amersham, into the discussions. Despite our good faith efforts, GE responded by cutting off all communication with us. This turn of events is particularly concerning, given the fact that there appear to be some expensive animal-intensive and outdated methods being used in GE's healthcare division. Even a cursory review of Amersham's catalog reveals that GE is using animals when animal-free replacements exist and not taking advantage of money saving methods.

For example, it would appear that the company is using a method of antibody production so painful that the National Institutes of Health has recommended against it. And several countries have banned its use including, interestingly, Amersham's home country of England. This procedure causes enormous tumors that balloon from the abdomens of the animals resulting in severe pain and distress. It has been superseded by modern non-animal methods that are far more precise and reproducible, as well as less costly.

The fact that our Company apparently still relies on this animal method speaks clearly to the need for greater transparency and accountability. In addition, based on other information we've received, it would appear that GE's Animal Experimentation Oversight Committee, which is the animal's last line of defense, is not functioning properly.

The type of reporting that we are requesting is done by other companies, including highly competitive and successful multinational corporations. GE issues similar reports regarding its ecological footprint, and your efforts to reduce your use of animals in laboratory experiments should receive the same attention.

Excuse me. It's hard for me to --

Jeffrey Immelt - General Electric - CEO, Chairman

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Thank you.

Jessica Sandler - PETA - Shareholder

It's just there's some talking going on here. It just makes no sense to claim as you do in your opposition to this resolution that GE only uses a very limited number of animals, and at the same time argue, as you did to the Securities and Exchange Commission, that you can't implement the resolution because it would require too large of a research project. How can you track your progress to reduce and replace animals, which your own stated policy calls for if you don't know what your starting point is?

In addition to animal welfare concerns our request have a scientific basis. The National Academy of Sciences has issued an extensive report showing that new non-animal technologies can deliver more predictive data based on human physiology, and that they can do so more quickly and affordably.

Given the fact that the Food and Drug Administration itself states that 92% of drugs that pass animal tests go on to fail, or to cause harm in people in clinical trials, it is clear that the current system isn't working well. This failure rate is a poor return on our investment, as well as a threat --

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you. Thank you, ma'am.

Jessica Sandler - PETA - Shareholder

And just one last thing on a personal note --

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, ma'am.

Jessica Sandler - PETA - Shareholder

-- I've actually had some great discussions outside with --

Jeffrey Immelt - General Electric - CEO, Chairman

Great.

Jessica Sandler - PETA - Shareholder

-- senior scientists who are working on great 21st century technology. You should be proud of that technology, so please, we ask that you resume our discussion of that.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, Miss Sandler. Thank you very much.

Jessica Sandler - PETA - Shareholder

Thank you.

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Jeffrey Immelt - General Electric - CEO, Chairman

Yes, ma'am, on number one or number two? Number one? Yes, ma'am.

Colleen Gardner Hatfield Shareholder

My name is Colleen Gardner Hatfield, and I'm a stockholder in GE for just the last few years. My brother recommended it, and I did not know until a few days ago there was even -- because of a move of address I didn't get my mailing on the issues that are in front of you today.

Jeffrey Immelt - General Electric - CEO, Chairman

Yes, ma'am.

Colleen Gardner Hatfield Shareholder

And so once I found out the only thing that I ask is that if it is necessary that there be animal testing, if mathematical modeling won't work --

Jeffrey Immelt - General Electric - CEO, Chairman

Yes, ma'am.

Colleen Gardner Hatfield Shareholder

-- if stem cell research won't work, then let's do provide transparency. If we're proud of it, if it's moral, if it's ethical what we're doing as GE stockholders, then let's provide transparency and shine a bright light on it and bring good things to all life.

Jeffrey Immelt - General Electric - CEO, Chairman

Okay. Thank you, ma'am. Number two, yes ma'am.

Julia Randall - PETA - Shareholder

Finally. I'm Julia Randall, who issued the proposal, an advocate of PETA. I live in the Washington, DC area, a few miles from the White House and Capitol, an area in which you, Mr. Immelt, are perhaps are visiting frequently as you form these new business relationships.

Our purpose today is to ask you, Mr. Immelt, and company to once more open the door to the work of PETA. With more scientists on staff than any other animal protection organization, PETA addresses animal experimentation from an ethical and scientific standpoint. Let us, to use your terminology, snap back, renew our relationship and combine our efforts on this critical issue.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, ma'am.

Julia Randall - PETA - Shareholder

Thank you.

