General Electric Company
1993 Annual Report

Financial Highlights

General Electric Company and consolidated affiliates

(Dollar amounts in millions; per-share amounts in dollars)	1993	1992	1991
Revenues	**$60,562**	$57,073	$54,629
Earnings before accounting changes	**5,177**	4,725	4,435
Net earnings	**4,315**	4,725	2,636
Dividends declared	**2,229**	1,985	1,808
Per share			
Earnings before accounting changes	**6.06**	5.51	5.10
Net earnings	**5.05**	5.51	3.03
Dividends declared	**2.61**	2.32	2.08

See note 22 for information about the 1993 change in accounting for postemployment benefits. See note 6 for information about the 1991 change in accounting for retiree health and life insurance benefits.

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Cover and financial pages printed on recycled paper.

To Our Share Owners

1993 was a very good year for your Company, a year when our soft initiatives turned increasingly into hard results. Despite economic weakness in several of our global markets, we posted our best business results in a Company history that stretches back more than a century.

- Consolidated revenues were up 6% to $60.6 billion.
- Earnings, before a mandated accounting change for employee benefits, were up 10% to nearly $5.2 billion, and, more importantly, the 12 businesses remaining after our Aerospace divestiture grew earnings 16% before restructuring provisions.
- Ten of our 12 businesses had double-digit earnings growth. Only Aircraft Engines, suffering from the effects of a weak commercial engine market and declining defense expenditures, had lower earnings; but even this business had a good year in a difficult market, gaining market share and still producing about $800 million in operating profit.
- The earnings increases were led by GE Capital Services, NBC, Plastics and Power Generation. Kidder, Peabody had its third straight year of record earnings, and two highly visible strategic European acquisitions — Tungsram, the Hungarian lighting business, and GE Medical Systems-Europe — had major turnarounds, generating nearly $100 million more in net income than in 1992.
- Operating margin from ongoing operations grew a full point to 12.5%, a historic high, but just another step toward our stretch target of 15%. All of our businesses other than Aircraft Engines had increases of more than one point.
- Inventory turns, a key measure of speed, rose almost a full point to 6 turns on the way to our stretch target of 10 turns.
- Free cash flow, after dividends and capital expenditures, was $2.3 billion, the second consecutive year of cash flow over $2 billion.
- Productivity was 3.8% and, excluding Aircraft Engines, was more than 5% for the other businesses combined.

The market responded to these results and rewarded our share owners with a 26% return on their investment in 1993.

The reason for this level of performance and,

Chairman and Chief Executive Officer John F. Welch, Jr. (right), Vice Chairman and Executive Officer Paolo Fresco (left) and Executive Vice President Frank P. Doyle form GE's Corporate Executive Office.

more importantly, for this accelerating momentum is not some complex business strategy, some unique technology breakthrough, or some new market trend. It's much simpler than that.

We run this Company on a simple premise: the only way to win, in the brutally competitive global environment in which we operate, is to get ***more output*** from ***less input*** in all 12 of our businesses and, by doing so, become the lowest-cost producer of high-quality goods and services in the world.

We believe the only way to gain more output from less input — to grow and win — is to engage ***every*** mind within our businesses — exciting, energizing, involving and rewarding ***everyone***. That is the foundation and philosophy upon which our Company is now operating. While we have a long way to go before philosophy becomes total reality, our progress has come faster than the most optimistic among us expected.

Boundaryless behavior . . . *means exploiting one of the unmatchable advantages a multibusiness GE has over almost every other company in the world.*

We are betting everything on our people — empowering them, giving them the resources and getting out of their way — and the numbers tell us that this focus has not only pointed us in the right direction but is providing us with a momentum that is accelerating.

With this objective of involving everyone, we use three operating principles to define the atmosphere and behavior at GE:

- ***Boundaryless*** ... in all our behavior;
- ***Speed*** ... in everything we do;
- ***Stretch*** ... in every target we set.

Boundaryless behavior is the soul of today's GE. We've described it to you in past years. Simply put, people seem compelled to build layers and walls between themselves and others, and that human tendency tends to be magnified in large, old institutions like ours. These walls cramp people, inhibit creativity, waste time, restrict vision, smother dreams and, above all, slow things down.

The challenge is to chip away at and eventually break down these walls and barriers, both among ourselves and between ourselves and the outside world. The progress we've made so far has released a flood of ideas that is improving every operation in our Company. We've adapted new product introduction techniques from Chrysler and Canon, effective sourcing techniques from GM and Toyota, and approaches to quality from Motorola and Ford. We've moved more effectively into the immense potential markets of China with advice and best practices from pioneers like IBM, Johnson & Johnson, Xerox and others.

The removal of those walls means we involve suppliers as participants in our design and manufacturing processes rather than treat them as vendors, left to cool their heels in waiting rooms. It means having major launch customers like British Airways, Tokyo Electric Power or CSX in the room and involved in the design of a new jet engine, a revolutionary gas turbine or a new AC locomotive, or a panel of doctors helping us develop a new ultrasound system.

Internally, boundaryless behavior means piercing the walls of 100-year-old fiefdoms and empires called finance, engineering, manufacturing, marketing, and gathering teams from all those functions in one room, with one shared coffee pot, one shared vision and one consuming passion — to design the world's best jet engine, or ultrasound machine, or refrigerator.

Boundaryless behavior shows up in the actions of a woman from our Appliances business in Hong Kong helping NBC with contacts needed to develop a satellite television service in Asia. On a larger scale, it means labor and management joining hands in the unprofitable Appliance Park complex in Louisville in a joint effort to "Save the Park," with a combination of labor practice changes and GE investment — not two people making a "deal," but 10,721 making a commitment.

And finally, boundaryless behavior means exploiting one of the unmatchable advantages a multibusiness GE has over almost every other company in the world. Boundaryless behavior combines 12 huge global businesses — each number one or number two in its markets — into a vast laboratory whose principal product is new ideas, coupled with a common commitment to spread them throughout the Company.

Leadership . . . *The highest compliment you could give GE managers a few years ago was to say they were "on top of things" or had gotten "their arms around them." These techniques, more useful in tackling people than coaching them, are difficult to get rid of.*

Work-Out, the GE process for empowering employees and breaking boundaries, is generating ideas in offices and on factory floors. Here at Appliance Park in Louisville, Ky., for example, employees like utility operator Leo Porter (left) and shop steward Ron Rowe of IUE Local 761 are constantly coming up with ideas — and putting them into action — to "Save the Park."

Some have argued that single-product businesses have a focus that gives them an advantage over multibusiness companies like our own — and perhaps they would have, but only if we neglect our own overriding advantage: the ability to share the ideas that are the result of wide and rich input from a multitude of global sources.

GE businesses share technology, design, compensation and personnel evaluation systems, manufacturing practices, and customer and country knowledge. Gas Turbines shares manufacturing technology with Aircraft Engines; Motors and Transportation Systems work together on new locomotive propulsion systems; Lighting and Medical Systems collaborate to improve x-ray tube processes; and GE Capital provides innovative financing packages that help all our businesses around the globe. These are just a few of the thousands of examples of how our businesses work together. Supporting all this is a management system that fosters and rewards this sharing and teamwork, and, increasingly, a culture that makes it reflexive and natural at every level and corner of our Company.

When we began our pursuit of boundarylessness, we believed that the boundaries just described — the walls, if you will — would be the most difficult to eliminate, while the hierarchical management layers would be the easiest because they could simply be taken out by directive. The big, visible layers at the top of the Company — Sectors, Groups and the like — were easy to get rid of, but deeper within the businesses, the layers — formal and informal — are not only hard to remove, they are often hard to find. The compulsion to manage, to control, to direct, is a powerful one, reinforced by a century-old tradition at GE of measuring one's self-worth by how many people "work for you" and whether or not the word "manager" appears in your title. The highest compliment you could give GE managers a few years ago was to say they were "on top of things" or had gotten "their arms around them." These techniques, more useful in tackling people than coaching them, are difficult to get rid of.

What we are looking for today at GE are leaders at every level who can energize, excite and coach rather than enervate, depress and control. And never has this atmosphere been more critical. Today, everyone must be engaged if we are to win. The kind of people we need in this Company are those unwilling to "put in their time" in the bowels of the bureaucracy, or grunt along under the heel of some autocrat for years, before they get a chance to make decisions, try something and be rewarded in their souls as well as their wallets.

In some difficult cases this means parting company with some impressive people — Heisman Trophy candidates, to use an American football expression — who won't block for others or play as part of a team. Their debilitating effect on the team can outweigh the benefits of their individual talent. Leaders at GE are now subject to what we call a 360° evaluation, meaning they are rated not just by those above them, but by their peers and their subordinates as well. This has become a powerful tool for detecting and changing those who "smile up and kick down." To be blunt, the two quickest ways to part company with GE are, one, to commit an integrity violation, or, two, to be a controlling, turf-defending, oppressive manager who can't change and who saps and squeezes people rather than excites and draws out their energy and creativity. We can't force that creativity and energy from our teams — they have to give it — but we have to have it to win.

To this end, we have also become boundaryless in our rewards and recognition systems. Stock options, once awarded to just a few hundred executives, are now in the hands of more than 15,000 GE employees whose contributions have become visible because of team-like work environments and flatter organizations. Speakers at big Company meetings are selected based on what they know that can be shared, borrowed and expanded on — rather than on their title or rank. Just a few years ago we said that "the people closest to the work know it best," and we said it as if we had produced some deep insight. Today, it's just a common assumption across the Company.

New Product Introduction . . . *Where we once relied on "moonshot" development programs that took years to reach the market, new GE products are now coming out with drumbeat rapidity.*

In a boundaryless atmosphere, a good idea sprouts and blossoms and is nurtured by all, and no one cares where the seed came from. You can feel the explosion of energy and creativity that flows over every process in a business when "not-invented-here" is swept aside, and in its place the behavior that brings reward and recognition is instead the execution or transfer or improvement of a good idea, no matter what its source.

Ideas are now judged at GE on the basis of their quality rather than the altitude of their origin. The status-defining tie on a manager at a GE plant is now about as fashionable as a leisure suit. And because informality is warming every corner of our Company, today's GE has become both a lot more fun to work at — and a lot ***faster***.

Speed is the second element we are after in every one of our operations. A fast organization has the advantage of relishing change because of the constant opportunity it presents. The faster the pace of change, the bigger the advantage.

With the drag and nonsense of boundaries, management layers, bureaucracy, and formality cleared, the organization automatically accelerates. Where we once relied on "moonshot" development programs that took years to reach the market, new GE products are now coming out with drumbeat rapidity. There is now a new product announcement at Appliances every 90 days — unthinkable years ago. The GE90, the world's most powerful commercial jet engine, was designed and built in one-half the normal time, by a boundaryless team. Another team developed a breakthrough ultrasound innovation in less than a year-and-a-half. We designed and built a new AC locomotive in 18 months. We're developing an absolute cascade of new energy-efficient lighting products, plastics for the construction industry, and revolutionary turbines that extend the limits of thermodynamics and materials.

While speed has had its most striking impact on our New Product Introduction process — the driver of tomorrow's top-line growth — its most immediate quantitative impact has been on our asset management. Focusing on the speed of our Order-to-Remittance cycle — from time of order to when we get paid — has increased our inventory turns 27% in two years, throwing off almost $2 billion in cash in the process. Every single-digit improvement in inventory turns produces $1 billion in cash to reinvest for tomorrow.

Speed "redefines capacity," reducing plant and equipment investment. In the past three years, our faster pace has freed up nearly five million square feet of manufacturing space across the Company. To a business like Plastics, that has meant a savings of nearly one-half billion dollars that would have been required for new capacity — like getting a new plant, free.

Speed is allowing us to shift the center of gravity of the Company rapidly toward the high-growth areas of the world, particularly in Asia. Forty percent of our sales now come from outside the United States, up from 30% just five years ago. GE's non-U.S. sales have grown at a compounded rate of almost 10% over the past five years. Lighting, one of our oldest businesses, which less than five years ago had 21% of its sales outside the U.S., today sells 38% in the non-U.S. global market.

And finally, speed, in the form of a technique called Quick Market Intelligence, originally

Boundaryless, Speed, Stretch . . . *Putting this all together: boundaryless people, excited by speed and inspired by stretch dreams, have an absolutely infinite capacity to improve everything.*

learned from Wal-Mart and evolved and adapted in our businesses, has GE leadership at all levels of the Company, in every business, living in the field with customers. The center of gravity in all our businesses is not only shifting from the U.S. to the world; it's shifting, everywhere, from the office to the field.

The speed generated by a boundaryless organization makes possible, and leads naturally to, our third operating principle — which we call stretch, or reach.

Stretch is a concept that would have produced smirks, if not laughter, in the GE of three or four years ago, because it essentially means using dreams to set business targets — with no real idea of how to get there. If you ***do*** know how to get there — it's not a stretch target. We certainly didn't have a clue how we were going to get to 10 inventory turns when we set that target. But we're getting there, and as soon as we ***become*** sure we can do it — it's time for another stretch. The CEO of Yokogawa, our Japanese partner in the Medical Systems business, calls this concept "bullet-train thinking," i.e., if you want a ten-miles-per-hour increase in train speed, you tinker with horsepower — but if you want to ***double*** its speed, you have to break out of both conventional thinking ***and*** conventional performance expectations.

Stretch allows organizations to set the bar higher than they ever dreamed possible. Whether it be a 100-fold improvement in quality, 10-fold reduction in product development time or margin rates never before dreamed of — the openness, candor and trust of a boundaryless, fast company allows us to hang those dreams out there, in view of everyone, so that we can all reach for them together.

We used to timidly nudge the peanut along, setting goals of moving from, say, 4.73 inventory turns to 4.91, or from 8.53% operating margin to 8.92%; and then indulge in time-consuming, high-level, bureaucratic negotiations to move the number a few hundredths one way or the other. The point is — it didn't matter. Arguing over these petty numbers in conference rooms certainly didn't inspire the people on the shop or office floor who had to deliver them — in most cases, they never even ***heard*** of them. We don't do that anymore. In a boundaryless organization with a bias for speed, decimal points are a bore. They inspire or challenge no one, capture no imaginations. We're aiming at ***10*** inventory turns, at ***15%*** operating margins, and at the introduction of more new products in the next ***two*** years than we've developed in the last ***ten***. In a company that now rewards progress toward stretch goals, rather than punishing shortfalls, the setting of these goals, and quantum leaps toward them, are daily events.

Across this Company, stretch targets are making seemingly impossible goals exciting, bringing out the best from our teams; and the pizza delivery people are getting rich as our people celebrate each milestone along the way to those targets. Celebrating success is a critical element in creating it, and we expect our teams to celebrate, celebrate, and celebrate again.

Putting this all together: boundaryless people, excited by speed and inspired by stretch dreams, have an ***absolutely infinite capacity to improve everything***. While we are still learning as we go, and are under no illusions that we have all the answers, we really do have more than two hundred thousand people who get up every morning and come to work intent on finding a better way — every day.

The performance, the standards, the targets, the excitement levels at GE have all been moved to a higher plane than those of the Company you invested in just a few years ago. We are raising the bar of performance and changing the basis of competition in every game we play. That is why we refer to your Company as "the new GE," and why, as our pace accelerates and our reach lengthens, we will, no doubt, be describing another "new GE" for you in the years ahead.

We enter 1994 with 222,000 self-confident people, proud of our past, excited by our future, seeing change as opportunity and, most importantly, convinced that our best days are ahead of us.

John F. Welch, Jr.
Chairman of the Board and Chief Executive Officer

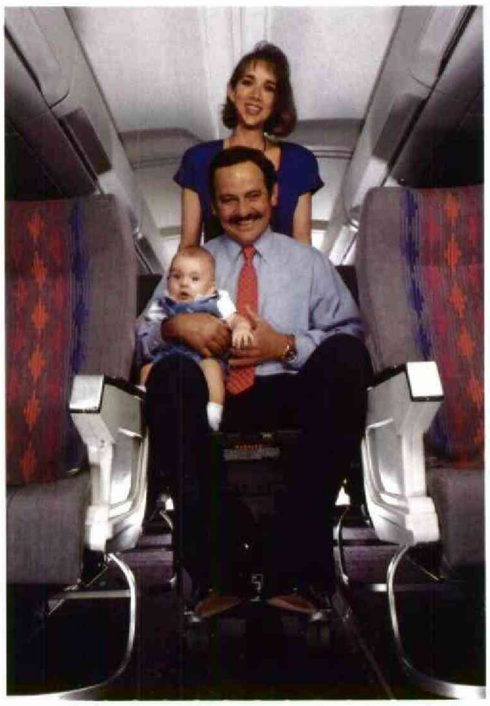
Paolo Fresco
Vice Chairman of the Board and Executive Officer

February 11, 1994

Innovation at GE

The ideas for a better tomorrow are coming from GE today. We're introducing new energy-efficient products, better environmental processes, improved customer services. All across GE, the pace of innovation is accelerating to meet the needs of a changing world. Employees at all levels and from around the globe are contributing to this new innovative spirit as GE unleashes rapid technological advances and creative solutions, including those shown in the pictures on these pages.

A new approach to the delivery of health care and medicine was demonstrated by GE in 1993. Called MRT (for Magnetic Resonance-guided Therapy), it provides direct physician access to the patient while imaging, giving doctors a real-time, internal view of patients. MRT may be used one day to plan, guide and monitor surgical procedures in a minimally invasive manner, which could reduce hospital stays and costs. Developed by researchers at GE Medical Systems and the Company's R&D Center, the MRT system is undergoing clinical investigations.



GE Plastics continues to find innovative uses for its materials. When Joe Jarke wanted to develop a wheelchair that could go on planes, trains or almost anywhere, he came to GE. The Company not only provided its super-tough Lexan® resin, it also gave Joe extensive help in designing the SeatCase™ lightweight chair, which is easy to fold and unfold and can fit in tight spaces. Shown here with his wife Jan and their son Joe, Jr., the mobility-impaired entrepreneur gives his invention a test ride on one of the airlines now using it.

Employing new advances in electronics, GE Lighting is rapidly introducing a series of energy-efficient lamps worldwide. Here, Wordell Nelson, an electrical engineer/physicist on the Company's Edison Engineering Program, sets up a rack of 20-watt Electronic Triple Biax® compact fluorescent lamps for a bulb-life test. The 20-watt lamps, which provide light similar to that of a 75-watt incandescent bulb, were one of three GE electronic lamp models to receive the "Green Seal of Approval" in 1993 for meeting rigorous environmental standards set by an independent U.S. labeling organization.

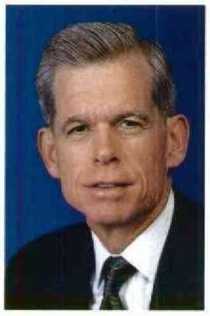
GE Motors has done a complete redesign of its washing machine motors, reducing individual parts from 87 to 23, manufacturing processes from 61 to 20 and the production cycle from 5 days to 12 hours. Here, Sheri Nemeth, who is leader of the site team responsible for getting manufacturing systems on line and employees trained, inspects one of the new Form W™ motors.

GE Aircraft Engines has developed a technologically advanced fan blade for use in its new GE90 ultra-high-thrust engine. First of its kind, the wide-chord fan blade is built up from 685 layers of a graphite fiber and epoxy composite — 144,000 miles of fiber in each blade. The light weight and high stiffness of the composite fan blade, shown here undergoing a dimensional inspection by Dr. Weiping Wang from the R&D Center, result in improved engine performance and reduced engine noise.

Senior engineer Tom Stitt measures the voltage of air-cooled inverters that are an integral part of the new AC locomotives being produced by GE Transportation Systems. The inverters supply power to AC motors on each of the axles to maximize rail adhesion and overall locomotive performance and efficiency. The direct air cooling feature provides a simple modular design and eliminates the possibility of coolant leaks, minimizing environmental concerns.

Aircraft Engines

We are taking dramatic steps to maintain our leadership in the difficult times ahead.



Eugene F. Murphy
President and Chief Executive Officer, GE Aircraft Engines

In 1993, GE Aircraft Engines continued to expand its worldwide leadership role in the aircraft engine industry. However, commercial and military engine markets continued to decline, which reduced our 1993 revenues and earnings as anticipated. We are taking dramatic steps to maintain our leadership in the difficult times ahead.

Commercial customers continued to retrench in 1993, and global orders for new large aircraft dropped 17%. The good news was that GE Aircraft Engines and CFM International, our 50/50 joint company with SNECMA of France, captured an increasing share of the related engine orders, reaffirming our solid market position.

China Southern, Continental Airlines and Gulf Air affirmed their belief in the growth potential inherent in the GE90 for the Boeing 777 by announcing firm orders in 1993. The GE90 broke an industry record in its initial ground testing, reaching thrust levels of more than 105,000 pounds. The GE90 also powered a 747 testbed in the engine's first flight and subsequently demonstrated the lowest fuel consumption ever achieved by a large high-bypass turbofan engine.

Crew chief Dave Sheppard readies the GE90 for its maiden flight in December on GE's 747 flying testbed aircraft at the GE flight test facility in Mojave, Calif.

We became an engine supplier to Cathay Pacific for the first time when it chose our CFM56-5C for the Airbus A340. Other major achievements in 1993 included certification of the CF6-80E1 on the Airbus Industrie A330 and certification and first flight of the CFM56-5B on the Airbus 321. And, only five months after our CFM56-7 was named as the engine for the new generation of Boeing 737s, Southwest Airlines placed a substantial order to launch the program. In addition, the CF34 turbofan demonstrated exceptional performance in its first year of service on the Canadair Regional Jet.

Reflecting global changes, U.S. defense spending has dropped off significantly in recent years. We expect our military sales to decline from about $2.5 billion in 1993 to about $2 billion by the mid-1990s. In the face of these declines, we have experienced several notable achievements in our military programs. The F414, the engine that powers the U.S. Navy's top-priority fighter, the F/A-18E/F, went to test ahead of schedule. The F404 on the F/A-18 won a significant order in Malaysia in 1993, and the CF6-80C2 was selected to power the Boeing 767 AWACS aircraft for the Japanese Defense Agency.

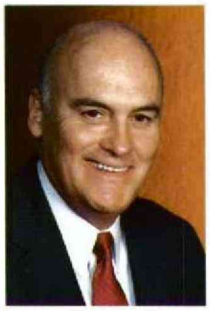
Our marine and industrial business enjoyed a strong year, with double-digit sales growth and the delivery of a record number of engines. The LM2500 was selected for a new class of U.S. Navy sealift ships, and we are developing an uprated version of this engine for the Department of Defense. We also expanded our presence in the growing Asia-Pacific region.

We continued to work on cost-reduction initiatives and process improvements. Concurrent engineering and co-located teams have resulted in cycle-time reductions of 60% in some engine parts. Order-to-remittance time for engines, formerly 24 to 27 months, has been reduced to nine months and is heading toward six months in 1995. We also are moving toward achieving 10 inventory turns by the end of 1995.

We believe the actions being taken today to become the lowest-cost supplier through speed and quality will position us for market recovery and will support our continued success and growth well into the future.

Appliances

Our success is based on teamwork — as we strive to reach our vision of one team, better and faster than anybody else in the world.



Dick Stonesifer

J. Richard Stonesifer
President and Chief Executive Officer, GE Appliances

GE Appliances had an outstanding year as strong execution of our business strategy led to dramatic financial improvements. Revenues, cash flow and productivity all improved over 1992, and we achieved a double-digit increase in earnings before restructuring costs. A strong domestic industry and higher market share drove sales well above 1992 levels, while our productivity-related initiatives pushed these earnings to the second-highest level in our history.

Our success is based on teamwork — as we strive to reach our vision of one team, better and faster than anybody else in the world. One of the best examples is Save the Park, a joint initiative between management and unions at Appliance Park in Louisville, Ky., our flagship manufacturing facility. This resulted in a three-year plan to streamline processes, improve quality and save nearly $100 million.

That spirit of cooperation has led to new levels of investment. We announced a $70 million investment to redesign and refurbish the Park's home laundry plant and another $70 million investment to reconfigure its large top-mount refrigerator facility for increased efficiency.

In addition, we are investing $125 million in our side-by-side refrigerator plant in Bloomington, Ind., to help meet high consumer demand for our Profile™ "Built-in Style" side-by-side. This refrigerator, which gives a built-in look without the customary cost, has created quite a stir in the marketplace — and it's not alone. Other hot new products include Profile electronic dishwashers, featuring our unique SmartWash system, and Profile radiant convection ranges, which combine a precise, efficient radiant cooktop with a convection oven.

The success of our new products can be traced to our efforts to get closer to the marketplace. Through processes such as Quick Market Intelligence and New Product Introduction, we're reacting to marketplace changes faster than ever before and reducing cycle time in design, manufacturing and marketing. We're supporting our customers with improved product training and merchandising support and by constantly checking the marketplace pulse to find out what new products and features consumers want.

The new Profile™ radiant convection range offers faster, more efficient cooking and easy cleanup with its glass-ceramic cooktop recessed in a spill-proof frame.

Through Quick Response, we're decreasing inventory costs, increasing inventory turns and getting products to customers when they need them. We're also working internally and with suppliers to improve productivity, control costs and maintain the highest levels of quality.

In addition to process improvements, we've strengthened our business by adding resources in growth areas, especially in the global arena. The result has been a strong start-up for Godrej-GE, our joint venture with India's number-one appliance manufacturer, Godrej & Boyce Ltd. At the same time, our successful Mexican joint venture, MABE, opened a new technology center and completed a new top-mount refrigerator facility. Through these joint ventures, GE has a strong position in two of the world's fastest-growing nations, and we are pursuing new alliance opportunities in other large, emerging markets in Asia.

Our process and productivity improvements have positioned us to make 1994 a year of growth for GE Appliances. We'll continue our external focus on the marketplace, with specific emphasis on augmenting our sales and service organizations, and on developing innovative, global products to meet customer needs worldwide. We've set significant growth targets for our business, both global and domestic, in order to enhance our position as a world leader in the appliance industry.

Capital Services

Through our 24 niche-oriented businesses, we provide value-added products and services.

G C Wendt

Gary C. Wendt
Chairman, President and Chief Executive Officer, General Electric Capital Services, Inc.

GE Capital Services concluded another successful year of growth in 1993. Earnings rose 21% — to $1.8 billion — with double-digit earnings improvements in 18 of our 24 businesses.

Highlights of the 24 businesses, grouped into five broad categories, follow.

Specialty insurance — Financial Guaranty Insurance Company wrote municipal bond insurance for more than 650 state and local issues, allowing public entities to stretch limited resources and gain wider market access. Our Mortgage Insurance business provided insurance for one million moderate-income families. Employers Reinsurance continued its global expansion by opening an office in Singapore, obtaining licenses in Hong Kong and growing its U.S. business by 41%.

