General Electric Company
1991 Annual Report

Financial Highlights

General Electric Company and consolidated affiliates

(Dollar amounts in millions; per-share amounts in dollars)	1991	1990	1989
Revenues	**$60,236**	$58,414	$54,574
Earnings before cumulative effect of change in accounting principle	**4,435**	4,303	3,939
Net earnings	**2,636**	4,303	3,939
Dividends declared	**1,808**	1,696	1,537
Per share			
Earnings before cumulative effect of change in accounting principle	**5.10**	4.85	4.36
Net earnings	**3.03**	4.85	4.36
Dividends declared	**2.08**	1.92	1.70

See note 6 to the consolidated financial statements for information about the 1991 change in accounting for retiree health and life insurance benefits.

Contents

Cover and financial pages printed on recycled paper.

To Our Share Owners

1991 was a tough, terrific year for GE.

For the past few years, those of you who invest in our Company, and share our interest in and affection for it, have patiently read letters from us that dealt only minimally with traditional business data and focused instead on soft concepts and values. We wrote of our belief in simplicity as a critical component of business plans and communications. We defined self-confidence in our people as the catalyst that would release the ideas and energy we craved. We spoke endlessly about what we believe to be the ultimate virtue of a company — speed. We used a big, clumsy word like "boundarylessness" to describe a mindset that breaks bureaucratic barriers and draws teams closer. And, finally, we described, in largely promissory terms, a concept called Work-Out — our vehicle for pursuing a total transformation of a century-old Company culture, in pursuit of a future of virtually unlimited productivity.

This emphasis on the **software** of our Company followed the **hardware** changes — the restructuring we had undertaken during the early 1980s — that produced excellent results — a 22% average annual return on share owner investment during the decade. But those were good times, and we, like our contemporaries, were helped substantially by the prosperity that characterized much of the 1980s.

But in 1991, all our rhetoric, our 1980s restructuring and our cultural changes were put to their first **real** test when much of the global economy settled into a full year of steady decline.

So how did we do?

- Our revenues grew 3% to over $60.2 billion.
- Our earnings grew 3% to $4.435 billion, and our earnings per share grew 5%.
- We adopted a new accounting rule for retiree health and life insurance benefits, which reduced earnings by $1.8 billion but used no cash.
- We repurchased a billion dollars worth of our stock while keeping a solid Triple-A debt rating.
- Total cost productivity grew 4%, more than twice the rate it did during the comparable recession of 1981-82. Return on equity was close to 20%.
- GE Financial Services had another terrific year, with a 17% increase in earnings. Seventeen of its 22 businesses grew earnings — 11 of them with strong double-digit growth.
- Industrial and Power Systems, Lighting, Medical Systems and Information Services compiled powerful double-digit sales increases, much of it offshore. GE exports increased 21% to $8.6 billion, making a strong positive contribution to the U.S. balance of trade.
- And our share owners were rewarded with a 38% total return in '91, including an 8% increase in the dividend.

Chairman and Chief Executive Officer John F. Welch, Jr. (left) and Vice Chairman and Executive Officer Edward E. Hood, Jr.

There were other significant achievements. Most of our businesses overcame much of the negative effect of weak markets with strong productivity, but we did have a few misses as well.

NBC saw a decline in ratings, and that, in combination with a soft advertising market, made for a significant decline in earnings. Motors and Plastics, because of weak markets and poor productivity, also had a very difficult year. And, finally, two of GE Financial Services' 22 businesses — Commercial Real Estate and Corporate Finance (leveraged buyouts) — were not immune to the endemic problems in those investment areas. Real estate produced only a small profit and LBOs incurred a modest loss.

But enough of the numbers from '91. It's over.

1991 did, however, once again remind us how absolutely critical productivity growth is in the brutally Darwinian global marketplaces in which virtually all of our businesses compete. We are aware, for instance, that if we had the same productivity growth in '90 and '91 that we had in '80 and '81, our '91 earnings would have been more like $3 billion rather than $4.435 billion. We also are acutely aware that, without productivity growth, it is possible to lose in 24 months businesses that took a half-century, or a century, to build. Productivity growth is essential to industrial survival.

But to increase productivity, you first have to clear away all the impediments that keep you from its achievement — primarily the management layers, functional boundaries and all the other trappings of bureaucracy.

Layers . . . *insulate. They slow things down. They garble. Leaders in highly layered organizations are like people who wear several sweaters outside on a freezing winter day. They remain warm and comfortable but are blissfully ignorant of the realities of their environment. They couldn't be further from what's going on.*

We've been trumpeting the removal of bureaucracy and layers at GE for several years now — and we did take out "Sectors," "Groups" and other superstructure — but much more remains; and, unfortunately, it is still possible to find documents around GE businesses that look like something out of the National Archives, with five, 10 or even more signatures necessary before action can be taken. In some businesses, you might still encounter many layers of management in a small area — boiler operators reporting to the supervisor of boilers, who reports to the utility manager, who reports to the manager of plant services, who reports to the plant manager, and so on.

Layers insulate. They slow things down. They garble. Leaders in highly layered organizations are like people who wear several sweaters outside on a freezing winter day. They remain warm and comfortable but are blissfully ignorant of the realities of their environment. They couldn't be further from what's going on.

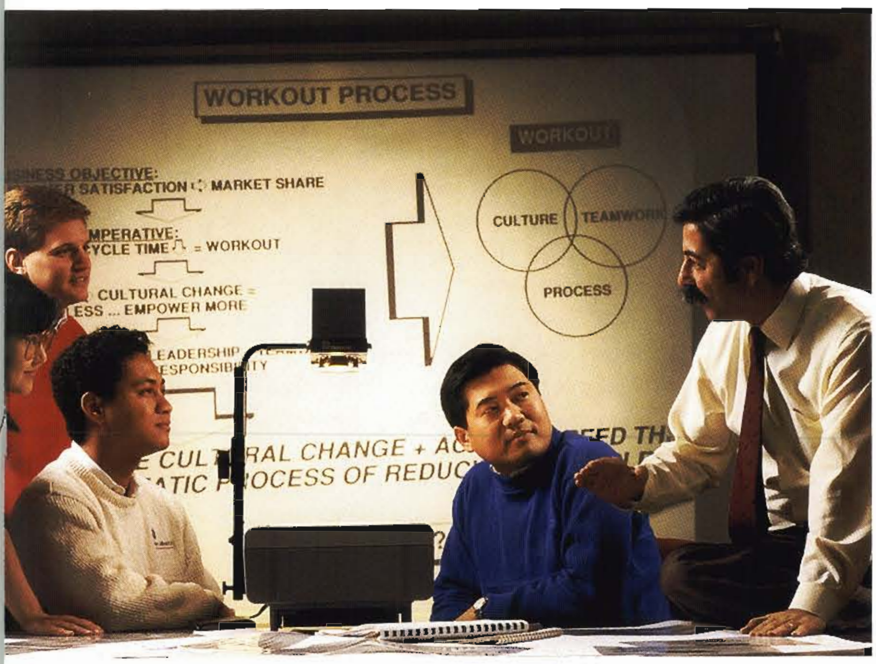
Layers are symptoms of a century-old tradition at GE of rewarding people with titles. Giving someone a "manager" title could be likened to issuing a building permit — the functional walls and management floors begin construction, the procedural cement is poured, the no-trespassing signs are posted. Today, more and more, we're cutting back on useless titles, and we're rewarding people based on what they contribute — the quality of their ideas and their ability to implement them — rather than on what they control.

We've made our most significant progress breaking down the horizontal barriers that interrupt the flow within and among businesses. We wrote last year of a remarkable method of compressing product cycle times that we discovered in an appliance company in New Zealand, tested in our Canadian affiliate and then brought to our huge appliance operation in Louisville. That effort, which we call Quick Response, has been an astonishing success in which every function in the business — finance, distribution, consumer service, marketing and manufacturing — worked together to reduce average inventory by $200 million, to speed up the order-to-delivery cycle time from 18 weeks to five weeks and to move that team closer toward a shared vision — building appliances virtually to order — a three-day cycle. And as this effort was unfolding, GE teams from all of our other manufacturing businesses moved to Louisville for up to a year, became deeply involved in the project and now are home using this experience to accelerate their own processes.

Barriers are coming down all around the Company. In Medical Systems, our ultrasound technology is advancing rapidly because of an influx of sonar experts from Aerospace, and scores of military aircraft engineers have moved from Aircraft Engines to help Power Systems cope with the explosive worldwide demand for our advanced gas turbines.

Finally, last year saw the transfer of leadership in four of our 13 big businesses, with the new leaders coming from other GE businesses, bringing with them fresh, recently tested ideas and proven team-building skills.

Speed . . . *tends to propel ideas and drive processes right through functional barriers, sweeping bureaucrats and their impediments aside in the rush to get to the marketplace.*



Discussing global Work-Out strategies for GE Medical Systems are (left to right) Nobuko Schlough, Steve Patscot and Wendel Barr of the United States, Yoshiaki Fujimori of Japan and Shereyar Vakil of India.

Whether the flow is people from Aerospace to Medical or technology from Aircraft Engines to Power Systems or key management transfers, the objective is the same — mining the enormous value that exists all over the Company. GE's diversity creates a huge laboratory of innovation and ideas that reside in each of the businesses, and mining them is both our challenge and an awesome opportunity. Boundaryless behavior is what integrates us and turns this opportunity into reality, creating the real value of a multibusiness company — the big competitive advantage we call Integrated Diversity.

Boundary-busting does something else for us. It makes us **faster**.

There is something about speed that transcends its obvious business benefits of greater cash flow, greater profitability, higher share due to greater customer responsiveness and more capacity from cycle time reductions.

Speed exhilarates and energizes. Whether it be fast cars, fast boats, downhill skiing or a business process, speed injects fun and excitement into an otherwise routine activity. This is particularly true in business, where speed tends to propel ideas and drive processes right through functional barriers, sweeping bureaucrats and their impediments aside in the rush to get to the marketplace. Speed helps force a company "outside of itself" and prevents the inward focus that institutions tend to develop as they get bigger. In some businesses, the bureaucracy can warp priorities to the point that a pat on the back from the "boss" and a stick in the eye from a customer amount to a pretty good day for an employee.

We say "some" businesses — but not all. In 1991, we shared best practices with a number of great companies. We learned something everywhere, but nowhere did we learn as much as at Wal-Mart. Sam Walton and his strong team are something very special. Many of our management teams spent time there observing the speed, the bias for action, the utter customer fixation that drives Wal-Mart; and despite our progress, we came back feeling a bit plodding and ponderous, a little envious, but, ultimately, fiercely determined that we're going to do whatever it takes to get that fast.

And Work-Out is still the process that will help get us there.

Work-Out began three years ago with baby steps: a series of New England-style town meetings with people of every conceivable rank and function chipping away at the bureaucratic barnacles and nonsense that develop on all institutions as they age and grow — wasteful paperwork, duplication, unnecessary approvals and the like. After the initial stages and modest progress, we began to move cautiously into team analyses of how specific functions and processes within businesses could be done better and, above all, faster. Customers were eventually invited into the process as were suppliers.

For a couple of years, we resisted the traditional GE predilection to quantify and measure Work-Out, and, in truth, there was little beyond the anecdotal and atmospheric to report. For a year or so, individual Work-Out environments seemed to just sit there, as one observer noted, like popcorn kernels in a warm pan. The cynics no doubt believed the warmth came only from the hot air of Company rhetoric. **But all that time, trust was building, confidence was growing and teams were coming together.** Then, suddenly, things began to pop, here and there, with big ideas, process breakthroughs; and today they roar almost everywhere, with both radical transformations in the way we do business and with tangible business results. The Quick Response breakthrough at our Appliances operation would still be years away — perhaps unreachable — without the cooperative team approach Work-Out creates.

In Lynn, Mass., a century-old GE location that traditionally has been a sore spot in labor-management relations, Work-Out has begun to transform the climate into a much more productive atmosphere of mutual respect and cooperation. "We versus them" is increasingly coming to mean GE versus the competition. In 1987, at the Lynn plant, a combustor — a key part of a jet engine — took 30 weeks to make. Through Work-Out, that process was down to eight weeks in early '91; now it's four weeks, and the teams that run it are talking 10 **days**. Hardware product cycles are now down an average of 20% across the business, with 50% clearly in sight.

Values . . . *Too often all of us have looked the other way — tolerated these "Type 4" managers because "they always deliver" — at least in the short term.*

And in our Schenectady turbine plant, another site with a century-old tradition of mistrust between labor and management, Work-Out has grown a team effort that is improving productivity beyond anything we ever envisioned. Just to name one area, in the critical steam turbine bucket machinery center, teams of hourly employees now run, without supervision, $20 million worth of new milling machines that they specified, tested and approved for purchase. The cycle time for the operation has dropped 80%. It is embarrassing to reflect that for probably 80 or 90 years, we've been dictating equipment needs and managing people who knew how to do things much better and faster than we did.

All around this Company in large plants like Schenectady, Lynn and Louisville and in scores of smaller sites like Florence and Salisbury in the Carolinas, Decatur, Ala., and in many other places, compulsive managing and mutual mistrust are giving way to real teamwork. GE has become faster and more energized than any of us ever thought possible.

If one vignette typifies how Work-Out has transformed how we work together in this Company, it is this: Late in '91 at a best practices session at our management school at Crotonville, N.Y., two of the key lecturers on the subject of productivity were two of the toughest union officers we face across any table. One of these leaders told the group he used to have three clearly defined enemies in his life — the IRS, Russians and GE management — but with the way things had changed, only the IRS retains that status. Both GE management and the Russians are doing a lot better.

The transformation that is sweeping our Company is not complicated in theory or even original. Much of the intellectual underpinning of Work-Out consists of ideas like worker involvement, trust and empowerment — shopworn and even platitudinous concepts. The difference is that our whole organization is, in fact, living them ... every day! Most of our 284,000-member Company are, in fact, using soft concepts today as competitive weapons and are winning with them, rather than just inscribing them on coffee mugs and T-shirts.

Yes, there are pockets where things haven't changed, and no, not everyone has been empowered, but the momentum is unmistakable, and we are determined to make it irreversible.

This is a long road we are on, and a difficult one. Trust and respect take years to build, and no time at all to destroy. In the first half of the 1980s, we restructured this Company and changed its physical make-up. That was the easy part. In the last several years, our challenge has been to change **ourselves** — an infinitely more difficult task that, frankly, not all of us in leadership positions are capable of.

Over the past several years, we've wrestled at all levels of this Company with the question of what we are and what we want to be. Out of these

Leadership . . . *we know that without leaders who "walk the talk," all of our plans, promises and dreams for the future are just that—talk.*

discussions, and through our experiences, we've agreed upon a set of values we believe we will need to take this Company forward, rapidly, through the 1990s and beyond.

In our view, leaders, whether on the shop floor or at the tops of our businesses, can be characterized in at least four ways.

The first is one who delivers on commitments — financial or otherwise — and shares the values of our Company. His or her future is an easy call. Onward and upward.

The second type of leader is one who does not meet commitments and does not share our values. Not as pleasant a call, but equally easy.

The third is one who misses commitments but shares the values. He or she usually gets a second chance, preferably in a different environment.

Then there's the fourth type — the most difficult for many of us to deal with. That leader delivers on commitments, makes all the numbers, but doesn't share the values we must have. This is the individual who typically forces performance out of people rather than inspires it: the autocrat, the big shot, the tyrant. Too often all of us have looked the other way — tolerated these "Type 4" managers because "they always deliver" — at least in the short term.

And perhaps this type was more acceptable in easier times, but in an environment where we must have every good idea from every man and woman in the organization, we cannot afford management styles that suppress and intimidate. Whether we can convince and help these managers to change — recognizing how difficult that can be — or part company with them if they cannot will be the ultimate test of our commitment to the transformation of this Company and will determine the future of the mutual trust and respect we are building. In 1991, we continued to improve our personnel management to achieve much better balance between values and "numbers." That balance will change further in '92 and beyond, because we know that without leaders who "walk the talk," all of our plans, promises and dreams for the future are just that — talk.

In the first week of 1992, 450 men and women who lead our Company convened from around the world to share best practices and review our course for the coming year. It was a very special event, with a unique and spontaneous atmosphere — one we had never quite felt before. It is striking that coming off one of the most brutal economic years most of us can remember, the mood at that meeting was one of exhilaration and boundless confidence. The commitment to speed and boundarylessness was at a new high.

We put our values, our people and our Company to the test in '91. By our measure, at least, we passed with flying colors. We grew during a bad recession, and as we see recovery on the horizon, it is difficult not to be very, very optimistic about our future.

Thanks for your support.