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Jeffrey Immelt - General Electric - CEO, Chairman

Thank you. So let's move to agenda item number four - balloting. Remember we'll provide an opportunity for discussion on other business matters shortly, but balloting on the items in the proxy statement comes first. If you have a ballot ready to turn it in, please hold it up, and I'll ask the ushers to pick it up from you. Great.

Agenda item number five on the agenda, questions and discussion of other business matters, we've already heard extensive comments on the issues raised in this year's proposals. To be fair we will give other shareowners who haven't had a chance to discuss matters which may be on their minds, so if you wish, please come to the microphones. Is there anyone that wishes to discuss an item? Dennis on mic number one?

Dennis Rocheleau Shareholder

Thanks, Jeff. In lieu of my proxy proposal I have some comments. This is my fourth consecutive appearance at our annual meeting. I am trying in a common sense way to improve corporate governance and Board composition. Perhaps here in Salt Lake City I can repeat Brigham Young's assessment that this is the place. The current directors are people of considerable ability and accomplishment. I seek not the Board's total or sweeping reconstitution, rather I suggest modest but important refinements.

In my view, three elements must always be central to our Board's composition and conduct. First, each director must be of the highest character, integrity and credibility. If ever a director's personal or professional performance becomes besmirched in any way, he or she, like any underperforming GE employee, must be encouraged to flourish elsewhere.

It may be difficult to define in advance any such reputational fall from grace, but anyone with reasonable analytic skills will quite easily recognize such a failure when it occurs. The Board needs to sharpen its sensibilities and oversight in this regard.

Second, our Board must have an outstanding record of professional achievement in an enterprise directly relevant to ours. For example, if we currently had a trio of media savvy directors why should they remain after the sale of NBCU to Comcast, nor should we retain a cadre of consumer marketing mavens when we have largely exited those businesses. To illustrate my point, where was our Steve Eisman when we needed someone like him to assess properly the level of risk assumed by GE Capital, especially in real estate.

Third, our Board must exhibit a strong, self-renewing capability. Becoming a GE director at age 45 is not a ticket for a quarter century ride, irrespective of performance. Perhaps we ought to examine more critically the possibility of term limits or institute an average tenure tipping point, that is, if the average Board member has 12 or more years of service then the longest tenured director would not be re-nominated.

Apparently my proxy proposal for force ranking all long-term directors with the lowest rated director not being re-nominated was deemed too blunt. Be that as it may, I strongly encourage you to fashion appropriate mechanisms to assure shareholders of the very best Board practicable.

Another idea that might be worthy of your contemplation is a reduction in the number of Board directors. The Company has become smaller and less complex. Paring just two directors would generate annual savings of nearly \$1 million, and we would still have plenty of diversity of opinion from the remaining 14 directors.

For the record, I note that from February 2007 until February 2008 GE Commercial Finance added nine new officers. The increase of nearly 40% did not produce a concomitant boost in the unit's performance -- quite the contrary.

Obviously I do not know the answer to this complex question, but I do know that action is needed. In sum, I believe excellent Board performance is more likely to be achieved if we pick directors just as players are picked in professional sports. We shareowners deserve a team that looks more like the Utah Jazz than the next League of Women Voters panel questioning a presidential aspirant like Mitt Romney.

We know if the Jazz or the Celtics or the Lakers are winners by looking at the scoreboard, not by considering what they look like individually. The vaunted redeem team of USA basketball at the Beijing Olympics was composed entirely of African American players, and NBC commentators never bemoaned their lack of diversity - properly so. They were gold medal winners.

I accept the need for collegiality on our Board. What I reject is cronyism and incompetence. It defies reason and experience to believe that a company that occasionally errs in selecting some of its officers from a feedstock it knows intimately would not have a similar record in selecting directors whom it knows primarily by reputation or recommendation.

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I do not want an elitist Board that knows all the answers. I want an activist board that that takes courageous action when needed and consistently asks all the right questions. Gretsky-like, they should play where the puck -- not where the puck is, but where it is going to be.

To move that wish from validity to reality requires the leadership of those seated and introduced at the front of this auditorium. Accordingly I sincerely say to the Board, all GE shareowners need your immediate help, for without measurable progress in the next six months, I will resubmit my proposal.

Jeffrey Immelt - General Electric - CEO, Chairman

Great, thank, Dennis.

Dennis Rocheleau Shareholder

Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Microphone number two. Yes, sir.