- *Employers Reinsurance*
- *Financial Guaranty Insurance*
- *Mortgage Insurance*

Consumer services — Private Label Credit Cards expanded CommercialLine, which gives retailers access to business-to-business customers. The GE Rewards card surpassed its goal of obtaining one million accounts. Auto Financial Services established joint ventures with major auto manufacturers in Southeast Asia. Our purchase of GNA and United Pacific Life, two U.S. annuity companies with total assets of $13 billion, placed us in the personal retirement savings market. Mortgage Servicing acquired Shearson Mortgage and ranks as one of the top five mortgage servicers in the United States.

- *Auto Financial Services*
- *Retailer Financial Services*
- *Mortgage Servicing*
- *GNA*

Specialized financing — Kidder, Peabody, our investment bank, had a record year, with improvements in every segment of its business. It is among the top four underwriters of U.S. securities. Global Project & Structured Finance, formerly Transportation and Industrial Funding, exported its expertise to China and India. In the United States, Commercial Real Estate built earnings momentum by making selected acquisitions and providing financing and new services to investors.

- *Kidder, Peabody*
- *Global Project & Structured Finance*
- *Commercial Real Estate*
- *Corporate Finance Group*

Equipment management — The formation of GE Capital Aviation Services enables us to serve more than 100 airlines in more than 50 countries. Trailer Leasing acquired an extensive European network by purchasing TIP Europe and its 65 branches in 10 countries. Railcar Services implemented a cutting-edge information system designed to increase efficiency for its customers.

- *Americom*
- *Fleet Services*
- *Railcar Services*
- *Aviation Services*
- *Genstar Container*
- *TIP*
- *Modular Space*
- *Computer Services*
- *Penske Truck Leasing*

Mid-market financing — Vendor Financial Service's captive financing strategy enables customers such as Kodak and Digital Equipment to focus on core business activities by outsourcing credit facilities. In Commercial Equipment Financing, our unique ability to do cross-border transactions resulted in our first post-NAFTA deal, providing financing for plastics molding equipment for a Mexican joint venture.

- *Commercial Equipment Financing*
- *Vendor Financial Services*
- *GECC Hawaii*
- *Computer Leasing*

Throughout GE Capital Services, we operate under the banner: "Our Business is Helping Yours." Moving ahead, we will continue to focus on making customers more competitive through the use of our value-added products and services.

GE Capital's joint venture in Mexico helped finance new equipment for GEMEX, the largest non-U.S. bottler of Pepsi Cola products. Shown above are Hector González (left) and Carlos Antonovich of the Arrendadora Serfin joint venture.

Industrial and Power Systems

We are well positioned to capitalize on one of the strongest growth markets of the 1990s.

David C. Genever-Watling
President and Chief Executive Officer, GE Industrial and Power Systems

GE Industrial and Power Systems delivered a strong earnings increase, before restructuring costs, on record revenues of about $6.7 billion in 1993. Our power generation business led the way, capturing the leading share of an expanding and highly competitive global market.

Highlights in 1993 included breakthrough orders in Germany and Turkey, commitments from India and Japan, and successes in the People's Republic of China, Southeast Asia and South America. Of special note was a commitment from Tokyo Electric Power Company for a new 1,400-megawatt power plant.

Another highlight was the agreement by a GE-led consortium including Dresser Industries and Ingersoll Rand to acquire 69% of Nuovo Pignone, an Italian electrical equipment maker, from ENI. This move further strengthens our position in Europe, North Africa, the Middle East and Asia, and particularly in Russia, where Nuovo Pignone recently received commitments for $1.6 billion in pipeline equipment.

Technology leadership continued to drive our orders success, with GE advanced gas turbines setting the pace again in 1993. The first 7FA model broke records for output and efficiency at Florida Power & Light's Martin Station. The first 9FA, at 227 megawatts the most powerful gas turbine ever produced, was shipped for installation in the United Kingdom. A new 70-megawatt 6FA model was introduced to round out our advanced gas turbine line.

We also introduced new high-power-density large steam turbine designs featuring substantial reductions in weight and length. These innovations meet customer demands for greater installation flexibility and lower installed cost. The Egyptian Electric Authority ordered two new 627-megawatt units for installation outside Cairo.

In other technology arenas, the GE advanced boiling water nuclear reactor design was selected by U.S. electric utilities and the Department of Energy as an advanced nuclear power plant for detailed engineering design development. In power delivery, our new G-Net™ substation automation system continued to win acceptance. It enables utilities to communicate, from a remote base, with the protection, control, measurement and monitoring devices on their system, with major productivity gains.

GE field engineer Nabil Akari (right) and H. B. Yang of Nanshan Heat & Power review plans for a 9E gas turbine-generator that was installed in record time in China.

Our business also made significant strides in strengthening global competitiveness by shifting technical and sales resources closer to market opportunities. Three separate organizations, each headed by a senior executive, were formed to cover the Americas, an expanded Europe, and all of Asia, dramatically increasing the quality, speed and competitiveness of our local responses.

Process improvement initiatives produced important gains in 1993. We received encouraging results from more than 100 action Work-Outs held with customers and suppliers and from co-locating multifunctional teams around business processes such as our new product initiatives. Our Quick Market Intelligence efforts were further enhanced through the use of global video-conferencing.

Our Industrial and Power Systems business remains well positioned to capitalize on one of the strongest growth markets of the 1990s. Continued emphasis on productivity, quality, cycle-time reduction and reduced order-to-installation cycles will further strengthen our position against a formidable array of global competitors.

Lighting

We remain in the forefront of an industry that is experiencing technological revolution.

John D. Opie
President and Chief Executive Officer, GE Lighting

1993 was one of the most dynamic years in GE Lighting's history. We had close to double-digit earnings growth, before restructuring costs, on stable revenues as we continued global expansion and development of high-technology products for increased energy efficiency and light quality. We again made major gains in productivity, with increased employee involvement in cycle-time reductions and quality enhancements. Over the past two years, we have cut our product development-to-market cycle by half, and we aim to reduce this cycle by an additional 50%.

Our technology efforts continue to be focused on the fastest-growing energy-saving lighting products, including the popular compact fluorescents. Our investment in technology produced a significant number of new products — up 75% in 1993. During the past five years, we added more than 300 types of energy-saving lamps, and our sales of these rose nearly 200% each year.

Key to this achievement is the involvement of global program teams located in our major markets. To accelerate top-line growth in consumer, commercial and industrial markets, we formed a New Product Ventures organization to develop and sell specialty lighting products. The team's goal is to be fast, flexible and quick to market.

Equally significant to our 1993 success was continued strategic globalization. We agreed to form a joint venture in China, GE Jiabao Lighting Company, Ltd., to manufacture, distribute and sell a full line of lighting products in China's fast-growing, $550 million lighting market.

We also strengthened our position in Japan with the start-up of Hitachi GE Lighting, Ltd. This joint venture has introduced 75 different lamp types to the Japanese market, providing major export opportunities for GE plants in North America and Europe. The JV now serves the $2 billion Japanese lighting market through some 100 distributors, who have more than 400 offices and supply about 10,000 Hitachi retail outlets. In India, our GE Apar Lighting venture continued to expand with investments in new facilities and in the only "ribbon" glassmaking equipment in India or Southeast Asia. Additional ventures in Thailand and Indonesia position us as a clear leader in this fast-growing region.

Japanese consumers can now find the GE/Hitachi brand name on light bulbs made by GE and Hitachi for sale in Japan. The co-branding is a first for the Japanese market.

In Europe, we enjoyed increased market share and substantially improved revenue and earnings growth despite a slow economy. Tungsram, the Hungarian lampmaking company we acquired in 1990, had an exceptional year. It is now profitable and fully integrated into our European operations, where we are continuing our emphasis on customer service and productivity and on new product introductions. Sales volume for our new compact fluorescents expanded by more than 200%. In addition, we strengthened our position in Scandinavia by acquiring Lumalampan AB's well-regarded Luma brand. These actions are expected to increase our participation in the European market in the coming years.

We also maintained our leadership in North America by introducing high-technology products and innovative marketing programs that improve retailers' and distributors' profitability. Our Lighting Systems business had an especially good year, with double-digit earnings growth and increased sales of fixtures. Our South American sales increased through strategic investment, special marketing programs, new energy-efficient products and improved operational efficiencies.

GE Lighting remains in the forefront of an industry that is experiencing technological revolution in its products and innovation in its customer service in every market of the world.

Medical Systems

Our expanded offerings are in line with today's "value-based" health care.

John M. Trani

John M. Trani
President and Chief Executive Officer, GE Medical Systems

GE Medical Systems achieved double-digit earnings growth in 1993, before restructuring costs, on record sales despite a shrinking U.S. medical imaging equipment market, the world's largest. Substantial investments in the growth markets of Asia and Latin America generated strong revenue growth that more than offset weakening U.S. demand. Combined with a dramatic turnaround in European earnings, these actions helped GE maintain market leadership.

Our improved European operations have resulted from the foundations we laid over the past several years and were supported by growth in Eastern Europe and the Middle East. Also contributing was "Stand Up & Win," a new process that brings our headquarters staff out to the customers for a better view of their needs.

Throughout the world, demands on health care providers to control costs and improve patient outcomes are driving "value-based" medicine. GE is responding with cost-effective technologies that improve operating efficiency and clinical productivity. This value objective is evident in our new LOGIQ™ 700 totally digital ultrasound system, which features such advances as 128 digital channels for higher image quality, instantaneous switching among probes for faster examinations and an adjustable keyboard for simpler operation. This scanner is fully upgradeable under the GE Continuum strategy to meet future applications and performance standards.

Kirstin LaConte of GE Medical Systems does a kidney exam on the fully digital LOGIQ™ 700, an investigational device that will be GE's first in a new line of ultrasound systems.

Growth and competitiveness are fundamental requirements in today's market, and "stretch through speed" is our operating mechanism to satisfy those requirements. Benchmarking defines the stretch; speed is the tool to get there. For example, our new ProSpeed S™ slip-ring computed tomography system was developed in half the time and for 25% less cost, while strategic suppliers helped us cut development time and costs in half on the new EP x-ray table.

Continued globalization significantly boosted our presence in Asia, where we purchased an x-ray manufacturer in Japan, announced plans to enlarge manufacturing facilities in China, and established new sales and service joint ventures in Taiwan and Thailand. In Latin America, where record orders, sales and market share were achieved, our presence continued to expand with new facilities in Brazil, Argentina and Mexico.

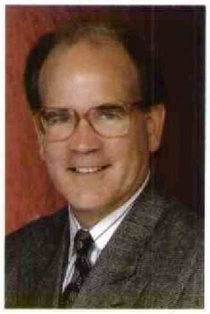
GE service technology also continues to become more global with new InSite™ regional centers in Europe and Japan. This remote service network now supports nearly 5,500 GE imaging systems in 27 nations around the globe.

Hundreds of CT HiSpeed Advantage™ systems were installed worldwide during their first full year on the market. The prototype Signa® MRT open-magnet system will help us address the exciting new field of MR-guided, minimally invasive therapy. In x-ray, our Senographe™ DMR mammography system still sets the standard for diagnostic accuracy and productivity, while the new Advantx™ DLX digital system makes cardiac and vascular studies easier. The new Genie™ workstation is GE's first true "open-architecture" software platform for nuclear medicine.

Delivering unmatched value for customers and positive health care outcomes for patients are helping GE Medical Systems remain in the leading market position and at the forefront of diagnostic imaging technology.

NBC

We are aggressively entering the new worldwide age of television.



Robert C. Wright
President and Chief Executive Officer, National Broadcasting Company, Inc.

With an industry environment of accelerating change, NBC finished 1993 with significant improvement over 1992 in most key measurements. This increase was driven by improved ratings performance in the fall season and a resurgent marketplace, along with the success of our partnership with the National Basketball Association.

While 1993 revenues were down from 1992, when we had the Summer Olympics, our earnings were up sharply before restructuring costs. Earnings from the six NBC owned-and-operated television stations were led by WNBC in New York, where both revenue and viewership rose to recent-year highs. Our cable division also posted strong gains over a profitable 1992.

In programming, NBC won its ninth straight May Sweeps, posted increases over 1992's fall season in overall household ratings and demographic groups, and took first in three of the four key sales demographics in the November Sweeps. Although we, along with a historic number of viewers, bid farewell to our long-running hit "Cheers," the show's "Frasier" spin-off was the fall's highest-rated new program. The overall performance of our new shows improved significantly, and the NBC comedy "Seinfeld" became the top show among adults aged 18-49.

At NBC News, we launched the prime-time magazine show "Now with Tom Brokaw & Katie Couric" with success. "NBC Nightly News" moved up to number two in the hard-fought evening news battle; "Today" took first place in key demographics among morning news shows.

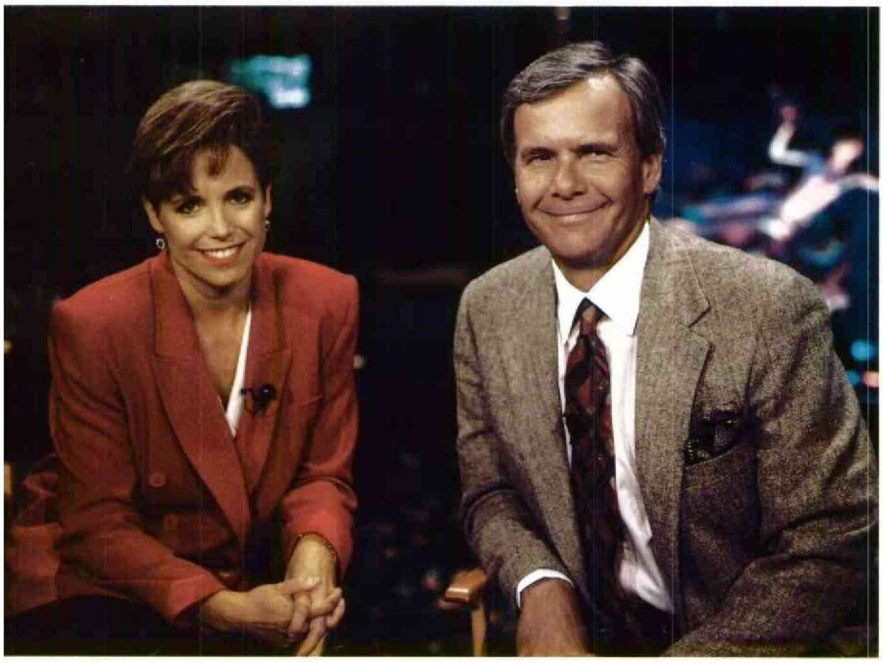
NBC Sports worked to reinvent the TV sports business. After record ratings for our coverage of the NBA Finals, NBC Sports and the NBA negotiated a four-year revenue-sharing pact designed to ensure profitability. An agreement for a joint venture among NBC, ABC and Major League Baseball brings baseball coverage back to NBC in 1994 and gives us the 1995 and 1997 World Series. We also acquired the rights to air the 1994 Super Bowl, the 1996 Summer Olympics, four more years of NFL football (AFC games plus the 1996 and 1998 Super Bowls) and Notre Dame home football games through the year 2000.

We made important advances in cable TV. We are one of the largest owners of cable program services in the United States. We also have equity interests in several computer-based, multimedia and interactive TV ventures, such as Interactive Network, NBC Desktop News and Pyramed.

In addition, we negotiated retransmission agreements with cable operators who carry broadcasts by NBC-owned stations. Most of these operators, who retransmit our stations' signals, agreed to carry a new NBC cable channel, "America's Talking," and extended their commitment to carry CNBC on favorable terms.

We aggressively entered new international markets in 1993. NBC acquired control of Super Channel, the largest pan-European satellite-delivered general program service. We also launched Canal de Noticias NBC, a new 24-hour Spanish-language channel delivered by satellite in South America.

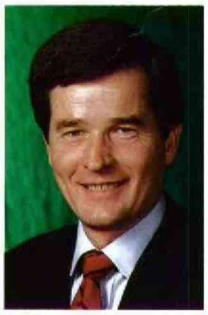
This international strategy and other factors — including the substantial relaxation of the Financial Interest and Syndication Rules — help position NBC not only for enhanced success in our core business but also for full participation in the new worldwide age of television.



A new prime-time magazine show, "Now with Tom Brokaw & Katie Couric," was launched successfully by NBC in 1993. It is broadcast on Wednesday evenings.

Plastics

Our global reach and portfolio of high-technology products serve us well.



Gary L. Rogers
President and Chief Executive Officer, GE Plastics

GE Plastics enjoyed another great year in 1993. Earnings before restructuring costs grew by 30%, fueled by volume growth and our ability to offset severe global pricing pressures with high productivity. Operating cash flow totaled approximately $500 million as we leveraged our investment base and reduced our cycle times.

Our global reach and portfolio of high-technology products served us well in 1993. We took advantage of the U.S. economic recovery with a double-digit growth in sales. In the Pacific arena, sales in the ASEAN region grew by more than 40% and our growth in China topped 30%. We were able to grow in recession-plagued Europe and Japan as our good position with global customers and increased penetration in the automotive and business equipment markets offset general economic weakness.

We understand that, in the 1990s, having reach and a strong product portfolio are not enough. Our focus on productivity, quality and speed is what sets us apart as customers search the world for best value. In 1993, our internal productivity enabled us to satisfy customer price expectations, and we also worked with our customers to deliver more than $33 million of cost savings in their plants. All of our own plants are now certified to the world's highest quality standard, ISO 9002, and our internal quality effort is accelerating.

Cost and quality are critical, but speed energizes our business. Our Quick Market Intelligence process is now done in the field with key decision makers meeting directly with customers, along with our sales force. Decisions are made in minutes, and closure rates on new applications for our materials are up dramatically. Our Quick Response effort continues to shrink order-to-delivery times and to improve working capital turnover, and it has freed up more than 500 million pounds of plastic compounding capacity since 1991.

New product introduction times have been cut in half. Key 1993 product introductions included a family of Cycoloy® resins for the automotive market and Nuvel™ surfacing material. Marketed exclusively by Formica Corporation, the Nuvel material creates an entirely new category in the $3 billion surfacing market.

We are positioned for another good year in 1994. We expect good growth as the U.S. economic recovery continues and our global position is enhanced. New facilities will open in China, Singapore, India and Spain, with additional commercial and technical resources in these emerging markets. Our new polycarbonate plant in Japan will complete its first full year of production, and our U.S. and European polycarbonate plants will be expanded by a total of 150 million pounds. Our productivity and speed initiatives are likely to provide good earnings leverage and high cash flow.

Our greatest source of optimism comes from having great people in every corner of the world. We are closer to the customer than ever before, have fewer layers to choke and filter communication and are tearing down boundaries that inhibit the rapid adoption of best practices or good ideas. For certain, we will be faster, more global and better in 1994, with our people totally engaged in stretching for growth and winning in a brutally competitive world market.

To serve customers faster and more efficiently, GE Plastics co-located all of its customer support functions into this new customer service center in Pittsfield, Mass.

Electrical Distribution and Control

After a solid year, our re-energized team is primed for growth.

Lloyd G. Trotter
President and Chief Executive Officer,
GE Electrical Distribution and Control

In 1993, GE Electrical Distribution and Control re-energized its operations and posted a double-digit gain in earnings before restructuring costs. Targeting growth markets, we raised our top line 5% while fueling our business with productivity.

For speed and growth, we organized our U.S. team into five product groups, each empowered to make quick decisions. Leaders from all functions meet weekly with customers in the field as part of our Quick Market Intelligence process.

To bolster European market share and global competitiveness, GE signed a letter of intent under which our Power Controls joint venture with GEC of the United Kingdom will acquire a majority interest in the low-voltage business of Germany's AEG. We achieved 29% orders growth overall in South America, Mexico and the Far East and formed a new sales organization in Asia.

GE Fanuc, our automation products joint venture with FANUC Ltd. of Japan, accelerated growth and had its strongest financial performance since being formed in 1987. It established sales partnerships in India and Indonesia and announced the formation of a venture in Singapore to make low-end programmable controls.

GE designer Sean Baker (left) and John Larsen of J.I. Case discuss how a GE Power Leader™ system paid for itself in energy savings in less than a year at Case's plant in Iowa.

A new team of product engineers is designing our future. With record speed, we introduced the award-winning Smart Relay™ device that replaces up to 100 relays, counters and timers. We also expanded our Power Leader™ product line for the escalating power management market.

Relying on our greatest strengths — the diversity and creativity of our employees — we feel empowered for an even stronger 1994.

Information Services

The Ameritech alliance and European software acquisition will accelerate our growth in electronic commerce.

Hellene S. Runtagh
President and Chief Executive Officer,
GE Information Services

Fueled by record revenues from our electronic commerce services, GE Information Services delivered another year of double-digit earnings improvement before restructuring costs.

Laying the groundwork for future growth, we signed an agreement under which Ameritech, a leading telecommunications company, will invest $472 million in us. When U.S. law permits, the investment will convert to a 30% equity position in GE Information Services, Inc. Another strategic breakthrough was our purchase of INS, a leading European supplier of EDI (electronic data interchange) services and software — an action that will further strengthen our global position in electronic commerce services.

More than 25,000 trading partners from Stuttgart to Sydney rely on us to create electronic trading communities by establishing links to customers, suppliers, banks, financial services providers and distributors to increase their productivity and improve customer satisfaction.

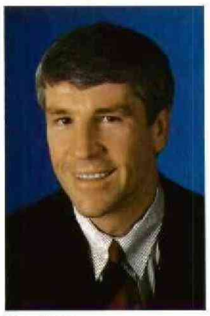
Philippe Mendil (left) of GE and Gianclaudio Puglisi of PSA Peugeot Citroën discuss the EDI program that links PSA with 600 suppliers for just-in-time inventory control.

PSA Peugeot Citroën is one of many customers realizing the benefits of electronic commerce. Using our services to re-engineer its business process, PSA has dramatically improved inventory turnover ratios at the same time it has reduced its supplier base from 2,200 to 600 and instituted a just-in-time inventory system.

What sets our services apart from the competition today is the GE team — including our partners. And looking to the future, we welcome the talents, expertise and energy that Ameritech will bring to the productivity solutions we deliver to our customers.

Motors

Our gains in speed, quality and cost are changing the basis of our competitive position.

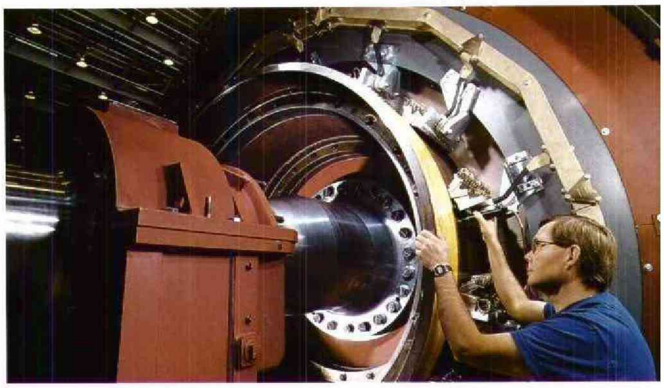


James W. Rogers
President and Chief Executive Officer, GE Motors

GE Motors continued to focus on the fundamentals of speed, quality and productivity while laying the foundation for improved top-line growth. Externally driven, cross-functional teams focused on creating real customer value and were rewarded with share gains in many industries.

We had slightly higher revenues but significantly improved earnings, before restructuring costs, and asset utilization. Return on total capital more than doubled. Since 1991, our customer quality levels have improved by more than 60%, and order-to-delivery cycle times have been cut in half. Record productivity improvement generated the operating margin needed to accelerate our investments in new product introductions, equipment and training. We continued to add technical talent and take out nonstrategic costs.

In 1993, we shifted the majority of our reinvestment dollars to a series of multigenerational new product initiatives that should generate more than one-third of our sales by 1996.



GE technician Roger Smith checks the resistance on a large DC motor being tested before shipment from GE Motors to a customer in Chile.

High-efficiency hermetic and variable speed ECM™ programmable motors support our heating, ventilation and air-conditioning customers. A new laundry motor platform and electronic controls are targeted for appliance makers. A new line of E$II™ integral AC motors and package drives is aimed at commercial, industrial and distribution customers. And big improvements in cost and cycle times are giving our large motor business gains in the global market.

With 1993's success, our GE Motors team is now positioned to take advantage of an economic rebound and to seek global growth.

Transportation Systems

New products are stimulating growth and positioning us for the future.

Robert L. Nardelli
President and Chief Executive Officer, GE Transportation Systems

Customer demand for rapid new technology stimulated GE Transportation Systems' growth in 1993. We set a record by introducing three new locomotive models, substantially altering our product base and strategically positioning us for the future. A new service contract with Southern Pacific broadened our services business, and higher transit and motorized wheel sales added to our significantly improved financial results.

Each new product is designed to increase productivity, performance and reliability for GE's customers. The first North American-built locomotives designed for passenger use in over 40 years began transporting Amtrak riders around the United States in 1993. The Chicago & North-Western Railroad was first to run our new Dash 9 freight locomotive. And CSX Transportation ordered 300 locomotives for delivery over the next four years, including the first production quantities of our new alternating current (AC) 4,400- and 6,000-horsepower units.

CSX, already a major customer of GE Transportation Systems, will add 300 GE locomotives — including AC 6,000-horsepower units — to its fleet over the next four years.

Co-location of multifunctional teams and expertise from other GE businesses accelerated the AC development process, enabling us to introduce units in record time. The new locomotives are part of a "multigeneration product plan" in which we choose the best technology, then incorporate design and engineering enhancements.

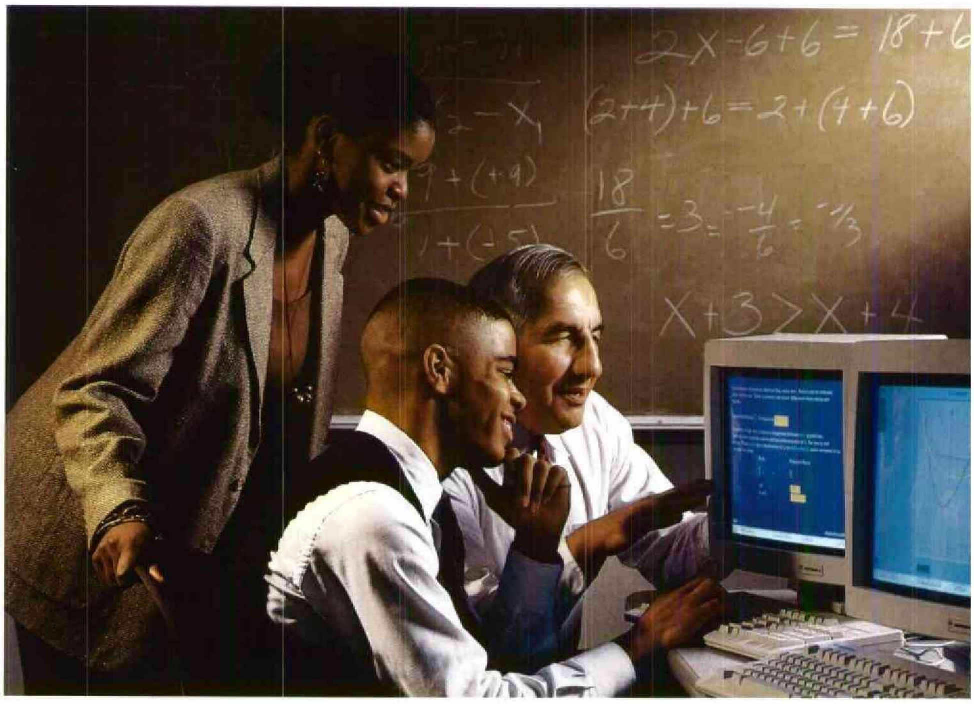
1993 was the biggest year in our history, with record orders, sales, productivity gains and earnings growth before restructuring costs; and we're looking forward to an even better 1994.

