

American Federation of Labor and Congress of Industrial Organizations



815 Sixteenth Street, N.W.
Washington, D.C. 20006
(202) 637-5000
www.aflcio.org

JOHN J. SWEENEY
PRESIDENT

Gerald W. McEntee
Patricia Friend
Robert A. Scardelletti
Michael J. Sullivan
Joseph J. Hunt
Edward C. Sullivan
Ron Gettelfinger
John Gage
William Hite
Gregory J. Junemann
Nancy Wohlforth

EXECUTIVE COUNCIL

RICHARD L. TRUMKA
SECRETARY-TREASURER

Gene Upshaw
Michael Goodwin
John M. Bowers
Capt. Duane Woerth
Cheryl Johnson, R.N.
William Burrus
James Williams
William H. Young
Andrea E. Brooks
Laura Rico
Paul C. Thompson

LINDA CHAVEZ-THOMPSON
EXECUTIVE VICE PRESIDENT

Michael Sacco
William Lucy
R. Thomas Buffenbarger
Harold Schaitberger
Clyde Rivers
Leo W. Gerard
John J. Flynn
Nat LaCour
Larry Cohen
Thomas C. Short
James C. Little

Frank Hurt
Leon Lynch
Elizabeth Bunn
Edwin D. Hill
Cecil Roberts
Edward J. McElroy Jr.
Baxter M. Atkinson
Vincent Giblin
Warren George
Robbie Sparks
Alan Rosenberg

November 9, 2007

Mr. Jeffrey R. Immelt, Chairman and
Chief Executive Officer
General Electric Company
3135 Easton Turnpike
Fairfield, Connecticut 06828

Dear Mr. Immelt:

Chief executive officers of the nation's largest companies say that health care costs represent the biggest pressure they face today. General Electric Company also faces \$6.55 billion in potential retiree health care costs, one of the highest among U.S. companies. We are concerned about possible conflicts on General Electric's board relating to the company's exposure to the health care crisis.

Ralph S. Larsen, a member of the Nominating and Corporate Governance Committee and chair of the Management Development and Compensation Committee, which reviews and approves CEO and senior executive compensation, monitors management resources, structure, succession planning, development and selection process, and the performance of key executives, is also a retired CEO of Johnson & Johnson. Rochelle B. Lazarus, a member of the Nominating and Corporate Governance Committee, is currently a director of Merck & Company.

We are also concerned that a substantial portion of the wealth of Mr. Larsen and Ms. Lazarus is invested in the pharmaceutical industry.

Each of these pharmaceutical companies and PhRMA oppose legislation that could significantly lower our company's health care costs through the expansion of the federal Medicare program to cover all Americans, and letting Medicare negotiate prescription drug prices. Because prescription drugs represent a large portion of retiree health costs, the conflicts between General Electric Company, PhRMA, Johnson & Johnson, and Merck & Company could have a direct impact on our company's profitability.

Moreover, universal health care is already emerging as an issue in the 2008 presidential race and will very likely be a key priority for the nation's next president. A plan to provide universal health care coverage is unquestionably in the interest of our company and its shareholders because it would lower prescription drug costs and transfer substantial retiree medical costs to the federal government. So, too, are more limited reforms that would cover retirees and give the Medicare program the ability to negotiate drug prices with pharmaceutical manufacturers. Yet, PhRMA, the trade association representing pharmaceutical companies, Johnson & Johnson, and Merck & Company have reiterated their opposition to such a plan.

We believe that the mere appearance of these conflicts of interest is serious enough that Mr. Larsen and Ms. Lazarus should be asked to recuse themselves from voting and from chairing board committees when necessary. The New York Stock Exchange listing standards also require our company have such a policy in place. Without a recusal policy that is effectively monitored, these directors have the ability to influence, and possibly control, the board's consideration of health care matters. The lack of such a policy also leaves the company vulnerable to shareholder lawsuits.

Union-sponsored pension plans hold more than \$400 billion in total assets and are significant holders of the company's common stock. Union members across America participate in retirement systems with assets in excess of \$5 trillion. The AFL-CIO has serious concerns about the adequacy of corporate governance and ethics policies as long as these conflicted directors participate in matters affecting health care at our company. In order to ensure that the company's conflict of interest policies are more complete, we would like you to address the following:

1. Does the Company require a director who is also a director or an officer or a former officer of a health insurance or pharmaceutical company to recuse himself/herself from any Board discussions or decisions relating to any matter on health insurance or the pharmaceutical industry?
2. What steps has the Company taken to assure that directors participating in Board discussions and decisions regarding health insurance and prescription drug price reform act solely in the best interests of the Company?
3. Has the Company ever taken a position supporting legislation letting Medicare create a formulary and negotiate the prices of prescription drugs with pharmaceutical companies?
4. Has the Company ever supported federal or state legislation to permit consumers to purchase prescription drugs from Canada?

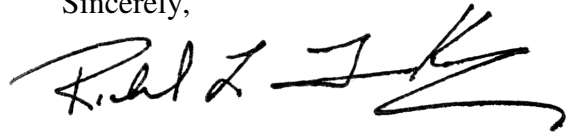
Letter to Jeffrey R. Immelt
November 9, 2007
Page Three

5. For each director who is either a director or an officer, or a former officer of a pharmaceutical or a health insurance company, please describe how the Company has addressed New York Stock Exchange Listing Standard 303A.10, which states that “A ‘conflict of interest’ occurs when an individual’s private interest interferes in any way—or even appears to interfere—with the interests of the corporation as a whole.”
6. Please describe annual unit price and the total cost to the Company of each prescription drug purchased by the Company from a company whose director or officer or former officer is also a director of the Company.

We look forward to your reply and would be happy to discuss this issue with you and the Board as soon as possible.

If you have any questions about this letter, please call Daniel Pedrotty, director of our Office of Investment, at (202) 637-5379.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard L. Trumka". The signature is stylized with a large, sweeping flourish at the end.

Richard L. Trumka

RLT/ms
opeiu #2, afl-cio