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

Edward E. Hood, Jr.
Vice Chairman of the Board
and Executive Officer

February 14, 1992

GE Values . . . *GE Leaders throughout the Company:*

- *Create a clear, simple, reality-based, customer-focused vision and are able to communicate it straightforwardly to all constituencies.*
- *Understand accountability and commitment and are decisive ... set and meet aggressive targets ... always with unyielding integrity.*
- *Have a passion for excellence ... hate bureaucracy and all the nonsense that comes with it.*
- *Have the self-confidence to empower others and behave in a boundaryless fashion ... believe in and are committed to Work-Out as a means of empowerment ... are open to ideas from anywhere.*
- *Have, or have the capacity to develop, global brains and global sensitivity and are comfortable building diverse global teams.*
- *Stimulate and relish change ... are not frightened or paralyzed by it. See change as opportunity, not just a threat.*
- *Have enormous energy and the ability to energize and invigorate others. Understand speed as a competitive advantage and see the total organizational benefits that can be derived from a focus on speed.*

GE in the Community

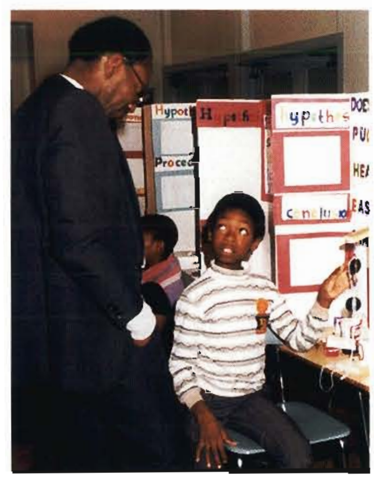
The spirit of boundarylessness is nowhere more evident than in the renaissance of volunteerism that is bringing GE talent and enthusiasm to bear on the problems and potential of the communities that the Company's hundreds of plants and installations call home.

In the mid-1980s, a chapter of a 60-year-old GE management society called Elfun, located at our giant Aircraft Engines plant near Cincinnati, became increasingly aware that their business could not long prosper if its talent stream was fed by the dwindling product of struggling inner-city schools. A few GE volunteers decided to take down the walls between plant and community and began mentoring students: in the schools, their homes, at the plant — tutoring, acting as advisors and friends — always only a phone call away. The story of their achievement is rich, warm and very human, and the statistics are startling. Their first challenge was Aiken High School, where, in a typical year, only 1% of the graduating class went on to college. By 1991, in the sixth year of the volunteer effort called "Project Continued Success," 36% started college, and the goal for 1994 is 50%.

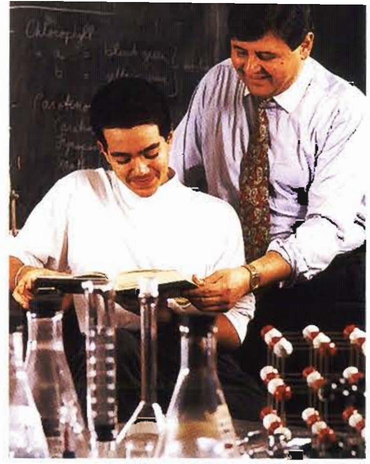
Charlie Gilligan of the GE Aircraft Engines plant in Lynn, Mass., often spends his lunch hour reading to first-graders at the nearby Washington Community Magnet School.

Today, mentoring has spread rapidly across GE businesses; best practices are exchanged continually; and GE volunteers from everywhere in the Company now mentor in more than 40 schools. One rural school near our Plastics plant in Alabama sent virtually no students to college before GE employees became involved. With some scholarship money from the GE Foundation and the hard work and care of GE volunteers, 25% now go on to college. The GE Foundation has focused much of its resources in support of this truly grassroots movement and has made a $20 million commitment to double the number of college-bound

This natural waterfall is among the features on a new nature trail developed by a GE-sponsored volunteer group at the R&D Center in Schenectady, N.Y., to enhance wildlife.



A student at Clarke Street School in Milwaukee explains his experiment to GE's Clarence Clark during the school's annual science fair supported by Elfuns and other volunteers from GE Medical Systems.



Joe Hernandez of NBC spent many rewarding hours as a mentor to Daniel Rivera, who graduated from New York City's Manhattan School for Science & Math in 1991 and is now a student at Brooklyn Polytech.

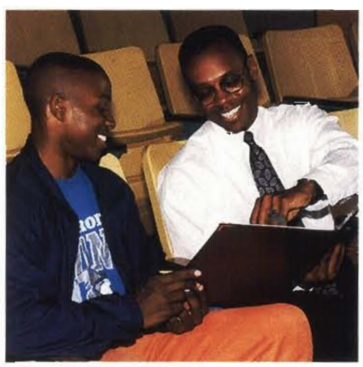
students from selected poor and inner-city schools by the year 2000. Within three years, more than 2,500 students — almost all minorities — will have gone to college who never would have had a chance to go without the help of GE volunteers.

This renaissance of volunteerism and innovative community service has spread to work on environmental cleanups and beautification, homeless shelters, wildlife conservation, blood banks and scores of other projects. GE retirees have been drawn back into active volunteer service alongside veteran employees and new hires. GE businesses, and the communities in which they are citizens, have never worked together so closely and so well.

An unexpected side effect of volunteerism in the community is that it has become one of the best things that's ever happened to the volunteers themselves. Many who were in the middle of predictable, routine careers have awakened, as it were, to become much more outspoken, innovative and productive; and the 35,000-member Elfun Society — sedentary and in decline before its embrace of volunteerism — is more vibrant and relevant now than at any time in its long history.

Volunteerism has become a winning experience for our communities, our employees and our Company.

Students from the East Camden (N.J.) Middle School celebrate their winning the trophy in a Knowledge Bowl competition coordinated by Elfun and GE Aerospace volunteers.



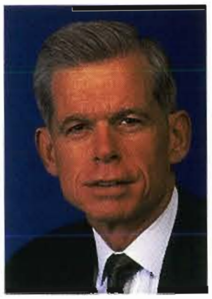
A graduate of the mentor program at Aiken High School in Cincinnati, Eric Stevenson (right) earned a degree in business administration at Miami University of Ohio and has returned to Aiken as a mentor to Steve Clay.

Volunteers from Elfun and GE Lighting in Ohio donated time and money to help make 14-year-old leukemia patient Eddie Krueger's wish come true: a new barn to house his farm pets.

A volunteer tutor, Kim Cloutier of GE Aircraft Engines discusses molecular structures with Mech Mao (left) and Sothy Auk (center), two foreign-born students attending Lynn (Mass.) Classical High School.

Aerospace

We develop the advanced technologies used in space, flight and defense systems.



Eugene F. Murphy Senior Vice President, GE Aerospace

GE Aerospace aggressively continued to restructure its operations and refine its capabilities in 1991 to win new business in a shrinking, increasingly competitive defense marketplace.

Revenues for the year were down slightly at $5.3 billion, but earnings remained stable. With orders up 6% to $5.1 billion, the business concluded 1991 with a backlog of $6.7 billion. Efforts to expand business globally resulted in international orders that represented 20% of total 1991 orders.

Spurred by a businesswide Work-Out environment, productivity gains in excess of 5% were realized through the application of cycle time reductions and best practices in the business.

A 1991 highlight was the launch of UARS, the Upper Atmosphere Research Satellite designed and built by GE for NASA. In all, nine GE-built satellites were launched and 61 satellites remained on order. Commercial launches included Japan's BS3B direct-broadcast satellite and Canada's Anik-E1 communications satellite.

The business base was strengthened with the award of several major contracts. These included a Korea Telecom contract for two commercial communications satellites, a U.S. Navy contract for an anti-submarine warfare system, and orders from the governments of Italy, Canada and Turkey for GE-built solid-state radars.

Twenty-one Aegis fleet air defense systems were under contract at the end of 1991. The *Arleigh Burke*, the Navy's first Aegis destroyer, and the *Hue City*, the 20th Aegis-equipped cruiser, were commissioned. The U.S. government accepted delivery of an Aegis system for Japan's first Aegis-equipped destroyer, and two additional Aegis systems for Japan were under contract.

During the year, GE Aerospace took several actions to improve its future competitiveness. For example, in response to declining global demand for defense products and increased competitive pressures, it reduced its work force by 4,700.

To enhance its position in the engine control and flight control markets, GE Aerospace formed a co-venture with GE Aircraft Engines to pursue new opportunities. The co-venture, supported by the Corporate Research and Development Center in Schenectady, N.Y., will provide the electronic controls for the super-thrust GE90 commercial engine.

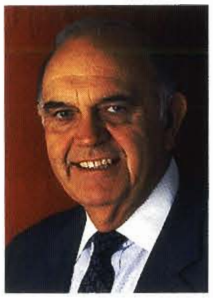
The UARS satellite, shown here being deployed from the space shuttle, was designed and built by GE for NASA to study the Earth's upper atmosphere.

In addition, ongoing activities to consolidate and improve production throughout the business were highlighted by the opening of two regional electronics manufacturing centers in New York and New Jersey. The new facilities, which provide electronic components for a range of GE Aerospace products, signal a clear change from volume-driven manufacturing practices of the past to advanced manufacturing techniques driven by cycle time and supported by a team-oriented work environment. In 1991, some production work performed at five existing plants was consolidated into the new facilities, enabling the business to eliminate excess space in the future.

In the new, more competitive environment for defense contractors, GE Aerospace will strengthen its focus on reducing structure and improving delivery cycle time. GE Aerospace's diverse global capabilities, its leadership in many key technologies and its emphasis on speed will position the business well as the world continues to re-evaluate its defense needs.

Aircraft Engines

Our engines power more than 18,000 of the world's commercial and military aircraft.



Brian H. Rowe
Senior Vice President,
GE Aircraft Engines

Weathering some turbulent market conditions in 1991, GE Aircraft Engines faced into the challenges and maintained its worldwide leadership course. The business had a good increase in earnings on slightly higher revenues.

The Gulf War sent the world's airlines — GE's commercial customers — into a temporary tailspin. Also faced with a recession, the airlines were forced to operate fewer aircraft on a less-frequent basis, resulting in lower spare parts usage and fewer engine orders.

On the other hand, when orders were announced in 1991 for fleet expansion, GE and CFM International engines were selected for 57% of the new aircraft. CFM International is a joint company of GE and SNECMA of France.

One major 1991 order came from British Airways, which specified the GE90 engine for its new Boeing 777 twin-engine aircraft. British Airways ordered 15 of the 777s with options for 20 more.

The GE90 engine, shown here as a mockup at the Paris Air Show, was selected by British Airways and Lauda Air to power their new Boeing 777 jets.

Lauda Air of Austria followed this by selecting the GE90 for its four new 777s. An ambitious development program is under way to certify the GE90 in 1994 and introduce it into active service in 1995.

The CF6 and CFM56 engine families flourished in 1991. Total announced orders exceeded $5 billion. Kuwait Airways placed significant orders for engines from both families. Air France, Federal Express and Asiana Airlines of Korea helped maintain the CF6-80C2's market leadership. American Airlines became the world's largest operator of GE-equipped Boeing 767s.

CFM's remarkable success story added several chapters. It celebrated delivery of its 5,000th CFM56 engine. In a major win, the CFM56-5B was selected by Swissair and Austrian Airlines, after an intense two-year competition, because of the environmental advantages of its low-emission technology. And the new Airbus A340 aircraft, powered by CFM56-5C engines, was chosen by Singapore Airlines, All Nippon Airways and Austrian Airlines to meet their long-distance needs.

The small commercial engine business received a boost from Comair's order of CF34 engines for up to 40 Canadair regional jets.

The aviation service business expanded its worldwide capabilities in 1991 with the purchase of an engine overhaul and maintenance facility in Wales from British Airways.

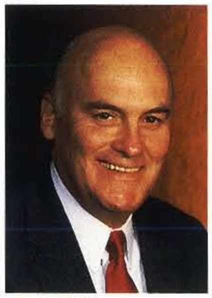
The marine and industrial engine business grew 27% in 1991, sustaining a robust average annual growth rate of 22% over the past five years.

With the demand for military engines diminishing, 1991 revenues from ongoing programs were down 5%. During the year, the U.S. Navy awarded GE a contract for initial development of F414 engines for its advanced F/A-18 E/F Hornet, but the U.S. Air Force selected a competitor's engine for its Advanced Tactical Fighter. GE also received 56% of the U.S. Air Force's new F-16 fighter engine requirements in 1991.

Productivity improvements in excess of 5% were achieved in 1991 through the use of tools such as Work-Out, continuous improvement, cycle time reductions and best practices. A key focus in 1992 will be quicker response to customer needs through reduction in the order-to-delivery cycle.

Appliances

We provide consumers with high-quality, high-value refrigerators, ranges and other major appliances.



J. Richard Stonesifer
Senior Vice President, GE Appliances

By significantly increasing its speed to market and moving closer to a boundaryless culture, GE Appliances successfully combated a down industry to end 1991 with increased net earnings and cash flow.

Hard-hit by a stagnant housing market, the U.S. appliance industry suffered a difficult year in 1991. To offset lower demand, GE Appliances embarked on new initiatives designed to reduce cycle time, boost productivity and improve customer service.

One initiative, Quick Response, is a multifunctional effort to increase the speed and flexibility of the product delivery process. It is improving product availability to customers by reducing cycle times in market forecasting, manufacturing and distribution. Since it began in late 1990, Quick Response has set a standard for continuous improvement by reducing cycle time by 70%.

Another process improvement effort, New Product Introduction, was launched in 1991. Spanning new product design, manufacturing and marketing, it will result in faster delivery of GE, Hotpoint, RCA and Monogram™ appliances to market. Part of this new approach includes locating multifunctional product development teams in open, boundaryless environments to improve communication and increase speed.

GE can provide faster delivery of new appliances to dealer showrooms through the Quick Response effort, which has reduced cycle time dramatically.

These ongoing initiatives provide a framework for future growth by enabling GE Appliances to respond quickly to market changes and to continue driving productivity. Supporting these efforts, Work-Out is becoming a way of life as employees, suppliers and customers become involved in the process. At the dishwasher factory in Louisville, Ky., for example, a team of hourly and salaried employees jointly planned and implemented the changeover to a new, automated tub assembly line, using Work-Out to overcome stumbling blocks and keep the project on track. The changeover has increased capacity and flexibility.

As part of its global strategy, GE Appliances expanded relationships with MABE and other international partners in 1991. A joint venture in Mexico, MABE produces high-quality gas ranges for both Mexican and U.S. markets. Its breakthrough product, with 30% more usable oven capacity than any other leading manufacturer's gas range, has received a high degree of market acceptance.

General Domestic Appliances (GDA), a joint venture with the unrelated General Electric Company of the United Kingdom, had increased earnings in 1991. A leading player in the U.K. market with its Hotpoint and Creda brands, GDA is providing opportunities for expansion into other European markets.

Two new alliances were announced in 1991. In the Asian market, GE and Toshiba established a joint venture to cooperate in marketing GE, Hotpoint and Creda products in Japan through Toshiba's distribution network. GE also signed an agreement in principle to create a joint venture with Godrej & Boyce Mfg. Co. Ltd., which would provide an opportunity for GE to compete in India's rapidly growing appliance market.

The progress in empowering employees, generating cash flow, reducing cycle time and expanding alliances has positioned GE Appliances to improve profitability as volume increases.

Financial Services

Our capital resources, expertise and fresh ideas help companies and individuals solve their financial needs.

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

GE Financial Services completed another successful year in 1991 as earnings grew 17% to $1.3 billion.

The impressive increase was led by GE Capital, which achieved a $105 million earnings growth over 1990 despite a sagging economy and continuing turmoil in the financial services industry. Employers Reinsurance Corporation had stable earnings while Kidder, Peabody's strategic repositioning resulted in one of the most profitable years in its history.

