

June 2, 2008

General Electric Company
3135 Eastson Turnpike
Fairfield, CT 06828-0001

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including General Electric. On October 18, 2005 and November 15, 2006, we sent General Electric information regarding findings in POGO's database. We received a response from you on November 14, 2005. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to General Electric, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure

Instances

1. Defrauding the Government by Using a Substitution or Nonconforming Product

Date: 09/25/1998 (Date of Settlement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: undisclosed/unknown

Amount: \$3,500,000

Disposition: Settlement

Synopsis: According to a GAO Report cited by Senator Harkin and Representative DeFazio, GE paid \$3,500,000 to settle allegations that the company defrauded the Government by using a substitution or nonconforming product.

2. Hanford Nuclear Reservation Litigation

Date: 06/23/2006

Misconduct Type: Health

Enforcement Agency: Non-Governmental

Contracting Party: Energy

Court Type: Civil

Amount: \$227,508

Disposition: Judgment Against Defendant

Synopsis: In litigation that dates back to 1990, plaintiffs allege General Electric (among others) did not run the Hanford Nuclear Weapons Reservation in southeastern Washington state safely and failed to inform the public of health risks. They claim that radioiodine emissions, known as I-131, from the Hanford Reservation caused various cancers and other life-threatening diseases and seek damages under the Price-Anderson Act. In June 2002, the Ninth Circuit Court of Appeals reversed the lower court's dismissal of the claims of several thousand individuals suffering from cancer and/or other serious disease who attribute their illnesses to exposure to radioactive emissions from the Hanford facility. The appellate court also reinstated the testimony of 17 of plaintiffs' expert witnesses. In an April 2005 "bellwether trial," the jury found in favor of two plaintiffs, Steve Stanton and Gloria Wise, and awarded Stanton \$227,508 and Wise \$317,251. On appeal in 2007, the Ninth Circuit upheld the jury verdict for Stanton but reversed the verdict for Wise.

3. Johnson v. General Electric (Failure to Meet Product Requirements)

Date: 08/09/1995 (Date of Settlement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Justice

Contracting Party: Defense - General

Court Type: Civil

Amount: \$7,100,000

Disposition: Settlement

Synopsis: Allegedly, "GE delivered jet engines to the Air Force, Navy and Army even though the company knew that certain controls and accessories in the engines did not meet the electrical bonding requirements as required under contracts with the government. The government said the

allegations referred to F110-GE-100 and F110-GE-129 engines installed in the Air Force's F-16 single-engine fighter jet, F101-GE-102 engines installed in the B-1B Bomber, CFM56-2B engines installed in Air Force tankers, and other engines used in various Air Force, Navy and Army aircraft.”

4. Misrepresentation of Test Procedures

Date: 01/10/1997 (Date of Settlement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: Civil

Amount: \$950,000

Disposition: Settlement

Synopsis: General Electric “paid the United States \$950,000 for allegedly misrepresenting that it had conducted certain test procedures on circuit boards for hundreds of aircraft engine controls when in fact the tests were not conducted... [GE] sold hundreds of aircraft engines with engine control circuit boards that had not undergone required ionic cleanliness, electrostatic discharge and solder purity procedures. GE, in delivering the engines to the United States, said it had completed the tests.”

5. Misuse of Government Materials

Date: 12/03/1998 (Date of Report)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: undisclosed/unknown

Amount: \$250,000

Disposition: Settlement

Synopsis: According to a GAO Report cited by Senator Harkin and Representative DeFazio, General Electric Aircraft Engines paid \$250,000 to settle allegations of “misuse/diversion of Government furnished materials.”

6. Violations of California Pesticide Registration Requirements

Date: 10/18/2004 (Date of Notice)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: \$120,916

Disposition: Settlement

Synopsis: “On October 18, 2004, the California Department of Pesticide Registration informed us that it would be seeking \$202,959 in penalties for violations by our Betz Water business of the State of California’s pesticide registration requirements. The California Department of Pesticide Registration has since reduced its penalty demand to \$160,000.” The matter was ultimately settled in 2005 for \$120,916.