Community Service

Throughout the world, GE people continue to find new ways to help those around them — whether it be as part of a volunteer group coming together to meet a critical need or as one of the 20,000 members of the GE family who work with teachers or serve as mentors to students of all ages, guiding them on the path to a brighter future. Their inspirational efforts to build a better world, represented by a few examples on these pages, were supported in 1993 by more than $40 million in contributions from GE and the GE Foundations.

Brenda Sessions and her children have a home of their own in Atlanta, Ga., thanks to the efforts of The Elfun Society, a volunteer organization of GE leaders, working in partnership with the Atlanta Dreams Come True program and the Charis Community House Building Project. Responding to a young girl's request for a home for a homeless family, volunteers from GE businesses in the Atlanta area gave up their Saturday mornings to build this dream come true.

GE employees based in Taiwan have brought the Company's volunteer spirit to their corner of the world. In addition to repainting and refurbishing the facilities of the Yi Kuang Orphanage in Taipei, they have sponsored numerous barbecues, outings and parties for the children — including this Thanksgiving Day celebration.



To encourage more minority youth to pursue a college career, GE and the National Society of Black Engineers have joined forces in a unique program called the GENES project. In it, college engineering students join GE volunteers in mentoring high school students to help bridge the gap between young students and working adults. Here, Sandra Robinson, a biomedical engineering student at Case Western Reserve University, and Gino Paoloni (right) of GE Lighting work with William Wilder of Collinwood High School in Cleveland, Ohio.

Growing out of a 1990 Earth Day event, the GE/Winton Woods Adopt-a-Park project is now an ongoing program for volunteers from the GE Aircraft Engines plant near Cincinnati, Ohio. Since 1990, hundreds of volunteers have held spring and fall workdays at their "adopted" park, planting trees and shrubs, building flower beds, painting buildings and birdhouses, and maintaining nature trails and exercise courses. Planting grasses at the 1993 fall workday above are retiree Sam Trabout and program chairperson Celeste Miller.

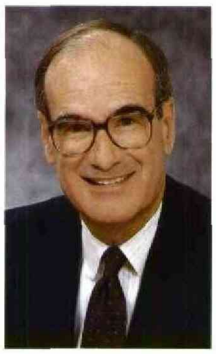
Mike Hayes (center) and June Presley (leaning in, far left) of GE Transportation Systems are volunteers in the PEPP project, an educational partnership that provides after-school tutoring, mentoring and enrichment activities to students in Erie, Pa. They are shown here working with (left to right) Ryan Farrell, Jacqueline Jerez, Vu Chiem and Deanna Crosby of the Wilson Middle School on solving engineering problems by building devices such as this toy catapult. PEPP was developed by Penn State University and is partially funded by the GE Foundation.

Led by Elfun volunteers like Mark Taylor (in sound booth) and retiree Ted Stirgwolt, people from GE Aircraft Engines in Lynn, Mass., have been donating their time at Recording for the Blind, where they read and record textbooks and other materials for blind, visually impaired and dyslexic people.

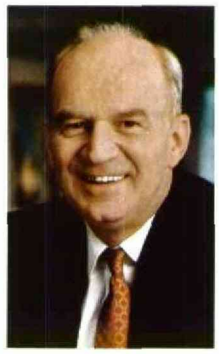
Neerav Jain, a student at the Loudonville Elementary School, discovers the freezing properties of liquid nitrogen during the R&D Center's fifth annual Science Day. More than 600 fourth-graders from elementary schools in the Schenectady, N.Y., area participated in scientific demonstrations organized by GE researchers.

Board of Directors

(As of February 11, 1994)

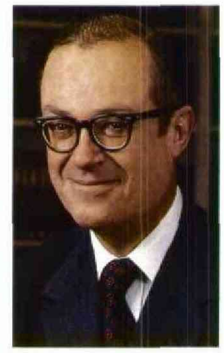


H. Brewster Atwater, Jr.
Chairman of the Board, Chief Executive Officer and Director, General Mills, Inc., consumer foods and restaurants, Minneapolis, Minn. Director since 1989.

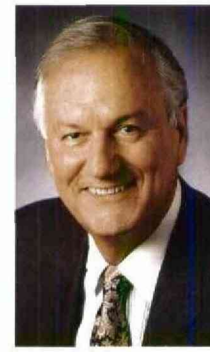


D. Wayne Calloway
Chairman of the Board, Chief Executive Officer and Director, PepsiCo, Inc., beverages, snack foods and restaurants, Purchase, N.Y. Director since 1991.

Silas S. Cathcart
Director and retired Chairman of the Board, Illinois Tool Works, Inc., diversified products, Chicago, Ill. Director 1972-1987 and since 1990.

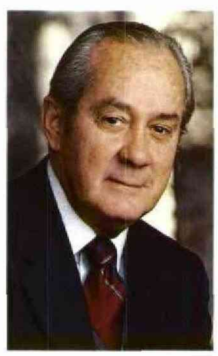


Lawrence E. Fouraker
Former Dean, Harvard Business School, Cambridge, Mass. Director since 1981.

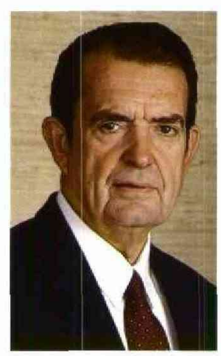


Paolo Fresco
Vice Chairman of the Board and Executive Officer, General Electric Company. Director since 1990.

Claudio X. Gonzalez
Chairman of the Board and Managing Director, Kimberly-Clark de Mexico, S.A. de C.V., Mexico City, Mexico, and Director, Kimberly-Clark Corporation, paper products. Director since 1993.



Henry H. Henley, Jr.
Retired Chairman of the Board, Chief Executive Officer and former Director, Cluett, Peabody & Co., Inc., manufacturing and retailing of apparel, New York, N.Y. Director since 1972.

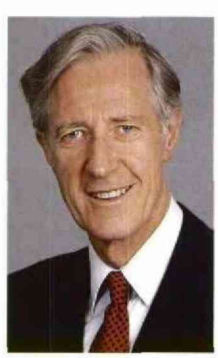


David C. Jones
Retired U.S. Air Force General and former Chairman of the Joint Chiefs of Staff, Washington, D.C. Director since 1986.

Robert E. Mercer
Retired Chairman of the Board and former Director, The Goodyear Tire & Rubber Company, Akron, Ohio. Director since 1984.

Gertrude G. Michelson
Senior Advisor and Director, R.H. Macy & Co., Inc., retailers, New York, N.Y. Director since 1976.

Barbara Scott Preiskel
Former Senior Vice President, Motion Picture Associations of America, New York, N.Y. Director since 1982.



Frank H.T. Rhodes
President, Cornell University, Ithaca, N.Y. Director since 1984.

Andrew C. Sigler
Chairman of the Board, Chief Executive Officer and Director, Champion International Corporation, paper and forest products, Stamford, Conn. Director since 1984.

Douglas A. Warner III
President and Director, J.P. Morgan & Co. Incorporated and Morgan Guaranty Trust Company, New York, N.Y. Director since 1992.

John F. Welch, Jr.
Chairman of the Board and Chief Executive Officer, General Electric Company. Director since 1980.

GE's Board of Directors held nine meetings during 1993. At its December meeting, the Board voted to increase GE's quarterly dividend by 14% and to recommend for approval at the April 27 share owners meeting a two-for-one split of GE's common stock.

In addition to regular Board meetings, the Directors participated on the following committees that aid the Board in its duties.

The *Audit Committee*, consisting entirely of outside Directors, met four times. It reviewed the activities and independence of GE's independent auditors, the activities of GE's internal audit staff, GE's financial reporting process, internal financial controls and compliance with key GE policies.

The *Finance Committee* held four meetings. It examined GE's pension funding and trust operations, GE's foreign exchange exposure, new tax legislation, airline industry financing and other matters involving large-scale use of Company funds.

The *Management Development and Compensation Committee* conducted nine meetings. It approved changes in GE's management, reviewed and approved executive compensation, and administered GE's incentive plans.

The *Nominating Committee*, at its three meetings, reviewed candidates for the Board and recommended the structure and membership of Board committees for the ensuing year.

The *Operations Committee* met five times. Its activities included a review of GE Plastics.

The *Public Responsibilities Committee* held two meetings at which it evaluated environmental issues and the activities of the General Electric Foundations.

The *Technology and Science Committee* participated in two joint meetings with the Operations Committee, one of which included a review of GE Lighting.

Committees of the Board

Audit Committee
Gertrude G. Michelson, Chairman
H. Brewster Atwater, Jr.
Silas S. Cathcart
Lawrence E. Fouraker
Barbara Scott Preiskel
Frank H.T. Rhodes

Finance Committee
Robert E. Mercer, Chairman
John F. Welch, Jr., Vice Chairman
Henry H. Henley, Jr.
David C. Jones
Frank H.T. Rhodes

Management Development and Compensation Committee
Silas S. Cathcart, Chairman
Henry H. Henley, Jr.
David C. Jones
Gertrude G. Michelson
Frank H.T. Rhodes

Nominating Committee
H. Brewster Atwater, Jr., Chairman
D. Wayne Calloway
Silas S. Cathcart
Henry H. Henley, Jr.
Gertrude G. Michelson
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Operations Committee
Barbara Scott Preiskel, Chairman
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D. Wayne Calloway
Silas S. Cathcart
Paolo Fresco
Claudio X. Gonzalez
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Andrew C. Sigler
Douglas A. Warner III

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H. Brewster Atwater, Jr.
D. Wayne Calloway
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Claudio X. Gonzalez
Gertrude G. Michelson
Barbara Scott Preiskel
Andrew C. Sigler
Douglas A. Warner III

Technology and Science Committee
Frank H.T. Rhodes, Chairman
Lawrence E. Fouraker
David C. Jones
Robert E. Mercer

Management

(As of February 11, 1994)

Corporate Executive Officers

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Chairman of the Board and Chief Executive Officer

Paolo Fresco
Vice Chairman of the Board and Executive Officer

Frank P. Doyle
Executive Vice President

Senior Corporate Officers

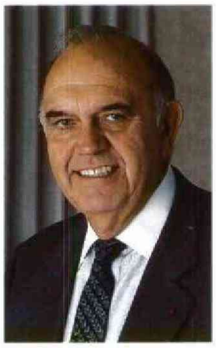
William J. Conaty
Senior Vice President, Human Resources

Benjamin W. Heineman, Jr.
Senior Vice President, General Counsel and Secretary

Dennis D. Dammerman
Senior Vice President, Finance

W. James McNerney, Jr.
Senior Vice President and President, Asia – Pacific

Lewis S. Edelheit
Senior Vice President, Research and Development



Brian H. Rowe
Chairman, GE Aircraft Engines

Corporate Staff Officers

James R. Bunt
Vice President and Treasurer

David L. Calhoun
Vice President, Audit Staff

Alberto F. Cerruti
Vice President, Mergers and Acquisitions and International Finance

Pamela Daley
Vice President and Senior Counsel, Transactions

Dale F. Frey
Chairman and President, General Electric Investment Corporation

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Vice President and Senior Counsel, International Law and Policy

Joyce Hergenhan
Vice President, Public Relations

Robert W. Nelson
Vice President, Financial Planning and Analysis

Charles E. Okosky
Vice President, Global Leadership Development

Phillips S. Peter
Vice President, Government Relations

Gary M. Reiner
Vice President, Business Development

John M. Samuels
Vice President and Senior Counsel, Taxes

Edward J. Skiko
Vice President, Corporate Services

Susan M. Walter
Vice President, State Government Relations

Operating Management

(As of February 11, 1994)

Aircraft Engines

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Vice President, Production

Robert L. Colman
Vice President, Human Resources

Henry A. Hubschman
Vice President and General Counsel

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Vice President, Commercial Engine and Service Operation

Robert G. Stiber
Vice President, Engineering

William J. Vareschi
Vice President, Finance and Information Systems

Dennis K. Williams
Vice President, Military Engine Operation

Appliances

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Bruce R. Albertson
President and Regional Executive, SE Asia Operation

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Vice President, Purchasing, Technology and Manufacturing

Charles Castine
Vice President, Consumer Service

Lawrence R. Johnston
Vice President, Sales and Distribution

Jay F. Lapin
Vice President, General Counsel and Public Affairs

Steven C. Riedel
Vice President, Worldwide Marketing and Product Management

Bruce A. Enders
Managing Director, General Domestic Appliances, Ltd.

Capital Services

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Chairman, President and Chief Executive Officer, General Electric Capital Services, Inc. and General Electric Capital Corporation

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Senior Vice President, Human Resources

Burton J. Kloster, Jr.
Senior Vice President, General Counsel and Secretary

James A. Parke
Senior Vice President, Finance

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Executive Vice President, GE Capital Services

Teresa M. LeGrand
President, GE Capital Fleet Services

Denis J. Nayden
Executive Vice President, GE Capital Services

Robert L. Lewis
Senior Vice President, Global Project and Structured Finance

Michael A. Neal
Senior Vice President, Commercial Equipment Financing

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Executive Vice President, GE Capital Services

Gregory T. Barmore
President and Chief Executive Officer, GE Capital Mortgage Corporation

Sandra L. Derickson
President, GE Capital Auto Financial Services

David D. Ekedahl
Senior Vice President, Retailer Financial Services

Kaj Ahlmann
Chairman, President and Chief Executive Officer, Employers Reinsurance Corporation

Michael A. Carpenter
Chairman, President and Chief Executive Officer, Kidder, Peabody Group Inc.

Industrial and Power Systems

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President and Chief Executive Officer, GE Industrial and Power Systems

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Vice President and General Counsel

Stephen B. Bransfield
Vice President, Power Generation Production

Rodger H. Bricknell
Vice President, Power Generation Product Management

Thomas R. Brock, Jr.
Vice President, Industrial Systems and Services

Edwin M. Clemmings, Jr.
Vice President, Finance

Dennis M. Donovan
Vice President, Human Resources

Hugh J. Murphy
Vice President, Power Generation Sales and Services

Thomas C. Paul
Vice President, Power Generation Engineering

Richard L. Pease
Vice President, Power Delivery

Ronald R. Pressman
Vice President, Europe, Africa, Middle East, Southwest Asia and CIS

Steven R. Specker
Vice President, Nuclear Energy

William G. Wert
Vice President and Regional Executive, Americas

Delbert L. Williamson
President and Regional Executive, Asia

Donald M. Kusza
Vice President, South Asia

Lighting

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President and Chief Executive Officer, GE Lighting

Joseph S. Barranco
Vice President, North American Production

John E. Breen
Vice President, Technology

Richard M. Jackson, Jr.
Vice President and General Counsel

James E. Mohn
Vice President, Finance

Charles P. Pieper
President and Chief Executive Officer, GE Lighting Europe

William A. Woodburn
Vice President, Worldwide Marketing and Product Management

Medical Systems

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President and Chief Executive Officer, GE Medical Systems

Arno Bohn
President and Chief Executive Officer, GE Medical Systems – Europe

Bobby J. Bowen
Vice President, Advanced Technology

James G. Del Mauro
Vice President, Customer Marketing

Thomas E. Dunham
Vice President, Service

John R. Haddock
Vice President, Global X-ray

Göran S. Malm
President and Chief Executive Officer, GE Medical Systems Asia Ltd. and Yokogawa Medical Systems

Richard F. Segalini
Vice President, Sourcing

Robert L. Stocking
Vice President, Sales

Operating Management

(Continued)

NBC

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President and Chief Executive Officer, National Broadcasting Company, Inc.

Richard Cotton
Executive Vice President and General Counsel

Dick Ebersol
President, Sports

Andrew R. Lack
President, News

Pierson G. Mapes
President, Television Network

Donald W. Ohlmeyer, Jr.
President, NBC – West Coast

John H. Rohrbeck
President, Television Stations

Edward L. Scanlon
Executive Vice President, Employee Relations

Plastics

Gary L. Rogers
President and Chief Executive Officer, GE Plastics

Maura J. Abeln-Touhey
Vice President and General Counsel

John B. Blystone
Vice President, GE Superabrasives

Robert H. Brust
Vice President, Finance

David M. Cote
Vice President, GE Silicones

Jeffrey R. Immelt
Vice President, GE Plastics – Americas

Jean M. Heuschen
Vice President, Technology

Robert P. Mozgala
Vice President, Americas Manufacturing

Eugene P. Nesbeda
Vice President, Structured Products

Herbert G. Rammrath
President and Representative Director, GE Plastics Pacific, Ltd.

Uwe S. Wascher
Senior Managing Director, GE Plastics – Europe

Electrical Distribution and Control

Lloyd G. Trotter
President and Chief Executive Officer, GE Electrical Distribution and Control

Stephen M. Bennett
Vice President, Marketing and Sales

Alan G. Clark
Vice President, Power Controls B.V.

Robert P. Collins
President and Chief Executive Officer, GE Fanuc Automation North America, Inc.

Information Services

Hellene S. Runtagh
President and Chief Executive Officer, GE Information Services

Motors

James W. Rogers
President and Chief Executive Officer, GE Motors

David E. Momot
Vice President, BG Automotive Motors Inc.

Transportation Systems

Robert L. Nardelli
President and Chief Executive Officer, GE Transportation Systems

International

W. James McNerney, Jr.
Senior Vice President and President, Asia – Pacific

Scott R. Bayman
President and Chief Executive Officer, GE India

Stephen J. Brandon
Vice President, GE Southeast Asia

Jeffrey P. Gannon
President and Chief Executive Officer, GE China

Ugo Draetta
Vice President and Senior Counsel

Robert T.E. Gillespie
Chairman and Chief Executive Officer, General Electric Canada Inc.

Alistair C. Stewart
Vice President, GE Middle East, Africa, Central and Eastern Europe Area

Thomas W. Tucker
President and Chief Executive Officer, GE North Asia, Ltd.

Aerospace Technology

Thomas E. Cooper
Vice President, Aerospace Technology

Environmental Programs

Stephen D. Ramsey
Vice President, Environmental Programs

GE Supply

William L. Meddaugh
Vice President, GE Supply

Licensing/Trading

Stuart A. Fisher
President and Chief Executive Officer, GE and RCA Licensing Management Operation, Inc. and GE Trading Company

Marketing and Sales

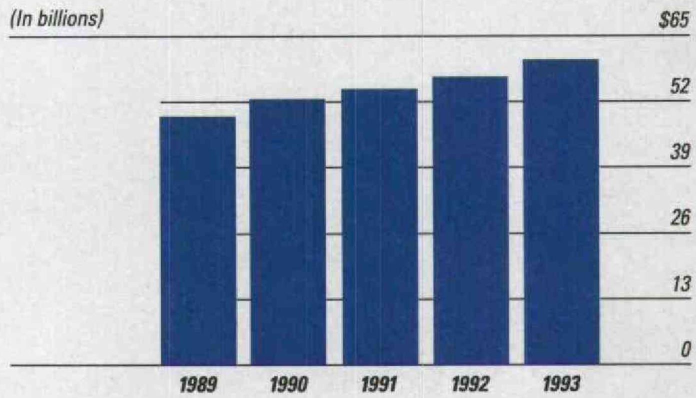
Albert J. Febbo
Vice President, Automotive

Henry J. Singer
Vice President, Area Management and Sales

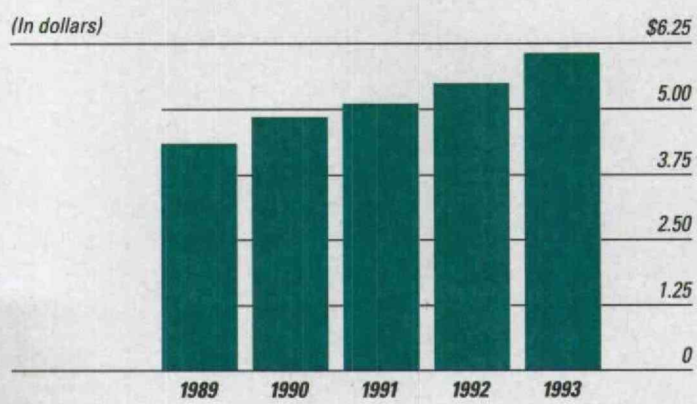
Financial Section

Contents

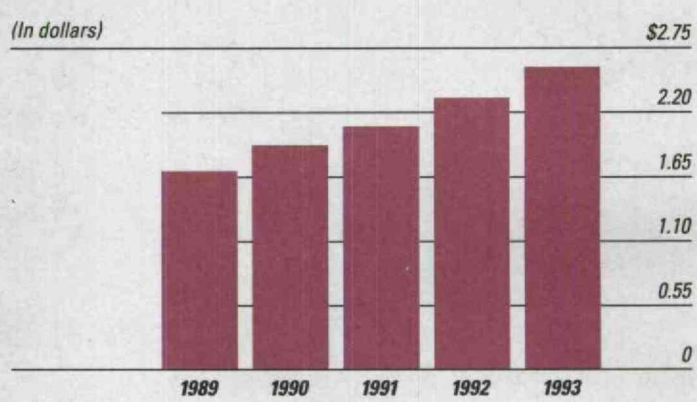
Revenues



Earnings per share before accounting changes



Dividends per share



Statement of Earnings

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 1993	1992	1991
Revenues			
Sales of goods	$29,509	$29,575	$29,434
Sales of services	8,268	8,331	8,062
Other income (note 3)	735	799	792
Earnings of GECS before accounting change	—	—	—
GECS revenues from operations (note 4)	22,050	18,368	16,341
Total revenues	60,562	57,073	54,629
Costs and expenses (note 5)			
Cost of goods sold	22,606	22,107	21,498
Cost of services sold	6,308	6,273	6,373
Interest and other financial charges (note 7)	6,989	6,860	7,401
Insurance losses and policyholder and annuity benefits	3,172	1,957	1,623
Provision for losses on financing receivables (note 8)	987	1,056	1,102
Other costs and expenses	13,774	12,494	10,834
Minority interest in net earnings of consolidated affiliates	151	53	72
Total costs and expenses	53,987	50,800	48,903
Earnings from continuing operations before income taxes and accounting changes	6,575	6,273	5,726
Provision for income taxes (note 9)	(2,151)	(1,968)	(1,742)
Earnings from continuing operations before accounting changes	4,424	4,305	3,984
Earnings from discontinued operations, net of income taxes of $44, $248 and $259, respectively (note 2)	75	420	451
Gain on transfer of discontinued operations, net of income taxes of $752	678	—	—
Earnings from discontinued operations	753	420	451
Earnings before accounting changes	5,177	4,725	4,435
Cumulative effects of accounting changes (notes 6 and 22)	(862)	—	(1,799)
Net earnings	$ 4,315	$ 4,725	$ 2,636
Net earnings per share (in dollars)			
Continuing operations before accounting changes	$ 5.18	$ 5.02	$ 4.58
Discontinued operations before accounting changes	0.88	0.49	0.52
Earnings before accounting changes	6.06	5.51	5.10
Cumulative effects of accounting changes	(1.01)	—	(2.07)
Net earnings per share	$ 5.05	$ 5.51	$ 3.03
Dividends declared per share (in dollars)	$ 2.61	$ 2.32	$ 2.08

The notes to consolidated financial statements on pages 45-64 are an integral part of this statement.

GE			GECS		
1993	1992	1991	**1993**	1992	1991
$29,533	$29,595	$29,446	**$ —**	$ —	$ —
8,289	8,348	8,075	**—**	—	—
730	812	798	**—**	—	—
1,807	1,499	1,275	**—**	—	—
—	—	—	**22,137**	18,440	16,399
40,359	40,254	39,594	**22,137**	18,440	16,399
22,630	22,127	21,510	**—**	—	—
6,329	6,290	6,386	**—**	—	—
525	768	893	**6,473**	6,122	6,536
—	—	—	**3,172**	1,957	1,623
—	—	—	**987**	1,056	1,102
5,124	5,319	5,422	**8,723**	7,230	5,448
17	13	39	**134**	40	33
34,625	34,517	34,250	**19,489**	16,405	14,742
5,734	5,737	5,344	**2,648**	2,035	1,657
(1,310)	(1,432)	(1,360)	**(841)**	(536)	(382)
4,424	4,305	3,984	**1,807**	1,499	1,275
75	420	451	**—**	—	—
678	—	—	**—**	—	—
753	420	451	**—**	—	—
5,177	4,725	4,435	**1,807**	1,499	1,275
(862)	—	(1,799)	**—**	—	(19)
$ 4,315	$ 4,725	$ 2,636	**$ 1,807**	$ 1,499	$ 1,256

In the supplemental consolidating data on this page, "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GECS" means General Electric Capital Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GECS have been eliminated from the "General Electric Company and consolidated affiliates" columns on page 26.

Statement of Financial Position

At December 31 (In millions)	General Electric Company and consolidated affiliates 1993	1992
Assets		
Cash and equivalents	**$ 3,218**	$ 3,129
GECS trading securities (note 10)	**30,165**	24,154
Investment securities (note 11)	**26,811**	11,256
Securities purchased under agreements to resell	**43,463**	26,788
Current receivables (note 12)	**8,195**	7,150
Inventories (note 13)	**3,824**	4,574
GECS financing receivables (investment in time sales, loans and financing leases) — net (note 14)	**63,948**	59,388
Other GECS receivables	**15,616**	8,025
Property, plant and equipment (including equipment leased to others) — net (note 15)	**21,228**	20,387
Investment in GECS	**—**	—
Intangible assets (note 16)	**10,364**	9,510
All other assets (note 17)	**24,674**	16,625
Net assets of discontinued operations	**—**	1,890
Total assets	**$251,506**	$192,876
Liabilities and equity		
Short-term borrowings (note 18)	**$ 62,135**	$ 56,389
Accounts payable, principally trade accounts	**11,956**	8,245
Securities sold under agreements to repurchase	**56,669**	36,014
Securities sold but not yet purchased, at market (note 19)	**15,332**	11,413
Progress collections and price adjustments accrued	**2,608**	2,150
Dividends payable	**615**	539
All other GE current costs and expenses accrued (note 20)	**6,414**	5,725
Long-term borrowings (note 18)	**28,270**	25,376
Insurance reserves and annuity benefits (note 21)	**22,909**	7,948
All other liabilities (note 22)	**12,009**	9,734
Deferred income taxes (note 23)	**5,109**	4,540
Total liabilities	**224,026**	168,073
Minority interest in equity of consolidated affiliates (note 24)	**1,656**	1,344
Common stock (926,564,000 shares issued)	**584**	584
Other capital	**1,398**	755
Retained earnings	**28,613**	26,527
Less common stock held in treasury	**(4,771)**	(4,407)
Total share owners' equity (notes 25 and 26)	**25,824**	23,459
Total liabilities and equity	**$251,506**	$192,876

The notes to consolidated financial statements on pages 45-64 are an integral part of this statement.