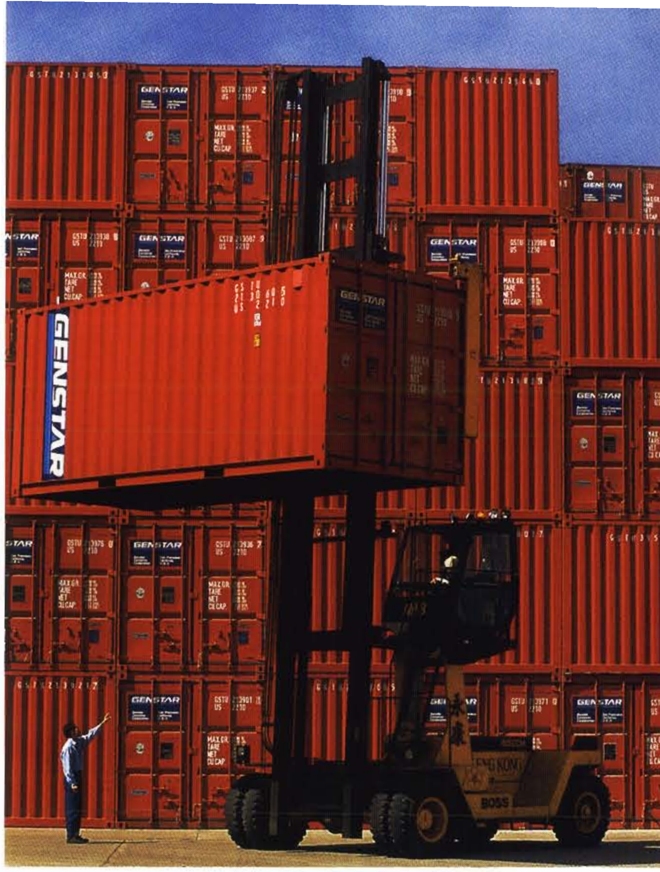
For GE Capital, its ability to respond swiftly to market changes and to explore new niche opportunities has helped it prosper. Its success has been bolstered by a diversified portfolio, selective acquisitions and vigilant attention to risk management. And with many highly focused niche businesses, GE Capital has a broad earnings base to support growth. In 1991, no one business contributed more than 18% of total earnings.

Among 1991's high-growth businesses, Financial Guaranty Insurance Company had a very successful year. A leader in insuring municipal bonds, it increased earnings 53% while maintaining strict, conservative underwriting practices.

GE Mortgage Capital Corp., an industry leader in mortgage guaranty insurance, strengthened its position in mortgage servicing by purchasing significant amounts of new servicing business.

Transportation and Industrial Funding also had a good year. One typical project — financing new, cleaner technologies at U.S. Steel's flagship mill — demonstrates how this business is helping customers respond to environmental concerns.

Other businesses made key acquisitions in 1991. Vendor Financial Services acquired Chase Manhattan's technology equipment leasing business; Genstar purchased Itel Corporation's cargo container business; Auto Leasing obtained Mercantile Credit Company's third-party auto loan business; Fleet Services acquired LMV Leasing from Xerox Credit; and Retailer Financial Services added the Harrods/House of Fraser credit card business in Great Britain.



GE Capital is a financial services leader in many niche businesses, including the leasing of Genstar cargo containers to shipping companies worldwide.

Two GE Capital businesses did reflect the market downturn, however, as both Commercial Real Estate and Corporate Finance suffered sharp declines in operating results. Yet both capitalized on opportunities to prepare for future growth. Commercial Real Estate acquired new properties in California and Arizona from the Resolution Trust Corporation; Corporate Finance developed a special niche in providing lines of credit to bankrupt companies undergoing reorganization.

Employers Reinsurance improved its customer service by opening five satellite offices across the United States, where it is the second largest property and casualty reinsurer. It is the third largest reinsurer in the world.

Kidder, Peabody's strong performance was driven by quick response to market opportunities, resulting in an operating profit versus a loss in 1990. Kidder strengthened its competitive position in most of its businesses.

In total, GE Financial Services has 22 specialized businesses — many with leading share positions and all with reputations for outstanding customer service and financial strength. GE Financial Services is poised to take advantage of future growth opportunities as it builds on its existing resources, innovative ideas and strict underwriting disciplines.

Industrial and Power Systems

We are meeting worldwide demand for more electric power, more efficient systems and a cleaner environment.

David C. Genever-Watling
Senior Vice President,
GE Industrial
and Power Systems

GE Industrial and Power Systems delivered a significant earnings increase on revenues of more than $6 billion in 1991. Leading the way was a strong performance in power generation, with GE capturing the leading share in major world markets.

An underlying factor has been an unwavering commitment to technology leadership. One example: GE's advanced "F" gas turbine design has won 77% of advanced heavy-duty gas turbine opportunities since its debut. This world-leading technology was enhanced by 1991's introduction of the 9F — the world's most powerful gas turbine, rated at 226 megawatts and designed for 50-hertz markets in Europe and Asia.

In transmission and distribution, utilities showed their preference for GE's advanced metering, relay and transformer products. A 1991 highlight was the $70 million order from Hydro-Quebec for GE's series compensation system, which increases power transmission over existing power lines while enhancing reliability.

In nuclear energy, a $1.4 billion contract was signed with Tokyo Electric Power to supply two 1,350-megawatt advanced boiling water reactors, turbine-generators and controls for two plants under construction in Japan.

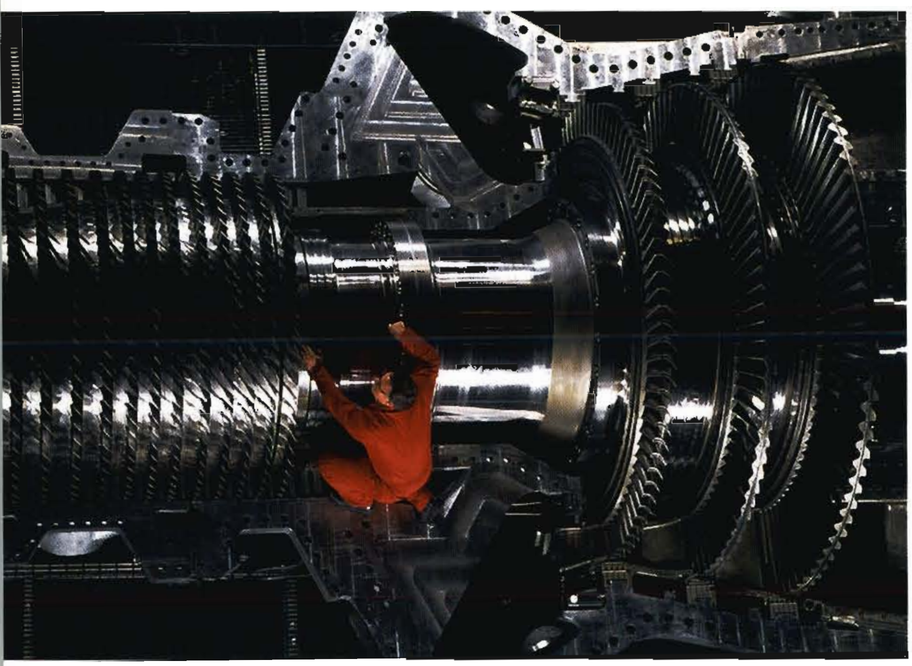
GE also is a world leader in advanced air quality control technology, meeting the growing demand for cleaner energy around the globe. One 1991 milestone was an $83 million contract from Allegheny Power Systems — the first U.S. utility response to the Clean Air Act of 1990.

A major competitive improvement is being achieved through cycle time reductions in the power generation business. For example, the cycle times for certain turbine and generator replacement parts were cut by over 80%. This key cycle time focus will continue in 1992, with targeted reductions of 40% in order processing time and 15% in the medium steam turbine manufacturing cycle. Overall, these cycle time improvements will contribute to a reduction of more than $100 million in average inventory.

Aggressive steps were taken during the year to strengthen execution in high-growth regions of the world. In Asia, where GE won more than $350 million of turbine-generator orders outside Japan in 1991, a program to intensify sales coverage was announced. Elsewhere, the European Gas Turbine Company, a GE alliance, recorded more than $1 billion in orders, and a new agreement with ELIN of Austria further enhanced GE's presence in Europe.

Progress also has been made in setting the industry standard for customer satisfaction. Customer surveys covering the last five years scored GE performance at its highest level in 1991, a direct result of team efforts to reduce delivery cycles and improve service. In addition, over 30 process improvement sessions were held with customers where best practices were identified, resulting in mutual cost savings and other benefits.

Looking to the future, the business is globally positioned as a technology leader in power generation markets that are expected to show double-digit growth throughout the decade.



Rated at 226 megawatts, this highly advanced 9F unit built and tested by GE in Greenville, S.C., is the world's most powerful heavy-duty gas turbine.

Lighting

We are one of the world's leading suppliers of lighting products for consumer, commercial and industrial markets.

John D. Opie
Senior Vice President, GE Lighting

In a year of international competitive pressures and a weak U.S. economy, GE Lighting reported reduced earnings. Sales increased due to the first full year of results from its Hungarian acquisition.

The business accelerated its international momentum in 1991 with the introduction of a complete line of GE brand lamps for the European commercial and industrial market. Strongly supported by the rapid integration of GE-Thorn in the United Kingdom and Tungsram in Hungary, the European product line includes a wide range of specialty incandescent lamps, leading-edge fluorescent and high intensity discharge lamps and the widest choice of reflector lamps in the world.

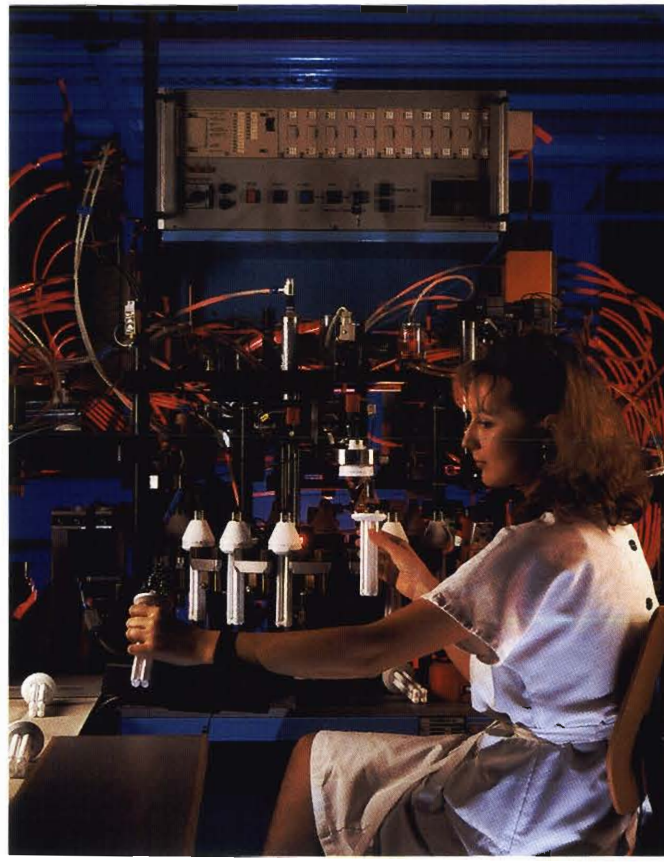
The European marketing program is supported by state-of-the-art distribution operations, distinctive GE lamp packaging, multilanguage product catalogs and creative advertising programs.

Research and production expertise acquired with the 1990 purchase of Tungsram (now 75% GE-owned) and 1991 purchase of Thorn EMI's light source business has enabled GE Lighting to begin establishing and operating international "centers of excellence" to focus on global technology, manufacturing and product innovation.

The centers were identified by cross-functional teams of employees from GE Lighting, GE-Thorn and Tungsram. They were charged with coordinating an efficient worldwide technology and manufacturing organization. To date, 14 centers have been identified in the United States, Hungary and Great Britain, each concentrating on a specific lamp-making program.

One "center of excellence" is in Nagykanizsa, Hungary, where a multifunctional team took just nine months — about half the normal time — to design and build a new facility and new production equipment to manufacture a popular, energy-saving compact fluorescent lamp.

Continuing the global integration, GE Lighting's North American operations have applied Work-Out principles to strengthen customer service through actions such as using electronic data interchange with customers. Work-Out also has resulted in enhanced promotional programs and the continued development of manufacturing processes and lighting products.



Vágó Csabáné of Tungsram transfers compact fluorescent lamps to the electronic mounting unit at the new "center of excellence" in Nagykanizsa, Hungary.

New products include the energy-efficient Trimline fluorescent lamp and the Halogen-IR™ infrared reflector lamp, picked by *Popular Science* magazine for a "Best of What's New" award. Due to growing global demand, GE Lighting will invest $122 million to expand production of these energy-saving lamps at two plants in Canada.

Following ongoing successes in its North and South American markets, plus current growth in Europe, GE Lighting is focusing on other areas of opportunity. To generate worldwide synergy, the business is emphasizing a strategy of manufacturing cost leadership and new product initiatives for global markets.

Medical Systems

We provide the modern medical technology for peering inside the human body to diagnose and treat disease.

John M. Trani
Senior Vice President,
GE Medical Systems

GE Medical Systems achieved record revenues and earnings in 1991 with substantial contributions or improvements from its major business bases in the Americas, Europe and the Far East. As a result, its position as the world leader in diagnostic imaging equipment was further solidified.

To enhance that position, GE Medical Systems is focusing on superior customer responsiveness — a major competitive advantage in today's medical equipment market. GE is doing this in several ways: by providing special customer-oriented training programs for its employees; by developing market-driven technologies; by tailoring special financing packages to match customer needs; and by establishing broad-based relationships with key customers. The creation of a dedicated customer marketing function will provide a closer focus on customer issues and opportunities.

During the year, an important milestone was reached in magnetic resonance (MR) with the installation of the 1,000th Signa® high-field (1.5 Tesla) system. GE's substantial lead in MR, based on technologies pioneered at the R&D Center, is expected to be extended further by the recent introduction of leading-edge products at high- and mid-field strengths — literally a renewal of the entire product line.

In x-ray, the largest segment of the diagnostic imaging market, demand was strong across the entire offering — from sophisticated cardiac positioners and radiographic and fluoroscopic systems to dedicated mammography systems and mobile x-ray units. These are areas where GE is well-positioned.

The Company's leadership in computed tomography (CT) received another boost with the 1991 introduction of the premium CT HiSpeed Advantage™ system. This advanced scanner produces superior clinical images by incorporating slip-ring technology and other design improvements that permit one-second patient scans with only a one-second delay between scans. Combining it with the new Sytec™ 4000 system and other recent introductions throughout the CT line, GE now offers an improved choice of cost-effective approaches for customers to keep technologically current.

GE's new CT HiSpeed Advantage system combines one-second scans with optimum image quality for better care of patients, young and old alike.

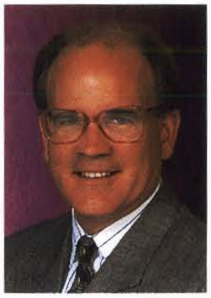
In nuclear medicine, the market debut of the Optima™ multidetector imaging system gives GE a leadership entry in this growing segment. In ultrasound, the versatile RT3200 Advantage™ II system was announced for OB/GYN, urology and general radiology applications.

GE took a series of steps to grow share in several particularly promising markets. In the Far East, the sales, service and manufacturing joint venture between GE and Wipro Ltd. of India is progressing well. So is GE Hangwei Medical Systems Co., a new joint venture in the People's Republic of China. The Company also gained a majority interest in GE VNIIEM, a Moscow-based joint venture that will assemble, sell and service the CT Max 640™ scanner. Meanwhile, revenues grew in rapidly developing Latin American markets for another year of strong performance there.

GE Medical Systems also implemented a variety of Work-Out initiatives affecting every function. The productivity increases from these and other efforts have added to its competitive strength by providing significant resources for reinvestment.

NBC

We bring a rich variety of news, entertainment and sports programming into millions of homes every day.



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

The National Broadcasting Company had sharply lower earnings on somewhat lower revenues in 1991. The negatives of lower prime-time ratings, higher programming costs, Gulf War costs and the worst network advertising market in 20 years could not be offset by NBC's aggressive cost control and restructuring measures.

Despite difficulties at the network level, NBC's television stations in the six major markets of New York, Los Angeles, Chicago, Washington, Denver and Miami had solid but somewhat lower earnings for the year.

The intensely competitive 1990-91 network TV season was won by NBC, but by its narrowest margin in six years. "Cheers" repeated as the top series, and NBC had five of the top 10. NBC won the November 1991 "sweeps," achieving higher ratings than it did in 1990. Sweep results, which determine how much stations can charge advertisers, are important to NBC's 205 affiliates and six owned stations.

NBC Nightside, with anchor Sarah James, and the new NBC News Channel help provide in-depth, around-the-clock news coverage to NBC affiliates.

NBC won 22 Emmy Awards for prime-time, news, sports and daytime programming.

NBC Productions scored strongly in 1991 by bringing three more Danielle Steel novels to television: "Palomino," "Changes" and "Daddy." In addition, its "The Fresh Prince of Bel Air" and "Saved by the Bell" drew solid audiences.

The "Today" show moved up in ratings to challenge for the number one position in the morning, and plans were announced to extend "Today" to seven days a week.

