



Corporate Communications

Mr. Kevin L. Phelps
Project Director
Project on Government Oversight
666 Eleventh Street, NW, Suite 500
Washington, DC 20001-4542

Gary Sheffer
Executive Director
Communications & Public Affairs

3135 Easton Turnpike
Fairfield, CT 06828
USA

T 203 373 3476
F 203 373 3918
gary.sheffer@ge.com

November 14, 2005

Dear Mr. Phelps:

While we continue to believe that your government contractor "database" distorts the compliance record and programs of GE, we welcome your offer to provide comments on its accuracy. As you know, your information has been plagued in the past by inaccuracies and misinformation. We have objected via phone calls and letters to POGO, which has not responded.

GE is proud of its rigorous compliance program. GE has been a leader in government contract compliance and integrity programs. It was a founding member of the Defense Industry Initiative on Business Ethics and Conduct and has built an integrity program that senior representatives of the U.S. government have described as a model for responsible companies. The cornerstone of our compliance program is disclosing issues voluntarily to government, cooperating with any investigation and, where appropriate, promptly implementing corrective action. For more information, please see our citizenship report at www.ge.com/citizenship.

While each compliance miss is unacceptable, I would note that the items listed for GE in your database are relatively few in number, given the size and breadth of GE and the nearly 20-year period you cover. Most of the "instances of misconduct" you cite are civil not criminal cases and were resolved cooperatively with government. Many also involve issues that are more than a decade old.

have listed below our comments on the numbered items provided in your Oct. 18, 2005, letter.

Instances of Misconduct

1. In this matter, GE agreed to the settlement with the U.S. Department of Justice without admitting or denying the underlying allegations.
2. Giles vs. GE: An employee sued GE in November 1997, asserting claims for discrimination under the Texas Commission on Human Rights Act and the Americans with Disabilities Act (ADA). The employee had injured his back lifting toolboxes and his doctor placed restrictions on the type of work that he could/could not do. In November 1996, the employee filed an application for disability pension, asserting he was "permanently incapacitated for further work." GE claimed that that the employee was not a qualified individual with a disability.

A jury awarded him \$1.2 million in damages, which a district court reduced to \$300,000. The employee also was awarded \$141,110 in front pay and \$150,837 in attorney's fees.

3. The J79 Spare Parts investigation by DOJ was settled for \$250,000 with no findings of fraud. The case was settled in 1998. It related to a contract that was carried out in the late 1980s and early 1990s.
4. The activities cited in this instance occurred before GE acquired Greenwich Air Services. Also, the last sentence should read: The matter was settled for \$36,270 plus a supplemental wastewater treatment project.
5. The settlement of this matter found no fraud or safety impact.
6. In an agreement that settled a civil action filed by the Antitrust Division of the U.S. Department of Justice in 1996 against GE, the company agreed to remove provisions contained in software licenses with more than 500 hospitals. The Antitrust Division alleged that the license provision restricted competition by preventing these hospitals from competing with GE to service medical equipment at other hospitals and clinics.
7. GE voluntarily disclosed this issue to the government in 1994, well before the matter was reported.
8. The Federal Aviation Administration and the U.S. Department of Defense agreed there were no flight safety issues.

Pending Cases

This matter has been tentatively settled for \$75,000.

2. This matter was settled in 2005 for \$120,916.

Please let me know if you have questions.

Sincerely,



Gary Sheffer