GE 1993	GE 1992	GECS 1993	GECS 1992
$ 1,536	$ 1,189	**$ 1,682**	$ 1,940
—	—	**30,165**	24,154
19	32	**26,792**	11,224
—	—	**43,463**	26,788
8,561	7,462	**—**	—
3,824	4,574	**—**	—
—	—	**63,948**	59,388
—	—	**15,799**	8,476
9,542	9,932	**11,686**	10,455
10,809	8,884	**—**	—
6,466	6,607	**3,898**	2,903
10,377	7,505	**14,297**	9,196
—	1,890	**—**	—
$51,134	$48,075	**$211,730**	$154,524
$ 2,391	$ 3,448	**$ 60,003**	$ 53,183
2,331	2,217	**9,885**	6,624
—	—	**56,669**	36,014
—	—	**15,332**	11,413
2,608	2,150	**—**	—
615	539	**—**	—
6,414	5,725	**—**	—
2,413	3,420	**25,885**	21,957
—	—	**22,909**	7,948
8,482	7,096	**3,529**	2,638
(299)	(329)	**5,408**	4,869
24,955	24,266	**199,620**	144,646
355	350	**1,301**	994
584	584	**1**	1
1,398	755	**2,596**	1,868
28,613	26,527	**8,212**	7,015
(4,771)	(4,407)	**—**	—
25,824	23,459	**10,809**	8,884
$51,134	$48,075	**$211,730**	$154,524

In the supplemental consolidating data on this page, "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GECS" means General Electric Capital Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GECS have been eliminated from the "General Electric Company and consolidated affiliates" columns on page 28.

Statement of Cash Flows

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 1993	1992	1991
Cash flows from operating activities			
Net earnings	$ 4,315	$ 4,725	$ 2,636
Less earnings from discontinued operations	(753)	(420)	(451)
Adjustments to reconcile net earnings to cash provided from operating activities			
Cumulative effects of accounting changes	862	—	1,799
Depreciation, depletion and amortization	3,261	2,818	2,654
Earnings retained by GECS	—	—	—
Deferred income taxes	461	707	826
Decrease (increase) in GE current receivables	(571)	135	(215)
Decrease in GE inventories	750	820	378
Increase (decrease) in accounts payable	3,345	57	1,151
Increase in insurance reserves	1,479	703	725
Provision for losses on financing receivables	987	1,056	1,102
Net change in certain broker-dealer accounts	382	1,018	(1,548)
All other operating activities	(4,407)	(2,111)	(1,952)
Net cash from continuing operations	10,111	9,508	7,105
Net cash from discontinued operations	76	741	392
Cash provided from operating activities	10,187	10,249	7,497
Cash flows from investing activities			
Additions to property, plant and equipment	(4,739)	(4,824)	(4,870)
Dispositions of property, plant and equipment	1,155	1,793	1,090
Net increase in GECS financing receivables	(4,164)	(4,683)	(7,254)
Payments for principal businesses purchased	(2,090)	(2,013)	(3,769)
Proceeds from principal business dispositions	—	90	604
All other investing activities	(6,639)	(3,823)	(2,045)
Cash for investing activities — continuing operations	(16,477)	(13,460)	(16,244)
Cash from (used for) investing activities — discontinued operations	886	(93)	(117)
Cash used for investing activities	(15,591)	(13,553)	(16,361)
Cash flows from financing activities			
Net change in borrowings (maturities 90 days or less)	4,464	3,092	6,126
Newly issued debt (maturities more than 90 days)	15,468	13,084	15,374
Repayments and other reductions (maturities more than 90 days)	(11,853)	(9,008)	(10,158)
Disposition of GE shares from treasury (mainly for employee plans)	406	425	410
Purchase of GE shares for treasury	(770)	(1,206)	(1,112)
Dividends paid to share owners	(2,153)	(1,925)	(1,780)
All other financing activities	(69)	—	—
Cash provided from (used for) financing activities	5,493	4,462	8,860
Increase (decrease) in cash and equivalents during year	89	1,158	(4)
Cash and equivalents at beginning of year	3,129	1,971	1,975
Cash and equivalents at end of year	$ 3,218	$ 3,129	$ 1,971
Supplemental disclosure of cash flows information			
Cash paid during the year for interest	$ (6,689)	$ (6,477)	$ (7,145)
Cash paid during the year for income taxes	(1,644)	(1,033)	(1,244)

The notes to consolidated financial statements on pages 45-64 are an integral part of this statement.

GE			GECS		
1993	1992	1991	**1993**	1992	1991
$ 4,315	$ 4,725	$ 2,636	**$ 1,807**	$ 1,499	$ 1,256
(753)	(420)	(451)	**—**	—	—
862	—	1,799	**—**	—	19
1,631	1,483	1,429	**1,630**	1,335	1,225
(1,197)	(999)	(925)	**—**	—	—
120	675	271	**341**	32	555
(625)	68	(109)	**—**	—	—
750	820	378	**—**	—	—
114	(43)	(203)	**3,246**	139	1,391
—	—	—	**1,479**	703	725
—	—	—	**987**	1,056	1,102
—	—	—	**382**	1,018	(1,548)
(16)	(1,736)	(1,199)	**(4,419)**	(439)	(754)
5,201	4,573	3,626	**5,453**	5,343	3,971
76	741	392	**—**	—	—
5,277	5,314	4,018	**5,453**	5,343	3,971
(1,588)	(1,445)	(2,126)	**(3,151)**	(3,379)	(2,744)
55	46	61	**1,100**	1,747	1,029
—	—	—	**(4,164)**	(4,683)	(7,254)
—	—	(933)	**(2,090)**	(2,013)	(2,836)
—	90	327	**—**	—	277
298	(103)	(60)	**(6,914)**	(3,668)	(2,125)
(1,235)	(1,412)	(2,731)	**(15,219)**	(11,996)	(13,653)
886	(93)	(117)	**—**	—	—
(349)	(1,505)	(2,848)	**(15,219)**	(11,996)	(13,653)
46	(763)	483	**4,462**	3,895	5,641
215	1,331	2,136	**15,253**	11,753	13,238
(2,325)	(1,528)	(1,573)	**(9,528)**	(7,480)	(8,585)
406	425	410	**—**	—	—
(770)	(1,206)	(1,112)	**—**	—	—
(2,153)	(1,925)	(1,780)	**(610)**	(500)	(350)
—	—	—	**(69)**	—	—
(4,581)	(3,666)	(1,436)	**9,508**	7,668	9,944
347	143	(266)	**(258)**	1,015	262
1,189	1,046	1,312	**1,940**	925	663
$ 1,536	$ 1,189	$ 1,046	**$ 1,682**	$ 1,940	$ 925
$ (473)	$ (570)	$ (761)	**$ (6,216)**	$ (5,907)	$ (6,384)
(1,455)	(936)	(1,343)	**(189)**	(97)	99

In the supplemental consolidating data on this page, "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GECS" means General Electric Capital Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GECS have been eliminated from the "General Electric Company and consolidated affiliates" columns on page 30.

Management's Discussion of Operations

Overview

General Electric Company's consolidated financial statements represent the combination of the Company's manufacturing and nonfinancial services businesses ("GE") and the accounts of General Electric Capital Services, Inc. ("GECS"). See note 1 to the consolidated financial statements, which explains how the various financial data are presented.

Management's Discussion of Operations is in four parts: Consolidated Operations, GE Operations, GECS Operations and, on page 38, International Operations.

Consolidated Operations

1993 was another successful year for the General Electric Company in a difficult global economy, reflecting solid operating performance in all of the businesses in its diversified portfolio except, as expected, Aircraft Engines. Consolidated revenues increased 6% to $60.6 billion, led by GE Capital Services, Power Systems, Transportation Systems, Appliances, and Electrical Distribution and Control.

Consolidated earnings were $4.315 billion compared with $4.725 billion in 1992 and $2.636 billion in 1991. Three important factors should be considered in evaluating the Company's 1993 operations — restructuring provisions, discontinued operations and the effect of an accounting change. Each of these factors is discussed separately below. Without these items, 1993 earnings would have been $5.102 billion, up 16% from the comparable 1992 level. Particularly good results were reported in GE Capital Services, NBC, Plastics and Power Systems.

- ***Restructuring provisions*** in 1993 amounted to $678 million after taxes. These provisions cover costs of a plan that will enhance the Company's global competitiveness. The approved plan includes explicit programs that will result in the closing, downsizing and streamlining of certain production, service and administration facilities worldwide. Costs include, among other things, asset write-offs, lease terminations and severance benefits. See Industry Segments beginning on page 33 for further information on restructuring.

- ***Discontinued operations*** reported earnings of $753 million ($.88 per share), up $333 million from 1992. The increase included a gain of $678 million ($.79 per share) resulting from transfer of the Aerospace businesses at the beginning of the second quarter, which was partially offset by the absence of nine months of 1992 earnings ($326 million) and lower first-quarter 1993 earnings ($19 million).

- ***Accounting changes*** included the 1993 adoption of Statement of Financial Accounting Standards (SFAS) No. 112, *Employers' Accounting for Postemployment Benefits.* The transition effect of this accounting change decreased net earnings by $862 million ($1.01 per share), with a corresponding decrease in share owners' equity. See note 22 for a further discussion of SFAS No. 112.

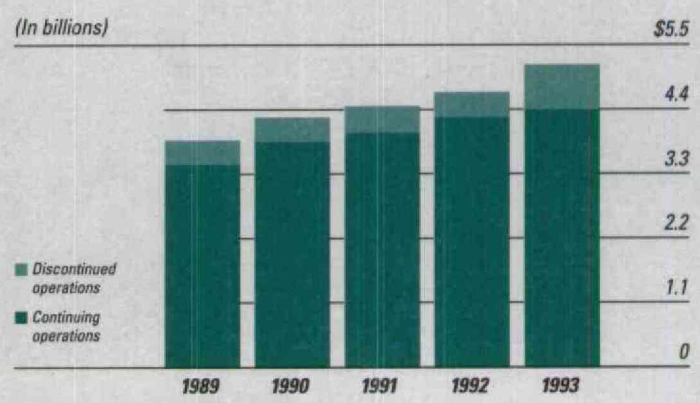
The 1991 accounting change, adoption of SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions,* had the transition effect of reducing net earnings by $1,799 million ($2.07 per share), with a corresponding decrease in share owners' equity.

As a result of these noncash charges, the return on average share owners' equity was reduced to 17.5% in 1993 and 12.2% in 1991, compared with 20.9% in 1992.

New accounting standards include SFAS No. 114, *Accounting by Creditors for Impairment of a Loan,* which modifies the accounting that applies when it is probable that all amounts due under contractual terms of a loan will not be collected. Management does not believe that this Statement, required to be adopted no later than the first quarter of 1995, will have a material effect on the Company's financial position or results of operations, although such effect will depend on the facts at the time of adoption.

Dividends declared totaled $2.229 billion in 1993. Per-share dividends of $2.61 were up 13% from the previous year's $2.32 per share, marking the 18th consecutive year of dividend growth. Dividends declared per share increased 12% in 1992 over 1991, following an 8% increase the year before. Even though substantial dividends were paid, the Company retained sufficient earnings to invest in new plant and equipment for a wide variety of capital expenditure projects, particularly those which increase productivity, and to provide adequate financial resources for internal and external growth opportunities.

Earnings before accounting changes



GE Operations

GE total revenues of $40.4 billion in 1993 were about the same as 1992's revenues, which were up about 2% from $39.6 billion in 1991.

- GE's sales of goods and services were essentially unchanged during the three-year period, with the sales effects of changes in volume and prices differing markedly among its businesses. Overall, volume was about 2% higher in 1993 than in 1992, with good increases in Plastics, Transportation Systems, Appliances and Power Systems that were partially offset by reduced shipments in Aircraft Engines and lower advertising revenues in NBC, principally because there was no counterpart to the 1992 Summer Olympics. Lower 1993 selling prices in many businesses, particularly Plastics, Medical Systems and Lighting, offset the net volume increase. Sales in 1992 were up about 1% from 1991 because of the effect of about 2% higher shipment volume, approximately one-half of which was offset by lower selling prices.

- GE's other income from a wide variety of sources was $730 million in 1993, $812 million in 1992 and $798 million in 1991. Details of GE's other income are in note 3.

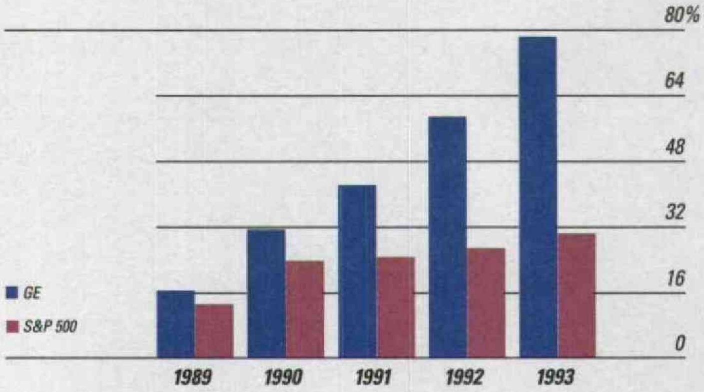
- Earnings of GECS were up 21% in 1993 following an 18% increase the year before. See page 36 for details of these earnings.

Total costs and expenses for GE were virtually flat for the three-year period, despite much higher restructuring provisions in 1993. Principal elements of these costs and expenses are costs of goods and services sold; selling, general and administrative expense; and interest expense.

- Operating margin is sales of goods and services less the costs of goods and services sold and selling, general and administrative expenses. After restructuring provisions, operating margin was 9.9% of sales in 1993 compared with 11.1% in 1992 and 11.2% in 1991. Before such provisions, GE's operating margins were 12.5% in 1993 compared with 11.5% in 1992 and 1991. In 1993, all businesses other than Aircraft Engines increased their margin rates before restructuring by one to five full points. Strong 1992 operating margin improvements in Power Systems, NBC and Medical Systems were offset by the effects of reduced volume at Aircraft Engines and pricing pressures at both Plastics and Aircraft Engines.

- Total cost productivity (sales in relation to costs on a constant dollar basis) was 3.8% in 1993 compared with 4.3% in 1992 and 3.9% in 1991, and it more than offset the impact of inflation on the Company in all three years. Lower volume at Aircraft Engines more than explained the 1993 decline. Excluding Aircraft Engines, productivity was 5.3% in 1993 compared with 4.8% in 1992.

GE/S&P dividends per share increase compared with 1988



- Interest expense in 1993 was $525 million, down 32% from $768 million in 1992. The lower interest expense was attributable to a decrease in the average level of borrowings and, to a lesser extent, lower interest rates. Interest expense decreased 14% in 1992 compared with 1991, primarily because of lower rates.

GE enters 1994 on a strong note, with excellent cash flows and a strong balance sheet. The Company continues to be well positioned to capitalize on both global growth opportunities and gradual improvement in the U.S. economy in the coming year.

GE industry segment revenues and operating profit for the last five years are shown in the table on page 35. Revenues include income from sales of goods and services to customers and other income. Sales from one Company component to another generally are priced at equivalent commercial selling prices. Intersegment revenues are shown in note 29. Operating profit includes provisions for restructuring actions. Corporate items not traceable to segments includes provision of $80 million to cover costs associated with rationalization of corporate facilities.

- ***Aircraft Engines*** revenues were down 11% from the 1992 level, which was 5% lower than in 1991. The decreases reflected the continuing weakness in shipments of engines and spare parts in both the military and commercial markets, which were only partially offset by higher sales of aeroderivative engines for marine and industrial applications and, in 1993, by consolidation of a recently acquired overhaul facility in the United Kingdom. Even with these market conditions, 1993 operating profit totaled $798 million, a 37% decline from 1992 following an 8% decrease the year before. The decreases were largely due to lower volume discussed above and, in 1993, provisions for restructuring of $267 million covering incremental costs associated with closing and relocating certain manufacturing and warehousing facilities to reduce the cost structure of the business in line with lower volume.

About $2.4 billion of 1993 revenues were from sales to the U.S. government, about the same as 1992 but down from $3.0 billion in 1991. Revenues associated with development of the F414 engine for the U.S. Navy's top-priority fighter offset declines in other diversified programs.

Firm orders received during 1993 totaled $5.7 billion compared with $5.9 billion in 1992 and $6.3 billion in 1991. The firm order backlog declined to $7.7 billion at the end of 1993 from $9.5 billion at the end of 1992, reflecting a $0.9 billion excess of revenues over new orders and cancellations of $0.9 billion. Approximately 34% of the backlog was scheduled for delivery in 1994.

The dual impact of declining military sales and weakness in commercial airline markets worldwide makes it unlikely that revenues and operating profit will rebound to levels of the early 1990s until, at the earliest, the 1996 to 1997 time frame. Management has taken aggressive actions over the past three years to respond to these market realities, reducing the work force by about 13,000 employees through layoffs and attrition, and it will continue to monitor the changing business conditions closely.

▪ ***Appliances*** revenues were up 4% from 1992, with volume improvement in all core appliance lines, mostly as a result of continued improvement in U.S. markets and slightly higher share. A 4% decrease in 1993 operating profit resulted principally from $136 million of restructuring provisions covering costs associated with closing, downsizing and consolidating consumer service and production facilities to enhance productivity. Benefits from 1993 productivity gains partially offset the effect of these provisions. Revenues were up 2% in 1992, reflecting increased demand in U.S. markets, particularly for refrigerators and ranges. A 4% decrease in 1992 operating profit resulted principally from lower selling prices, cost increases and significant investment in new products and services, the combination of which more than offset the higher volume and productivity gains.

▪ ***Broadcasting*** revenues were down 8% in 1993, primarily because there was no counterpart to the 1992 Summer Olympic Games. Operating profit, however, increased 29% despite $81 million of restructuring provisions to cover lease terminations, associated asset write-offs and other incremental costs to enhance productivity. The increase resulted mainly from absence of a counterpart to the programming costs associated with the Olympic Games and generally lower 1993 overhead costs. Cable operations posted significant gains in both revenues and operating profit. Operating profit declined 2% in 1992 from the prior year on an 8% increase in revenues. The decline was caused by the lack of a counterpart to the 1991 gain on the sale of NBC's interest in the RCA Columbia Home Video joint venture and the negative impact of the Summer Olympics, both of which were substantially offset by cost-control measures, double-digit profit increases at five of NBC's six owned-and-operated television stations and NBC Cable's first full year of operating profit.

▪ ***Industrial*** revenues in 1993 were 7% higher than in 1992, mainly because of significantly higher locomotive shipments. Operating profit declined 12%, however, largely because of restructuring provisions of $211 million to cover incremental costs of downsizing and consolidating production and logistical operations worldwide, and because of weak prices in most businesses. Both of these factors were only partially offset by very good productivity across the segment and substantially improved Lighting operations in Europe. In 1992, operating profit was about the same as in 1991 on slightly higher revenues, reflecting pricing pressures, cost increases and lower locomotive shipments, which were about offset by strong productivity throughout the segment and by higher revenues and operating profit in the Lighting business, including the effect of the 1992 consolidation of Thorn.

▪ ***Materials*** revenues increased 4% in 1993, primarily as a result of double-digit volume growth in U.S. and Asian markets, which was partially offset by worldwide price declines. Operating profit was 13% higher than in 1992 as substantial productivity improvements, material cost decreases and favorable exchange gains much more than offset the lower prices, the impact of inflation and $52 million of restructuring provisions for equipment write-offs and downsizing of European operations. Revenues increased 2% in 1992, principally because of a higher physical volume of shipments. Operating profit, however, decreased 8% because the combination of significant price erosion and cost inflation exceeded productivity gains.

▪ ***Power Systems*** revenues increased by 5% in 1993 as higher levels of gas turbine shipments, increased sales of nuclear fuel and volume increases in the Industrial Systems and Services business more than offset lower sales in Power Delivery. Operating profit increased 10% over 1992, principally on the strength of gas turbine revenues and productivity, the combination of which more than offset restructuring provisions of $124 million to cover, principally, incremental costs of facility demolitions, associated asset write-offs and downsizing of the apparatus service business. Operating profit was 18% higher in 1992 than in 1991 on 3% higher revenues, mainly reflecting Power Generation's volume growth in the gas turbine business and productivity gains. Power Systems orders totaled $7.0 billion for 1993 compared with the very strong $7.5 billion and $8.0 billion in 1992 and 1991, respectively. The Power Systems backlog was $9.9 billion at the end of 1993, down

Summary of Industry Segments

For the years ended December 31 (In millions)	1993	1992	1991	1990	1989
	General Electric Company and consolidated affiliates				
Revenues					
GE					
Aircraft Engines	**$ 6,580**	$ 7,368	$ 7,777	$ 7,504	$ 6,862
Appliances	**5,555**	5,330	5,225	5,592	5,358
Broadcasting	**3,102**	3,363	3,121	3,236	3,392
Industrial	**7,379**	6,907	6,783	6,644	6,689
Materials	**5,042**	4,853	4,736	5,140	4,944
Power Systems	**6,692**	6,371	6,189	5,600	5,104
Technical Products and Services	**4,174**	4,674	4,686	4,259	4,049
All Other	**2,043**	1,749	1,545	1,369	1,246
Corporate items and eliminations	**(208)**	(361)	(468)	(285)	(433)
Total GE	**40,359**	40,254	39,594	39,059	37,211
GECS					
Financing	**12,399**	10,544	10,069	9,000	7,333
Specialty Insurance	**4,862**	3,863	2,989	2,853	2,710
Securities Broker-Dealer	**4,861**	4,022	3,346	2,923	2,897
All Other	**15**	11	(5)	(2)	5
Total GECS	**22,137**	18,440	16,399	14,774	12,945
Eliminations	**(1,934)**	(1,621)	(1,364)	(1,214)	(1,021)
Consolidated revenues	**$60,562**	$57,073	$54,629	$52,619	$49,135
Operating profit					
GE					
Aircraft Engines	**$ 798**	$ 1,274	$ 1,390	$ 1,253	$ 1,050
Appliances	**372**	386	400	435	386
Broadcasting	**264**	204	209	477	603
Industrial	**782**	888	885	910	847
Materials	**834**	740	800	1,010	1,055
Power Systems	**1,143**	1,037	882	666	471
Technical Products and Services	**706**	912	693	538	538
All Other	**2,036**	1,717	1,513	1,295	1,103
Total GE	**6,935**	7,158	6,772	6,584	6,053
GECS					
Financing	**1,727**	1,366	1,327	1,267	1,152
Specialty Insurance	**770**	641	501	457	361
Securities Broker-Dealer	**439**	300	119	(54)	(53)
All Other	**(288)**	(272)	(290)	(275)	(322)
Total GECS	**2,648**	2,035	1,657	1,395	1,138
Eliminations	**(1,794)**	(1,485)	(1,259)	(1,073)	(903)
Consolidated operating profit	**7,789**	7,708	7,170	6,906	6,288
GE interest and financial charges, net of eliminations	**(529)**	(752)	(881)	(941)	(715)
GE items not traceable to segments	**(685)**	(683)	(563)	(480)	(552)
Earnings from continuing operations before income taxes and accounting changes	**$ 6,575**	$ 6,273	$ 5,726	$ 5,485	$ 5,021

The notes to consolidated financial statements on pages 45-64 are an integral part of this statement. "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GECS" means General Electric Capital Services, Inc. and all of its affiliates and associated companies. Operating profit of GE segments excludes interest and other financial charges; operating profit of GECS includes interest and discount expense, which is the largest element of GECS' operating costs.

4% from December 31, 1992, mainly because of the transfer of a component that procured materials for the U.S. Navy. Approximately 40% of the 1993 backlog was scheduled for shipment during 1994.

▪ ***Technical Products and Services*** revenues were down 11% in 1993, principally because of 1992 transfers, dispositions and realignment of the former Communications and Services businesses (other than GE Information Services). Increased physical volume of 1993 Medical Systems sales, up about 4% because of international sales, was largely offset by continuing pricing pressures worldwide. Segment operating profit in 1993 was down sharply, mainly because there was no counterpart to the 1992 gain on realignment of the equity position of GE and Ericsson in their mobile communications joint venture and because of restructuring provisions of $60 million to downsize manufacturing and services operations worldwide. Both of these factors were only partially offset by productivity gains and substantially improved Medical Systems operations in Europe. Operating profit was up 32% in 1992 over 1991 on flat revenues, primarily because of the aforementioned gain, strong productivity and much improved results in GE Information Services. Orders received by Medical Systems in 1993 were down slightly from 1992's strong performance. A decline in U.S. equipment markets more than offset growth in international orders. The backlog of unfilled orders at year-end 1993 was $1.7 billion ($1.8 billion at the end of 1992), about 80% of which was scheduled to be shipped in 1994.

▪ ***All Other*** consists primarily of GECS' earnings, which are discussed below. Also included are revenues derived from licensing use of GE know-how to others.

GECS Operations

GECS conducts its business in three segments. Financing segment includes financing operations of GE Capital Corporation (GE Capital). Specialty Insurance segment includes operations of Employers Reinsurance Corporation (ERC) and the insurance businesses of GE Capital described on page 61. Securities Broker-Dealer segment includes operations of Kidder, Peabody Group Inc. (Kidder, Peabody).

GECS' earnings were $1.807 billion in 1993, 21% higher than 1992's earnings, which were 18% more than comparable 1991 earnings. The 1993 increase reflected strong performance in the Financing segment, mainly as a result of a favorable interest-rate environment, asset growth and improved asset quality. Earnings in GECS' Securities Broker-Dealer and Specialty Insurance segments also were substantially higher in 1993, following sharp improvements in 1992.

GECS' principal cost is for interest on borrowings. Interest expense in 1993 was $6.5 billion, 6% higher than in 1992, which was 6% lower than in 1991. The 1993 increase was a result of funding increased security positions in the Securities Broker-Dealer segment, partially offset by substantially lower rates on higher average borrowings in the Financing segment. The 1992 decrease reflected substantially lower interest rates, which more than offset the effects of higher average borrowings. The composite interest rate on GECS' borrowings was 4.96% in 1993 compared with 5.78% in 1992 and 7.46% in 1991.

GECS' other costs and expenses increased to $8.7 billion in 1993 from $7.2 billion in 1992 and $5.4 billion in 1991, reflecting higher investment levels and acquisitions of businesses and portfolios.

