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## The Audit Committee Key Practices



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The Audit Committee has adopted the following key practices to assist it in undertaking the functions and responsibilities set forth in its charter:

- 1. Meetings.** The committee will meet at least seven times a year, generally on a day different than the regularly scheduled board meeting to allow time for in-depth discussion.
- 2. Review of Periodic Reports.** The committee will review the Company's Form 10-K in detail with the CEO, the CFO and the full board at an extended February board meeting. The committee will meet to review the Company's Form 10-Qs with the CFO. These reviews will include the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in the periodic reports. In connection with its review of the Company's Form 10-Ks and Form 10-Qs, the committee will receive reports on any important differences between the disclosure in the Company's Form 10-Ks and Form 10-Qs and the disclosures in the Form 10-Ks and Form 10-Qs of General Electric Capital Corporation. The head of the corporate audit staff and the Company's independent auditor will be present at these meetings.
- 3. Quarterly Review of CEO and CFO Certification Process.** In conjunction with its reviews of the Form 10-Ks and Form 10-Qs, the committee will also review the process for the CEO and CFO quarterly certifications required by the Securities and Exchange Commission (SEC) with respect to the financial statements and the Company's disclosure controls and procedures and internal control over financial reporting, including any material weaknesses or significant deficiencies in such internal control. The committee shall receive a report at least annually from and meet twice a year with representatives of the corporate disclosure committee, including the chair of the committee.
- 4. Review of Earnings Releases and Information Provided to Analysts and Rating Agencies.** The CFO shall review earnings releases with the chair of the committee prior to their release to the public, including any financial information or framework provided to analysts and rating agencies. Prior to the event, the CEO or the CFO shall review with the committee, or the full board, the substance of any presentations to analysts or rating agencies which constitute a major shift in company strategy or outlook. In addition, the CEO or CFO shall review subsequently with the committee, or the full board, a summary of major presentations that have been given to analysts or rating agencies that do not constitute a shift in strategy or outlook.
- 5. Approval of Audit and Non-Audit Services.** To minimize relationships which could appear to impair the objectivity of the independent auditor, it is the committee's practice to restrict the non-audit services that may be provided to the Company by the Company's independent auditor primarily to tax services and merger and acquisition due diligence and integration services. The Company will obtain such limited non-audit services from the Company's independent auditor only when the services offered by the auditor's firm are more effective or economical than services available from other providers, and, to the extent possible, only following competitive bidding for such services. The committee has also adopted policies and procedures for pre-approving all non-audit work performed by the Company's independent auditor. Specifically, the committee shall pre-approve the use of the Company's independent auditor for detailed, specific types of services within the following categories of non-audit services: merger and acquisition due diligence and audit services; internal control reviews; tax compliance services; tax consulting services; employee benefit plan audits; and reviews and procedures that the Company requests the independent auditor to undertake to provide assurances on matters not required by laws or regulations, such as agreed upon procedures letters. For each category of non-audit service listed in the preceding sentence, the committee shall also (i) set a specific annual limit on the amount of such services which the Company may obtain from the Company's independent auditor, (ii) obtain from management a periodic report that all approved engagements for non-audit services have been done so in accordance with procedures established by the committee, and (iii) obtain pre-approval from the committee for any single engagement over \$1,000,000. Notwithstanding the foregoing, any engagement of the independent auditor to provide internal control-related services, including internal control-related non-audit services, must be specifically pre-approved by the committee. For all tax services, the committee must periodically review the details of each such engagement. The chair of the committee is authorized to pre-approve any audit and non-audit service on behalf of the committee, provided such decisions are presented to the full committee at its next regularly scheduled meeting.



**6. Hiring Guidelines for Independent Auditor Employees.** The committee has adopted the following practices regarding the hiring by the Company of any partner, director, manager, staff, advising member of the department of professional practice, reviewing actuary, reviewing tax professional and any other persons having responsibility for providing audit assurance to the Company's independent auditor on any aspect of their certification of the Company's financial statements. "Audit assurance" includes all work that results in the expression of an opinion on financial statements, including audits of statutory accounts.

- a. No member of the audit team that is auditing a GE business can be hired into that GE business or into a position to which that business reports for a period of two years following association with that audit.
- b. No former employee of the independent auditor may sign a GE or GE affiliate's SEC filing for five years following employment with the independent auditor.
- c. No former employee of the independent auditor may be named a GE or major affiliate officer for three years following employment by the independent auditor.
- d. GE's CFO must approve all executive-band and higher hires from the independent auditor.
- e. To the extent there is any hiring, GE's CFO shall report to the audit committee the profile of the preceding year's hires from the independent auditor.

**7. Process for Handling Complaints About Accounting Matters.** As part of the board's procedure for receiving and handling complaints or concerns about the Company's conduct, the committee has established the following procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by GE employees of concerns regarding questionable accounting or auditing matters.

- a. GE has established and published on its Web site special mail and e-mail addresses and a toll-free telephone number for receiving complaints regarding accounting, internal accounting controls, or auditing matters.
- b. All such complaints will be sent directly to the chair of the Audit Committee.
- c. All such complaints will be tracked on a separate board of directors' ombuds docket, but handled by the Company's ombuds, finance and legal staffs in the normal manner, except as the Audit Committee may request.
- d. The status of such complaints will be reported at least four times a year to the chair of the Audit Committee and if he or she so directs, to the committee or the full board.
- e. The Audit Committee chair may request special treatment, including the retention of outside counsel or other advisors, for any complaint addressed to him or her.

The Company's integrity manual prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

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**8. Audit Committee Memberships.** The committee has determined that in view of the increasing demands and responsibilities of the Audit Committee, members of the committee should not serve on more than two additional audit committees of other public companies, and the chair of the committee should not serve on more than one other audit committee of a public company.

**9. Code of Ethics for CEO and Senior Financial Officers.** GE's integrity manual, The Spirit & The Letter, applies to all of the Company's directors, officers and employees, including the CEO and all financial professionals. GE's Conflicts of Interest policy and Controllership policy require all employees, including the CEO and senior financial officers, to resolve ethically any actual or apparent conflicts of interest, and to comply with all generally accepted accounting principles, laws and regulations designed to produce full, fair, accurate, timely and understandable disclosure in the Company's periodic reports filed with the SEC. Annual acknowledgment of The Spirit & The Letter is required of all salaried employees, including the Company's CEO and financial professionals.

**10. Financial Expertise.** Each member of the committee will be financially literate, as determined by the board in its business judgment. At least one member of the committee will qualify as an "audit committee financial expert," as defined by the SEC.

**11. Audit Partner Rotation.** The committee shall ensure that the lead audit partners assigned by the Company's independent auditor to the Company, and to each of its subsidiaries that have securities registered with the SEC, as well as the audit partner responsible for reviewing the Company's audit, shall be changed at least every five years.

**12. Shareowner Ratification of Independent Auditor.** Although the committee has the sole authority to appoint the independent auditor, the committee will recommend that the board ask the shareowners, at their annual meeting, to ratify the committee's selection of the independent auditor.

**13. Risk Oversight.** At least once a year, the committee will review and discuss with the General Counsel regulatory, compliance and litigation risks facing the Company. The committee will also review and discuss with management and functional leaders areas that relate to the financial statements, financial systems, auditing and the financial reporting process, including information technology controllership risk, tax policies and strategies and significant accounting judgments.