SOC INVESTMENT GROUP
UNITING WORKERS' CAPITAL

February 16, 2022

Dr. Risa Lavizzo-Mourey
Chair, Governance and Public Affairs Committee
General Electric Company
Executive Offices
5 Necco Street
Boston, MA 02210

Dear Dr. Lavizzo-Mourey:

As you are aware, at General Electric's 2021 annual meeting, we urged shareholders to oppose the pay of CEO Larry Culp after the Board decided to lower stock price appreciation hurdles associated with his new hire award. Shareholders agreed with our critique—not only did GE's Say-on-Pay proposal fail to receive majority support but also four out of five Compensation Committee members received below 80% support for their re-elections, with two receiving approximately 70% support, which is comparatively very low.

We believe these outcomes signal no confidence in GE's current Compensation Committee and its pay decision pertaining to Mr. Culp's special equity award, a sign that investors are deeply concerned about the committee's ability to carry out its duties as directors. In light of the high opposition to the Compensation Committee and Say-on-Pay proposal, we ask that the Governance and Public Affairs Committee:

1. Initiate the refreshment of the Compensation Committee. Given the high investor opposition to Sébastien Bazin and Thomas Horton's elections last year, they should not be renominated in this year's proxy statement. These two Compensation Committee members received approximately 30% opposition to their re-election to the Board.
2. Restore the original stock price appreciation goals in Mr. Culp's new hire performance equity award or rescind the award.
3. Support our proposal that asks for shareholder approval of any senior manager's new or renewed pay package that provides for severance or termination payments.

Given high opposition votes for Compensation Committee members, prompt refreshment of the committee is needed.

General Electric Compensation Committee members received substantial opposition votes at last year's annual meeting. We believe that outcome communicates a vote of no confidence, a sign that investors are deeply concerned about the majority of the Compensation Committee's ability to carry out their duties as directors and ensure fair pay for performance alignment. Four out of five Compensation Committee members received below 80% support, which signals extraordinary investor concern. Average shareholder support for director nominees is 95.1% and support below 80% represents less than 6% of all cases for the broader Russell 3000 market index.[1] Directors Bazin and Horton, received an exceptionally high opposition of about 30%, and we believe that

[1] Semlar Brossy. (2021, July). 2021 Say on Pay & Proxy Results.

announcing their retirement from the GE Board is a critical step towards restoring investor confidence in this Board. We expect this announcement no later than March 18, 2022.

CEO Culp's new hire performance equity award should be modified to restore the original performance goals or the award should be rescinded entirely.

As we noted, most shareholders did not support GE's Say-on-Pay proposal, a vote of no confidence in the Compensation Committee's decisions regarding Mr. Culp's new hire performance equity award. While generally we prefer to see smaller equity award sizes that are time-based, we feel that if a company is going to award performance equity the goals should at least be challenging and not be adjusted due to short term conditions. Since the downward adjustments have already been made, we expect the new Compensation Committee to modify the agreement to restore the original performance criteria. Shareholders have spoken through their vote that such a lavish outcome for mediocre performance is not acceptable and that meaningful steps must be taken to remedy the pay for performance disconnect that the Compensation Committee has created.

Long-term shareholders have not benefitted from an investment in the company. Even with its recent appreciation, GE's stock price still has lost over half of its value over the past five years, with a $1,000 investment in the company in 2017 worth just $459 today (dividends reinvested). Further, since his hiring over three years ago, Mr. Culp has only grown GE's stock price by 7.63% compared with a 63% return of the S&500 index (dividends reinvested), while he stands to receive a massive special equity payout currently worth over $114 million. GE's turnaround is neither complete nor demonstrably successful yet (with respect to long-term stock price improvement) and as such executives should not be rewarded until its completion.

Shareholders should have a voice in executive severance payments to curb lavish exit packages when not warranted.

As you know, we filed a shareholder proposal requesting that the Board seek shareholder approval of any senior manager's new or renewed pay package that provides for severance or termination payments with an estimated value exceeding 2.99 times the sum of the executive's base salary plus target short-term bonus. By giving shareholders a voice on this matter, we believe that this policy is in best interest of GE shareholders by protecting them from excessive executive separation, as well as potential windfall payments that can arise from lowering goals and subsequently receiving unduly large payouts upon a "without cause" termination. We hope that you and your fellow Board members will support this policy.

We welcome the opportunity to discuss our positions on Board refreshment, the performance equity goals, and our shareholder proposal with you. Please contact my colleague Michael Varner, Director of Executive Compensation Research, at mvarner@socinvestmentgroup.com to arrange a time to discuss these concerns before March 18, 2022.

Sincerely,

Dieter Waizenegger

Dieter Waizenegger
Executive Director