Ron Flowers - Erie Retirees Association of General Electric - Chairman

Thank you, Mr. Immelt. I'm Ron Flowers from Erie, Pennsylvania. I'm president of the GE retirees group in Erie. We're here every year and we'll be here every year as long as I'm alive, just like Helen Quirini, to work for the betterment of the GE retirees who, by the way, is the largest voting bloc who vote on shares, so we are important.

The Company's already told us -- they called our union leaders in early in the year and they said in this coming up, this upcoming negotiations they are going to be asking for a specific healthcare change. A healthcare change is going to affect financially the people who work for General Electric and a lot of the retirees, a lot of the retirees. When there were layoffs you came to the older workers in Erie and you told them they were supposed to lay off 1,800 people. You urged the people, the older employees to retire.

Well, 600 of them took you up on it and they retired, and now, now that they're retired on a fixed income, now you're going to come back at them and ask for more money out of their pensions in healthcare benefits.

In a speech at West Point you said the era of meanness and greed are over. You said in too many situations leaders divide us instead of bringing us together. As a result, the bottom 25% of the American population is poorer then they were 25 years ago, and you said that is just wrong. Well, I really appreciate that statement, and I agree with you. That is wrong. The healthcare system you're trying to put forth right now is pushing the retirees towards that 25%, and that's wrong.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you.

Ron Flowers - Erie Retirees Association of General Electric - Chairman

Well, one more quick thing. GE consistently brags about one thing, how much cash they have, and they're looking for investments. Well, I would like to make a suggestion. How about an investment in the retirees that built your company?

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, sir.

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Ron Flowers - Erie Retirees Association of General Electric - Chairman

And that's the reason why you're here where you are today.

Jeffrey Immelt - General Electric - CEO, Chairman

Great, thanks. Thank you. Microphone number one. Yes, ma'am.

Kristina Ribali Shareholder

Good morning, Mr. Immelt. First of all I'd like to congratulate you as being a uniter. It appears this morning you have united both the far left, moveon.org, the unions, PETA. You've also united the far right, the Tea Party movement, FreedomWorks, and conservative voters.

What we're all concerned about is your unhealthy relationship and apparently too close relationship with the Obama Administration. You sit currently on the Board of the President's Council on Jobs and Opportunity, yet during the stock market meltdown in 2008 as GE faced mounting financial problems, GE borrowed \$16 billion from the Federal Reserve and was given special treatment by the government when the Federal Deposit Insurance Corporation, FDIC, insured up to \$139 billion in debt issued by GE Capital, GE's financial arm.

What we're concerned about, both the far left and the far right, is that now there's an increasingly educated voter population. There's an increasingly educated consumer population and as shareholders this is concerning to us. We're concerned because both the left and the right and everybody in the middle is extremely concerned about your relationship with the Obama Administration, corporate cronyism, corporate welfare and greed.

And as a shareholder this concerns all of us, but congratulations. You've united both sides against GE.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you. Microphone number two, Kevin?

Kevin Mahar Shareholder

Good morning, Mr. Chairman. My name is Kevin Mahar and I'm from Lynn, Massachusetts, the birthplace of the General Electric Company on April 15, 1892. Thomson-Houston Electric was merged with Edison Electric and became known forevermore as the General Electric Company.

Thank you also for your remarks about Helen Quirini. Of course, she's not here with us physically today, but she certainly is in spirit. And in that spirit I'd like to have anyone and everyone that worked at GE and is a retiree from GE to stand up to be applauded by everyone because you are the people who made this company the Company that it is today. Please -- get up, stand up. Come on. You worked with us. You know it. If you worked for GE you should stand up and be counted. Anyone that worked for GE has to be a stand up person to be counted.

And having said that, I want to thank you for what you do on jobs with the Obama Administration. You have said, and I have read all of your speeches that you mean to bring manufacturing back into this country, and you're showing it, okay? I thank you for that as somebody that worked in manufacturing all my life and understood the importance of manufacturing in bringing it as a base for our economic society.

I know that when you were talking about Helen, you know, she had a lifetime of service and just like she had -- you said earlier that GE has solved consumer problems and society problems. Well, Helen Quirini devoted her life to solving problems of retirees and helping society.

Picture this, in 1946 in Schenectady, New York, a young girl goes into the personnel office and is hired in GE. She's thrown into the factory, goes into the factory a young woman. Not very many women in the factory except because of the wars and shortage she gets involved in the union there. At that time, by the way, just to put a point of reference, women's work was paid less than men's and it was not against the law. And she saw that as an individual and fought against that and fought against all kinds of unfairness all her life and was written about in the AARP.