7. Emissions Violations

Date: 03/22/1996 (Date of Fine)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: \$225,000

Disposition: Fine

Synopsis: "GE failed to obtain PSD permits in connection with the construction of two jet engine test cells in 1981 and 1982, the modification of two jet engine test cells in 1986 and 1987, the installation of a new steam-generating boiler in 1986. The complaint also alleges that the steam-generating boiler violated the NSPS limitations for the emission of nitrogen oxides ("NOX") during certain periods of time in 1991 and 1992. Pursuant to the proposed consent decree, GE has agreed to pay a civil penalty of \$225,000 and to implement a Supplemental Environmental Project that involves the replacement of an oil based coolant with a water-based coolant for some of the lathing and milling machinery at the Lynn Facility. GE has also agreed to a cap on the overall annual NOX emissions from its 29 jet engine test cells, as well as a cap on the overall annual NOX and SO2 emissions from its four steam-generating boilers."

8. Unlawful Debt Collection Practices

Date: 08/07/1998 (Date of Settlement)

Misconduct Type: Consumer Affairs

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: \$3,000,000

Disposition: Settlement

Synopsis: 50 States participated "in an approximately \$97 million settlement agreement with General Electric Credit Corporation (GECC), which issues dozens of private label credit cards, together with Montgomery Ward Credit Corporation, for alleged unlawful debt collection practices from consumers who declared bankruptcy. The multistate group was led by the state attorneys general in Missouri and California." Under the settlement, GECC and Montgomery Ward Credit together paid an estimated \$70 million to approximately 70,000 consumers nationwide from whom the companies collected invalid debts. In addition, the companies paid the states attorneys general \$24.5 million. GECC also paid \$3 million into a consumer education trust fund.

9. Violations of Florida Hazardous Waste Law

Date: 11/06/1998 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$36,270

Disposition: Settlement

Synopsis: In “August of 1996 the Florida Department of Environmental Protection informed Greenwich Air Services that it was seeking penalties of \$278,555 for violations of the state's hazardous waste law at its Miami facility (the facility was subsequently acquired as a portion of GE's purchase of Greenwich which was consummated in September 1997). The matter has been tentatively settled for \$36,270 plus a supplemental wastewater treatment project.”

10. Violations of Federal Securities Laws

Date: 09/23/2004 (Date of Agreement)

Misconduct Type: Securities

Enforcement Agency: SEC

Contracting Party: None

Court Type: Administrative

Amount: \$0

Disposition: Administrative Agreement

Synopsis: “The Securities and Exchange Commission announced... that it has instituted settled enforcement proceedings against General Electric Company. The Commission charged that GE failed to fully describe the substantial benefits it had agreed to provide its former chairman and CEO John F. ‘Jack’ Welch, Jr., under an ‘employment and post-retirement consulting agreement.’ GE settled the proceedings by consenting to the entry of an Order that it cease and desist from violating the proxy solicitation and periodic reporting provisions of the federal securities laws.”

11. Violation of the Clean Air Act

Date: 08/07/1996 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: \$60,684

Disposition: Settlement

Synopsis: “General Electric Corporation will pay a \$60,684 penalty to resolve Clean Air Act (42 USC §§ 7401 et seq.) violations, voluntarily disclosed by the company, at a facility outside of Albany, New York...[T]he Justice Department alleged that General Electric violated the Clean Air Act by failing to install the proper pollution control equipment on two methanol storage tanks at its silicone products division in Waterford, New York. Methanol fumes are a hazardous air pollutant that contribute to the formation of smog and can cause serious health problems. In January of 1994, when General Electric recognized the violations, they promptly reported them to federal officials. In addition, General Electric made the necessary modifications at the facility.”

12. Violations of Clean Water Act

Date: 01/01/1995 (Date of Settlement - approximate)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: \$36,000

Disposition: Settlement

Synopsis: "In March 1994, EPA issued an administrative complaint against [General Electric] seeking \$125,000 in penalties for violations of the Clean Water Act (33 USC §§ 1251 et seq.) at its Palmer, Puerto Rico, facility, including permit violations. The matter was settled in January 1995 for \$36,000."