GECS' industry segment revenues and operating profit for the past five years are shown in the table on page 35. Revenues from operations (earned income) are detailed in note 4.

▪ ***Financing*** segment operating profit of $1.727 billion in 1993 was up 26% from 1992, which was 3% higher than in 1991. Asset growth and increased financing spread, the excess of yield (rates earned) over interest rates on borrowings, were significant factors in both years. Assets grew 30% during 1993 and 10% in 1992 because of acquisitions of businesses and portfolios, including the 1993 annuity business acquisitions, and because of higher origination volume. During both years, the effects of declining interest rates on borrowings resulted in increased financing spreads. Yields on assets were essentially flat in 1993 compared with 1992, following a decline from 1991. Other costs and expenses increased in 1993 and 1992, mainly because of asset growth.

The portfolio of financing receivables, $63.9 billion and $59.4 billion at the end of 1993 and 1992, respectively, is the Financing segment's largest asset and the primary source of its revenues. Related allowances for losses at the end of 1993 aggregated $1.7 billion (2.63% of receivables — the same level as 1992) and are, in management's judgment, appropriate given the risk profile of the portfolio.

A discussion about the quality of certain elements of the Financing segment investment portfolio follows. Further details are included in note 14.

Consumer loans receivable, primarily retailer and auto receivables, were $17.3 billion and $14.8 billion at the end of 1993 and 1992, respectively. GECS' investment in consumer auto finance lease receivables was $5.6 billion and $4.8 billion at the end of 1993 and 1992, respectively. Nonearning receivables, 1.7% of total loans and leases (2.1% at the end of 1992), amounted to $391 million at the end of 1993. The provision for losses on retailer and auto financing receivables was $469 million in 1993, a 19%

decrease from $578 million in 1992, reflecting reduced consumer delinquencies and intensified collection efforts, particularly in Europe. Most nonearning receivables were private-label credit card receivables, the majority of which were subject to various loss-sharing arrangements that provide full or partial recourse to the originating retailer.

Commercial real estate loans classified as finance receivables by GE Capital's Commercial Real Estate business were $10.9 billion at December 31, 1993, up $0.4 billion from the end of 1992. In addition, the investment portfolio of GECS' annuity business, acquired during 1993, included $1.1 billion of commercial property loans. Commercial real estate loans are generally secured by first mortgages. In addition to loans, Commercial Real Estate's portfolio also included in other assets $2.2 billion of assets that were purchased for resale from Resolution Trust Corporation (RTC) and other institutions and $1.4 billion of investments in real estate joint ventures. In recent years, GECS has been one of the largest purchasers of assets from RTC and others, growing its portfolio of properties acquired for resale by $1.1 billion in 1993. To date, values realized on these assets have met or exceeded expectations at the time of purchase. Investments in real estate joint ventures have been made as part of original financings and in conjunction with loan restructurings where management believes that such investments will enhance economic returns.

Commercial Real Estate's foreclosed properties at the end of 1993 declined to $110 million from $187 million at the end of 1992.

At December 31, 1993, Commercial Real Estate's portfolio included loans secured by and investments in a variety of property types that were well dispersed geographically. Property types included apartments (36%), office buildings (32%), shopping centers (14%), mixed use (8%) and industrial and other (10%). These properties were located mainly across the United States as follows — Mid-Atlantic (21%), Northeast (20%), Southwest (19%), West (15%), Southeast (12%), Central (8%) — with the remainder (5%) across Canada and Europe. Nonearning and reduced earning receivables declined to $272 million in 1993 from $361 million in 1992, reflecting proactive management of delinquent receivables as well as write-offs. Loss provisions for Commercial Real Estate's investments were $387 million in 1993 ($248 million related to receivables and $139 million to other assets) compared with $299 million and $213 million in 1992 and 1991, respectively, as the portfolio continued to be adversely affected by the weakened commercial real estate market.

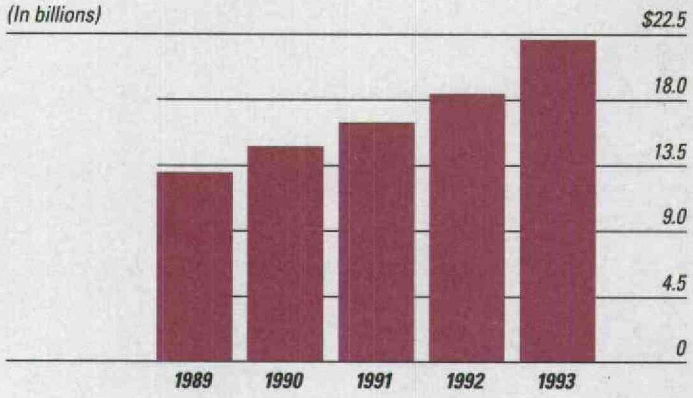
Highly leveraged transaction (HLT) portfolio represents financing provided for highly leveraged management buyouts and corporate recapitalizations. The portion of those investments classified as financing receivables was $3.3 billion at the end of 1993 compared with $5.3 billion at the end of 1992, as substantial repayments reduced this liquidating portfolio. The year-end balance of amounts that had been written down to estimated fair value and carried in other assets as a result of restructuring or in-substance repossession aggregated $544 million at the end of 1993 and $513 million at the end of 1992 (net of allowances of $244 million and $224 million, respectively).

Nonearning and reduced earning receivables declined to $139 million at the end of 1993 from $429 million the prior year. Loss provisions for HLT investments were $181 million in 1993 ($80 million related to receivables and $101 million to other assets) compared with $573 million in 1992 and $328 million in 1991. Nonearning and reduced earning receivables as well as loss provisions were favorably affected by the stronger economic climate during 1993 as well as by the successful restructurings implemented during the past few years.

Other financing receivables, approximately $26 billion, consisted primarily of a diverse commercial, industrial and equipment loan and lease portfolio. This portfolio grew approximately $2 billion during 1993, while nonearning and reduced earning receivables decreased $46 million to $98 million at year end.

GECS had loans and leases to commercial airlines, as discussed in note 17, that aggregated about $6.8 billion at the end of 1993, up from $6 billion at the end of 1992. At year-end 1993, GECS' commercial aircraft positions included conditional commitments to purchase aircraft at a cost of $865 million and financial guaranties and funding commitments amounting to $450 million. These purchase commitments are subject to the aircraft having been placed on lease under agreements, and with carriers, acceptable to GECS prior to delivery. Expenses associated with redeployment and refurbishment of owned aircraft

GECS' revenues



totaled $112 million in 1993 compared with nominal amounts in prior years. GECS' increasing investment demonstrates its continued long-term commitment to the airline industry.

- *Specialty Insurance* operating profit of $770 million in 1993 was 20% higher than in 1992, following an increase of 28% from 1991. The 1993 results reflected higher premium volume from bond refunding in the financial guaranty insurance business as well as reduced claims expense in the creditor insurance business. Higher volume and investment income at GECS' private mortgage and financial guaranty insurance businesses were the principal factors contributing to 1992's increase.
- *Securities Broker-Dealer* (Kidder, Peabody) operating profit was $439 million in 1993, up 46% from 1992's record $300 million, which was $181 million higher than in 1991. Strong performances in both years reflected higher investment income from trading and investment banking activities. Favorable market conditions were an important factor in both years. Higher interest expense in both years reflected costs associated with funding increased security positions. Operating and administrative expenses increased in both years, primarily because of the revenue growth and, in 1992, because of costs associated with certain litigation settlements.

Entering 1994, management believes that the diversity and strength of GECS' assets, along with vigilant attention to risk management, position it to deal effectively with a global and changing competitive and economic landscape.

International Operations

Estimated results of international operations include all exports from the United States plus the results of GE's and GECS' operations located outside the United States. International revenues were $18.5 billion (31% of consolidated revenues) compared with $18.0 billion in 1992 and $16.9 billion in 1991. In 1993, about 40% of GE's sales of goods and services were international, approximately the same as in the previous two years. The chart below left shows the growth in international revenues in relation to total revenues over the past five years. International operating profit was $2.4 billion (31% of consolidated operating profit) in 1993, $2.3 billion in 1992 and $2.4 billion in 1991.

The accompanying financial results reported in U.S. dollars are unavoidably affected by currency exchange. A number of techniques are used to manage the effects of currency exchange, including selective borrowings in local currencies and selective hedging of significant cross-currency transactions. Also, international activity is diverse, as shown for revenues in the chart at the bottom of this column, and not concentrated in any single currency.

GE's export sales by major world areas are as follows.

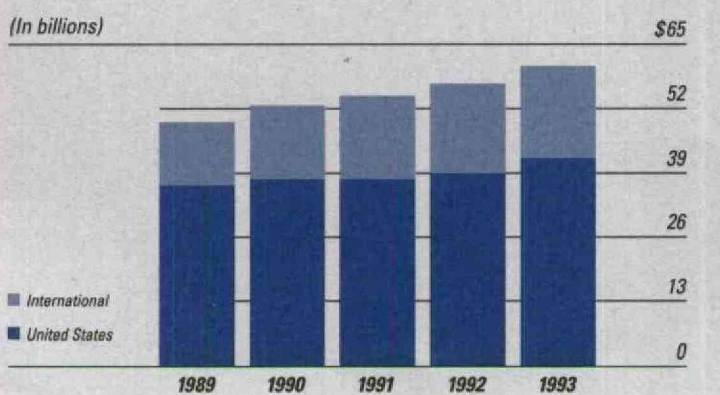
GE's exports from the United States to external customers

(In millions)	1993	1992	1991
Pacific Basin	$2,645	$2,696	$2,408
Europe	2,320	2,018	2,342
Americas	981	1,126	1,008
Other	1,039	1,079	1,094
	$6,985	$6,919	$6,852

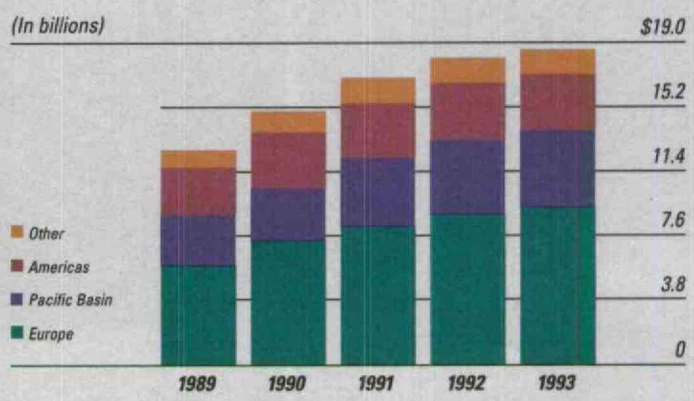
Exports from GE operations in the United States to their affiliates totaled $1.513 billion in 1993, $1.281 billion in 1992 and $1.246 billion in 1991.

GE made a positive 1993 contribution of more than $5.1 billion to the U.S. balance of trade. Total exports in 1993 were $8.5 billion, including exports from the United States to both external customers and affiliates. Imports from GE affiliates were $1.0 billion, and direct imports from external suppliers were $2.4 billion.

Consolidated revenues



Consolidated international revenues



Management's Discussion of Financial Resources and Liquidity

Overview

This discussion of financial resources and liquidity focuses on the Statement of Financial Position (page 28) and the Statement of Cash Flows (page 30).

Throughout the discussion, it is important to differentiate between the businesses of GE and GECS. Although GE's manufacturing and nonfinancial services activities involve a variety of different businesses, their underlying characteristics are the development, the preparation for market and the sale of tangible goods and services. Risks and rewards are directly related to the ability to manage and finance those activities.

GECS' principal businesses provide financing, insurance and broker-dealer services to third parties. The underlying characteristics of these businesses involve the management of financial risk. GECS' risks and rewards stem from the abilities of its businesses to continue on a selective basis to design and provide a wide range of financial services in a competitive marketplace and to receive adequate compensation for such services. GECS is not a "captive finance company" or a vehicle for "off-balance-sheet financing" for GE; very little of GECS' business is directly related to other GE operations.

Despite the different business profiles of GE and GECS, the global commercial airline industry is one significant example of an important source of business for both. GE assumes financing positions primarily in support of engine sales whereas GECS is a significant source of lease and loan financing for the industry (see details in note 17). Even during the current difficult period in this historically cyclical industry, management believes that the financing positions are reasonably protected by collateral values and by its ability to control assets, either by ownership or by security interests.

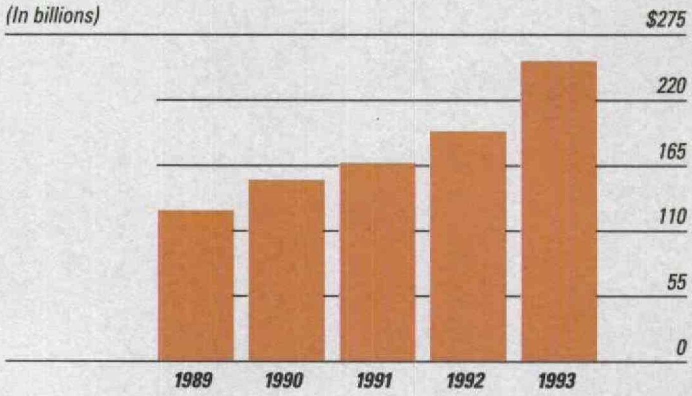
The fundamental differences between GE and GECS are reflected in the measurements commonly used by investors, rating agencies and financial analysts. These differences will become clearer in the discussion that follows with respect to the more significant items in the two financial statements.

Cash flows and liquidity of discontinued operations are displayed in the accompanying financial statements separately from data on continuing operations. Discontinued operations generated $962 million, $648 million and $275 million of cash in 1993, 1992 and 1991, respectively. The 1993 cash flows were principally those associated with amounts received on transfer of the Aerospace businesses.

Statement of Financial Position

- ***GECS' trading securities*** comprise the market-making, investing and trading portfolio of Kidder, Peabody. The increase to $30.2 billion at the end of 1993 from $24.2 billion at the end of 1992 principally reflected higher levels of government securities held in connection with Kidder, Peabody's trading and market-making activities.

Consolidated total assets



- ***Investment securities*** for each of the past two years were mainly investment-grade debt securities held by GECS' Specialty Insurance and annuity businesses in support of obligations to policyholders and annuitants. The increase of $15.6 billion during 1993 was principally related to annuity business acquisitions and adoption of SFAS No. 115 (see notes 1 and 11).
- ***Securities purchased under agreements to resell*** (reverse repurchase agreements) are related to the liability account titled "Securities sold under agreements to repurchase" (repurchase agreements). The former typically represent highly liquid, short-term investments of excess funds; the latter, borrowing of such funds from others. The balances at the end of 1993 and 1992 (both assets and liabilities) were solely those of Kidder, Peabody in connection with its broker-dealer activities. The current-year increase of $16.7 billion primarily reflected the use of these agreements in increased "matched-book" transactions as well as to cover increased short inventory positions in similar securities.
- ***GE's current receivables*** are mainly amounts due from customers ($5.7 billion at December 31, 1993, and $5.3 billion at December 31, 1992). As a measure of asset utilization, receivables turnover was 7.0 in 1993 compared with 6.9 in 1992. Management believes that the overall condition of customer receivables was satisfactory at the end of 1993. Current receivables other than amounts owed by customers are amounts that did not originate from sales of GE goods or services, such as advances to suppliers in connection with large contracts.

▪ *Inventories* were $3.8 billion at December 31, 1993, down about $0.8 billion from the end of 1992. Inventory turnover was 6.0 in 1993 compared with 5.3 in 1992 and 4.7 in 1991. As with receivables turnover, inventory turnover is a measurement of efficient use of resources. About two-thirds of the inventory decrease in 1993 was achieved in Aircraft Engines as a result of reduced manufacturing cycle times and lower volume. Turnover improved more than one turn in Appliances, Motors and Transportation Systems. Last-in, first-out (LIFO) revaluations decreased $179 million in 1993 compared with decreases of $204 million in 1992 and $141 million in 1991. Included in these changes were decreases of $101 million, $183 million and $111 million (1993, 1992 and 1991, respectively) resulting from lower inventory levels. There were modest overall cost decreases in all three years.

▪ *GECS' financing receivables* of $63.9 billion at year-end 1993 were $4.5 billion higher than at December 31, 1992. These receivables are discussed on page 36 and in note 14.

▪ *Property, plant and equipment* (including equipment leased to others) was $21.2 billion at December 31, 1993, up $0.8 billion. GE's property, plant and equipment consists of investments for its own productive use, whereas the largest element of GECS' investment is in equipment that is provided to third parties on operating leases. Details by category of investment can be found in note 15.

GE's total expenditures for new plant and equipment during 1993 were $1.6 billion, slightly higher than $1.4 billion in 1992. Total expenditures for the past five years were $9.4 billion, of which 25% was to increase capacity; 24% was to increase productivity; 12% was to replace and renew older equipment; 12% was to support new business start-ups; and 27% was for such other purposes as to improve research and development facilities and to provide for safety and environmental protection.

GECS added $3.1 billion to its equipment leased to others during 1993.

▪ *Intangible assets* were $10.4 billion at year-end 1993. The majority of this consolidated total was GE's intangibles, which were $6.5 billion, about the same as the end of 1992. GECS' intangibles increased $1.0 billion, most of which was related to acquisitions in the annuity and mortgage-servicing businesses.

▪ *All other assets* totaled $24.7 billion at year-end 1993, up $8.0 billion from the end of 1992. The principal reason for GE's increase of $2.9 billion was the investment in the convertible preferred stock of and receivables due from Martin Marietta Corporation in connection with transfer of the Aerospace businesses. GECS' increase of $5.1 billion related principally to assets acquired for resale, including mortgages held for resale associated with the mortgage-servicing businesses and purchases of real estate assets from Resolution Trust Corporation and other institutions.

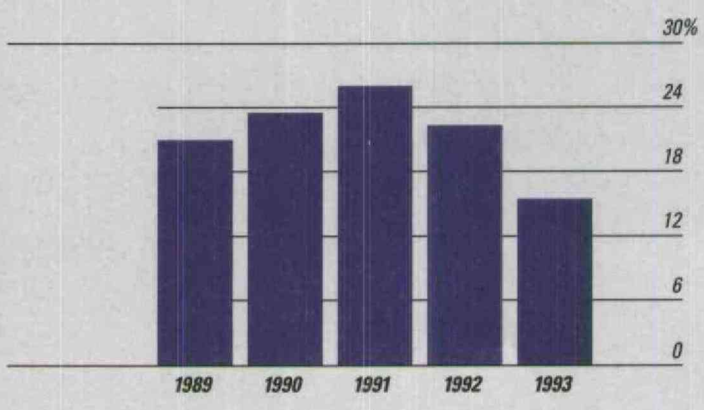
▪ *Total borrowings* on a consolidated basis aggregated $90.4 billion at December 31, 1993, compared with $81.8 billion at the end of 1992. The major debt-rating agencies evaluate the financial condition of GE and of GE Capital (GECS' major public borrowing entity) differently because of their distinct business characteristics. Using criteria appropriate to each and considering their combined strength, those major rating agencies continue to give the highest ratings to debt of both GE and GE Capital.

GE has agreed to make payments to GE Capital to the extent necessary to cause GE Capital's consolidated ratio of earnings to fixed charges to be not less than 1.10. For the years 1993, 1992 and 1991, such ratios were 1.62, 1.44 and 1.34, respectively, substantially above the level at which payout would be required. Three years advance notice is required to terminate this agreement.

GE's total borrowings were $4.8 billion at year-end 1993 ($2.4 billion short-term, $2.4 billion long-term), a decrease of about $2.1 billion from year-end 1992. The decrease was possible as a result of cash provided from continuing operating activities as well as from transfer of the Aerospace businesses. GE's total debt at the end of 1993 equaled 15.5% of total capital, down 6.9 points from the end of 1992.

GECS' total borrowings were $85.9 billion at December 31, 1993, of which $60.0 billion was due in 1994 and $25.9 billion was due in subsequent years. Comparable amounts at the end of 1992 were: $75.1 billion total; $53.2 billion due within one year; and $21.9 billion due thereafter. GECS' composite interest rates are discussed on page 36. Individual GECS borrowings are structured within overall asset/liability interest rate and currency risk management strategies. Interest rate and currency swaps form an integral part of the Company's goal of achieving the lowest

GE borrowings as a percent of total capital invested



borrowing costs for particular funding strategies. Counterparty credit risk is closely monitored — approximately 90% of the notional amount of swaps outstanding at December 31, 1993, was with counterparties having credit ratings of Aa/AA or better. A large portion of GECS' borrowings was commercial paper ($46.3 billion and $42.2 billion at the end of 1993 and 1992, respectively). Most of this commercial paper is issued by GE Capital. The average remaining terms and interest rates of GE Capital's commercial paper were 35 days and 3.39% at the end of 1993 compared with 34 days and 3.57% at the end of 1992. GE Capital's ratio of debt to equity (leverage) was 7.59 to 1 at the end of 1993 compared with 7.91 to 1 at the end of 1992. Excluding net unrealized gains on investment securities included in equity, GE Capital's leverage was 7.96 to 1 at the end of 1993.

Statement of Cash Flows

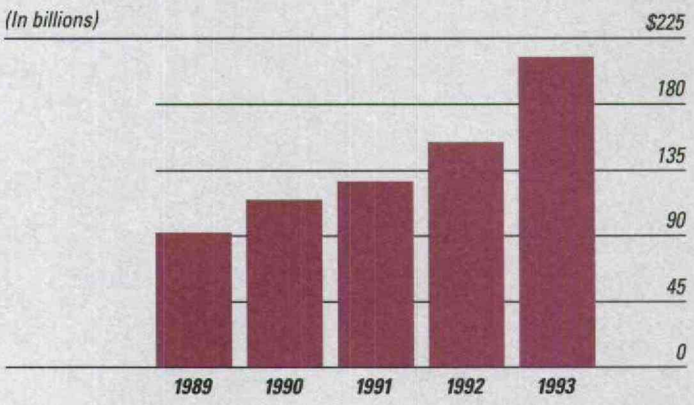
Because cash management activities of GE and GECS are separate and distinct, it is more useful to review cash flows statements separately.

GE

GE's cash and equivalents aggregated $1.5 billion at the end of 1993, higher by $0.3 billion than at the end of 1992. During 1993, GE generated $5.2 billion in cash from its continuing operating activities and $1.0 billion from discontinued operations. This provided resources to pay $2.2 billion in dividends to share owners, to reduce total debt by $2.1 billion and to invest $1.6 billion in new plant and equipment. Management continually evaluates financing alternatives. Because of attractive short-term interest rates, it elected to maintain relatively high short-term debt levels, resulting, as in the previous two years, in an excess of current liabilities over current assets.

Operating activities are the principal source of GE's cash flows from continuing operations. Over the past three years, operating activities have provided more than $13.4 billion of cash. Principal ongoing applications are payment of dividends to share owners ($5.9 billion total over the past three years) and investment in new plant and equipment ($5.2 billion total over the past three years). In addition, the Company repurchased and placed into treasury $3.1 billion of its common stock during the past three years. GE concluded its major share repurchase program at $5.0 billion, but it continues to acquire shares to meet benefit and compensation plan needs (about $0.4 billion annually). Expenditures for new plant and equipment are expected to total about $1.6 billion for 1994 as the need for additional manufacturing capacity is mitigated by continuing reductions in cycle times. Cash outlays associated

Total assets of GECS



with 1993 restructuring programs are expected to be about $0.3 billion in 1994.

Based on past performance and current expectations, in combination with the financial flexibility that comes with a strong balance sheet and the highest credit ratings, management believes that GE is in a sound position to continue making long-term investments for future growth, including selective acquisitions and investments in joint ventures, to reduce current debt levels and to grow dividends in line with earnings.

GECS

GECS' primary source of cash is financing activities involving the continued rollover of short-term borrowings and appropriate addition of borrowings with a reasonable balance of maturities. Over the past three years, GECS' borrowings with maturities of 90 days or less have increased by $14.0 billion. New borrowings of $40.2 billion having maturities longer than 90 days were added during those years, while $25.6 billion of such longer-term borrowings were retired. GECS also has generated significant cash from operating activities, a total of $14.8 billion during the past three years.

GECS' principal use of cash has been investing in assets to grow its businesses. Of $40.9 billion that GECS invested over the past three years, $16.1 billion was used for additions to financing receivables, $9.3 billion was used to invest in new equipment, principally for lease to others, and $6.9 billion was for acquisitions of new businesses.

With the financial flexibility that comes with excellent credit ratings, management believes GECS is well positioned to meet the global needs of its customers for capital and to continue providing GE share owners with good returns.

Management's Discussion of Selected Financial Data

Selected financial data summarizes on the opposite page some data frequently requested about General Electric Company. The data are divided into three sections: upper portion — consolidated data; middle portion — GE data that reflect various conventional measurements for industrial enterprises; and lower portion — GECS data that reflect key information pertinent to capital services.

GE's total research and development expenditures were $1,955 million in 1993, up $59 million from 1992. Of the 1993 expenditures, $1,297 million was from GE's own funds, a slight decrease ($56 million) from 1992, reflecting lower spending for two mature programs in Aircraft Engines. Expenditures from funds provided by customers (mainly the U.S. government) were $658 million in 1993, $115 million more than the year before. The Aircraft Engines, Medical Systems, Plastics and Power Systems businesses account for the largest share of GE's research and development expenditures from both Company and customer funds.

GE's total backlog of firm unfilled orders at the end of 1993 was $22.9 billion, down $2.5 billion from year-end 1992. The decrease was more than explained by orders related to transferred businesses and, as discussed on page 34, Aircraft Engines. Orders constituting this backlog may be canceled or deferred by customers, subject in certain cases to cancellation penalties. See Industry Segments beginning on page 33 for further discussion on unfilled orders of relatively long-cycle manufacturing businesses. About 42% of the total unfilled orders at the end of 1993 was scheduled to be shipped in 1994, with most of the remainder to be shipped in the two years after that. For comparison, about 43% of the 1992 backlog was expected to be shipped in 1993.

Regarding environmental matters, the operations of the Company, like those of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws.

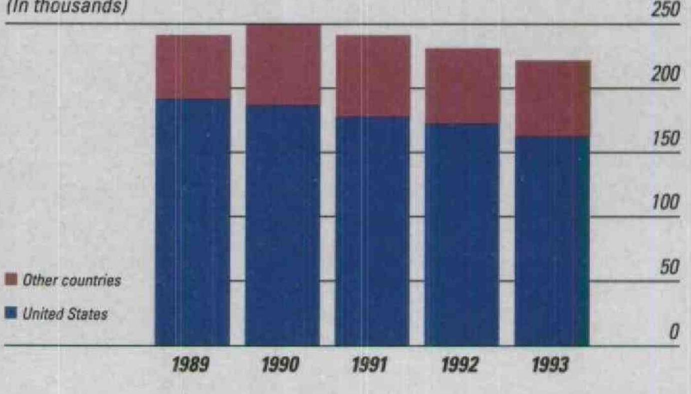
In 1993, GE had capital expenditures of about $140 million for projects related to the environment. The comparable amount in 1992 was about $110 million. These amounts exclude expenditures for remediation actions, which are principally expensed and discussed below. Capital expenditures for environmental purposes have included pollution control devices such as wastewater treatment plants, groundwater monitoring devices, air strippers or separators, and incinerators at new and existing facilities constructed or upgraded in the normal course of business. Consistent with policies stressing environmental responsibility, average annual capital expenditures other than for remediation projects are presently expected to range between $100 million and $150 million over the next two years. This level is in line with existing levels for new or expanded programs to build facilities or modify manufacturing processes to minimize waste and reduce emissions.