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She's even had plays portrayed about her called "Helen and Jack" when she first met Jack Welch, which has been seen by thousands. You can actually see that one-hour play if you go to www.getirees.org and see the play about Helen and Jack and what it means to her coming to the shareowners meeting for every year for many, many years.

In addition to that, in terms of uniting and meeting with the retirees, you have agreed to come, put together a group of retirees from around the country this fall to listen to our concerns. Well, I just want to give you one example of why we need to understand and listen to those concerns of retirees. I had a gentleman come down to my office. His name was Robert Reese. He had 43 years service at General Electric Company. His pension was \$944 a month. That's after medical deductions, \$944 a month.

In February of this year, and this is something that you may not have control over, but it affects the retirees. His pension went down by \$50 a month in February. And it went down because of a tax credit expired in December 31st for the middle income people of this country, while at the same time the Bush tax cuts were extended to those making over \$250,000. I hope that when you attend that meeting this fall that we're putting together that you listen to us, and at these negotiations, Jeff, we cannot and should not hurt retirees. And Helen would have me say --

Jeffrey Immelt - General Electric - CEO, Chairman

Good.

Kevin Mahar Shareholder

-- Jeff, we need a cost of living and an increase. Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Okay, Kevin, thank you very much. Our last speaker here, number two. Yes, sir?

Fred Leber Shareholder

I'm Fred Leber from Williamstown, Massachusetts. Mr. Immelt, the Company has announced its intention to undertake another stock buyback even though the most recent one was a considerable disappointment. In February '08, you wrote to shareowners that the world had gone from easy credit to no liquidity in the blink of an eye.

But then GE persisted in using its limited liquidity in buying back 99 million shares for \$3.1 billion, right up until we suspended the program in September of '08. We paid an average of \$31 a share for stock we could now acquire for about \$20 a share. That's a loss of \$1 billion.

Three weeks later we borrowed \$3 billion from Warren Buffett and gave him warrants to boot. Isn't that the \$3 billion that we just spent on the buyback? Add the \$1.2 billion we will have paid Buffett if we buy back the preferred in October of this year, and we have lost about \$2.2 billion in the '08 buyback, not counting opportunity costs.

With that record of poor performance, why should we initiate another buyback without a thorough discussion in this forum? Even with the recent increases, the dividend is still less than half what it was three years ago. Thank you.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, sir. I believe the inspectors of election are ready to announce the outcome of the voting, so thank you very much for the discussion this morning. Let's end the discussion and go to the inspector's report.

Mr. Barbera of IVS Associates will be presenting the report of inspectors. Mr. Barbera, do you have a report for us?

Michael Barbera - IVS Associates - VP, Treasurer

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Mr. Chairman, the inspectors of election have completed an initial count of the votes cast at this meeting in person or by proxy. The proxies representing approximately 8.186 billion shares or 77.1% of the total shares eligible to vote were received. Other shares have been voted at this meeting by ballot or by proxy.

On the basis of our initial count, the inspectors announce the following results. On the election of directors, each of the nominees received at least 5.2 billion favorable votes and all nominees have been elected. With regard to the ratification of KPMG as auditors, for is 98% of the shares voted, against, 2% of the shares voted.

The management proposal regarding the advisory resolution on executive compensation, for is 79.3% of shares voted, against, 20.7%. The proposal regarding the frequency of future advisory votes on executive compensation, for one year, 85.4% of shares voted, for two years, 1%, for three years, 13.6%.

The shareowner proposals, first regarding cumulative voting, for is 26.6% of voted, against, 73.4%. The proposal regarding the future stock options, for, 29.7% of shares voted, against, 70.3%.

The proposal regarding the withdrawal of stock options granted to corporate executive officers, for, 7% of shares voted, against, 93%. The proposal regarding the climate change risk disclosure, for is 4.7% of shares voted, against, 95.3%. The proposal regarding the transparency in animal research, for, 9.7% of shares voted, against, 90.3%.

Mr. Chairman, this initial tally is subject to verification, and the final tabulation may reflect small changes in the vote I have announced. The final tabulation will be set forth in the formal report of the inspectors of election to the secretary of the Company, which will be made after the vote has been verified. This concludes our report.

Jeffrey Immelt - General Electric - CEO, Chairman

Thank you, Mr. Barbera. On behalf of the Board of Directors I'd like to say thanks for all of our investors who are here this morning. We had a great discussion. And to the retirees, thank you for your service. To the GE employees, I'm proud of you, and thanks to the great people of Salt Lake City. You've been a great host to me and the GE Board. Good morning, and thank you again for your support of GE.

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