13. Violations of Louisiana's Groundwater Protection Act

Date: 01/01/1997 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$70,000

Disposition: Settlement

Synopsis: In "January 1995, the Louisiana Department of Environmental Quality announced that it was seeking a penalty of \$101,884 for alleged violations of its Groundwater Protection Act at the [General Electric's] New Orleans, Louisiana facility. In January, 1997, [GE] settled the matter for a \$70,000 Supplemental Environmental Project."

14. Violations of PCB Regulations

Date: 01/01/1995 (Date of Settlement - approximate)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: \$53,000

Disposition: Settlement

Synopsis: In "June of 1992, EPA issued an administrative complaint against the Company alleging violations of regulations issued under TSCA at its Anaheim facility, including improper storage and disposal of PCBs. The complaint sought penalties of \$205,000. On March 9, 1993, EPA amended the complaint to increase the amount of the penalties being sought to \$353,000. The matter was settled in January 1995 for \$53,000."

15. Violations of State Pollution Discharge Elimination System Permit

Date: 02/03/1998 (Date of Fine)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$234,000

Disposition: Fine

Synopsis: New York State's Department of Environmental Conservation alleged that General Electric's Waterford facility committed several violations of its pollution discharge elimination system permit when it discharged various substances, including ethylene glycol, zinc, untreated

and sanitary sewage, silicon oil, oil, propylene glycol, hydrochloric acid and process wastewater, into the Hudson River in 1996 and 1997.

16. Antitrust Law Violations

Date: 07/14/1998 (Date of Settlement)

Misconduct Type: Antitrust

Enforcement Agency: Justice

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Settlement

Synopsis: "In an agreement that will settle an antitrust lawsuit filed in 1996 against GE, the company will remove restrictions it had imposed in software licenses with more than 500 hospitals throughout the country. The restriction prevented the hospitals from competing with GE to service medical equipment at other hospitals and at clinics."

17. Defective Dishwashers

Date: 08/08/2002 (Date of Fine)

Misconduct Type: Consumer Affairs

Enforcement Agency: CPSC

Contracting Party: None

Court Type: Administrative

Amount: \$1,000,000

Disposition: Fine

Synopsis: "The U.S. Consumer Product Safety Commission (CPSC) announced... that the General Electric Co. (GE), of Fairfield, Conn., has agreed to pay the Government a \$1 million civil penalty... The fine settles allegations that GE knowingly failed to report to CPSC in a timely manner a defect with certain models of dishwashers. Under the Consumer Product Safety Act (CPSA, 15 USC §§ 2075, et. seq.), manufacturers, importers, distributors, and retailers must immediately report information about potentially hazardous products to the Commission."

18. Failure to Adequately Respond to An EPA Request for Information

Date: 12/01/1996 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: \$95,000

Disposition: Settlement

Synopsis: In "April 1996, the Environmental Protection Agency filed an action and stated that it was seeking \$300,000 in penalties for the Company's failure to adequately respond to an Agency information request in 1994. In December, 1996, the Company settled the matter for \$95,000."

19. Giles v. General Electric (Disability Benefits)

Date: 03/19/2001 (Date of Final Appeal)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$591,947

Disposition: Judgment Against Defendant

Synopsis: "An ADA award of [\$590,000] was... assessed against General Electric for its refusal to reasonably accommodate a machinist with a back injury. The machinist, who had injured his back on the job, was released to return to work following a functional capacity evaluation ("FCE") with a lifting restriction of twenty pounds. The employer rejected the restriction, sending the machinist to another doctor, who recommended his return to work with a restriction of fifty-pounds. GE also rejected this accommodation, and refused to return the machinist to work. The machinist filed for long-term disability benefits, then sued under the ADA. A jury awarded \$1.2 million in damages, which the district court reduced to \$300,000 in accordance with the statutory cap on ADA damages. The machinist was also awarded \$141,110 in front pay and \$150,837 in attorney's fees."