The Company also is involved in a sizable number of remediation actions to clean up hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Expenditures for site remediation actions amounted to approximately $80 million in 1993 compared with $85 million in 1992. It is presently expected that remediation actions will require average annual expenditures in the range of $80 million to $110 million over the next two years. Liabilities for remediation costs are based on management's best estimate of future costs; when there appears to be a range of possible costs with equal likelihood, liabilities are based on the lower end of such range. Possible insurance recoveries are not considered in estimating liabilities.

It is difficult to estimate with any meaning the annual level of future remediation expenditures because of the many uncertainties, including uncertainties about the status of the law, regulation, technology and information related to individual sites. Subject to the foregoing, management believes that capital expenditures and remediation actions to comply with the present laws governing environmental protection will not have a material effect upon the Company's earnings, liquidity or competitive position. In making this determination, management considered the fact that, if remediation expenditures were to continue at the 1993 level, liabilities recorded at the end of 1993 would be sufficient to cover expenditures through the end of the century, and the probability of incurring more than nominal expenditures beyond 2015 is remote. Of course, lower annual expenditures could be incurred over a longer period without increasing the total expenditures.

Consolidated employment of continuing operations at year end

(In thousands)



Selected Financial Data

(Dollar amounts in millions; per-share amounts in dollars)	1993	1992	1991	1990	1989
General Electric Company and consolidated affiliates					
Revenues	**$ 60,562**	$ 57,073	$ 54,629	$ 52,619	$ 49,135
Earnings from continuing operations	**4,424**	4,305	3,984	3,889	3,503
Earnings from discontinued operations	**753**	420	451	414	436
Earnings before accounting changes	**5,177**	4,725	4,435	4,303	3,939
Net earnings	**4,315**	4,725	2,636	4,303	3,939
Dividends declared	**2,229**	1,985	1,808	1,696	1,537
Earned on average share owners' equity	**17.5%**	20.9%	12.2%	20.2%	20.0%
Per share					
Earnings from continuing operations	**$ 5.18**	$ 5.02	$ 4.58	$ 4.38	$ 3.88
Earnings from discontinued operations	**0.88**	0.49	0.52	0.47	0.48
Earnings before accounting changes	**6.06**	5.51	5.10	4.85	4.36
Net earnings	**5.05**	5.51	3.03	4.85	4.36
Dividends declared	**2.61**	2.32	2.08	1.92	1.70
Stock price range	**107-80⅞**	87½-72¾	78⅛-53	75½-50	64¾-43½
Total assets	**251,506**	192,876	166,508	152,000	126,121
Long-term borrowings	**28,270**	25,376	22,681	21,043	16,110
Shares outstanding — average (in thousands)	**853,990**	857,198	868,931	887,552	904,223
Share owner accounts — average	**464,000**	481,000	495,000	506,000	526,000
Employees at year end					
United States	**163,000**	173,000	178,000	188,000	192,000
Other countries	**59,000**	58,000	62,000	62,000	48,000
Discontinued operations (primarily U.S.)	**—**	37,000	44,000	48,000	52,000
Total employees	**222,000**	268,000	284,000	298,000	292,000
GE data					
Short-term borrowings	**$ 2,391**	$ 3,448	$ 3,482	$ 2,721	$ 1,696
Long-term borrowings	**2,413**	3,420	4,332	4,048	3,947
Minority interest	**355**	350	353	288	283
Share owners' equity	**25,824**	23,459	21,683	21,680	20,890
Total capital invested	**$ 30,983**	$ 30,677	$ 29,850	$ 28,737	$ 26,816
Return on average total capital invested	**15.2%**	16.9%	11.1%	17.4%	17.0%
Borrowings as a percentage of total capital invested	**15.5%**	22.4%	26.2%	23.6%	21.0%
Working capital	**$ (419)**	$ (822)	$ (231)	$ 813	$ 2,125
Property, plant and equipment additions	**1,588**	1,445	2,164	2,102	2,073
Year-end orders backlog	**22,861**	25,434	26,049	25,195	22,473
GECS data					
Earnings before accounting change	**$ 1,807**	$ 1,499	$ 1,275	$ 1,094	$ 927
Net earnings	**1,807**	1,499	1,256	1,094	927
Share owner's equity	**10,809**	8,884	7,758	6,833	6,069
Borrowings from others	**85,888**	75,140	66,420	57,400	47,905
Ratio of debt to equity (GE Capital)	**7.59:1**	7.91:1	7.80:1	7.77:1	7.80:1
Total assets of GE Capital	**$117,939**	$ 92,632	$ 80,528	$ 70,385	$ 58,696
Reserve coverage on financing receivables	**2.63%**	2.63%	2.63%	2.63%	2.63%
Insurance premiums written	**$ 3,956**	$ 2,900	$ 2,155	$ 1,981	$ 1,819
Securities broker-dealer earned income	**4,861**	4,022	3,346	2,923	2,897

See notes 6 and 22 to the consolidated financial statements for information about the accounting changes in 1991 and 1993, respectively. "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GECS" means General Electric Capital Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GECS have been eliminated from the "consolidated information."

Management's Discussion of Financial Responsibility

The financial data in this report, including the audited financial statements, have been prepared by management using the best available information and applying judgment. Accounting principles used in preparing the financial statements are those that are generally accepted in the United States.

Management believes that a sound, dynamic system of internal financial controls that balances benefits and costs provides the best safeguard for Company assets. Professional financial managers are responsible for implementing and overseeing the financial control system, reporting on management's stewardship of the assets entrusted to it by share owners and maintaining accurate records.

GE is dedicated to the highest standards of integrity, ethics and social responsibility. This dedication is reflected in written policy statements covering, among other subjects, environmental protection, potentially conflicting outside interests of employees, compliance with antitrust laws, proper business practices, and adherence to the highest standards of conduct and practices in transactions with the U.S. government. Management continually emphasizes to all employees that even the appearance of impropriety can erode public confidence in the Company.

Ongoing education and communication programs and review activities such as those conducted by the Company's Policy Compliance Review Board are designed to create a strong compliance culture — one that encourages employees to raise their policy questions and concerns and prohibits retribution for doing so.

KPMG Peat Marwick provide an objective, independent review of management's discharge of its obligations relating to the fairness of reporting operating results and financial condition. Their report for 1993 appears below.

The Audit Committee of the Board (consisting solely of Directors from outside GE) maintains an ongoing appraisal — on behalf of share owners — of the activities and independence of the Company's independent auditors, the activities of its internal audit staff, financial reporting process, internal financial controls and compliance with key Company policies.

John F. Welch, Jr.
Chairman of the Board and
Chief Executive Officer

Dennis D. Dammerman
Senior Vice President
Finance

February 11, 1994

Independent Auditors' Report

To Share Owners and Board of Directors of General Electric Company

We have audited the accompanying statement of financial position of General Electric Company and consolidated affiliates as of December 31, 1993 and 1992, and the related statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1993. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements appearing on pages 26-31 and 45-64 present fairly, in all material respects, the financial position of General Electric Company and consolidated affiliates at December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in notes 1 and 22 to the consolidated financial statements, the Company in 1993 adopted required changes in its methods of accounting for investments in certain securities and for postemployment benefits. As discussed in note 6, the Company in 1991 adopted a required change in its method of accounting for postretirement benefits other than pensions.

KPMG Peat Marwick

KPMG Peat Marwick
Stamford, Connecticut

February 11, 1994

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

Consolidation. The consolidated financial statements represent the adding together of all affiliates — companies that General Electric directly or indirectly controls, either through majority ownership or otherwise. Results of associated companies — companies that are not controlled but are 20% to 50% owned — are included in the financial statements on a "one-line" basis.

Financial statement presentation. Financial data and related measurements are presented in the following categories.

- ***GE.*** This represents the adding together of all affiliates other than General Electric Capital Services, Inc. ("GECS"), which is presented on a one-line basis.
- ***GECS.*** This affiliate owns all of the common stock of General Electric Capital Corporation (GE Capital), Employers Reinsurance Corporation (ERC) and Kidder, Peabody Group Inc. (Kidder, Peabody). These affiliates and their respective affiliates are consolidated in the GECS columns and constitute its business.
- ***Consolidated.*** These data represent the adding together of GE and GECS.

The effects of transactions among related companies within and between each of the above-mentioned groups are eliminated. Transactions between GE and GECS are not material.

Sales of goods and services. A sale is recorded when title passes to the customer or when services are performed in accordance with contracts.

GECS' revenues from operations ("earned income"). Income on all loans is recognized on the interest method. Accrual of interest income is suspended when collection of an account becomes doubtful, generally after the account becomes 90 days delinquent.

Financing lease income, which includes residual values and investment tax credits, is recorded on the interest method so as to produce a level yield on funds not yet recovered. Unguaranteed residual values included in lease income are based primarily on periodic independent appraisals of the values of leased assets remaining at expiration of the lease terms.

Operating lease income is recognized on a straight-line basis over the terms of underlying leases.

Origination, commitment and other nonrefundable fees related to fundings are deferred and recorded in earned income on the interest method. Commitment fees related to loans not expected to be funded and line-of-credit fees are deferred and recorded in earned income on a straight-line basis over the period to which the fees relate. Syndication fees are recorded in earned income at the time related services are performed unless significant contingencies exist.

Premiums on short-duration insurance contracts are reported as earned income over the terms of the related reinsurance treaties or insurance policies. In general, earned premiums are calculated on a pro rata basis or are determined based on reports received from reinsureds. Premium adjustments under retrospectively rated reinsurance contracts are recorded based on estimated losses and loss expenses, including both case and incurred-but-not-reported reserves. Revenues on long-duration insurance contracts are reported as earned when due. Premiums received under annuity contracts are not reported as revenues but as annuity benefits — a liability — and are adjusted according to terms of the respective policies.

Kidder, Peabody's proprietary securities and commodities transactions, unrealized gains and losses on open contractual commitments (principally financial futures), forward contracts on U.S. government and federal agency securities and when-issued securities are recorded on a trade-date basis. Customer transactions and related revenues and expenses, investment banking revenues from management fees, sales concessions and underwriting fees are recorded on a settlement-date basis. Advisory fees are recorded as revenues when services are substantially completed and the revenue is reasonably determinable.

Depreciation and amortization. The cost of most of GE's manufacturing plant and equipment is depreciated using an accelerated method based primarily on a sum-of-the-years digits formula. If manufacturing plant and equipment is subject to abnormal economic conditions or obsolescence, additional depreciation is provided.

The cost of GECS' equipment leased to others on operating leases is amortized, principally on a straight-line basis, to estimated net salvage value over the lease term or over the estimated economic life of the equipment. Depreciation of property and equipment for GECS' own use is recorded on either a sum-of-the-years digits formula or a straight-line basis over the lives of the assets.

Recognition of losses on financing receivables and investments. GE Capital maintains an allowance for losses on financing receivables at an amount that it believes is sufficient to provide adequate protection against future losses in the portfolio. When collateral is formally or substantively repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses to estimated fair value and transferred to other assets. Subsequent to such transfer, these assets are carried at the lower of cost or estimated current fair value. This accounting has been employed principally for highly leveraged transactions (HLT) and real estate loans.

See note 8 for further information on GECS' allowance for losses on financing receivables.

Cash equivalents. Marketable securities with original maturities of three months or less are included in cash equivalents unless held for trading or investment.

Investment and trading securities. On December 31, 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities,* which requires that investments in debt securities and marketable equity securities be designated as trading, held-to-maturity or available-for-sale. Trading securities are reported at fair value, with changes in fair value included in earnings. Investment securities include both available-for-sale and held-to-maturity securities. Available-for-sale securities are reported at fair value, with net unrealized gains and losses that would be available to share owners included in equity. Held-to-maturity debt securities are reported at amortized cost. See notes 10 and 11 for a discussion of the classification and reporting of these securities at December 31, 1992. For all investment securities, unrealized losses that are other than temporary are recognized in earnings.

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements). Repurchase and reverse repurchase agreements are entered into by Kidder, Peabody and treated as financing transactions, carried at the contract amount at which the securities subsequently will be resold or reacquired. Repurchase agreements relate either to marketable securities, which are carried at market value, or to securities obtained pursuant to reverse repurchase agreements. It is Kidder, Peabody's policy to take possession of securities subject to reverse repurchase agreements, to monitor the market value of the underlying securities in relation to the related receivable, including accrued interest, and to obtain additional collateral when appropriate.

Inventories. Virtually all of GE's U.S. inventories are stated on a last-in, first-out (LIFO) basis; other inventories are primarily stated on a first-in, first-out (FIFO) basis. None of the inventories exceed realizable values.

Intangible assets. Goodwill is amortized over its estimated period of benefit and other intangible assets over their estimated lives. The amortization period does not exceed 40 years, and amortization is generally on a straight-line basis. Goodwill in excess of associated expected operating cash flows is considered to be impaired and is written down to fair value.

Deferred insurance acquisition costs. For the property and casualty business, deferred insurance acquisition costs are amortized pro rata over the contract periods in which the related premiums are earned. For the life insurance business, these costs are amortized over the premium-paying periods of the contracts in proportion either to anticipated premium income or to gross profit, as appropriate. For certain annuity contracts, such costs are amortized on the basis of anticipated gross profits. For other lines of business, acquisition costs are amortized over the life of the related insurance contracts. Deferred insurance acquisition costs are reviewed for recoverability; for short-duration contracts, anticipated investment income is considered in making recoverability evaluations.

Note 2 Discontinued Operations

On April 2, 1993, General Electric Company transferred GE's Aerospace business segment, GE Government Services, Inc., and an operating component of GE that operated Knolls Atomic Power Laboratory under a contract with the U.S. Department of Energy to a new company controlled by the shareholders of Martin Marietta Corporation in a transaction valued at $3.3 billion. The transfer resulted in a gain of $678 million after taxes of $752 million. Net assets of discontinued operations at December 31, 1992, have been segregated in the Statement of Financial Position. Summary operating results of discontinued operations, excluding the above gain, are as follows.

(In millions)	1993	1992	1991
Revenues	$996	$5,231	$5,631
Earnings before income taxes	119	668	710
Provision for income taxes	44	248	259
Net earnings from discontinued operations	75	420	451

Note 3 GE Other Income

(In millions)	1993	1992	1991
Royalty and technical agreements	$371	$384	$394
Marketable securities and bank deposits	75	73	78
Associated companies	65	195	156
Customer financing	29	40	71
Other investments			
Dividends	50	18	3
Interest	21	22	18
Other sundry items	119	80	78
	$730	$812	$798

Note 4 GECS Revenues from Operations

(In millions)	1993	1992	1991
Time sales, loan, investment and other income	$11,999	$10,464	$ 9,790
Financing leases	2,315	2,151	1,836
Operating lease rentals	3,267	2,444	2,205
Premium and commission income of insurance affiliates	3,697	2,687	2,008
Commissions and fees of securities broker-dealer	859	694	560
	$22,137	$18,440	$16,399

Included in earned income from financing leases were gains on the sale of equipment at lease completion of $145 million in 1993, $126 million in 1992 and $147 million in 1991.

Noncancelable future rentals due from customers for equipment on operating leases as of December 31, 1993, totaled $6,133 million and are due as follows: $2,036 million in 1994; $1,455 million in 1995; $879 million in 1996; $458 million in 1997; $316 million in 1998; and $989 million thereafter.

Note 5 Supplemental Cost Details

Total expenditures for research and development were $1,955 million, $1,896 million and $1,866 million in 1993, 1992 and 1991, respectively. The Company-funded portion aggregated $1,297 million in 1993, $1,353 million in 1992 and $1,196 million in 1991.

Rental expense under operating leases was as follows.

(In millions)	1993	1992	1991
GE	$635	$683	$675
GECS	498	331	169

At December 31, 1993, minimum rental commitments under noncancelable operating leases aggregated $2,380 million and $3,579 million for GE and GECS, respectively. Amounts payable over the next five years are as follows.

(In millions)	1994	1995	1996	1997	1998
GE	$364	$274	$182	$144	$134
GECS	404	364	340	319	296

GE's selling, general and administrative expense totaled $5,124 million, $5,319 million and $5,422 million in 1993, 1992 and 1991, respectively.

Note 6 Pension and Other Retiree Benefits

GE and its affiliates sponsor a number of pension, retiree health and life insurance and other retiree benefit plans. Principal plans are discussed below; other plans are not significant individually or in the aggregate.

Effective January 1, 1991, the Company adopted SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions,* using the immediate recognition transition option. The transition effect of this accounting change was a reduction in 1991 net earnings of $1,799 million ($2.07 per share).

Principal pension plans are the GE Pension Plan and the GE Supplementary Pension Plan.

The GE Pension Plan covers substantially all GE employees in the United States and approximately 45% of GECS employees. Generally, benefits are based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. Benefit provisions are subject to collective bargaining. At the end of 1993, the GE Pension Plan covered approximately 457,000 participants, including 143,000 employees, 139,000 former employees with vested rights to future benefits and 175,000 retirees and beneficiaries receiving benefits.

The GE Supplementary Pension Plan is an unfunded plan providing supplementary retirement benefits primarily to higher-level, longer-service U.S. employees.

Principal retiree benefit plans generally provide health and life insurance benefits to employees who retire under the GE Pension Plan with 10 or more years of service. Benefit provisions are subject to collective bargaining. At the end of 1993, these plans covered approximately 246,000 retirees and dependents.

Transfer of Aerospace businesses in 1993 resulted in associated transfers of GE Pension Plan assets of $1,169 million and projected benefit obligations of $979 million to new pension plans. The 1993 gain on transfer of discontinued operations included pension plan curtailment/settlement losses of $125 million before income taxes and retiree health and life plan curtailment/settlement gains of $245 million before income taxes.

Actuarial assumptions used during the past three years to determine costs and benefit obligations for principal plans are shown below.

Actuarial assumptions

	1993	1992	1991
Determination of cost/income for the year			
Discount rate	8.5%	9.0%	9.0%
Compensation increases	5.5	6.0	6.0
Return on assets	9.5	9.5	9.5
Health care cost trend (a)	12.0	12.5	13.0
Determination of benefit obligation at year end			
Discount rate	7.25	9.0	9.0
Compensation increases	4.25	6.0	6.0
Health care cost trend	9.5(b)	12.0(a)	12.5(a)

(a) Gradually declining to 6.6% after 2049.
(b) Gradually declining to 5.0% after 2022.

Increasing the health care cost trend rates by one percentage point would increase the accumulated postretirement benefit obligation by $23 million and would increase annual aggregate service and interest costs by $3 million.

Gains and losses that occur because actual experience differs from actuarial assumptions are amortized over the average future service period of employees. Amounts allocable to prior service for plan amendments are amortized in a similar manner.

Employer costs for principal pension and retiree health and life insurance benefit plans follow.

Cost (income) for pension plans

(In millions)	1993	1992	1991
Benefit cost for service during the year — net of employee contributions	$ 452	$ 494	$ 446
Interest cost on benefit obligation	1,486	1,502	1,400
Actual return on plan assets	(3,221)	(1,562)	(4,331)
Unrecognized portion of return	1,066	(584)	2,272
Amortization	(352)	(436)	(483)
Pension plan cost (income) (a)	$ (569)	$ (586)	$ (696)

(a) Pension plan cost (income) for continuing operations was $(555) million for 1993, $(494) million for 1992 and $(576) million for 1991.

Cost (income) for retiree health and life plans

(In millions)	1993	1992	1991
Retiree health plans			
Benefit cost for service during the year	$ 49	$ 62	$ 65
Interest cost on benefit obligation	192	203	214
Actual return on plan assets	(3)	(4)	(9)
Unrecognized portion of return	1	—	5
Amortization	(26)	(40)	(33)
Retiree health plan cost	213	221	242
Retiree life plans			
Benefit cost for service during the year	21	24	23
Interest cost on benefit obligation	111	110	104
Actual return on plan assets	(152)	(78)	(129)
Unrecognized portion of return	42	(20)	39
Amortization	7	2	—
Retiree life plan cost	29	38	37
Total (a)	$242	$259	$279

(a) Retiree health and life plan cost for continuing operations was $224 million for 1993, $213 million for 1992 and $218 million for 1991.

Funding policy for the GE Pension Plan is to contribute amounts sufficient to meet minimum funding requirements set forth in employee benefit and tax laws plus such additional amounts as GE may determine to be appropriate from time to time. GE has not made contributions since 1987 because the fully funded status of the GE Pension Plan precludes current tax deduction and because any Company contribution would require the Company to pay annual excise taxes. Subject to tax laws, the present value of future life insurance benefits for each eligible retiree is funded in the year of retirement. In general, retiree health benefits are paid as covered expenses are incurred.

The following table compares the market-related value of assets with the present value of benefit obligations, recognizing the effects of future compensation and service. The market-related value of assets is based on cost plus recognition of market appreciation and depreciation in the portfolio over five years, a method that reduces the short-term impact of market fluctuations.

Funded status of principal plans

(In millions)	1993	1992	1991
Pension plans			
Market-related value of assets	$24,532	$24,204	$23,192
Projected benefit obligation	20,796	17,999	17,355
Retiree health and life plans			
Market-related value of assets	1,252	1,220	1,124
Accumulated postretirement benefit obligation	4,120	3,743	3,675

Assets in trust consist mainly of common stock and fixed-income investments. GE common stock represents less than 2% of trust assets and is held in part in an indexed portfolio.

Schedules reconciling the benefit obligations for principal plans with GE's recorded liabilities in the Statement of Financial Position are shown on the following page.

Reconciliation of benefit obligation with recorded liability

December 31 (In millions)	Pension plans 1993	Pension plans 1992	Retiree health plans 1993	Retiree health plans 1992	Retiree life plans 1993	Retiree life plans 1992
Benefit obligation	$ 20,796	$ 17,999	$2,586	$2,416	$ 1,534	$ 1,327
Fair value of trust assets	(27,193)	(26,466)	(13)	(32)	(1,317)	(1,221)
Unamortized balances						
SFAS No. 87 transition gain	1,077	1,231	—	—	—	—
Experience gains (losses)	2,371	4,939	(654)	(394)	(206)	(21)
Plan amendments	(395)	(518)	580	764	—	—
Recorded prepaid asset	3,840	3,310	—	—	—	—
Recorded liability	$ 496	$ 495	$2,499	$2,754	$ 11	$ 85

The portion of the projected benefit obligation representing the accumulated benefit obligation for pension plans was $19,890 million and $16,975 million at the end of 1993 and 1992, respectively. The vested benefit obligation for pension plans was $19,732 million and $16,799 million at the end of 1993 and 1992, respectively.

Details of the accumulated postretirement benefit obligation are shown below.

Accumulated postretirement benefit obligation

December 31 (In millions)	1993	1992
Retiree health plans		
Retirees and dependents	$2,017	$1,789
Employees eligible to retire	119	137
Other employees	450	490
	$2,586	$2,416
Retiree life plans		
Retirees and dependents	$1,147	$ 907
Employees eligible to retire	79	83
Other employees	308	337
	$1,534	$1,327

Note 7 Interest and Other Financial Charges

GE. Interest capitalized, principally on major property, plant and equipment projects, was $21 million in 1993, $29 million in 1992 and $33 million in 1991.

GECS. Interest and discount expense reported in the Statement of Earnings is net of interest income on temporary investments of excess funds ($42 million, $48 million and $54 million in 1993, 1992 and 1991, respectively) and capitalized interest ($5 million, $6 million and $8 million in 1993, 1992 and 1991, respectively).

Note 8 GECS Allowance for Losses on Financing Receivables

GECS allowance for losses on financing receivables represented 2.63% of total financing receivables at year-end 1993 and 1992. The allowance for small-balance receivables is determined principally on the basis of actual experience during the preceding three years. Further allowances are provided to reflect management's judgment of additional loss potential. For other receivables, principally the larger loans and leases, the allowance for losses is determined primarily on the basis of management's judgment of net loss potential, including specific allowances for known troubled accounts. The table below shows the activity in the allowance for losses on financing receivables during each of the past three years.

(In millions)	1993	1992	1991
Balance at January 1	$ 1,607	$ 1,508	$ 1,360
Provisions charged to operations	987	1,056	1,102
Net transfers related to companies acquired or sold	126	52	135
Amounts written off — net	(990)	(1,009)	(1,089)
Balance at December 31	$ 1,730	$ 1,607	$ 1,508

All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for losses. Small-balance accounts are progressively written down (from 10% when more than three months delinquent to 100% when 9-12 months delinquent) to record the balances at estimated realizable value. If at any time during that period an account is judged to be uncollectible, such as in the case of a bankruptcy, the uncollectible balance is written off. Large-balance accounts are reviewed at least quarterly, and those accounts that are more than three months delinquent are written down, if necessary, to record the balances at estimated realizable value. Amounts written off in 1993 were approximately 1.46% of average financing receivables outstanding during the year, compared with 1.58% and 1.87% of average financing receivables outstanding during 1992 and 1991, respectively.

Note 9 Provision for Income Taxes

(In millions)	1993	1992	1991
GE			
Estimated amounts payable	$1,207	$ 697	$1,088
Deferred tax expense from temporary differences	120	762	311
Investment credit deferred (amortized) — net	(17)	(27)	(39)
	1,310	1,432	1,360
GECS			
Estimated amounts payable (recoverable)	507	374	(192)
Deferred tax expense from temporary differences	341	167	555
Investment credit deferred (amortized) — net	(7)	(5)	19
	841	536	382
Consolidated			
Estimated amounts payable	1,714	1,071	896
Deferred tax expense from temporary differences	461	929	866
Investment credit deferred (amortized) — net	(24)	(32)	(20)
	$2,151	$1,968	$1,742

GE includes GECS in filing a consolidated U.S. federal income tax return. GECS' provision for estimated taxes payable (recoverable) includes its effect on the consolidated return.

Estimated consolidated amounts payable includes amounts applicable to non-U.S. jurisdictions of $328 million, $294 million and $254 million in 1993, 1992 and 1991, respectively.

SFAS No. 109, *Accounting for Income Taxes*, was adopted effective January 1, 1992. The effect of adopting this new standard was not material.

Deferred income tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. See note 23 for details.

Except for certain earnings that GE intends to reinvest indefinitely, provision has been made for the estimated U.S. federal income tax liabilities applicable to undistributed earnings of affiliates and associated companies.