NBC News and its affiliates began a new era in television news when they successfully launched the NBC News Channel as a separate around-the-clock service for affiliated stations. The News Channel, based in Charlotte, N.C., provides NBC affiliates with 200-plus local news bureaus and NBC News' own U.S. and international coverage.

NBC Sports successfully added coverage of the National Basketball Association and Notre Dame football to its existing schedule of NFL football, golf, tennis and pre-Olympic events in 1991. Unfortunately, an extremely weak sales market plagued network sports throughout the year, resulting in current losses and write-offs on NBC's future NFL rights commitments.

The main challenge in 1992 will be coverage of the Barcelona Summer Olympics. It will involve 161 hours of free network coverage and an unprecedented 540 hours of commercial-free coverage on three pay-per-view cable channels in a joint venture with Cablevision Systems.

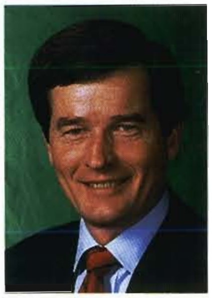
NBC dramatically expanded its cable presence in 1991 by acquiring the Financial News Network (FNN) and merging it with the Consumer News and Business Channel (CNBC). The combined service is available now in about 49% of the television households in the United States. CNBC also moved into international distribution.

Also in 1991, NBC sold its 50% investment in RCA Columbia Home Video to Sony.

Because of the leaner cost structure created in 1991 and a stable network rating performance, NBC is well-positioned in 1992 to take advantage of any improvement in the advertising climate and the economy.

Plastics

We aim to be the highest-quality, lowest-cost producer of engineered materials in the world.



Gary L. Rogers
Senior Vice President,
GE Plastics

GE Plastics had much lower earnings on reduced revenues in 1991 due largely to the worldwide economic slowdown. Despite this difficult climate, the business kept its focus on its single agenda for the 1990s: to be the world's highest-quality, lowest-cost producer of engineered materials.

In response to 1991's soft demand for durable goods, GE Plastics implemented a $50 million worldwide reduction in business support costs. It also adopted a simpler, faster global management approach, focused mainly on quality and customer service.

This new organization, which reduced management layers and functional boundaries, places special emphasis on improving customer satisfaction by attacking cycle time. The time between customer resin orders and deliveries was shortened 30% worldwide. In addition, GE Plastics strongly challenged its changeover times. Current time required to change production from one material to another in North America was cut 45%, effectively gaining capacity without cost.

Schoolchildren in upstate New York are the first in the nation to use refillable school-sized milk bottles made of recyclable Lexan plastic from GE.

These major improvements are targeted at reducing the time it takes to deliver products to the customer, directly aiding the customer's productivity. This is a key priority in GE Plastics' strategy for strengthening customer partnerships. Similar efforts are under way to cut development time for new products and to improve response time for the services and technical support GE provides.

A 1991 highlight was the emergence of Polymerland as a world leader in plastics distribution, offering a broad range of thermoplastic resins. Polymerland joined GE Plastics in 1988 as part of the Borg-Warner Chemicals acquisition. Its U.S. and European sales were up significantly in 1991.

GE Plastics continued its global positioning with strategic investments in emerging growth areas. One is Polimar S.A. de C.V., a joint venture in Mexico that began commercial production of Cycolac® ABS resin. Another is GE Plastics India, a joint venture with India Petrochemicals Corporation, Ltd. to provide engineering polymers to the India market. GE Plastics Japan, a joint venture among GE, Mitsui Sekka and Nagase, announced plans for a new Lexan® polycarbonate plant scheduled to begin production in 1993.

GE Plastics is developing programs that are attractive environmentally and economically, with several reuse and recycling pilot programs under way. For example, school lunch bottles that can be reused up to 100 times before being recycled are in test markets in upstate New York. Roof panels of recycled plastic were made by Nailite International using a Noryl® resin blend of 52% reclaimed plastic from Digital Equipment Corporation computer housings. The panels are being tested in McDonald's McRecycle™ USA program.

Elsewhere, strong global demand for industrial diamond products helped offset a weak U.S. market for GE Superabrasives. The growing use of these products in construction and quarrying represents a major worldwide opportunity.

GE Plastics not only is positioned for growth through the development of new material applications, but, by investing in plants and reducing costs, it also anticipates improved profitability when the economy improves.

Electrical Distribution and Control

We make electricity work safely and efficiently in homes, offices, stores and factories.

Due to a soft market and intense price competition, GE Electrical Distribution and Control had much lower earnings on somewhat lower revenues in 1991. Despite the declines, it posted productivity gains of 4%, reduced its working capital and improved customer service.

The business also increased its global presence as a leading provider of electrical and electronic products that distribute, transform and protect electric power for the home, commercial buildings and industry.

For example, GE enhanced its competitive position in North America by acquiring a controlling interest in Brelec, which serves the fast-growing Mexican market. Its European operation, Eurolec, reorganized for a coordinated approach to take advantage of its core positions in Belgium, France, Italy and Portugal. Business in Southeast Asia and the Pacific Rim expanded through the sales joint venture with Fuji Electric of Japan. The Spectra Series RMS™ modular circuit breaker line was introduced into Japan.

GE Fanuc, the factory automation joint venture between GE and FANUC Ltd. of Japan, continued to pursue the global market for its programmable logic controls, computer numerical controls and Cimplicity™ factory floor software systems. A key success in 1991 was Nissan Motor Company's selection of the Cimplicity system and programmable logic controls for its U.S. and Japanese facilities.

Looking forward, GE Electrical Distribution and Control is enhancing its competitiveness through Work-Out and best practices. In 1991, these efforts streamlined the order-to-delivery cycle for a key control product line, cutting manufacturing time from two weeks to 24 hours and giving the business a gain in market share.

Part of GE's European operation, Vynckier is Belgium's leading supplier of low-voltage electrical equipment.

Information Services

Our global reach, advanced software and skilled people help customers worldwide put information to productive use.

GE Information Services, which celebrated its 25th anniversary in 1991, had another strong year with double-digit growth in earnings and revenues.

The global team at GE Information Services integrates its networking, processing and software application expertise to deliver customized information solutions for customers worldwide. These solutions are tailored to help global businesses — among them leading companies in the financial, retail, transportation and high-tech industries — attain a competitive advantage by using information faster and better.

More than 10,000 customers and trading partners, for example, currently use Electronic Data Interchange (EDI) applications from GE Information Services to keep track of everything from retail inventories to banking transactions to customs information. In addition to EDI services, GE Information Services provides electronic messaging and network applications. It supports these services with technical experts available locally in more than 35 countries around the world.

An important development in 1991 was the expansion of Work-Out to include business partners and customers. They were brought into the Work-Out sessions to work closely with GE employees in an effort to eliminate barriers and streamline processes. One of the many results of these sessions was the direct link of employee incentives to customer satisfaction.

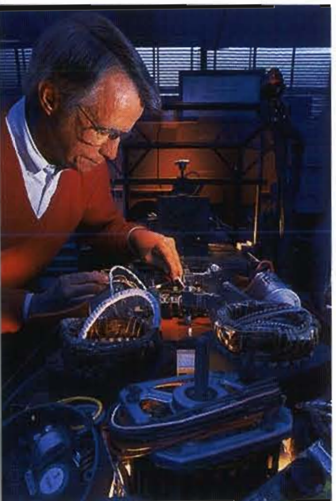
During the year, the business also strengthened its presence in Asia by forming a joint venture with a leading information services company in Korea, reflecting the growing importance of the Asia-Pacific area in the global economy.

The global need for information services provides GE Information Services an enormous opportunity in the decade ahead.

A special EDI system from GE Information Services is helping New Zealand speed up its customs process.

Motors

Our energy-efficient motors help customers run everything from appliances to paper mills.



ECM motor technology led by John Hooker (above) has positioned GE for growth in consumer markets.

Weak markets, competitive pricing and rising customer expectations characterized 1991 for GE Motors. Both revenues and earnings were down, but the business made gains in shortening order-to-delivery lead times, improving its process and product quality, introducing new energy-efficient products, and strengthening its technical and leadership teams.

"Time-based qualitivity" is the framework for competitiveness at GE Motors. All employees are focused on speed, quality and total cost productivity to give customers — and GE — a competitive edge.

Using the Work-Out process, employees worked together to find new ways to create real value for customers by lowering operating costs or improving performance. Hundreds of process changes resulted from employees becoming engaged in Work-Out. Multifunctional teams concentrated on specific markets to provide innovative solutions to customer needs.

One such group is well-positioned to leverage GE's leadership in energy-efficient motors to help customers in the appliance, heating and air conditioning markets meet or exceed current and pending regulatory requirements. Increased energy conservation regulations as well as customer desires for variable-speed features are driving up the demand for ECM™ motors and controls.

There also was high interest in the Company's Energy $aver® motors, which offer fast paybacks for replacing existing motors due to rising electrical costs and utility programs to manage consumer demand.

With the changes made in 1991, GE Motors is better positioned to improve its market competitiveness in 1992.

Transportation Systems

We provide customers worldwide with the horsepower to haul freight and passengers.

GE has a multiyear contract to supply 150 of these wide-body Dash 8 freight locomotives to CSX.

The year 1991 marked the return of GE Transportation Systems to the passenger locomotive business as 20 Dash 8 locomotives were delivered to Amtrak. These new locomotives feature computer controls that integrate the locomotive's operating systems for improved performance.

The business, which had relatively flat revenues and earnings, also delivered more than 100 units for CSX Transportation under a multiyear contract received in 1990.

During 1991, GE won a key order to produce 90 units for Santa Fe in 1992. Production of the Santa Fe units will benefit from cycle time reductions achieved in 1991 that enabled GE to deliver the Amtrak locomotives three months ahead of schedule — a 20% improvement.

International locomotive sales grew 9% in 1991. GE expanded its relationship with Ferrocarriles Nacionales de Mexico by establishing a second service operation at Monterrey. It will serve Mexico's north-south rail corridor, an important part of the infrastructure Mexico needs for trade with the United States.

The international market also was important for GE's electric wheel business. In a softening market for off-highway mining trucks, GE won major orders in Chile, Spain and Australia.

GE's reputation in DC transit propulsion systems has helped it make inroads into the AC propulsion market. During 1991, GE received contracts for AC propulsion systems from the Massachusetts Bay Transportation Authority and the San Francisco Municipal Railway.

Cash flow benefited from better inventory control in 1991 as spare parts inventories were reduced by 30%. And Work-Out resulted in a new management approach that will create a less expensive and more effective overhead structure for the business in the 1990s.

International

We are increasing our global competitiveness in both industrialized and developing countries.

Paolo Fresco
Senior Vice President,
GE International

GE's revenues from international activities grew by 12% in 1991, contributing significantly to GE's total revenues in a year marked by recession and slow growth in the world's industrialized economies. These revenues from international operations were $16.0 billion in 1991, representing about 35% of GE's total revenues, up from only 22% five years ago. Over that five-year period, the average annual growth rate in GE's international revenues has been 14%.

This success is due to the global activities of GE's key businesses, including aggressive efforts in exports, alliances and worldwide investment. Moving forward, GE will continue its globalization strategy by capitalizing on and expanding its strong presence in the industrialized countries of Europe, Japan, Canada, Korea and Taiwan; by increasing its efforts and resources in the rapidly growing economies of Southeast Asia and Mexico; by aggressively continuing to pursue export opportunities in the priority markets of the Middle East and Turkey; and by laying a solid foundation for long-term participation and growth in Eastern Europe, Russia, China and India.

GE is well-positioned with substantial presence in the industrialized countries of Europe and Asia. In Europe, for example, the local operations of GE and its affiliates totaled $5.8 billion in revenues. In Japan, GE has significant local manufacturing as well as a substantial level of exports both to and from Japan. GE's participation in Korea and Taiwan remains strong through joint ventures and exports to these countries.

GE also has a significant manufacturing base in Canada, where its major appliance company, CAMCO, has set a fast pace for all GE by producing appliances on a make-to-order cycle of three to four days.

In the high-growth markets of Southeast Asia, GE added high-level resources and obtained important orders. Indonesia placed orders for GE locomotives, jet engines and power generation equipment in 1991. Likewise, Thailand ordered aircraft engines and power systems.

Mexico is another growth economy, and GE is well-established there with joint ventures. Significant increases were recorded during 1991 in the appliance and transportation markets. GE Electrical Distribution and Control acquired a controlling interest in its Mexican joint venture, and GE Plastics began operating an ABS resin joint venture in Altamira.

Export revenues from GE Power Generation grew substantially in the Middle East, and exports of commercial aircraft engines experienced significant growth in the Middle East and Turkey.

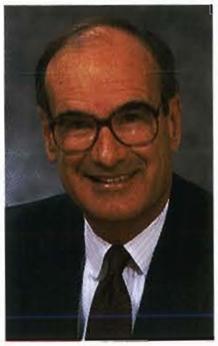
Finally, GE is laying a strong foundation in Eastern Europe, Russia, China and India, which all show promise for long-term growth. This included medical equipment joint ventures in Russia and China, breakthrough orders of jet engines and medical equipment in Eastern Europe, and Indian government approval of joint ventures in plastics and medical systems.

The international markets represent one of the greatest opportunities for growth for all GE businesses, and the Company has the systems and people in place to capitalize on them.

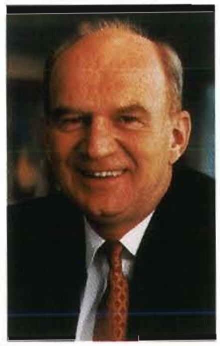
Garuda of Indonesia, a long-standing customer of GE Aircraft Engines, will be updating its fleet with more than 35 new GE-powered airplanes.

Board of Directors

(As of February 14, 1992)



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.

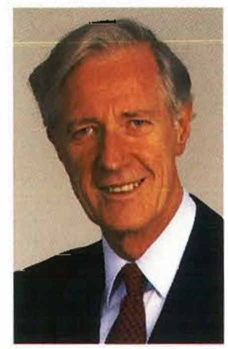
Paolo Fresco
Senior Vice President, GE International, London, England. Director since 1990.

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 Vice President–External Affairs 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.

D. Wayne Calloway was elected to the GE Board of Directors in December 1991. Mr. Calloway is chairman and chief executive officer of PepsiCo, Inc.

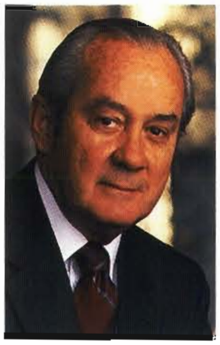
Lawrence A. Bossidy left the Company in mid-1991 after 34 years of outstanding service, including seven years as vice chairman and member of the Board, to become chairman and chief executive officer of Allied-Signal Inc. We will miss him, but we wish him the very best.

Lewis T. Preston left the Board in 1991 after 16 years of service to become president of the World Bank. The Board will miss his thoughtful commentary on global issues, his keen understanding of financial matters and his ever-present good judgment.

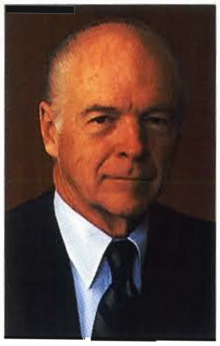
Henry Hillman will be leaving the Board in April 1992 after 20 years of service. Mr. Hillman has made a unique contribution to GE. His enormous intellect stretched the limits of all those in the Company who came in contact with him. His entrepreneurial spirit consistently challenged everyone to go faster, and his good humor and humility always reminded us not to take ourselves too seriously.

During 1991, the Directors held 10 regular meetings and participated on the following committees that aid the Board in its duties.

The *Audit Committee*, which consists entirely of outside Directors, met four times. It reviewed the activities and independence of GE's independent



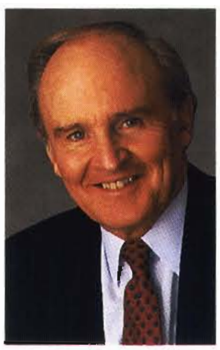
Henry H. Henley, Jr.
Retired Chairman of the Board, Chief Executive Officer and former Director, Cluett, Peabody & Co., Inc., manufacturing and retailing of apparel, New York, N.Y. Director since 1972.



Henry L. Hillman
Chairman of the Board and Director, The Hillman Company, diversified operations and investments, Pittsburgh, Pa. Director since 1972.

Edward E. Hood, Jr.
Vice Chairman of the Board and Executive Officer, General Electric Company, Fairfield, Conn. Director since 1980.

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



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

Walter B. Wriston
Retired Chairman of the Board and former Director, Citicorp and Citibank, N.A., New York, N.Y. Director since 1962.