20. Violations of New York Water and Hazardous Waste Laws

Date: 04/16/2004 (Date of Notice)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$90,000

Disposition: Settlement

Synopsis: "As previously disclosed, on April 16, 2004, the New York Department of Environmental Conservation (DEC) informed the company that it would be seeking \$97,800 in penalties for violations of the state of New York's water and hazardous waste laws at its Waterford, New York facility. In July 2004, DEC informed the company that it was dropping certain allegations and including others pertaining to the reporting of information and increasing its penalty demand to \$117,000. The matter was settled in October 2006 and the company has paid a penalty of \$90,000."

21. Defrauding the Government by Using a Substitution or Nonconforming Product

Date: 09/25/1998 (Date of Settlement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: undisclosed/unknown

Amount: \$3,500,000

Disposition: Settlement

Synopsis: According to a GAO Report cited by Senator Harkin and Representative DeFazio, GE paid \$3,500,000 to settle allegations that the company defrauded the Government by using a substitution or nonconforming product.

22. Violations of Performance Standards (X-ray Equipment)

Date: 09/26/1997 (Date of Performance Test)

Misconduct Type: Consumer Affairs
Enforcement Agency: Health and Human Servs.
Contracting Party: None
Court Type: Administrative
Amount: \$0
Disposition: Administrative Agreement

Synopsis: A test in September 1997 revealed violations of Performance Standards in x-ray equipment developed by General Electric Medical Systems. General Electric was given 15 days to submit a corrective action plan to rectify the noncompliances found during the test. This violation of the Food, Drug, and Cosmetic Act carried the potential for civil liability.

23. Deviations from Equipment Regulations

Date: 05/28/1997 (Date of Violation Notification)
Misconduct Type: Consumer Affairs
Enforcement Agency: Health and Human Servs.
Contracting Party: None
Court Type: Administrative
Amount: \$0
Disposition: Administrative Agreement

Synopsis: In May 1997, a test conducted on equipment manufactured by General Electric Medical Systems revealed regulation violations. General Electric was given 15 days to submit a corrective action plan to rectify the noncompliances found during the test. This violation of the Food, Drug, and Cosmetic Act also carries the potential for a civil liability.

24. Failure to Conform to Current Good Manufacturing Practices (Patient Monitors)

Date: 04/09/1999 (Date of Investigation Report)
Misconduct Type: Consumer Affairs
Enforcement Agency: Health and Human Servs.
Contracting Party: None
Court Type: Administrative
Amount: \$0
Disposition: Investigative Finding

Synopsis: An investigation in March 1999 revealed “a serious regulatory problem involving software for [the] Solar Model 7000/8000 Patient Monitors.” The “inspection found that the devices are adulterated within the meaning of Section 501 (h) of the Act in that the methods used in, facilities or controls used for manufacturing, packing, storage, or installation of the medical devices are not in conformance with the Good Manufacturing Practices (GMP) requirements set forth in the Quality System Regulations for Medical Devices as prescribed by Title 21, Code of Federal Regulations (CFR), Part 820. Violations included “failure to establish the appropriate responsibility, authority, and interrelation of all personnel who manage, perform, and assess work affecting quality” and “failure to establish and maintain procedures for validating the device design.”

25. Failure to Conform to Current Good Manufacturing Practices (X-Ray Systems)

Date: 03/31/2005 (Date of Violation Notification)
Misconduct Type: Consumer Affairs

Enforcement Agency: Health and Human Servs.

Contracting Party: None

Court Type: Administrative

Amount: \$0

Disposition: Investigative Finding

Synopsis: During a 2004 inspection it was found that x-ray and fluoroscopic systems and accessories manufactured by General Electric were not manufactured in conformance with Quality System and Good Manufacturing Practices. Violations included "Failure of management with executive responsibility to ensure requirements are effectively established and effectively maintained," "failure to establish and maintain procedures for implementing corrective and preventive actions," and "Failure to adequately validate a process whose results cannot be fully verified by subsequent inspection and test."