Based on location (not tax jurisdiction) of the business providing goods and services, consolidated U.S. income before taxes was $5,924 million in 1993, $5,639 million in 1992 and $5,034 million in 1991. The corresponding amounts for non-U.S. based operations were $651 million in 1993, $634 million in 1992 and $692 million in 1991.

Reconciliation of U.S. federal statutory rate to actual tax rate	Consolidated			GE			GECS		
	1993	1992	1991	1993	1992	1991	1993	1992	1991
Statutory U.S. federal income tax rate	35.0%	34.0%	34.0%	35.0%	34.0%	34.0%	35.0%	34.0%	34.0%
Increase (reduction) in rate resulting from:									
Inclusion of after-tax earnings of GECS in before-tax earnings of GE	—	—	—	(11.0)	(8.9)	(8.1)	—	—	—
Rate increase — deferred taxes	1.5	—	—	(0.2)	—	—	4.3	—	—
Amortization of goodwill	1.5	1.3	1.4	1.1	0.9	1.0	1.2	1.4	1.6
Tax-exempt income	(2.8)	(2.6)	(2.9)	—	—	—	(6.8)	(8.1)	(10.1)
Foreign Sales Corporation tax benefits	(1.2)	(1.1)	(1.1)	(1.4)	(1.2)	(1.2)	—	—	—
Dividends received not fully taxable	(0.7)	(0.3)	(0.4)	(0.3)	—	—	(1.0)	(1.0)	(1.3)
All other — net	(0.6)	0.1	(0.6)	(0.4)	0.2	(0.3)	(0.9)	—	(1.1)
	(2.3)	(2.6)	(3.6)	(12.2)	(9.0)	(8.6)	(3.2)	(7.7)	(10.9)
Actual income tax rate	32.7%	31.4%	30.4%	22.8%	25.0%	25.4%	31.8%	26.3%	23.1%

Note 10 GECS Trading Securities

December 31 (In millions)	1993	1992
U.S. government and federal agency securities	$19,543	$16,172
Corporate stocks, bonds and non-U.S. securities	8,969	5,960
Mortgage loans	1,292	974
State and municipal securities	361	1,048
	$30,165	$24,154

The balance of GECS' trading securities at December 31, 1992, included investments in equity securities held by insurance affiliates at a fair value of $1,505 million, with unrealized pretax gains of $94 million (net of unrealized pretax losses of $37 million) included in equity. At December 31, 1993, equity securities held by insurance affiliates were classified as investment securities (see note 11).

A significant portion of GECS' trading securities at December 31, 1993, was pledged as collateral for bank loans and repurchase agreements in connection with securities broker-dealer operations.

Note 11 Investment Securities

GE's investment securities were classified as available-for-sale at year-end 1993 and 1992. Carrying value was substantially the same as fair value at both year ends.

At December 31, 1993, GECS' investment securities were classified as available-for-sale and reported at fair value, including net unrealized gains of $1,261 million before taxes. At December 31, 1992, investment securities of $9,033 million were classified as available-for-sale and were reported at the lower of aggregate amortized cost or fair value. The balance of the 1992 investment securities portfolio was carried at amortized cost.

A summary of GECS' investment securities follows.

GECS investment securities

(In millions)	Amortized cost	Estimated fair value	Gross unrealized gains (a)	Gross unrealized losses (a)
December 31, 1993				
Corporate, non-U.S. and other	$11,448	$11,595	$ 206	$ (59)
State and municipal	8,859	9,636	786	(9)
Mortgage-backed	2,487	2,507	31	(11)
Equity	1,517	1,826	393	(84)
U.S. government and federal agency	1,220	1,228	15	(7)
	$25,531	$26,792	$1,431	$(170)
December 31, 1992				
Corporate, non-U.S. and other	$ 4,097	$ 4,167	$ 70	$ —
State and municipal	6,626	6,951	339	(14)
Mortgage-backed	246	252	7	(1)
U.S. government and federal agency	255	264	10	(1)
	$11,224	$11,634	$ 426	$ (16)

(a) December 31, 1992, amounts include gross unrealized gains and losses of $32 million and $5 million, respectively, on investment securities carried at amortized cost.

Contractual maturities of debt securities, other than mortgage-backed securities, at December 31, 1993, are shown below.

GECS contractual maturities (excluding mortgage-backed securities)

(In millions)	Amortized cost	Estimated fair value
Due in		
1994	$ 2,665	$ 2,696
1995-1998	4,326	4,476
1999-2003	4,316	4,429
2004 and later	10,220	10,858

It is expected that actual maturities will differ from contractual maturities because borrowers have the right to call or prepay certain obligations, sometimes without call or prepayment penalties. Proceeds from sales of investment securities in 1993 were $6,112 million ($3,514 million in 1992 and $2,814 million in 1991). Gross realized gains were $173 million in 1993 ($171 million in 1992 and $106 million in 1991). Gross realized losses were $34 million in 1993 ($4 million in 1992 and $9 million in 1991).

Note 12 GE Current Receivables

December 31 (In millions)	1993	1992
Aircraft Engines	$1,860	$2,047
Appliances	456	446
Broadcasting	431	463
Industrial	1,161	1,150
Materials	1,060	719
Power Systems	2,083	1,389
Technical Products and Services	548	696
All Other	243	232
Corporate	889	498
	8,731	7,640
Less allowance for losses	(170)	(178)
	$8,561	$7,462

Of the total receivables balances at December 31, 1993 and 1992, $5,719 million and $5,284 million, respectively, were from sales of goods and services to customers, and $292 million and $170 million, respectively, were from transactions with associated companies.

Current receivables of $402 million at year-end 1993 and $256 million at year-end 1992 arose from sales, principally of aircraft engine goods and services, on open account to various agencies of the U.S. government, which is GE's largest single customer (about 8%, 9% and 10% of GE's sales of goods and services were to the U.S. government in 1993, 1992 and 1991, respectively). Current receivables from sales on open account of aircraft engine goods and services to airline industry customers were $418 million and $651 million at December 31, 1993 and 1992, respectively.

To reduce political and credit risks, certain long-term international medical equipment customer receivables are sold with partial credit recourse. Proceeds from such sales were $89 million, $71 million and $13 million in 1993, 1992 and 1991, respectively; balances outstanding were $146 million and $82 million at December 31, 1993 and 1992, respectively.

Note 13 GE Inventories

December 31 (In millions)	1993	1992
Raw materials and work in process	$ 2,983	$ 3,598
Finished goods	2,314	2,596
Unbilled shipments	156	188
	5,453	6,382
Less revaluation to LIFO	(1,629)	(1,808)
	$ 3,824	$ 4,574

LIFO revaluations decreased $179 million in 1993 compared with decreases of $204 million and $141 million in 1992 and 1991, respectively. Included in these changes were decreases of $101 million, $183 million and $111 million (1993, 1992 and 1991, respectively) resulting from lower inventory levels. There were modest cost decreases in 1993, 1992 and 1991. At December 31, 1993, GE is obligated to acquire, under take-or-pay or similar arrangements, about $250 million per year of raw materials at market prices through 1998.

Note 14 GECS Financing Receivables (investment in time sales, loans and financing leases)

December 31 (In millions)	1993	1992
Time sales and loans		
Specialized financing	$17,138	$18,725
Consumer services	18,732	15,267
Mid-market financing	5,514	3,952
Equipment management	438	71
	41,822	38,015
Deferred income	(1,074)	(945)
Time sales and loans — net	40,748	37,070
Investment in financing leases		
Direct financing leases	22,063	20,890
Leveraged leases	2,867	3,035
Investment in financing leases	24,930	23,925
	65,678	60,995
Less allowance for losses	(1,730)	(1,607)
	$63,948	$59,388

Time sales and loans represents transactions in a variety of forms, including time sales, revolving charge and credit, mortgages, installment loans, intermediate-term loans and revolving loans secured by business assets. The portfolio includes time sales and loans carried at the principal amount on which finance charges are billed periodically, and time sales and loans acquired on a discount basis carried at gross book value, which includes finance charges. At year-end 1993 and 1992, specialized financing and consumer services loans included $11,887 million and $10,526 million, respectively, for commercial real estate loans and $3,293 million and $5,262 million, respectively, for highly leveraged transactions. Note 17 contains information on airline loans and leases.

At December 31, 1993, contractual maturities for time sales and loans over the next five years and after were: $16,287 million in 1994; $6,286 million in 1995; $4,350 million in 1996; $4,104 million in 1997; $3,112 million in 1998; and $7,683 million in 1999 and later — aggregating $41,822 million. Experience has shown that a substantial portion of receivables will be paid prior to contractual maturity. Accordingly, the maturities of time sales and loans are not to be regarded as forecasts of future cash collections.

Financing leases consists of direct financing and leveraged leases of aircraft, railroad rolling stock, autos, other transportation equipment, data processing equipment, medical equipment, and other manufacturing, power generation, mining and commercial equipment and facilities.

As the sole owner of assets under direct financing leases and as the equity participant in leveraged leases, GECS is taxed on total lease payments received and is entitled to tax deductions based on the cost of leased assets and tax deductions for interest paid to third-party participants. GECS generally is entitled to any investment tax credit on leased equipment and to any residual value of leased assets.

Investment in direct financing and leveraged leases represents unpaid rentals and estimated unguaranteed residual values of leased equipment, less related deferred income. Because GECS has no general obligation for principal and interest on notes and other instruments representing third-party participation related to leveraged leases, such notes and other instruments have not been included in liabilities but have been offset against the related rentals receivable. GECS' share of rentals receivable on leveraged leases is subordinate to the share of its other participants who also have a security interest in the leased equipment.

GECS' investment in financing leases is shown on the following page.

Investment in financing leases	Total financing leases		Direct financing leases		Leveraged leases	
December 31 (In millions)	1993	1992	1993	1992	1993	1992
Total minimum lease payments receivable	$38,080	$38,172	$26,584	$25,390	$11,496	$12,782
Less principal and interest on third-party nonrecourse debt	(8,398)	(9,446)	—	—	(8,398)	(9,446)
Rentals receivable	29,682	28,726	26,584	25,390	3,098	3,336
Estimated unguaranteed residual value of leased assets	4,490	4,352	3,323	3,115	1,167	1,237
Less deferred income (a)	(9,242)	(9,153)	(7,844)	(7,615)	(1,398)	(1,538)
Investment in financing leases (as shown on the previous page)	24,930	23,925	22,063	20,890	2,867	3,035
Less amounts to arrive at net investment						
Allowance for losses	(538)	(560)	(464)	(481)	(74)	(79)
Deferred taxes arising from financing leases	(4,917)	(4,553)	(2,157)	(1,986)	(2,760)	(2,567)
Net investment in financing leases	$19,475	$18,812	$19,442	$18,423	$ 33	$ 389

(a) Total financing lease deferred income is net of deferred initial direct costs of $83 million and $73 million for 1993 and 1992, respectively.

At December 31, 1993, contractual maturities for rentals receivable over the next five years and after were: $6,417 million in 1994; $5,426 million in 1995; $3,919 million in 1996; $2,570 million in 1997; $1,720 million in 1998 and $9,630 million in 1999 and later — aggregating $29,682 million. As with time sales and loans, experience has shown that a portion of receivables will be paid prior to contractual maturity and these amounts should not be regarded as forecasts of future cash flows.

Under arrangements with customers, GE Capital has committed to lend funds ($2,131 million and $1,794 million at December 31, 1993 and 1992, respectively) and has issued sundry financial guarantees and letters of credit ($1,863 million and $1,693 million at December 31, 1993 and 1992, respectively). The above commitments and guarantees exclude those related to commercial aircraft (see note 17). Note 21 discusses financial guaranties of insurance affiliates.

At December 31, 1993 and 1992, GE Capital was conditionally obligated to advance $2,244 million and $2,236 million, respectively, principally under performance-based standby lending commitments. GE Capital also was obligated for $2,946 million and $2,147 million at year-end 1993 and 1992, respectively, under standby liquidity facilities related to third-party commercial paper programs, although management believes that the prospects of being required to fund under such standby facilities are remote.

Nonearning consumer time sales and loans, primarily private-label credit card receivables, amounted to $391 million and $444 million at December 31, 1993 and 1992, respectively. A majority of these receivables were subject to various loss-sharing arrangements that provide full or partial recourse to the originating private-label entity. Nonearning and reduced earning receivables other than consumer time sales and loans were $509 million and $934 million at year-end 1993 and 1992, respectively. Earnings of $11 million and $30 million realized in 1993 and 1992, respectively, were $41 million and $75 million lower than would have been reported had these receivables earned income in accordance with their original terms.

Note 15 Property, Plant and Equipment (including equipment leased to others)

December 31 (In millions)	1993	1992
Original cost		
GE		
Land and improvements	$ 395	$ 375
Buildings, structures and related equipment	5,370	5,398
Machinery and equipment	15,420	14,936
Leasehold costs and manufacturing plant under construction	1,170	1,183
Other	86	86
	22,441	21,978
GECS		
Buildings and equipment	1,850	1,733
Equipment leased to others		
Aircraft	3,677	2,850
Marine shipping containers	2,985	2,584
Vehicles	3,568	2,274
Railroad rolling stock	1,498	1,478
Other	2,160	2,758
	15,738	13,677
	$38,179	$35,655
Accumulated depreciation, depletion and amortization		
GE	$12,899	$12,046
GECS		
Buildings and equipment	814	673
Equipment leased to others	3,238	2,549
	$16,951	$15,268

Included in GECS' equipment leased to others at year-end 1993 was $244 million of commercial aircraft off-lease ($94 million in 1992).

Current-year amortization of GECS' equipment leased to others was $1,395 million, $1,133 million and $1,055 million in 1993, 1992 and 1991, respectively.

Note 16 Intangible Assets

December 31 (In millions)	1993	1992
GE		
Goodwill	$ 5,713	$5,873
Other intangibles	753	734
	6,466	6,607
GECS		
Goodwill	2,133	1,841
Other intangibles	1,765	1,062
	3,898	2,903
	$10,364	$9,510

GE's intangible assets are shown net of accumulated amortization of $1,760 million in 1993 and $1,476 million in 1992. GECS' intangible assets are net of accumulated amortization of $878 million in 1993 and $646 million in 1992.

Note 17 All Other Assets

December 31 (In millions)	1993	1992
GE		
Investments		
Associated companies (a)	$ 1,336	$ 1,301
Government and government-guaranteed securities	293	274
Other	1,639	390
	3,268	1,965
Prepaid pension asset	3,840	3,310
Other	3,269	2,230
	10,377	7,505
GECS		
Investments		
Assets acquired for resale	8,141	3,388
Associated companies (b)	2,079	1,720
Other	1,756	2,216
	11,976	7,324
Deferred insurance acquisition costs	987	720
Foreclosed real estate properties	213	304
Other	1,121	848
	14,297	9,196
Eliminations	—	(76)
	$24,674	$16,625

(a) Includes advances of $131 million and $196 million at December 31, 1993 and 1992, respectively.
(b) Includes advances of $1,159 million and $687 million at December 31, 1993 and 1992, respectively.

In line with industry practice, sales of commercial jet aircraft engines often involve long-term customer financing commitments. In making such commitments, it is GE's general practice to require that it have, or be able to establish, a secured position in the aircraft being financed. Under such airline financing programs, GE had issued loans and guarantees (principally guarantees) amounting to $1,201 million at year-end 1993 and $974 million at year-end 1992; and it had entered into commitments totaling $1.4 billion and $2.3 billion at year-end 1993 and 1992, respectively, to provide financial assistance on future aircraft engine sales. Estimated fair values of the aircraft securing these receivables and guarantees exceeded the related account balances or guaranteed amounts at December 31, 1993. GECS acts as a lender and lessor to the commercial airline industry. At December 31, 1993 and 1992, the aggregate amount of such GECS loans, leases and equipment leased to others was $6,776 million and $5,978 million, respectively. In addition, GECS had issued financial guarantees and funding commitments of $450 million at December 31, 1993 ($645 million at year-end 1992) and had conditional commitments to purchase aircraft at a cost of $865 million. These purchase commitments are subject to the aircraft having been placed on lease under agreements, and with carriers, acceptable to GECS prior to delivery.

At year-end 1993, the National Broadcasting Company had $3,011 million of commitments to acquire broadcast material or the rights to broadcast television programs that require payments through the year 2000.

GECS' other investments included $75 million and $275 million at December 31, 1993 and 1992, respectively, of in-substance repossessions at the lower of cost or estimated fair value previously included in financing receivables. GECS' mortgage-servicing activities include the purchase and resale of mortgages. GECS had open commitments to purchase mortgages totaling $5,935 million and $2,963 million at December 31, 1993 and 1992, respectively, as well as open commitments to sell mortgages totaling $6,426 million and $1,777 million, respectively, at year-end 1993 and 1992. At December 31, 1993 and 1992, mortgages sold with full or partial recourse to GECS aggregated $2,526 million and $3,876 million, respectively.

Note 18 Borrowings

Short-term borrowings	1993		1992	
December 31 (In millions)	Amount	Average rate	Amount	Average rate
GE				
Commercial paper	$ 708	3.36%	$ 1,175	3.53%
Payable to banks (principally non-U.S.)	588	6.41	456	8.73
Notes to trust departments	102	3.03	269	3.14
Other (a)	993		1,548	
	2,391		3,448	
GECS				
Commercial paper	46,298	3.39	42,168	3.57
Payable to banks	4,957	3.59	4,516	4.20
Notes to trust departments	1,882	3.10	1,659	3.54
Other (a)	6,866		4,840	
	60,003		53,183	
Eliminations	(259)		(242)	
	$62,135		$56,389	

(a) Includes the current portion of long-term debt.

Confirmed credit lines of approximately $3.1 billion had been extended to GE by 40 banks at year-end 1993. Substantially all of GE's credit lines are available to GE Capital and GECS in addition to their own credit lines.

At year-end 1993, GE Capital had committed lines of credit aggregating $19.0 billion with 134 banks, including $6.0 billion of revolving credit agreements pursuant to which GE Capital has the right to borrow funds for periods exceeding one year. A total of $4.6 billion of GE Capital's credit lines is available for use by GECS; $1.8 billion is available for use by GE.

During 1993, neither GE nor GECS borrowed under any of these credit lines. Both compensate banks for credit facilities either in the form of fees or a combination of balances and fees as agreed to with each bank. Compensating balances and commitment fees were immaterial in each of the past three years.

Kidder, Peabody had established credit lines of $6.1 billion at December 31, 1993, including $3.1 billion available on an unsecured basis. Borrowings from banks were primarily unsecured demand obligations, at interest rates approximating broker call loan rates, to finance inventories of securities and to facilitate the securities settlement process.

Aggregate amounts of long-term borrowings that mature during the next five years, after deducting debt reacquired for sinking-fund needs, are as follows.

(In millions)	1994	1995	1996	1997	1998
GE	$ 819	$ 258	$ 627	$ 511	$ 584
GECS	6,421	6,204	4,868	2,971	3,566

Outstanding balances in long-term borrowings at December 31, 1993 and 1992, were as follows.

Long-term borrowings December 31 (In millions)	Weighted average interest rate	Maturities	1993	1992
GE				
Notes (a)	7.13%	1995-1998	$ 1,694	$ 2,298
Debentures/sinking-fund debentures	—	—	—	300
Deep discount notes	—	—	—	150
Industrial development/pollution control bonds (a)	3.09	1995-2019	272	272
Other (a) (b)			447	400
			2,413	3,420
GECS				
Senior notes				
Notes (a) (c)	6.03	1995-2012	22,042	18,087
Zero coupon/deep discount notes	13.72	1995-2001	1,407	1,578
Reset or remarketed notes (d)	8.39	2007-2018	1,500	1,500
Floating rate notes	(e)	1995-2053	521	496
Less unamortized discount/premium			(344)	(464)
			25,126	21,197
Subordinated notes (f)	8.12	2006-2012	759	760
			25,885	21,957
Eliminations			(28)	(1)
			$28,270	$25,376

(a) At December 31, 1993, GE and GECS had agreed with others to exchange currencies on principal amounts equivalent to U.S. $498 million and $8,101 million, respectively, and related interest payments. GE and GECS also had entered into interest rate swaps with others related to interest on $610 million and $13,224 million, respectively. At December 31, 1992, GE and GECS had agreed with others to exchange currencies on principal amounts equivalent to U.S. $1,224 million and $6,499 million, respectively, and related interest payments. GE and GECS also had entered into interest rate swaps with others relating to interest on $2,352 million and $8,549 million, respectively.

(b) Includes original issue premium and discount and a variety of obligations having various interest rates and maturities, including borrowings by parent operating components and all affiliate borrowings.

(c) At December 31, 1993 and 1992, counterparties held options under which GECS can be caused to execute interest rate swaps associated with interest payments through 1999 on $500 million and $625 million, respectively.

(d) Interest rates are reset at the end of the initial and each subsequent interest period. At each rate-reset date, GECS may redeem notes in whole or in part at its option. Current interest periods range from March 1994 to May 1996.

(e) The rate of interest payable on each note is a variable rate based on the commercial paper rate each month. Interest is payable either monthly or semiannually at the option of GECS.

(f) Includes $700 million at December 31, 1993 and 1992, guaranteed by GE.

Note 19 GECS Securities Sold but Not Yet Purchased, at Market

December 31 (In millions)	1993	1992
U.S. government	$12,789	$ 9,570
Corporate stocks, bonds and non-U.S. securities	2,528	1,802
State and municipal securities	15	41
	$15,332	$11,413

Note 20 GE All Other Current Costs and Expenses Accrued

At year-end 1993 and 1992, this account included taxes accrued of $1,664 million and $1,460 million, respectively, and compensation and benefit accruals (including the current portion of postretirement and postemployment benefit accruals) of $1,311 million and $1,000 million, respectively. Also included are amounts for product warranties, estimated costs on shipments billed to customers and a wide variety of sundry items.

Note 21 Insurance Reserves and Annuity Benefits

Insurance reserves and annuity benefits represents policyholders' benefits, unearned premiums and provisions for policy losses in GECS' insurance and annuity businesses. The estimated liability for insurance losses and loss expenses consists of both case and incurred-but-not-reported reserves. Where experience is not sufficient, industry averages are used. Estimated amounts of salvage and subrogation recoverable on paid and unpaid losses are deducted from outstanding losses.

The liability for future policy benefits of the life insurance affiliates has been computed mainly by a net-level-premium method based on assumptions for investment yields, mortality and terminations that were appropriate at date of purchase or at the time the policies were developed, including provisions for adverse deviations.

Interest rates credited to annuity contracts in 1993 ranged from 3.7% to 9.7%. For most annuities, interest rates to be credited are redetermined by management on an annual basis.

SFAS No. 113, *Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts,* was adopted during 1993. The principal effect of this Statement was to report reinsurance receivables and prepaid reinsurance premiums, a total of $1,818 million at December 31, 1993, as assets. Such amounts were reported as reductions of insurance reserves at the end of 1992.

Financial guaranties, principally by GE Capital's Financial Guaranty Insurance Company, were $101.4 billion and $81.3 billion at year-end 1993 and 1992, respectively, before reinsurance of $17.3 billion and $13.7 billion, respectively. Mortgage insurance risk in force of GE Capital's mortgage insurance operations aggregated $27.0 billion and $21.3 billion at December 31, 1993 and 1992, respectively.

Note 22 GE All Other Liabilities (including postemployment benefits)

This account includes noncurrent compensation and benefit accruals at year-end 1993 and 1992 of $4,507 million and $3,743 million, respectively. Other noncurrent liabilities include amounts for product warranties, deferred incentive compensation, deferred income and a wide variety of sundry items.

The Company adopted SFAS No. 112, *Employers' Accounting for Postemployment Benefits,* effective as of January 1, 1993. This Statement requires that employers recognize over the service lives of employees the costs of postemployment benefits if certain conditions are met. The principal effect for GE was to change the method of accounting for severance benefits. Under the previous accounting policy, the total cost of severance benefits was expensed when the severance event occurred.

The cumulative effect of the accounting change as of January 1, 1993, amounted to $1,306 million before taxes ($862 million, or $1.01 per share, after taxes). Aside from the one-time effect of the adjustment, adoption of SFAS No. 112 was not material to 1993 earnings, and there was no 1993 cash flow impact.

Note 23 Deferred Income Taxes

Aggregate deferred tax amounts are summarized below.

December 31 (In millions)	1993	1992
Assets		
GE	$ 3,547	$ 2,864
GECS	2,204	1,810
	5,751	4,674
Liabilities		
GE	3,248	2,535
GECS	7,612	6,679
	10,860	9,214
Net deferred tax liability	$ 5,109	$ 4,540

Principal components of the net deferred tax liability balances are shown below for GE and GECS.

December 31 (In millions)	1993	1992
GE		
Provisions for expenses	$(2,219)	$(1,491)
Retiree insurance plans	(879)	(965)
GE pension	1,170	957
Depreciation	890	829
Other — net	739	341
	(299)	(329)
GECS		
Financing leases	4,917	4,553
Operating leases	966	811
Net unrealized gains on securities	437	19
Tax transfer leases	340	329
Provision for losses	(831)	(715)
Insurance reserves	(370)	(344)
AMT credit carryforwards	—	(200)
Other — net	(51)	416
	5,408	4,869
Net deferred tax liability	$ 5,109	$ 4,540

Deferred taxes were determined under SFAS No. 109, *Accounting for Income Taxes,* which was adopted effective January 1, 1992.

Note 24 Minority Interest in Equity of Consolidated Affiliates

Minority interest in equity of consolidated GECS affiliates includes 8,750 shares of $100 par value variable cumulative preferred stock issued by GE Capital with a liquidation preference value of $875 million. Dividend rates on this preferred stock ranged from 2.33% to 2.79% during 1993 and from 2.44% to 3.49% during 1992.

Note 25 Share Owners' Equity

(In millions)	1993	1992	1991
Common stock issued			
Balance at January 1 and December 31	$ 584	$ 584	$ 584
Other capital			
Balance at January 1	$ 755	$ 938	$ 1,061
Currency translation adjustments	(279)	(209)	(175)
Unrealized gains on securities	812	30	45
Gains (losses) on treasury stock dispositions	110	(4)	7
Balance at December 31	$ 1,398	$ 755	$ 938
Retained earnings			
Balance at January 1	$26,527	$23,787	$22,959
Net earnings	4,315	4,725	2,636
Dividends declared	(2,229)	(1,985)	(1,808)
Balance at December 31	$28,613	$26,527	$23,787
Common stock held in treasury			
Balance at January 1	$ 4,407	$ 3,626	$ 2,924
Purchases	770	1,206	1,112
Dispositions	(406)	(425)	(410)
Balance at December 31	$ 4,771	$ 4,407	$ 3,626

Authorized shares of common stock (par value $0.63) total 1,100,000,000 shares. Common shares issued and outstanding are summarized in the table below.