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
Walter B. Wriston

Management Development and Compensation Committee
Walter B. Wriston, Chairman
Henry H. Henley, Jr.
Henry L. Hillman
David C. Jones
Gertrude G. Michelson

Nominating Committee
Silas S. Cathcart, Chairman
H. Brewster Atwater, Jr.
Henry H. Henley, Jr.
Gertrude G. Michelson
Andrew C. Sigler

Operations Committee
Henry L. Hillman, Chairman
H. Brewster Atwater, Jr.
D. Wayne Calloway
Silas S. Cathcart
Paolo Fresco
Robert E. Mercer
Barbara Scott Preiskel
Andrew C. Sigler

Public Responsibilities Committee
Henry H. Henley, Jr., Chairman
John F. Welch, Jr., Vice Chairman
H. Brewster Atwater, Jr.
D. Wayne Calloway
Lawrence E. Fouraker
Henry L. Hillman
Gertrude G. Michelson
Barbara Scott Preiskel
Andrew C. Sigler

Technology and Science Committee
Frank H.T. Rhodes, Chairman
Edward E. Hood, Jr., Vice Chairman
Lawrence E. Fouraker
Henry L. Hillman
David C. Jones
Robert E. Mercer

auditors and the activities of the Company's internal audit staff. It also reviewed GE's financial reporting process, internal financial controls and compliance with key GE policies.

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

The *Management Development and Compensation Committee* held 10 meetings. It approved changes in GE's management and reviewed the Company's exempt salary structure and executive compensation programs.

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 reviews of GE Appliances and GE Industrial and Power Systems.

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

The *Technology and Science Committee* conducted two meetings. One of its sessions included a review of GE Financial Services.

Management

(As of February 14, 1992)

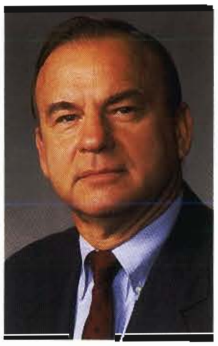
Corporate Executive Officers

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

Edward E. Hood, Jr.
Vice Chairman of the Board and Executive Officer

Senior Corporate Officers

Dennis D. Dammerman
Senior Vice President, Finance

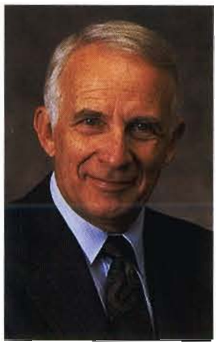


Jack O. Peiffer
Senior Vice President, Human Resources

Frank P. Doyle
Senior Vice President, External and Industrial Relations

John D. Rittenhouse
Senior Vice President, Technology Programs

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



Walter L. Robb
Senior Vice President, Research and Development

Corporate Staff Officers

James R. Bunt
Vice President and Comptroller

David L. Calhoun
Vice President, Audit Staff

Pamela Daley
Vice President and Senior Counsel, Transactions

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

R. Michael Gadbaw
Vice President and Senior Counsel, International Law and Policy

Joyce Hergenhan
Vice President, Public Relations

Robert W. Nelson
Vice President, Financial Planning and Analysis

Phillips S. Peter
Vice President, Government Relations

Arthur V. Puccini
Vice President, Industrial Relations

Gary M. Reiner
Vice President, Business Development

John M. Samuels
Vice President and Senior Counsel, Taxes

Edward J. Skiko
Vice President, Information Technology

Susan M. Walter
Vice President, State Government Relations

Operating Management

(As of February 14, 1992)

Aerospace

Eugene F. Murphy
Senior Vice President, GE Aerospace

Fred A. Breidenbach
Vice President, Government Electronic Systems

Thomas A. Corcoran
Vice President, Aerospace Operations

James B. Feller
Vice President, Aerospace Technology

Arthur L. Glenn
Vice President, Marketing and Business Development

William B. Lytton
Vice President and General Counsel

Lawrence R. Phillips
Vice President, Human Resources

Michael A. Smith
Vice President, Astro Space

Robert W. Tieken
Vice President, Finance and Information Technology

Aircraft Engines

Brian H. Rowe
Senior Vice President, GE Aircraft Engines

Charles L. Chadwell
Vice President, Production

William J. Conaty
Vice President, Human Resources

Henry A. Hubschman
Vice President and General Counsel

Lee Kapor
Vice President, GE90 Project

Dennis R. Little
Vice President, Marine and Industrial Engines

Michael D. Lockhart
Vice President, Commercial Engines and Service Operations

Edward C. Bavaria
Vice President, Airline Marketing

Frank E. Pickering
Vice President and Chief Engineer

Robert G. Stiber
Vice President, Engineering

Robert C. Turnbull
Vice President, Military Engines

Dennis K. Williams
Vice President, Military Marketing

William J. Vareschi
Vice President, Finance and Information Systems

Appliances

J. Richard Stonesifer
Senior Vice President, GE Appliances

Scott R. Bayman
Vice President, Worldwide Marketing and Product Management

Richard L. Burke
Vice President, Manufacturing

Dennis J. Carey
Vice President, Finance and Business Development

David M. Cote
Vice President, Consumer Service

Lawrence R. Johnston
Vice President, Sales and Distribution

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

William J. Sheeran
Vice President, Technology

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

Financial Services

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

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

Charles E. Okosky
Senior Vice President, Human Resources

James A. Parke
Senior Vice President, Finance

Stephen Berger
Executive Vice President, GE Capital

Denis J. Nayden
Executive Vice President, GE Capital

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

John C. Deterding
Senior Vice President, Commercial Real Estate

Robert L. Lewis
President, Transportation and Industrial Funding Corporation

Edward D. Stewart
Executive Vice President, GE Capital

David D. Ekedahl
Senior Vice President, Retailer Financial Services

Teresa M. LeGrand
President, GE Capital Fleet Services

Francois E. de Carbonnel
President and Chief Executive Officer, GE Capital Europe

Michael G. Fitt
Chairman and Chief Executive Officer, Employers Reinsurance Corporation

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

Industrial and Power Systems

David C. Genever-Watling
Senior Vice President, GE Industrial and Power Systems

Francis S. Blake
Vice President and General Counsel

Edwin M. Clemmings, Jr.
Vice President, Finance

Gerald R. Cote
Vice President, Power Generation Production

Dennis M. Donovan
Vice President, Human Resources

Eugene J. Kovarik
Vice President, Power Delivery and Control

Donald M. Kusza
President and Regional Executive, Industrial and Power Systems Asia Operation

Hugh J. Murphy
Vice President, Power Generation Customer Service

Thomas C. Paul
Vice President, Power Generation Engineering

Delbert L. Williamson
Vice President, Industrial and Power Systems Marketing and Sales

Bertram Wolfe
Vice President, Nuclear Energy

Lighting

John D. Opie
Senior Vice President, GE Lighting

John E. Breen
Vice President, Technology

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

David E. Momot
President and Chief Executive Officer, GE-Thorn Lamps, Ltd.

George F. Varga
President and Chief Executive Officer, Tungsram Company, Ltd.

Robert B. Schwarz
Vice President, North American Production

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

Operating Management

(Continued)

Medical Systems

John M. Trani
Senior Vice President, GE Medical Systems

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, Marketing and Engineering

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

Steven C. Riedel
President and Chief Executive Officer, General Electric CGR S.A.

Richard F. Segalini
Vice President, Manufacturing and Information Systems

Robert L. Stocking
Vice President, Sales

NBC

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

Richard Cotton
Executive Vice President and General Counsel

Dick Ebersol
President, Sports

Michael G. Gartner
President, News

Pierson G. Mapes
President, Television Network

John Rohrbeck
President, Television Stations

Edward L. Scanlon
Executive Vice President, Employee Relations

Plastics

Gary L. Rogers
Senior Vice President, GE Plastics

Nigel D. T. Andrews
Vice President, GE Plastics – Americas

Jean M. Heuschen
Vice President, Worldwide Technology

Jeffrey R. Immelt
Vice President, Commercial Operation

Robert P. Mozgala
Vice President, Manufacturing

Robert H. Brust
Vice President, Finance

Richard U. Jelinek
Vice President, Human Resources

Eugene P. Nesbeda
Vice President, Business Development

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

Frederick A. Shinners
Vice President, GE Silicones

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

L. Donald Simpson
Associate Director, Manufacturing

Electrical Distribution and Control

W. James McNerney, Jr.
Vice President, GE Electrical Distribution and Control

Alan G. Clark
Managing Director, Eurolec

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

David M. Engelman
Vice President, Sales

Lloyd G. Trotter
Vice President, Manufacturing

Information Services

Hellene S. Runtagh
President, GE Information Services

Motors

James W. Rogers
Vice President, GE Motors

Transportation Systems

Robert L. Nardelli
Vice President, GE Transportation Systems

International

Paolo Fresco
Senior Vice President, GE International

Alberto F. Cerruti
Vice President, Finance and Business Support

Ugo Draetta
Vice President and Senior Counsel

Jeffrey P. Gannon
Chairman and Chief Executive Officer, General Electric de Mexico, S.A. de C.V.

Stephen G. Snyder
Chairman and Chief Executive Officer, General Electric Canada Inc.

Alistair C. Stewart
Vice President, Middle East and Africa Area

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

GE Supply

Douglas J. Woods
Vice President, GE Supply

Aerospace Technology

Thomas E. Cooper
Vice President, Aerospace Technology

Environmental Programs

Stephen D. Ramsey
Vice President, Environmental Programs

Licensing/Trading

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

Marketing and Sales

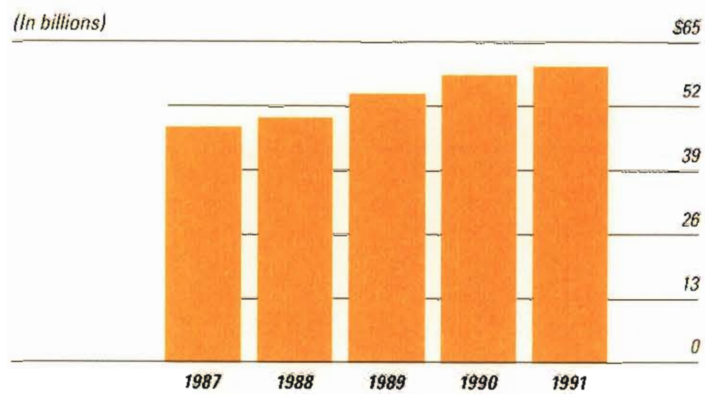
Albert J. Febbo
Vice President, Automotive Industry Marketing and Sales

Henry J. Singer
Vice President, Area Management and Sales

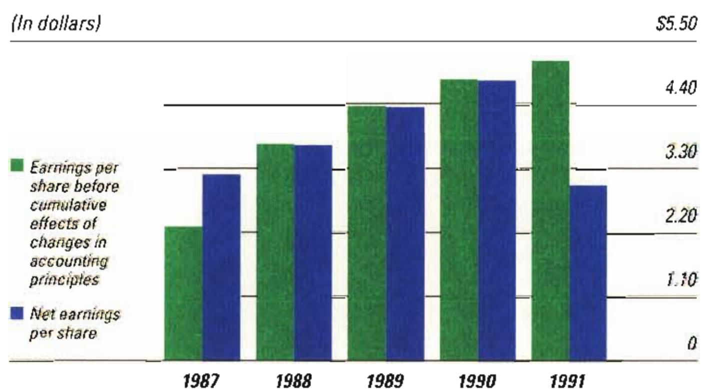
Financial Section

Contents

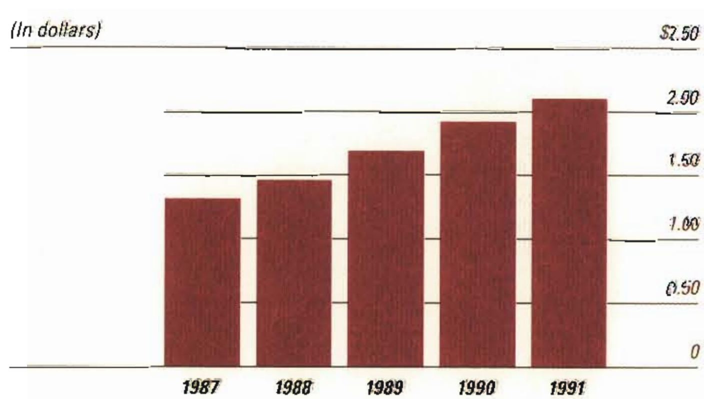
Consolidated revenues



Earnings per share



Dividends per share



Statement of Earnings

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 1991	1990	1989
Revenues			
Sales of goods	**$33,127**	$33,321	$31,314
Sales of services	**9,911**	9,630	9,673
Other income (note 3)	**857**	752	690
Earnings of GEFS	**—**	—	—
GEFS revenues from operations (note 4)	**16,341**	14,711	12,897
Total revenues	**60,236**	58,414	54,574
Costs and expenses (note 5)			
Cost of goods sold	**24,635**	24,815	23,059
Cost of services sold	**7,937**	7,515	7,314
Interest and other financial charges (note 7)	**7,404**	7,392	6,591
Insurance policy holder losses and benefits	**1,623**	1,599	1,614
Provision for losses on financing receivables (note 8)	**1,102**	688	527
Other costs and expenses	**11,027**	10,176	9,682
Minority interest in net earnings of consolidated affiliates	**72**	82	84
Total costs and expenses	**53,800**	52,267	48,871
Earnings before income taxes and cumulative effect of change in accounting principle	**6,436**	6,147	5,703
Provision for income taxes (note 9)	**(2,001)**	(1,844)	(1,764)
Earnings before cumulative effect of change in accounting principle	**4,435**	4,303	3,939
Cumulative effect to January 1, 1991, of change in accounting for postretirement benefits other than pensions (note 6)	**(1,799)**	—	—
Net earnings	**$ 2,636**	$ 4,303	$ 3,939
Net earnings per share (in dollars)			
Before cumulative effect of change in accounting principle	**$ 5.10**	$ 4.85	$ 4.36
Cumulative effect to January 1, 1991, of change in accounting for postretirement benefits other than pensions	**(2.07)**	—	—
Net earnings per share	**$ 3.03**	$ 4.85	$ 4.36
Dividends declared per share (in dollars)	**$ 2.08**	$ 1.92	$ 1.70

The notes to consolidated financial statements on pages 46-64 are an integral part of this statement. Certain amounts for 1990 and 1989 have been reclassified to conform with 1991 classifications.

GE			GEFS		
1991	1990	1989	**1991**	1990	1989
$33,166	$33,362	$31,326	**$ —**	$ —	$ —
9,923	9,655	9,693	**—**	—	—
863	768	704	**—**	—	—
1,275	1,094	927	**—**	—	—
—	—	—	**16,399**	14,774	12,945
45,227	44,879	42,650	**16,399**	14,774	12,945
24,674	24,856	23,071	**—**	—	—
7,949	7,540	7,334	**—**	—	—
896	960	726	**6,536**	6,474	5,912
—	—	—	**1,623**	1,599	1,614
—	—	—	**1,102**	688	527
5,615	5,636	5,989	**5,448**	4,577	3,708
39	41	38	**33**	41	46
39,173	39,033	37,158	**14,742**	13,379	11,807
6,054	5,846	5,492	**1,657**	1,395	1,138
(1,619)	(1,543)	(1,553)	**(382)**	(301)	(211)
4,435	4,303	3,939	**1,275**	1,094	927
(1,799)	—	—	**(19)**	—	—
$ 2,636	$ 4,303	$ 3,939	**$ 1,256**	$ 1,094	$ 927

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

Statement of Financial Position

At December 31 (In millions)	General Electric Company and consolidated affiliates 1991	1990
Assets		
Cash and equivalents	$ 1,971	$ 1,975
Marketable securities carried at cost (note 10)	7,971	7,465
Marketable securities carried at market (note 11)	17,850	11,877
Securities purchased under agreements to resell	19,402	23,408
Current receivables (note 12)	8,231	7,806
Inventories (note 13)	6,398	6,707
GEFS financing receivables (investment in time sales, loans and financing leases) — net (note 14)	55,752	50,255
Other GEFS receivables (note 15)	7,145	6,368
Property, plant and equipment (including equipment leased to others) — net (note 16)	18,976	16,631
Investment in GEFS	—	—
Intangible assets (note 17)	9,809	9,333
All other assets (note 18)	14,754	12,059
Total assets	$168,259	$153,884
Liabilities and equity		
Short-term borrowings (note 19)	$ 51,350	$ 42,920
Accounts payable, principally trade accounts (note 15)	8,205	7,051
Securities sold under agreements to repurchase	28,173	27,824
Securities sold but not yet purchased, at market (note 20)	4,884	5,324
Progress collections and price adjustments accrued	3,467	3,435
Dividends payable	477	445
All other GE current costs and expenses accrued (note 21)	6,055	6,023
Long-term borrowings (note 19)	22,682	21,043
Reserves of insurance affiliates (note 22)	6,291	5,566
All other liabilities (note 23)	9,965	7,550
Deferred income taxes (note 24)	3,808	3,812
Total liabilities	145,357	130,993
Minority interest in equity of consolidated affiliates (note 25)	1,219	1,211
Common stock (926,564,000 shares issued)	584	584
Other capital	938	1,061
Retained earnings	23,787	22,959
Less common stock held in treasury	(3,626)	(2,924)
Total share owners' equity (notes 26 and 27)	21,683	21,680
Total liabilities and equity	$168,259	$153,884

The notes to consolidated financial statements on pages 46-64 are an integral part of this statement.