26. Selling Defective Airplane and Helicopter Engine Blades

Date: 07/21/2006 (Date of Settlement Payment)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Defense – General

Contracting Party: Defense - General

Court Type: Civil

Amount: \$11,500,000

Disposition: Settlement

Synopsis: "General Electric Co. (GE) and two of its subcontractors paid the United States \$11.5 million to settle a lawsuit that alleges that GE sold defective blades for engines in U.S. military airplanes and helicopters...The lawsuit alleged quality-control problems over a period of years involving the manufacture of several types of engine blades at GE's Aircraft Engines division facility in Madisonville, Ky. These alleged problems included nonconformances in casting and in non-destructive testing. Two subcontractors, Howmet Corp., a subsidiary of Alcoa, and Precision Castparts Corp. manufactured unfinished castings for the blades, which GE then finished at the Madisonville facility. Both subcontractors were also named as defendants."

27. Thomas v. General Electric Co., et al. (Racial Discrimination)

Date: 05/17/2005 (Date of Filing)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: Undisclosed

Disposition: Settlement

Synopsis: Marcel Thomas, the CEO, president and chairman of GE Aviation Materials, filed a class action lawsuit alleging the company discriminates against African-Americans in pay and promotions. Thomas sought \$450 million in damages for the class and unspecified damages on his own claims. The case settled in January 2006.

28. Dredging PCBs in Upper Hudson River, New York

Date: 02/27/2007 (Date of 10-K)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: Unknown

Disposition: Administrative Agreement

Synopsis: In February 2002, the Environmental Protection Agency ruled that General Electric must dredge approximately 150,000 pounds of polychlorinated biphenyls (PCBs) from a 40-mile stretch of the upper Hudson River in New York state. In November 2006, a federal district court in New York approved a consent decree entered into between GE and the EPA that established a framework for implementing the 2002 ruling. "The dredging will be performed in two phases with an intervening peer review of performance after phase 1. Under this consent decree, we have committed up to \$0.1 billion to reimburse the EPA for its past and future project oversight costs and agreed to perform the first phase of dredging. We further committed that, subject to future agreement with the EPA about completion of dredging after completion of phase 1 and the peer review, we will be responsible for further costs, including costs of phase 2 dredging."

29. Mody v. General Electric (Age and Racial Discrimination)

Date: 11/15/2006 (Date of Final Judgment)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$8,168,562

Disposition: Judgment Against Defendant

Synopsis: Dr. Hemant K. Mody, a General Electric Co.-employed engineer of Indian descent, sued the company alleging age and racial discrimination and retaliation. He accused GE of discriminating against him based on his race/national origin and age in matters involving promotions, job assignments and benefits, and then illegally firing him after he complained about the discriminatory treatment. Mody prevailed at trial, ultimately winning \$652,768 in back pay, \$730,406 in front pay, \$626,171 in liquidated damages pursuant to the Age Discrimination in Employment Act, \$500,000 in compensatory damages and \$10 million in punitive damages. In October 2007, the judge reduced the punitive damages award to \$5 million, but reiterated his support of the jury's finding of a "significant degree of reprehensible conduct." He also awarded Mody, who died in April 2007, \$630,129 in attorney fees and \$29,088 in costs.

Pending Instances

Schaefer v. General Electric Co., et al. (Gender Discrimination)

Date: 05/31/2007 (Date of Filing)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: Lorene Schaefer, general counsel for General Electric's transportation unit, sued the company in federal court in Connecticut claiming that it discriminates against its female employees in pay and promotions. Schaefer, who is seeking class action status, seeks \$500 million in damages for a group of approximately 1,500 to 1,700 female employees.

Geter v. General Electric (Racial Discrimination)

Date: 08/22/2007 (Date of Filing)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$0

Disposition: Pending

Synopsis: LaWanda Geter is suing General Electric Co. for racial discrimination and retaliation and is seeking class action status for all similarly-situated African-Americans. Geter, an assistant vice president in the bank loan group for GE Corporate Financial Services in Norwalk, Connecticut claims she has been harassed by supervisors, passed over for promotions, assigned lower-level work and paid lower bonuses than white employees performing the same work, and that other African-American employees have received similar treatment.