Shares of GE common stock December 31 (In thousands)	1993	1992	1991
Issued	926,564	926,564	926,564
In treasury	(72,913)	(71,135)	(62,442)
Outstanding	853,651	855,429	864,122

The current Proxy Statement includes a proposal recommended by the Board of Directors on December 17, 1993, which, if approved by share owners, would (a) increase the number of authorized shares of common stock from 1,100,000,000 shares each with a par value of $0.63 to 2,200,000,000 shares each with a par value of $0.32 and

(b) split each unissued and issued common share, including shares held in treasury, into two shares of common stock each with a par value of $0.32.

GE has 50,000,000 authorized shares of preferred stock ($1.00 par value), but no such shares have been issued.

The effects of translating to U.S. dollars the financial statements of non-U.S. affiliates whose functional currency is the local currency are included in other capital. Asset and liability accounts are translated at year-end exchange rates, while revenues and expenses are translated at average rates for the period. The cumulative currency translation adjustment was a $246 million reduction of other capital at December 31, 1993, compared with cumulative additions to other capital of $33 million and $242 million at December 31, 1992 and 1991, respectively.

Note 26 Other Stock-Related Information

Stock option plans, stock appreciation rights (SARs), restricted stock and restricted stock units are described in the Company's current Proxy Statement. With certain restrictions, the Company can meet requirements for stock option shares from either unissued or treasury shares.

Stock option information		Average per share	
(Shares in thousands)	Shares subject to option	Option price	Market price
Balance at January 1, 1993	24,082	$64.37	$85.50
Options granted	8,790	91.80	91.80
Replacement options	441	57.19	57.19
Options exercised	(3,036)	56.65	95.14
Options terminated	(600)	73.67	—
Balance at December 31, 1993	29,677	72.99	104.88

The replacement options replaced canceled SARs and have identical terms thereto. At December 31, 1993, there were 3,529,125 SARs exercisable at an average price of $75.32. There were 1,836,050 restricted stock shares and restricted stock units outstanding at December 31, 1993.

At December 31, 1993 and 1992, respectively, there were 8,069,046 and 8,755,078 shares available for grants of options, SARs, restricted stock and restricted stock units. Under the 1990 Long-Term Incentive Plan, 0.95% of the Company's issued common stock (including treasury shares) as of the first day of each calendar year during which the Plan is in effect become available for granting awards in such year. Any unused portion, in addition to shares allocated to awards that are canceled or forfeited, is available for later years.

Outstanding options and rights expire on various dates through December 17, 2003. Restricted stock grants vest on various dates up to normal retirement of grantees.

Note 27 GECS' Broker-Dealer Positions

December 31 (In millions)	1993	1992
Included in GECS' other receivables		
Securities failed to deliver	$2,315	$ 218
Deposits paid for securities borrowed	1,944	1,976
Clearing organizations and other	3,207	930
	$7,466	$3,124
Included in GECS' accounts payable		
Securities failed to receive	$1,701	$ 193
Deposits received for securities loaned	1,390	1,051
Clearing organizations and other	275	100
	$3,366	$1,344

Kidder, Peabody, in conducting its normal operations, employs a wide variety of financial instruments in order to balance its investment positions. Management believes that the most meaningful measures of these positions for a broker-dealer are the values at which the positions are presented in the Statement of Financial Position in accordance with securities industry practices.

The following required supplemental disclosures of gross contract terms are indicators of the nature and extent of such broker-dealer positions and are not intended to portray the much smaller credit or economic risk.

At December 31, 1993, open commitments to sell mortgage-backed securities amounted to $18,539 million ($17,191 million in 1992); open commitments to purchase mortgage-backed securities amounted to $14,637 million ($13,131 million in 1992); interest rate swap agreements were open for interest on $4,084 million ($6,038 million in 1992); commitments amounting to $10,837 million ($6,711 million in 1992) were open under options written to cover price changes in securities; the face amount of open interest rate futures and forward contracts for currencies as well as money market and other instruments amounted to $30,506 million ($10,936 million in 1992); contracts establishing limits on counterparty exposure to interest rates were outstanding for interest on $1,610 million ($2,722 million in 1992); and firm underwriting commitments for the purchase of stock or debt amounted to $3,311 million ($4,094 million in 1992).

Note 28 Supplemental Cash Flows Information

Changes in operating assets and liabilities are net of acquisitions and dispositions of businesses. "Payments for principal businesses purchased" in the Statement of Cash Flows is net of cash acquired and includes debt assumed and immediately repaid in acquisitions.

"All other operating activities" in the Statement of Cash Flows consists principally of adjustments to current and noncurrent accruals of costs and expenses, amortization of premium and discount on debt, and adjustments to assets such as amortization of goodwill and intangibles.

The Statement of Cash Flows excludes certain noncash transactions that had no significant effects on the investing or financing activities of GE or GECS.

Certain supplemental information for GECS' cash flows is shown below.

For the years ended December 31 (In millions)	1993	1992	1991
Certain broker-dealer accounts			
Trading securities	$ (7,517)	$ (5,966)	$ (5,463)
Securities purchased under agreements to resell	(16,675)	(7,386)	4,006
Securities sold under agreements to repurchase	20,655	7,841	349
Securities sold but not yet purchased	3,919	6,529	(440)
	$ 382	$ 1,018	$ (1,548)
Financing receivables			
Increase in loans to customers	$ (30,002)	$ (27,069)	$ (25,030)
Principal collections from customers	27,571	25,136	25,289
Investment in equipment for financing leases	(7,204)	(7,758)	(8,829)
Principal collections on financing leases	6,812	5,338	3,726
Net change in credit card receivables	(1,341)	(330)	(2,410)
	$ (4,164)	$ (4,683)	$ (7,254)
All other investing activities			
Purchases of securities by insurance and annuity businesses	$ (10,488)	$ (6,865)	$ (6,002)
Dispositions and maturities of securities by insurance and annuity businesses	7,698	6,200	5,415
Other	(4,124)	(3,003)	(1,538)
	$ (6,914)	$ (3,668)	$ (2,125)
Newly issued debt having maturities more than 90 days			
Short-term (91-365 days)	$ 4,315	$ 4,456	$ 4,863
Long-term (over one year)	10,885	6,699	6,317
Long-term subordinated	—	450	250
Proceeds — nonrecourse, leveraged lease debt	53	148	1,808
	$ 15,253	$ 11,753	$ 13,238
Repayments and other reductions of debt having maturities more than 90 days			
Short-term (91-365 days)	$ (9,008)	$ (6,474)	$ (6,504)
Long-term (over one year)	(208)	(658)	(1,769)
Long-term subordinated	—	(76)	(32)
Principal payments — nonrecourse, leveraged lease debt	(312)	(272)	(280)
	$ (9,528)	$ (7,480)	$ (8,585)
All other financing activities			
Proceeds from sales of investment and annuity contracts	$ 509	$ —	$ —
Redemption of investment and annuity contracts	(578)	—	—
	$ (69)	$ —	$ —

Note 29 Industry Segments

(In millions)	Revenues For the years ended December 31								
	Total revenues			Intersegment revenues			External revenues		
	1993	1992	1991	1993	1992	1991	1993	1992	1991
GE									
Aircraft Engines	$ 6,580	$ 7,368	$ 7,777	$ 59	$ 57	$ 29	$ 6,521	$ 7,311	$ 7,748
Appliances	5,555	5,330	5,225	3	3	4	5,552	5,327	5,221
Broadcasting	3,102	3,363	3,121	—	—	1	3,102	3,363	3,120
Industrial	7,379	6,907	6,783	264	267	327	7,115	6,640	6,456
Materials	5,042	4,853	4,736	50	51	51	4,992	4,802	4,685
Power Systems	6,692	6,371	6,189	246	272	265	6,446	6,099	5,924
Technical Products and Services	4,174	4,674	4,686	18	68	99	4,156	4,606	4,587
All Other	2,043	1,749	1,545	—	—	—	2,043	1,749	1,545
Corporate items and eliminations	(208)	(361)	(468)	(640)	(718)	(776)	432	357	308
Total GE	40,359	40,254	39,594	—	—	—	40,359	40,254	39,594
GECS									
Financing	12,399	10,544	10,069	—	—	—	12,399	10,544	10,069
Specialty Insurance	4,862	3,863	2,989	—	—	—	4,862	3,863	2,989
Securities Broker-Dealer	4,861	4,022	3,346	—	—	—	4,861	4,022	3,346
All Other	15	11	(5)	—	—	—	15	11	(5)
Total GECS	22,137	18,440	16,399	—	—	—	22,137	18,440	16,399
Eliminations	(1,934)	(1,621)	(1,364)	—	—	—	(1,934)	(1,621)	(1,364)
Consolidated revenues	$60,562	$57,073	$54,629	$ —	$ —	$ —	$60,562	$57,073	$54,629

"All Other" GE revenues consists primarily of GECS' earnings.

(In millions)	Assets At December 31			Property, plant and equipment (including equipment leased to others) For the years ended December 31					
				Additions			Depreciation, depletion and amortization		
	1993	1992	1991	1993	1992	1991	1993	1992	1991
GE									
Aircraft Engines	$ 5,329	$ 6,153	$ 6,649	$ 208	$ 276	$ 371	$ 339	$ 294	$ 295
Appliances	2,193	2,248	2,503	132	126	118	131	105	106
Broadcasting	3,742	3,736	3,886	56	52	70	98	82	84
Industrial	4,909	4,983	4,824	379	299	320	310	282	262
Materials	8,181	8,081	8,340	376	255	784	417	393	369
Power Systems	4,408	3,614	3,450	251	245	267	185	159	144
Technical Products and Services	2,179	2,393	2,629	126	118	148	89	74	98
All Other	11,604	9,719	8,750	1	1	6	3	5	5
Corporate items and eliminations	8,589	7,148	6,119	59	73	80	59	89	66
Total GE	51,134	48,075	47,150	1,588	1,445	2,164	1,631	1,483	1,429
GECS									
Financing	106,854	82,207	74,554	3,352	4,761	3,688	1,545	1,259	1,161
Specialty Insurance	18,915	14,624	11,812	15	17	11	9	13	8
Securities Broker-Dealer	85,009	55,455	41,218	15	32	31	38	34	38
All Other	952	2,238	230	59	118	41	38	29	18
Total GECS	211,730	154,524	127,814	3,441	4,928	3,771	1,630	1,335	1,225
Eliminations	(11,358)	(9,723)	(8,456)	—	—	—	—	—	—
Consolidated totals	$251,506	$192,876	$166,508	$5,029	$6,373	$5,935	$3,261	$2,818	$2,654

"All Other" GE assets consists primarily of investment in GECS.

A description of industry segments for General Electric Company and consolidated affiliates follows.

▪ ***Aircraft Engines.*** Jet engines and replacement parts and repair services for all categories of commercial aircraft (short/medium, intermediate and long-range); a wide variety of military planes, including fighters, bombers, tankers and helicopters; and executive and commuter aircraft. Sold worldwide to airframe manufacturers, airlines and government agencies. Also, aircraft engine derivatives used as marine propulsion and industrial power sources.

▪ ***Appliances.*** Major appliances such as refrigerators, freezers, electric and gas ranges, dishwashers, clothes washers and dryers, microwave ovens and room air conditioning equipment. Sold primarily in North America, but also in global markets, under various GE and private-label brands. Distributed to retail outlets, mainly for the replacement market, and to building contractors and distributors for new installations.

▪ ***Broadcasting.*** Primarily the National Broadcasting Company (NBC). Principal businesses are furnishing of U.S. network television services to more than 200 affiliated stations, production of television programs, operation of six VHF television broadcasting stations, and investment and programming activities in cable television.

▪ ***Industrial.*** Lighting products (including a wide variety of lamps, wiring devices and quartz products); electrical distribution and control equipment; transportation systems products (including diesel-electric locomotives, transit propulsion equipment and motorized wheels for off-highway vehicles); electric motors and related products; a broad range of electrical and electronic industrial automation products; and GE Supply, a network of electrical supply houses. Markets are extremely varied. Products are sold to commercial and industrial end users, original equipment manufacturers, electrical distributors, retail outlets, railways and transit authorities. Increasingly, products are developed for and sold in global markets.

▪ ***Materials.*** High-performance engineered plastics used in applications such as automobiles and housings for computers and other business equipment; ABS resins; silicones; superabrasives such as man-made diamonds; and laminates. Sold worldwide to a diverse customer base consisting mainly of manufacturers.

▪ ***Power Systems.*** Products mainly for the generation, transmission and distribution of electricity, including related installation, engineering and repair services. Markets and competition are global. Steam turbine-generators are sold to electric utilities, to the U.S. Navy, and, for cogeneration, to industrial and other power customers. Marine steam turbines and propulsion gears are sold to the U.S. Navy. Gas turbines are sold principally as packaged power plants for electric utilities and for industrial cogeneration and mechanical drive applications. Power Systems also includes power delivery and control products, such as transformers, meters, relays, capacitors and arresters for the utility industry; nuclear reactors; and fuel and support services for GE's installed boiling water reactors.

▪ ***Technical Products and Services.*** Medical systems such as magnetic resonance (MR) and computed tomography (CT) scanners, x-ray, nuclear imaging, ultrasound and other diagnostic equipment sold worldwide to hospitals and medical facilities. This segment also includes a full range of computer-based information and data interchange services for internal use and external commercial and industrial customers.

▪ ***GECS Financing.*** Operations of GE Capital as follows:

Consumer services — private-label and bank credit card loans, time sales and revolving credit and inventory financing for retail merchants, auto leasing and inventory financing, mortgage servicing, and annuity and mutual fund sales.

Specialized financing — loans and financing leases for major capital assets, including aircraft, industrial facilities and equipment, and energy-related facilities; commercial and residential real estate loans and investments; and loans to and investments in highly leveraged management buyouts and corporate recapitalizations.

Equipment management — leases, loans and asset management services for portfolios of commercial and transportation equipment, including aircraft, trailers, auto fleets, modular space units, railroad rolling stock, data processing equipment, ocean-going containers and satellites.

Mid-market financing — loans and financing and operating leases for middle-market customers, including manufacturers, distributors and end users, for a variety of equipment, including data processing equipment, medical and diagnostic equipment, and equipment used in construction, manufacturing, office applications and telecommunications activities.

Very few of the products financed by GE Capital are manufactured by other GE segments.

▪ ***GECS Specialty Insurance.*** U.S. and international multiple-line property and casualty reinsurance and certain directly written specialty insurance; financial guaranty insurance, principally on municipal bonds and structured finance issues; private mortgage insurance; creditor insurance covering international customer loan repayments; and life reinsurance.

▪ ***GECS Securities Broker-Dealer.*** Kidder, Peabody, a full-service international investment bank and securities broker, member of the principal stock and commodities exchanges and a primary dealer in U.S. government securities. Offers services such as underwriting, sales and trading, advisory services on acquisitions and financings, research and asset management.

Note 30 Geographic Segment Information (consolidated)

U.S. revenues include GE exports to external customers, as shown by major areas of the world on page 38, and royalty and licensing income from non-U.S. sources.

The Company manages its exposure to currency movements by committing to future exchanges of currencies at specified prices and dates. Commitments outstanding at December 31, 1993 and 1992, were $1,386 million and $1,533 million, respectively, for GE and $1,833 million and $2,084 million, respectively, for GECS, excluding Kidder, Peabody.

Revenues
For the years ended December 31

(In millions)	Total revenues 1993	1992	1991	Intersegment revenues 1993	1992	1991	External revenues 1993	1992	1991
United States	$52,039	$48,710	$47,277	$ 1,513	$ 1,281	$ 1,246	$50,526	$47,429	$46,031
Other areas of the world	11,210	10,776	9,662	1,174	1,132	1,064	10,036	9,644	8,598
Intercompany eliminations	(2,687)	(2,413)	(2,310)	(2,687)	(2,413)	(2,310)	—	—	—
Total	$60,562	$57,073	$54,629	$ —	$ —	$ —	$60,562	$57,073	$54,629

(In millions)	Operating profit (For the years ended December 31) 1993	1992	1991	Assets (At December 31) 1993	1992	1991
United States	$ 7,019	$ 6,883	$ 6,294	$219,903	$168,797	$147,648
Other areas of the world	793	819	898	31,791	24,244	19,031
Intercompany eliminations	(23)	6	(22)	(188)	(165)	(171)
Total	$ 7,789	$ 7,708	$ 7,170	$251,506	$192,876	$166,508

Note 31 Fair Values of Financial Instruments

As required under generally accepted accounting principles, financial instruments are presented in the accompanying financial statements — generally at either cost or fair value — based on both the characteristics of and management intentions regarding the instruments. Management believes that the financial statement presentation is the most useful for displaying the Company's results. However, SFAS No. 107, *Disclosure About Fair Value of Financial Instruments*, requires disclosure of an estimate of the fair value of certain financial instruments. These disclosures disregard management intentions regarding the instruments, and, therefore, management believes that this information may be of limited usefulness.

Apart from the Company's own borrowings, certain marketable securities and the financial instruments of Kidder, Peabody, relatively few of the Company's financial instruments are actively traded. Thus, fair values must often be determined by using one or more models that indicate value based on estimates of quantifiable characteristics as of a particular date. Because this undertaking is, by nature, difficult and highly judgmental, for a limited number of instruments, alternative valuation techniques indicate values sufficiently diverse that the only practicable disclosure is a range of values. Users of the following data are cautioned that limitations in the estimation techniques may have produced disclosed values different from those that could have been realized at December 31, 1993 or 1992. Moreover, the disclosed values are representative of fair values only as of the dates indicated inasmuch as interest rates, performance of the economy, tax policies and other variables significantly impact fair valuations. Cash and equivalents, trading securities, reverse repurchase agreements, repurchase agreements and other receivables have been excluded as their carrying amounts and fair values are the same, or approximately the same.

Values were estimated as follows.

Investment securities. Based on quoted market prices or dealer quotes for actively traded securities. Value of other such securities was estimated using quoted market prices for similar securities.

Time sales, loans and related participations. Based on quoted market prices, recent transactions, market comparables and/or discounted future cash flows, using rates at which similar loans would have been made to similar borrowers.

Investments in associated companies. Based on market comparables, recent transactions and/or discounted future cash flows for GECS investments. These equity interests were generally acquired in connection with financing transactions and, for purposes of this disclosure, fair values were estimated. GE's investments (aggregating $1,336 million and $1,301 million at December 31, 1993 and 1992, respectively) comprise many small investments, many of which are located outside the United States, and generally involve joint ventures for specific, limited objectives; determination of fair values is impracticable.

Other financial instruments. Based on recent comparable transactions, market comparables, discounted future cash flows, quoted market prices, and/or estimates of the cost to terminate or otherwise settle obligations to counterparties.

Borrowings. Based on quoted market prices or market comparables. Fair values of interest rate and currency swaps on borrowings are based on quoted market prices and include the effects of counterparty creditworthiness.

Annuity benefits. Based on expected future cash flows, discounted at currently offered discount rates for immediate annuity contracts or cash surrender value for single premium deferred annuities.

Financial guaranties of insurance affiliates. Based on future cash flows, considering expected renewal premiums, claims, refunds and servicing costs, discounted at a market rate.

The carrying amounts and estimated fair values of the Company's financial instruments were as follows.

Assets (liabilities)	1993		1992	
At December 31 (In millions)	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
GE				
Investment securities	$ 19	$ 19	$ 32	$ 32
Other financial instruments	2,105	2,261	832	869
Borrowings (a)	(4,804)	(4,933)	(6,868)	(6,991)
GECS				
Investment securities	26,792	26,792	11,224	11,634
Time sales, loans and related participations	39,678	41,410-40,685	36,131	37,420-36,240
Investments in associated companies	2,079	2,830-2,635	1,720	2,295-2,180
Other financial instruments	6,045	6,085-5,960	2,430	2,545-2,405
Annuity benefits	(8,894)	(8,660)	—	—
Borrowings (a) (b)	(85,888)	(87,020)	(75,140)	(76,400)
Financial guaranties of insurance affiliates	(1,312)	(135)-(220)	(1,036)	200-55

(a) Swap contracts are integral to the Company's goal of achieving the lowest borrowing costs for particular funding strategies. The above fair values of borrowings include fair values of associated interest rate and currency swaps. At December 31, 1993, the approximate settlement values of GE's and GECS' swaps were $21 million and $340 million, respectively. Without such swaps, estimated fair values of GE's and GECS' borrowings would have been $4,912 million and $86,680 million, respectively. Approximately 90% of the notional amount of swaps outstanding at December 31, 1993, was with counterparties having credit ratings of Aa/AA or better.

(b) Proceeds from borrowings are invested in a variety of GECS activities, including both financial instruments, shown in the preceding table, as well as leases, for which fair value disclosures are neither required nor reasonably estimable. When evaluating the extent to which estimated fair value of borrowings exceeds the related carrying amount, users should consider that the fair value of the fixed payment stream for long-term leases would increase as well.

Note 32 Quarterly Information (unaudited)

(Dollar amounts in millions; per-share amounts in dollars)	First quarter 1993	First quarter 1992	Second quarter 1993	Second quarter 1992	Third quarter 1993	Third quarter 1992	Fourth quarter 1993	Fourth quarter 1992
Consolidated operations								
Earnings from continuing operations	$1,085	$ 964	$ 656	$1,130	$1,206	$ 996	$ 1,477	$ 1,215
Earnings from discontinued operations	75	94	—	86	—	114	—	126
Gain on transfer of discontinued operations	—	—	678	—	—	—	—	—
Accounting change	(862) (a)	—	—	—	—	—	—	—
Net earnings	$ 298	$1,058	$1,334	$1,216	$1,206	$1,110	$ 1,477	$ 1,341
Per share								
Earnings from continuing operations	$ 1.27	$ 1.12	$ 0.77	$ 1.32	$ 1.41	$ 1.17	$ 1.73	$ 1.42
Earnings from discontinued operations	0.09	0.11	0.79	0.10	—	0.13	—	0.15
Accounting change	(1.01) (a)	—	—	—	—	—	—	—
Net earnings	$ 0.35	$ 1.23	$ 1.56	$ 1.42	$ 1.41	$ 1.30	$ 1.73	$ 1.57
Selected data — continuing operations								
GE								
Sales of goods and services	$7,968	$7,996	$9,468	$9,513	$8,779	$9,242	$11,607	$11,192
Gross profit from sales	2,074	2,083	1,662	2,496	2,198	2,123	2,929	2,824
GECS								
Revenues from operations	4,763	4,301	5,129	4,493	5,919	4,761	6,326	4,885
Operating profit	644	517	583	484	833	542	588	492

(a) Reflects the cumulative effect to January 1, 1993, of the change in accounting for postemployment benefits (SFAS No. 112). As originally reported, net earnings for the first quarter were $1,160 million, or $1.36 per share.

For GE, gross profit from sales is sales of goods and services less cost of goods and services sold. For GECS, operating profit is income before taxes.

Second-quarter 1993 earnings from continuing operations were reduced by restructuring provisions of $678 million ($0.79 per share) after tax. Second-quarter gross profit from sales was reduced by restructuring provisions of $875 million before tax.

Earnings-per-share amounts for each quarter are required to be computed independently and, in 1992, did not equal the total year earnings-per-share amounts.

Corporate Information

Corporate Headquarters

General Electric Company
3135 Easton Turnpike
Fairfield, Conn. 06431
(203)373-2211

Annual Meeting

The 1994 Annual Meeting of the General Electric Company will be held on Wednesday, April 27, in the Governor W. Kerr Scott Building at the North Carolina State Fairgrounds in Raleigh, N.C.

Share Owner Inquiries

When inquiring about share owner matters, contact GE Securities Ownership Services, P.O. Box 120065, Stamford, Conn. 06912. Telephone: (203)326-4040.

Dividend Reinvestment Plan

Share owners who have one or more shares of GE stock registered in their names are eligible to invest cash up to $10,000 per month and/or reinvest their dividends in the GE Dividend Reinvestment and Share Purchase Plan. For an authorization form and prospectus, write to GE Securities Ownership Services, P.O. Box 120068, Stamford, Conn. 06912.

Principal Transfer Agent and Registrar

To transfer securities, contact The Bank of New York, Receive & Deliver Department, Church Street Station, P.O. Box 11002, New York, N.Y. 10286.
Telephone: (800)524-4458.

Stock Exchange Information

In the United States, GE common stock is listed on the New York Stock Exchange (its principal market) and on the Boston Stock Exchange. GE common stock also is listed on certain foreign exchanges, including The Stock Exchange, London and the Tokyo Stock Exchange.

Trading and Dividend Information

(In dollars)	Common Stock Market Price High	Common Stock Market Price Low	Dividends declared
1993			
Fourth quarter	$107	$ 92¾	$.72
Third quarter	100⅞	94½	.63
Second quarter	96⅝	88¼	.63
First quarter	91	80⅞	.63
1992			
Fourth quarter	87½	73⅛	.63
Third quarter	79¾	73	.59
Second quarter	79⅝	72¾	.55
First quarter	80¾	73⅝	.55

As of December 31, 1993, there were about 457,000 share owner accounts of record.

Form 10-K and Other Reports

The financial information in this report, in the opinion of management, substantially conforms with the information required in the "10-K Report" to be submitted to the Securities and Exchange Commission by the end of March. Certain supplemental information is in that report, however, and copies without exhibits will be available, without charge, from Corporate Investor Communications, General Electric Company, Fairfield, Conn. 06431.

Copies of the General Electric Pension Plan, the Summary Annual Report for GE employee benefit plans subject to the Employee Retirement Income Security Act of 1974, and other GE employee benefit plan documents and information are available by writing to Corporate Investor Communications and specifying the information desired.

GE Capital Services has a separate Annual Report, and both it and GE Capital Corporation file Form 10-K Reports with the Securities and Exchange Commission. Copies of these reports may be obtained from General Electric Capital Services, Inc., P.O. Box 8300, Stamford, Conn. 06927.

The Annual Reports of the General Electric Foundations also may be obtained by contacting their office at 3135 Easton Turnpike, Fairfield, Conn. 06431.

Corporate Ombudsman

To report concerns about U.S. federal government contracting matters or concerns relating to other laws or GE policies, contact the GE Corporate Ombudsman, P.O. Box 911, Fairfield, Conn. 06430.
Telephone: (800)227-5003.

Product Information

For information about GE consumer products and services, call The GE Answer Center® service at (800)626-2000. For information about GE technical, commercial and industrial products and services, call the GE Business Information Center at (800)626-2004. For information about the varied financial products and services offered by GE Capital Corporation, call (800)243-2222.

Cassette Recordings

An audio cassette version of this Annual Report is available to the visually impaired. For a copy, contact GE Corporate Communications, 3135 Easton Turnpike, Fairfield, Conn. 06431. Telephone: (203)373-2020.

Note: Unless otherwise indicated by the context, the terms "GE," "General Electric" and "Company" are used on the basis of consolidation described on page 45. GENERAL ELECTRIC, , GE and RCA are registered trademarks of General Electric Company; and NBC are registered trademarks of National Broadcasting Company, Inc.; ® and ™ indicate registered and unregistered trade and service marks.

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