GE		GEFS	
1991	1990	1991	1990
$ 1,046	$ 1,312	$ 925	$ 663
41	19	7,930	7,446
—	—	17,850	11,877
—	—	19,402	23,408
8,479	8,161	—	—
6,398	6,707	—	—
—	—	55,752	50,255
—	—	7,676	6,755
10,619	10,023	8,357	6,608
7,758	6,833	—	—
7,319	6,957	2,490	2,376
7,322	6,352	7,432	5,707
$48,982	$46,364	$127,814	$115,095
$ 3,482	$ 2,721	$ 48,070	$ 40,403
2,562	2,718	6,207	4,859
—	—	28,173	27,824
—	—	4,884	5,324
3,467	3,435	—	—
477	445	—	—
6,055	6,023	—	—
4,333	4,048	18,350	16,997
—	—	6,291	5,566
7,613	5,503	2,364	2,057
(1,044)	(497)	4,852	4,309
26,945	24,396	119,191	107,339
354	288	865	923
584	584	1	1
938	1,061	1,741	1,722
23,787	22,959	6,016	5,110
(3,626)	(2,924)	—	—
21,683	21,680	7,758	6,833
$48,982	$46,364	$127,814	$115,095

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

Statement of Cash Flows

For the years ended December 31 (In millions)	1991	1990	1989
	General Electric Company and consolidated affiliates		
Cash flows from operating activities			
Net earnings	**$ 2,636**	$ 4,303	$ 3,939
Adjustments to reconcile net earnings to cash provided from operating activities			
Cumulative effect of change in accounting principle	**1,799**	—	—
Depreciation, depletion and amortization	**2,832**	2,508	2,256
Earnings retained by GEFS	**—**	—	—
Deferred income taxes	**866**	183	281
Decrease (increase) in GE current receivables	**(350)**	(781)	(100)
Decrease (increase) in GE inventories	**404**	26	(167)
Increase (decrease) in accounts payable	**1,162**	284	503
Increase in insurance reserves	**725**	534	486
Allowance for losses on financing receivables	**1,102**	688	527
Net change in certain broker-dealer accounts	**(1,548)**	1,200	(872)
All other operating activities	**(2,131)**	(1,077)	(194)
Cash provided from operating activities	**7,497**	7,868	6,659
Cash flows from investing activities			
Property, plant and equipment (including equipment leased to others)			
Additions	**(5,000)**	(4,523)	(5,474)
Dispositions	**1,092**	1,587	1,294
Net increase in GEFS financing receivables	**(7,254)**	(5,577)	(6,649)
Payments for principal businesses purchased, net of cash acquired	**(3,769)**	(4,595)	(1,860)
Proceeds from principal business dispositions	**604**	603	—
All other investing activities	**(2,034)**	(2,236)	(436)
Cash used for investing activities	**(16,361)**	(14,741)	(13,125)
Cash flows from financing activities			
Net change in borrowings (maturities 90 days or less)	**6,126**	5,407	7,360
Debt having maturities more than 90 days			
Newly issued	**15,374**	12,065	8,078
Repayments and other reductions	**(10,158)**	(7,427)	(7,710)
Sale of preferred stock by GE Capital	**—**	275	—
Disposition of GE shares from treasury (mainly for employee plans)	**410**	433	509
Purchase of GE shares for treasury	**(1,112)**	(2,485)	(490)
Dividends paid to share owners	**(1,780)**	(1,678)	(1,479)
Cash provided from (used for) financing activities	**8,860**	6,590	6,268
Increase (decrease) in cash and equivalents during year	**(4)**	(283)	(198)
Cash and equivalents at beginning of year	**1,975**	2,258	2,456
Cash and equivalents at end of year	**$ 1,971**	$ 1,975	$ 2,258
Supplemental disclosure of cash flows information			
Cash paid during the year for interest	**$ (7,145)**	$ (7,072)	$ (6,669)
Cash paid during the year for income taxes	**(1,244)**	(1,528)	(1,331)

The notes to consolidated financial statements on pages 46-64 are an integral part of this statement. Certain amounts for 1990 and 1989 have been reclassified to conform with 1991 classifications.

GE			GEFS		
1991	1990	1989	**1991**	1990	1989
$ 2,636	$ 4,303	$ 3,939	**$ 1,256**	$ 1,094	$ 927
1,799	—	—	**19**	—	—
1,607	1,534	1,524	**1,225**	974	732
(925)	(744)	(927)	—	—	—
311	57	178	**555**	126	103
(244)	(894)	(12)	—	—	—
404	26	(167)	—	—	—
(192)	(209)	693	**1,391**	641	(75)
—	—	—	**725**	534	486
—	—	—	**1,102**	688	527
—	—	—	**(1,548)**	1,200	(872)
(1,378)	(29)	(468)	**(754)**	(1,066)	292
4,018	4,044	4,760	**3,971**	4,191	2,120
(2,256)	(2,131)	(2,217)	**(2,744)**	(2,392)	(3,257)
63	174	205	**1,029**	1,413	1,089
—	—	—	**(7,254)**	(5,577)	(6,542)
(933)	(130)	(759)	**(2,836)**	(4,465)	(1,101)
327	603	—	**277**	—	—
(49)	(491)	115	**(2,125)**	(1,730)	(837)
(2,848)	(1,975)	(2,656)	**(13,653)**	(12,751)	(10,648)
483	1,175	850	**5,641**	4,200	6,576
2,136	1,450	204	**13,238**	10,615	7,874
(1,573)	(1,401)	(1,772)	**(8,585)**	(6,026)	(6,046)
—	—	—	—	275	—
410	433	509	—	—	—
(1,112)	(2,485)	(490)	—	—	—
(1,780)	(1,678)	(1,479)	**(350)**	(350)	—
(1,436)	(2,506)	(2,178)	**9,944**	8,714	8,404
(266)	(437)	(74)	**262**	154	(124)
1,312	1,749	1,823	**663**	509	633
$ 1,046	$ 1,312	$ 1,749	**$ 925**	$ 663	$ 509
$ (761)	$ (762)	$ (793)	**$ (6,384)**	$ (6,310)	$ (5,876)
(1,343)	(1,488)	(1,163)	**99**	(40)	(168)

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

Management's Discussion of Consolidated and GE Operations

Overview

General Electric Company's consolidated financial statements include the detailed effects of adding to the Company's manufacturing and nonfinancial services businesses ("GE" or "GE except GEFS") the accounts of General Electric Financial Services, Inc. ("GEFS"). See note 1 to the consolidated financial statements, which explains how the various financial data are presented.

Management's Discussion of Operations is in three parts: Consolidated Operations; GE Operations; and, beginning on page 37, GEFS Operations.

Consolidated revenues of $60.2 billion in 1991 were up 3% from $58.4 billion in 1990 following a 7% increase from 1989. The principal components of consolidated revenues are GE sales of goods and services, which were flat in 1991, and GEFS revenues from operations (earned income), which increased 11% for the year.

Earnings per share before cumulative effect of change in accounting principle were $5.10 for the year 1991, or 5% more than last year's comparable earnings per share of $4.85. Earnings before cumulative effect of change in accounting principle were $4.435 billion, an increase of 3% from the $4.303 billion reported for 1990. Growth in earnings per share continued to outpace growth in net earnings, reflecting the impact of GE's share repurchase program initiated in November 1989. During 1991, the Company reacquired approximately 15.0 million shares at a cost of $1.0 billion. See note 26 for further information about the share repurchase program.

For business in general, 1991 was a year of enormous challenge with a global economic slowdown and intensifying competition. The Company's continued earnings improvement in the face of a difficult economy and changing business environment demonstrated the importance of its diverse business base and ongoing actions to reduce overhead and improve operating efficiencies.

The 1991 change in accounting principle represents adoption of Statement of Financial Accounting Standards (SFAS) No. 106 — "Employers' Accounting for Postretirement Benefits Other Than Pensions." See note 6. SFAS No. 106 requires that the cost of postretirement benefits, which for GE are primarily health care and life insurance benefits, be recognized in the financial statements during employees' service with the Company. Largely as a result of its strong financial position and because part of the obligation had been previously provided, GE chose to implement SFAS No. 106 on an "immediate recognition" basis, rather than spreading it over 20 years on the "delayed recognition" basis. The impact of absorbing the one-time transition effect of the accounting change decreased earnings by $1.799 billion ($2.07 per share), with a corresponding decrease in share owners' equity, and resulted in total year 1991 net earnings of $2.636 billion ($3.03 per share). Although there was no cash flow impact, this one-time charge lowered the return on average share owners' equity to 12.2% in 1991 (from 20.2% and 20.0% in 1990 and 1989, respectively).

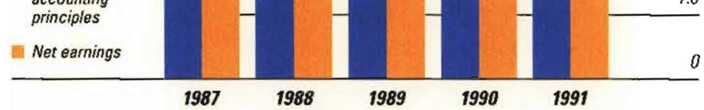
Dividends declared totaled $1.808 billion in 1991, or $2.08 per share. Even though substantial dividends were paid, the Company retained sufficient earnings to support capital expenditures to increase productive capability and to provide adequate financial resources for internal and external growth opportunities. The fourth-quarter 1991 increase of 8% in per-share dividends marked the 16th consecutive year of dividend growth. As shown in the chart on page 33, GE's 1991 and 1990 dividends per share were up 76% and 62%, respectively, over 1986 while the S&P 500 dividends were up only 47% and 46%, respectively, from 1986 levels.

GE Operations

GE total revenues of $45.2 billion in 1991 were up 1% from $44.9 billion in 1990, which was up 5% from 1989.

- GE's sales of goods and services for 1991 totaled $43.1 billion compared with $43.0 billion in 1990. The sales effects of changes in volume and prices differed markedly among businesses. Overall, volume of shipments was about 1% higher in 1991 than in 1990 as strength in certain long-cycle businesses — Power Generation, Medical Systems and Aircraft Engines — and the effect of consolidating

Consolidated earnings



Tungsram in the Lighting business were partially offset by weaknesses in the short-cycle businesses such as Appliances and Plastics. Lower selling prices in most businesses, particularly NBC, about offset the net volume increase. Sales in 1990 were up about 5% from 1989. Higher physical volume of shipments accounted for more than four-fifths of the sales increase in 1990, and the effect of stating non-U.S. sales in the relatively weaker U.S. dollar accounted for the remainder.

■ GE's other income from a wide variety of sources totaled between $704 million and $863 million for each of the last three years. Details of GE's other income are in note 3.

■ Earnings of GEFS were up 17% in 1991 following an 18% increase the year before. See page 37 for details of these earnings.

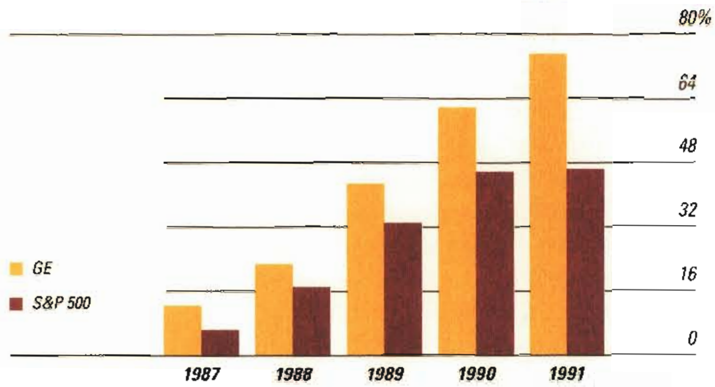
Costs and expenses for GE were $39.2 billion in 1991, slightly higher than 1990's $39.0 billion, which was 5% above 1989. Principal elements of these costs and expenses are costs of goods and services sold; selling, general and administrative expense; and interest expense.

■ Operating margin is sales of goods and services less the costs of sales and selling, general and administrative expenses. Operating margin at 11.3% of sales was slightly below the 1990 level of 11.6% and the same as 1989. The 1991 decrease was more than accounted for by a significant decline in the Broadcasting segment. Operating margin of GE's other businesses grew from 11.5% in 1990 to 11.9% in 1991 — the fifth straight year of improvement. GE's total cost productivity (sales in relation to costs on a constant dollar basis) was 4.1% in 1991 compared with 5.4% in 1990 and 5.8% in 1989. GE's productivity in 1991 was two times that of the 1981-82 recessionary period and more than offset the 1991 impact of inflation on the Company. Productivity offset substantially all inflation in 1990.

■ Pension assets earned a return of 21% during 1991 and 15% per year over the past decade. Reflecting this performance, the expected long-term rate of return on plan assets was changed during 1991 to 9.5% from 8.5%, the principal reason pension costs declined $316 million during the year.

■ GE's interest expense in 1991 was $896 million, down 7% from $960 million in 1990. Lower interest expense in 1991 was primarily the result of lower interest rates, which more than offset a 14% increase in the average level of borrowings stemming principally from the share repurchase program. The higher average level of borrowings associated with the share repurchase program was the principal factor in a 32% increase in 1990 interest expense over 1989.

GE/S&P dividends per share increase compared with 1986



The outlook for 1992 holds numerous, continuing uncertainties; however, GE enters 1992 with positive momentum. With the Company's diverse mix of global businesses, management is optimistic and confident of its ability to deal effectively with the 1992 environment.

Industry Segments

The table on page 35 presents consolidated industry segment revenues and operating profit for the last five years. Revenues include income from all sources — for GE, sales of products and services to customers and other income; for GEFS, revenues from operations (earned income) as described in note 1. Sales from one Company component to another generally are priced at equivalent commercial selling prices. Intersegment revenues are shown in note 29. The presentation of consolidated industry segments is in two parts: one for GE that includes only the net earnings of GEFS; one for GEFS as a separate entity. Revenues and operating profit for GEFS are presented by the industry segments in which it conducts business. Additional financial data plus descriptions of each segment can be found in note 29.

Comments on each GE segment follow.

■ ***Aerospace*** revenues decreased 5% in 1991 following a 6% increase in 1990. Operating profit was flat in each of the last three years as annual productivity of more than 5% offset the 1991 revenue decrease and 1990's higher provision for restructuring. Orders received in 1991 totaled $5.1 billion, up 6% over 1990 due mainly to the timing of funding received on Aegis fleet air defense systems. The backlog of firm unfilled orders was $6.7 billion at December 31, 1991, a slight decrease of $0.2 billion following a decline of $1.1 billion in 1990 from 1989. Approximately 52% of the 1991 backlog was scheduled for shipment in 1992.

About 90% of the Aerospace business in each of the previous three years was performed under contract for the U.S.

government. As expected, the current year's federal budget resulted in the seventh straight year of real decline in U.S. defense appropriations. Management continues to take aggressive actions in response to the changing levels in defense spending. Over the past three years, the work force has been reduced by about 12,600 employees, or 27% of Aerospace's work force, through attrition, business dispositions and layoffs. Aerospace's business with the U.S. government is diversified with several hundred programs involving numerous agencies and services, including Army, Navy, Air Force, NASA, Department of Energy and others.

■ ***Aircraft Engines*** operating profit was up 12% and 20% in 1991 and 1990, respectively, reflecting productivity of more than 5% in both years and revenue increases of 5% and 10%, respectively. Despite the higher installed base of commercial engines, spare parts revenues were up only modestly in 1991, following a significant increase in 1990, as airlines slowed purchases and consolidated inventories. Worldwide demand for additional new commercial aircraft also slowed somewhat during 1991. Firm orders received during the year totaled $6.3 billion, following the very strong performance of $8.2 billion and $8.0 billion in 1990 and 1989, respectively. The firm orders backlog at the end of 1991 aggregated $11.9 billion, about 80% of which was for commercial applications. The 1991 backlog declined about 10% from the year-end 1990 level. About 42% of the total 1991 backlog was scheduled for delivery in 1992.

About 39% of 1991 Aircraft Engines revenues were from sales to the U.S. government (40% and 43% in 1990 and 1989, respectively). Those 1991 revenues remained flat as reduced spending for ongoing defense programs was about offset by termination billing for cancellation of the T407 (P-7 aircraft) and F412 (A-12 aircraft) programs. Management continues to evaluate the changing economic and political environment and has responded to the weakening military business, reducing the work force by about 3,700 employees, or 9% of Aircraft Engines' work force, over the past two years. As with Aerospace, business with the U.S. government is diversified with many programs involving numerous agencies and services.

■ ***Appliances*** revenues were down 4% from 1990, principally as a result of reduced demand in domestic markets in the consumer-driven recession. A 7% decrease in 1991 operating profit resulted primarily from decreased sales volume, lower selling prices and inflation. However, Appliances reduced order-to-delivery cycle time dramatically during 1991, resulting in much lower inventory levels that, in turn, produced significant non-operating savings. These savings more than offset the economy-induced softness from the standpoint of net earnings. Strong productivity gains more than offset higher labor and material costs in 1990, resulting in a 17% increase in operating profit from 1989 on modestly higher revenues.

■ ***Broadcasting*** operating profit decreased 56% from 1990 on a 4% decrease in revenues. The decreases were more than accounted for by poor performance in the NBC Network, which had an operating loss in 1991 compared with an operating profit in 1990. The network encountered a combination of significantly higher program costs, lower prime-time ratings, Gulf War costs, the worst advertising market in 20 years and the necessity to write down future sports rights commitments. Operating profit at NBC's six television stations also declined but contributed substantially to 1991 results. Also offsetting the network performance was the 1991 gain recorded on the disposition of NBC's interest in the RCA Columbia Home Video joint venture. Operating profit decreased 21% in 1990 from 1989 on a 5% decrease in revenues. The decreases reflected advertising market softness, higher programming costs, viewer erosion and loss of the Major League Baseball contract.

■ ***Industrial*** operating profit was 5% lower than 1990 on flat revenues as continuing recession-related weakness in the short-cycle portion of the Motors and Electrical Distribution and Control businesses was offset partially by the effect of consolidating Tungsram in the Lighting business. Operating profit increased 4% during 1990 on flat revenues, principally as a result of higher locomotive shipments and improved productivity.

■ ***Materials*** revenues and operating profit were down 9% and 21%, respectively, in 1991, reflecting continuing volume and price weakness in U.S. appliance, automotive, office information systems and housing markets and, late in the year, declining volume and prices in Europe. In addition, operating profit for 1990 included a gain on the disposition of Ladd Petroleum. Materials operating profit in 1990 was 4% lower than the previous year on a modest increase in revenues, largely because of higher costs in the Plastics business that were not recovered through price increases and because of the economic slowdown.

■ ***Power Systems*** revenues increased by 7% and 13% in 1991 and 1990, respectively, as worldwide demand for power generation equipment continued its recovery from the market downturn that had started in the early 1980s. Operating profit increased by 26% and 46% in 1991 and 1990, respectively, reflecting primarily volume increases in the gas turbine business and very good productivity gains throughout the segment. The upsurge in Power Systems orders that began in 1989 continued in 1991 with orders

Summary of Industry Segments

For the years ended December 31 (In millions)	1991	1990	1989	1988	1987
	General Electric Company and consolidated affiliates				
Revenues					
GE					
Aerospace	**$ 5,326**	$ 5,614	$ 5,282	$ 5,343	$ 5,262
Aircraft Engines	**7,899**	7,558	6,863	6,481	6,773
Appliances	**5,451**	5,706	5,620	5,289	4,721
Broadcasting	**3,121**	3,236	3,392	3,638	3,241
Industrial	**6,928**	7,040	7,059	7,061	6,662
Materials	**4,722**	5,167	4,929	3,539	2,751
Power Systems	**6,185**	5,804	5,129	4,805	4,995
Technical Products and Services	**5,224**	4,783	4,545	4,431	3,670
All Other	**270**	275	319	394	3,176
Earnings of GEFS	**1,275**	1,094	927	788	552
Corporate Items and Eliminations	**(1,174)**	(1,398)	(1,415)	(1,477)	(1,287)
Total GE	**45,227**	44,879	42,650	40,292	40,516
GEFS					
Financing	**10,069**	9,000	7,333	5,827	3,507
Insurance	**2,989**	2,853	2,710	2,478	2,217
Securities Broker-Dealer	**3,346**	2,923	2,897	2,316	2,491
All Other	**(5)**	(2)	5	34	10
Total GEFS	**16,399**	14,774	12,945	10,655	8,225
Eliminations	**(1,390)**	(1,239)	(1,021)	(858)	(583)
Consolidated revenues	**$60,236**	$58,414	$54,574	$50,089	$48,158
Operating profit					
GE					
Aerospace	**$ 655**	$ 648	$ 646	$ 640	$ 603
Aircraft Engines	**1,415**	1,263	1,050	1,000	940
Appliances	**435**	467	399	61	490
Broadcasting	**209**	477	603	540	500
Industrial	**837**	884	847	798	302
Materials	**803**	1,017	1,057	733	507
Power Systems	**932**	739	507	503	199
Technical Products and Services	**746**	595	589	484	275
All Other	**238**	201	176	168	72
Earnings of GEFS	**1,275**	1,094	927	788	552
Total GE	**7,545**	7,385	6,801	5,715	4,440
GEFS					
Financing	**1,327**	1,267	1,152	899	636
Insurance	**501**	457	361	334	183
Securities Broker-Dealer	**119**	(54)	(53)	64	(23)
All Other	**(290)**	(275)	(322)	(270)	(224)
Total GEFS	**1,657**	1,395	1,138	1,027	572
Eliminations	**(1,259)**	(1,073)	(903)	(802)	(562)
Consolidated operating profit	**7,943**	7,707	7,036	5,940	4,450
GE interest and financial charges (net of eliminations)	**(884)**	(939)	(703)	(655)	(635)
GE items not traceable to segments	**(623)**	(621)	(630)	(564)	(588)
Earnings before income taxes, extraordinary item and cumulative effects of changes in accounting principles	**$ 6,436**	$ 6,147	$ 5,703	$ 4,721	$ 3,227

The notes to consolidated financial statements on pages 46-64 are an integral part of this statement. "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GEFS" means General Electric Financial Services, Inc. and all of its affiliates and associated companies. Operating profit in 1987 was after absorbing $1.1 billion of unusual corporate-level expenses, principally restructuring costs. Operating profit of GE segments excludes interest and other financial charges; operating profit of GEFS includes the effects of interest and discount, which is the largest element of GEFS' operating costs.

totaling about $8.0 billion compared with $6.3 billion in 1990. The Power Systems backlog was $9.6 billion at December 31, 1991, up $1.8 billion from a year earlier, with approximately 30% scheduled for shipment during 1992.

■ ***Technical Products and Services*** revenues increased 9% and 5%, respectively, in 1991 and 1990. The Medical Systems business continued to show strong improvements in both revenues and operating profit as a result of continuing demand for computed tomography, magnetic resonance imaging and x-ray products and higher sales of services. Medical Systems received $3.4 billion of orders in 1991, an 8% increase over the strong performance of 1990. The backlog of unfilled orders at year-end 1991 remained steady at $1.7 billion, about 86% of which was scheduled to be shipped in 1992. GE Information Services operating profit increased significantly during 1991, reflecting somewhat higher revenues and strong productivity improvements. During 1990, operating profit rose 1%, with a very strong performance in Medical Systems just about offset by the effect of transferring GE Americom from this segment to GEFS at December 31, 1989.

■ ***All other*** consists primarily of revenues derived from licensing use of GE know-how to others.

International operations (estimated)

■ International operations (consisting of all exports from the United States plus the results of operations, except GEFS, located outside the United States) had revenues aggregating $16.0 billion and operating profit of $2.3 billion in 1991. International revenues and operating profit represented 35% and 31%, respectively, of GE's total revenues and operating profit. International revenues were $14.3 billion in 1990, up 15% from 1989. International operating profit was $2.1 billion in 1990 and $2.0 billion in 1989. GEFS' international revenues amounted to $1.4 billion in 1991, up from $1.1 billion in 1990 and $0.7 billion in 1989.

Below, the chart on the left shows the growth in GE's international revenues in relation to GE's total revenues; the chart on the right shows GE's international revenues by area of the world over the last five years. In particular, European and Pacific Basin revenues continue to grow.

■ GE's export sales by major world areas follow.

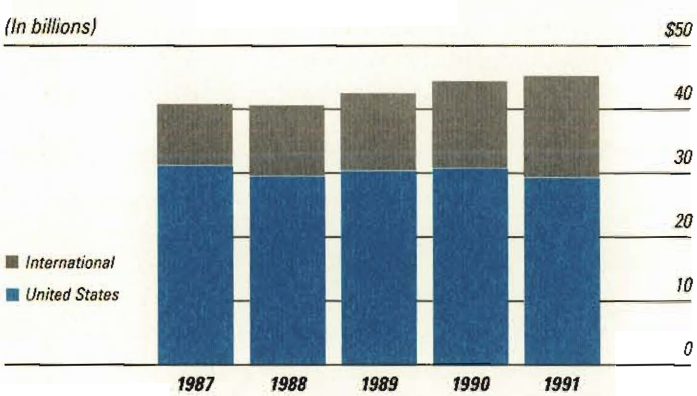
GE's exports from the United States to external customers

(In millions)	1991	1990	1989
Europe	$2,479	$2,448	$2,036
Pacific Basin	2,623	1,860	1,926
Americas	1,018	757	596
Other	1,247	890	724
	$7,367	$5,955	$5,282

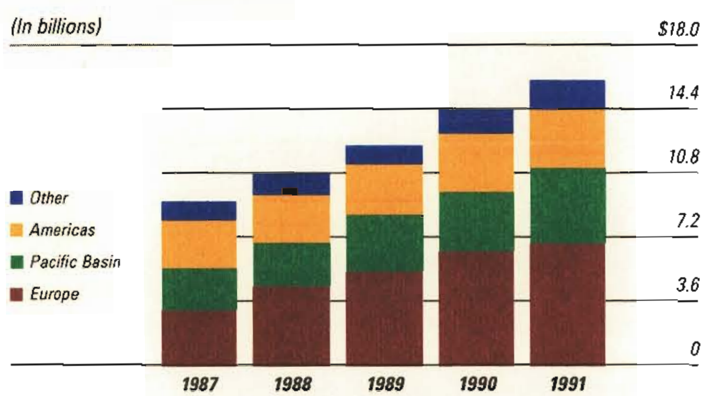
Exports from GE operations in the United States to their affiliates offshore totaled $1.247 billion in 1991, $1.128 billion in 1990 and $1.107 billion in 1989.

■ GE has continued to strengthen the global competitiveness of its manufacturing businesses. Exports from the United States to international customers and affiliates increased by 21% to $8.6 billion in 1991, while total imports into the United States, including imports from affiliates, increased by only 4% to $2.7 billion. This $5.9 billion positive contribution to the U.S. economy was up $1.4 billion, or 31%, from 1990's contribution of $4.5 billion.

GE's revenues



GE's international revenues



Management's Discussion of GEFS Operations

GEFS conducts its business through three principal affiliates — GE Capital, Employers Reinsurance Corporation (ERC) and Kidder, Peabody. The discussion below is organized by the three industry segments in which these affiliates operate — principally Financing, and, to a somewhat lesser degree, Insurance and Securities Broker-Dealer.

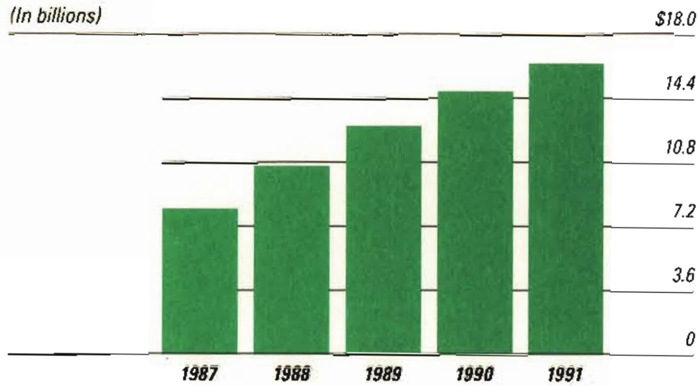
GEFS' earnings and revenues grew strongly in both 1991 and 1990. Earnings grew 17% to $1,275 million in 1991 following an 18% increase in 1990. GE Capital contributed $1,084 million to GEFS' 1991 earnings, 11% more than 1990's $979 million, which was 20% more than 1989's $816 million. GEFS' revenues from operations, or earned income, for 1991 amounted to $16.4 billion, up 11% from 1990's $14.8 billion, which was 14% more than 1989's $12.9 billion.

The strong increases in 1991 and 1990 earnings and revenues for GEFS, in the midst of a recession and continuing turmoil in the financial services industry, indicated the strength of GEFS' broad earnings base and diversity. For example, 14 of GE Capital's 20 businesses posted double-digit rates of increase in 1991 earnings, and no one business contributed more than 18% of total GE Capital earnings or represented more than 17% of its $80.5 billion in total assets. At Kidder, Peabody, 1991 operating profits of $119 million represented a turnaround from losses of about $50 million in both 1990 and 1989. And ERC held earnings flat despite a more difficult pricing environment.

GEFS' principal cost is for interest on borrowings. Interest expense totaled $6.5 billion in 1991, a modest increase of 1% over 1990, which was 10% more than 1989. The increase in 1991 reflected costs of funding for increased investments in trading positions in the Securities Broker-Dealer segment that were nearly offset by substantially lower rates on higher average borrowings in the Financing segment. In 1990, the increased interest expense at GEFS reflected the higher level of borrowings required to finance an increased average level of assets partially offset by lower rates. The composite interest rate incurred on GEFS' borrowings was 7.46% in 1991 compared with 8.89% in 1990 and 9.60% in 1989.

▪ ***Financing*** segment results are derived solely from the principal operations of GE Capital. In 1991, operating profit again increased as it has each year since 1986. The level of assets and the financing "spread" on those assets, the excess of yield (rates earned) over interest rates on borrowings, are important factors in operating profit. Total assets of the Financing segment increased 14% in 1991 over the 1990 level, which, in turn, was 21% more than 1989. The composite interest rate on borrowings in the Financing segment decreased 135 basis points in 1991,

GEFS revenues



reflecting principally lower short-term interest rates on commercial paper borrowings, and followed a decrease of 66 basis points in 1990. The lower interest rates on borrowings more than offset lower yields, resulting in a higher spread in 1991. The spread also increased in 1990 as a result of lower interest rates on borrowings coupled with stable yields.

The higher operating profits in both 1991 and 1990 were achieved despite higher loan loss provisions in both years. The loan loss provision of $1,102 million in 1991 was up $414 million from 1990, which in turn was $161 million higher than 1989. The provisions were related principally to the consumer financing, commercial real estate and highly leveraged transaction (HLT) portfolios discussed below.

Financing revenues are directly related to the largest financing asset, the portfolio of financing receivables. That portfolio stood at $55.8 billion at the end of 1991 and $50.3 billion at the end of 1990. Related reserves stood at $1.5 billion at the end of 1991, and, at 2.63% of receivables, are believed by management to be appropriate to face the economic uncertainties of 1992.

A discussion of the portfolio quality of certain elements of financing investments follows. Additional details are included in note 14.

Consumer financing receivables, primarily retailer and auto, were $14.8 billion, an increase of 20% from the previous year, reflecting principally a number of portfolio acquisitions. Nonearning receivables were $556 million in 1991 compared with $562 million in 1990. Most of these nonearning receivables were private label credit card receivables, of which a substantial majority was subject to various loss-sharing arrangements that provide full or partial recourse to the originating retailer. The provision for losses on retailer and auto financing receivables increased to $628 million in 1991 from $386 million in 1990, principally as a result of increased investment, particularly in newly acquired non-U.S. portfolios where losses are customarily at a higher level.

Commercial real estate loans classified as financing receivables aggregated $10.4 billion in 1991, a slight decline from 1990's year-end level of $10.6 billion. Typically, such loans were secured by first mortgages and structured so that existing cash flows more than covered debt service. In addition, the portfolio included $1.0 billion of long-term earning investments classified as other assets, principally assets acquired from Resolution Trust Corporation and, to a lesser extent, assets of real estate joint ventures.

At December 31, 1991, the aggregate real estate portfolio consisted of loans secured by or investments in a variety of properties: apartments (38% of the portfolio), office buildings (37%), shopping centers (11%), mixed use (3%), and industrial and other (11%). The portfolio was geographically dispersed across the United States — Mid-Atlantic (23%), West (17%), Southwest (16%), Southeast (15%), Northeast (7%), Central (7%) and New York metropolitan (6%) — with the remaining 9% dispersed across Canada and Europe. Loans for land acquisition and development and for project construction were not a significant portion of financing receivables.

During 1991, the portfolio was adversely affected by deteriorating market conditions. Credit losses on the portfolio increased to $210 million ($183 million of receivable loss provisions and $27 million of further write-downs of foreclosed properties) in 1991 from $62 million in 1990; nonearning and reduced earning receivables increased to $512 million from $278 million. Foreclosed real estate properties, included in other assets, increased to $278 million from $253 million.

HLT investments represent fundings and investments for highly leveraged corporate restructurings, management buyouts and recapitalizations. The portion of HLT investments classified as financing receivables totaled $6.5 billion in 1991 ($7.2 billion in 1990). The portion classified as other assets ($1.1 billion at both year ends) represented so-called in-substance repossessions that were written down to estimated fair value when transferred from receivables. The HLT portfolio at year-end 1991 was composed of diversified investments in numerous industries: cable TV (22% of investment), retail (18%), commercial and industrial (17%), financial services (10%), media (9%), health care (7%), food and beverage (7%), and broadcasting and other (10%). These investments were widely dispersed throughout the United States and, to a lesser degree, Canada and Europe. They consisted of 110 accounts at year-end 1991. Management had structured these transactions so that a substantial part of this portfolio (75%) was positioned at the senior debt level, affording greater collateral protection than subordinated and equity positions. Nevertheless, the portfolio continued to be affected negatively by the sluggish economy during 1991. Although the level of nonearning and reduced earning receivables increased to $356 million in 1991 from $303 million in 1990, credit losses on HLT investments totaled $323 million in 1991 ($150 million of receivable loss provisions and $173 million of further write-downs, principally of in-substance repossessions), down from $410 million in 1990. Partially offsetting these losses were gains from sales of equity positions of $67 million in 1991 and $178 million in 1990.

All other GEFS financing receivables — $24.1 billion at the end of 1991 — related primarily to commercial, industrial and equipment lending and to a diverse financing lease portfolio. The level of nonearning and reduced earning receivables in these portfolios remained stable ($122 million in 1991 versus $125 million in 1990) despite a 19% increase in the level of investment.

- ***Insurance*** operating profit increased 10% in 1991 from 1990. The increase reflected increased volume and higher investment income at both GE Capital's mortgage insurance and financial guaranty insurance businesses. 1991 operating profit was unchanged from 1990 at ERC, the largest business in the Insurance segment. Operating profit increased 27% in 1990 from 1989, primarily as a result of improved loss and expense ratios and investment income growth in ERC.

- ***Securities Broker-Dealer*** (Kidder, Peabody) had an operating profit of $119 million in 1991 following losses of about $50 million in both 1990 and 1989. Most aspects of Kidder, Peabody's 1991 operations improved, with significant contributions from stronger fixed income and equity trading activities, higher transaction origination fees and increased retail commissions.

Entering 1992, management believes that the diversity and strength of GEFS' assets, along with its vigilant attention to risk management, position it to deal effectively with 1992's environment, providing reasonable protection against any material negative impact on GEFS.

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 GEFS. Although GE's manufacturing and nonfinancial services activities involve a variety of different businesses, their underlying characteristics are the development, preparation for market and sale of tangible products and services. Risks and rewards are directly related to the ability to manage and finance those activities.

GEFS' principal businesses provide financing, insurance and broker-dealer services to third parties. The underlying characteristics of these businesses involve the management of financial risk. GEFS' 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. GEFS is not a "captive finance company" or a vehicle for "off-balance-sheet financing" for GE; very little of GEFS' business is directly related to other GE operations.

Despite the different business profiles of GE and GEFS, 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 GEFS is a significant source of lease and loan financing for the industry (see details in note 18). 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.

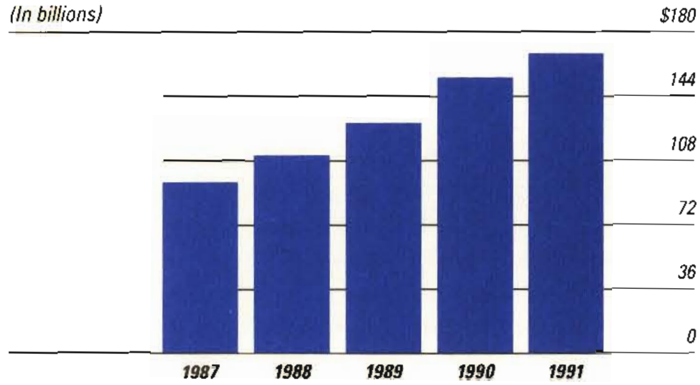
The fundamental differences between GE and GEFS are reflected in the measurements commonly used by investors, rating agencies and financial analysts. These differences will become clearer in the discussion that follows with respect to the more significant items in the two financial statements.

Statement of Financial Position

- ***Marketable securities carried at cost*** for each of the last two years were mainly investment-grade debt securities held by GEFS' insurance affiliates in support of their obligations to policy holders.

- ***Marketable securities carried at market*** represent primarily the market-making, investing and trading portfolio of Kidder, Peabody and, to a lesser degree, similar activities of insurance affiliates. The increase to $17.9 billion at the end of 1991 from $11.9 billion at the end of 1990 reflected principally a higher level of market-making activity in mortgage-backed and government securities.

Consolidated total assets



- ***Securities purchased under agreements to resell*** (reverse repurchase agreements) are related to the liability account entitled "Securities sold under agreements to repurchase" (repurchase agreements). These typically represent highly liquid, short-term investments of excess funds and borrowing of such funds from others, respectively. At year-ends 1991 and 1990, the balances (both assets and liabilities) were solely those of Kidder, Peabody in connection with its broker-dealer activities.

- ***GE's current receivables*** of $8.5 billion at December 31, 1991, were modestly higher than the $8.2 billion at the end of 1990. Amounts due from customers were $6.4 billion at December 31, 1991, and $6.0 billion at December 31, 1990. "Turnover" was 7.2 times in 1991 compared with 7.6 times in 1990. (Turnover relates receivables to sales and is a measurement of asset utilization efficiency.) The lower turnover in 1991 resulted from a variety of causes, including the effect of the recession on some of GE's customers. Management believes, however, that the overall condition of customer receivables was excellent at the end of 1991. Current receivables other than amounts owed by customers are amounts that did not originate from sales of GE products or services, such as advances to suppliers in connection with large contracts.

- ***Inventories*** were $6.4 billion at the end of 1991 compared with $6.7 billion at December 31, 1990. Inventory turnover was 4.6 times in 1991, about the same as 1990. As with receivables, this is a measurement of efficient use of resources. The principal inventory decreases in 1991 were in Aircraft Engines (reduced manufacturing cycle time) and Appliances (reduced order-to-delivery cycle time). LIFO (last-in, first-out) revaluations decreased $136 million in 1991 compared with an increase of $90 million in 1990 and a decrease of $37 million in 1989. Included in these changes were decreases of $118 million, $19 million and $68 million (1991, 1990 and 1989, respectively) resulting from lower inventory levels. In 1991, there was a modest overall price decrease, more than accounted for by lower petrochemical costs, compared with price increases in each of the previous two years.

■ ***GEFS' financing receivables*** of $55.8 billion at year-end 1991 were $5.5 billion higher than at December 31, 1990. These receivables are discussed on page 37 and in note 14.

■ ***Property, plant and equipment*** (including equipment leased to others) was $19.0 billion at December 31, 1991, up $2.4 billion. GE's property, plant and equipment consists of investments for its own productive use, whereas the largest element of GEFS' investment is in equipment that is provided to third parties on operating leases. Details by category of investment can be found in note 16.

GE's total expenditures for new plant and equipment during 1991 were $2.3 billion, about the same level as previous years (see chart below). Total expenditures for the past five years were $10.9 billion, of which 30% was to increase capacity; 23% was to increase productivity; 14% was to replace and renew older equipment; 11% was to support new business start-ups; and 22% was for such other purposes as to improve research and development facilities and to provide for safety and environmental protection.

GEFS added $3.6 billion to its equipment leased to others during 1991, including $1.0 billion through acquisitions of new affiliates or businesses.

■ ***Intangible assets*** were $9.8 billion at year-end 1991. The majority of this consolidated total was GE's intangibles, which were $7.3 billion, up from $7.0 billion at the end of 1990, principally reflecting acquisition of licensing rights. The largest portion of GE's balance (in both goodwill and other intangibles) arose from the acquisition of RCA in 1986.

■ ***All other assets*** totaled $14.8 billion at year-end 1991, up $2.7 billion from $12.1 billion a year earlier. The principal reason for GE's increase of $1.0 billion was the prepaid pension asset. GEFS' increase of $1.7 billion reflected the acquisition of real estate assets from Resolution Trust Corporation, mortgages held for resale associated with the mortgage-servicing businesses and additional investments in associated companies.

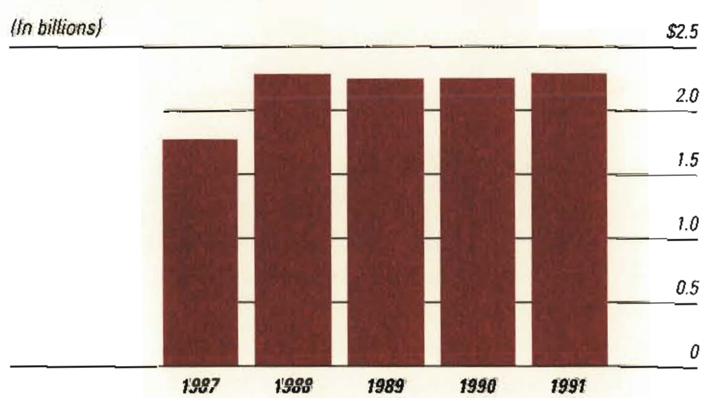
■ ***Total borrowings*** on a consolidated basis aggregated $74.0 billion at December 31, 1991, compared with $64.0 billion at the end of 1990. The major debt-rating agencies evaluate the financial condition of GE and of GE Capital (GEFS' major public borrowing entity) differently because of their distinct business characteristics. Using criteria appropriate to each, those major rating agencies continue to give top ratings to debt of both GE and GE Capital, with the latest review being in 1991's fourth quarter.

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 1991, 1990 and 1989, respectively, such ratios were 1.34, 1.31 and 1.30. Three years advance notice is required to terminate this agreement.

GE's total borrowings were $7.8 billion at year-end 1991, an increase of $1.0 billion from year-end 1990. The increase related to funding of the stock repurchase program. GE's total debt at the end of 1991 equaled 26.2% of total capital compared with 23.6% at the end of 1990 (25.1% if year-end 1990 were restated to reflect the impact of SFAS No. 106). This relationship of debt to total capital is sound and continues well within the range of what would be expected of a strong industrial enterprise.

GEFS' total borrowings were $66.4 billion at December 31, 1991, of which $48.1 billion was due in 1992 and $18.3 billion was due in subsequent years. Comparable amounts at the end of 1990 were: $57.4 billion total; $40.4 billion due within one year; and $17.0 billion due thereafter. GEFS' composite interest rates are discussed on page 37. A large portion of GEFS' borrowings was commercial paper ($38.8 billion and $35.5 billion at the end of 1991 and 1990, 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 36 days and 5.13% at the end of 1991 compared with 30 days

GE's property, plant and equipment expenditures



and 8.17% at the end of 1990. GE Capital's ratio of debt to equity (leverage) was 7.80 to 1.00 at the end of 1991 compared with 7.77 to 1.00 at the end of 1990. This relationship is believed to be sound and is appropriate for a highly rated financial services enterprise.

Note 19 provides details of short-term and long-term borrowings.

Statement of Cash Flows

The Statement of Cash Flows (page 30) depicts cash flows by three broad categories — operating activities, investing activities and financing activities. Because cash management activities of GE and GEFS are separate and distinct, it is more useful to review the separate cash flows statements than the consolidated statement.

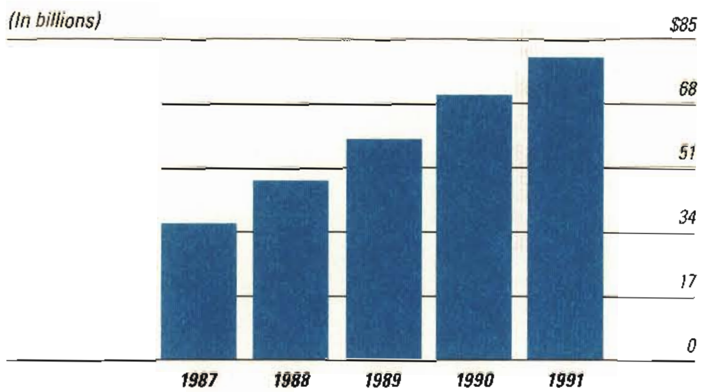
GE

GE's cash and equivalents aggregated $1.0 billion at the end of 1991, lower by $266 million than at the end of 1990. During 1991, GE generated $4.0 billion in cash from its operating activities and $1.0 billion from an increase in total debt. This provided resources to invest approximately $2.3 billion in new plant and equipment, to pay $1.8 billion in dividends to share owners and to repurchase $1.1 billion of the Company's common stock. Management continually evaluates financing alternatives. Because of attractive short-term interest rates, it elected to maintain relatively high short-term debt levels, resulting in a slight excess of current liabilities over current assets at the end of 1991.

Operating activities are the principal source of GE's cash flows. Over the past three years, operating activities have provided more than $12.8 billion of cash. Principal ongoing applications usually are investment in new plant and equipment ($6.6 billion total over the last three years) and payment of dividends to share owners ($4.9 billion total over the last three years). Expenditures for new plant and equipment are expected to be under $2 billion for 1992 as the short-term need for additional manufacturing capacity has diminished.

Based on past performance and current expectations, in combination with the financial flexibility that comes with 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 grow dividends in line with earnings; and to continue its stock repurchase program.

Total assets of GE Capital



GEFS

GEFS' principal source of cash is financing activities that involve continuing rollover of short-term borrowings and appropriate addition of borrowings with a reasonable balance of maturities. Over the past three years, GEFS' outstanding borrowings with 90-day or less maturities have increased by $16.4 billion. New borrowings of $31.7 billion having maturities longer than 90 days were added during those years, and $20.7 billion of such longer-term borrowings were paid off.

GEFS' principal application of cash has been investing in activities to grow the business. Of the $37.1 billion of net investments by GEFS over the past three years, $19.4 billion was devoted to additional financing receivables. Other principal investments during these years were $8.4 billion to acquire new businesses and $8.4 billion for new equipment, mainly for lease to others.

Cash used for new investments in excess of cash provided from additional borrowings has been provided mainly by generation of $10.3 billion of cash from operating activities for the years 1989-1991 and from issuance of $275 million cumulative variable preferred stock by GE Capital in 1990. GEFS' cash and equivalents balance has remained relatively stable throughout the period.

In summary, based on past performance and current expectations, in combination with the financial flexibility that comes with excellent credit ratings, management believes that GEFS is well-positioned to continue growing its assets and to produce a good rate of return on GE share owners' investment in GEFS.

Management's Discussion of Selected Financial Data

Selected financial data summarizes on the opposite page some data frequently requested about General Electric Company and provides a record that may be useful for reviewing trends. The data are divided into three sections: upper portion — consolidated information; middle portion — GE data that reflect various conventional measurements for industrial enterprises; and lower portion — GEFS data that reflect key information and ratios pertinent to financial services.

GE's total research and development expenditures were $4,054 million in 1991, down slightly from 1990's record level of $4,269 million. Of the 1991 expenditures, $1,402 million was from GE's own funds, a decrease of $77 million from the previous year. Expenditures from funds provided from customers (mainly the U.S. government) were $2,652 million in 1991, $138 million less than the year before. The Aerospace, Aircraft Engines, Medical Systems 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 1991 was $32.8 billion, an increase of $0.6 billion from year-end 1990. Orders constituting this backlog may be canceled or deferred by customers subject in certain cases to cancellation penalties. Comments on unfilled orders for businesses with relatively long manufacturing cycles can be found in the discussion of Industry Segments, which begins on page 33. About 45% of the 1991 total unfilled orders was scheduled to be shipped in 1992 with most of the remainder to be shipped in the two years after that. For comparison, about 48% of the 1990 backlog was expected to be shipped in 1991.

Inflation has not been a significant factor in consolidated earnings growth in recent years because of the relatively modest rate of price increases in the economies of the United States and of the principal other countries where the Company has operations.

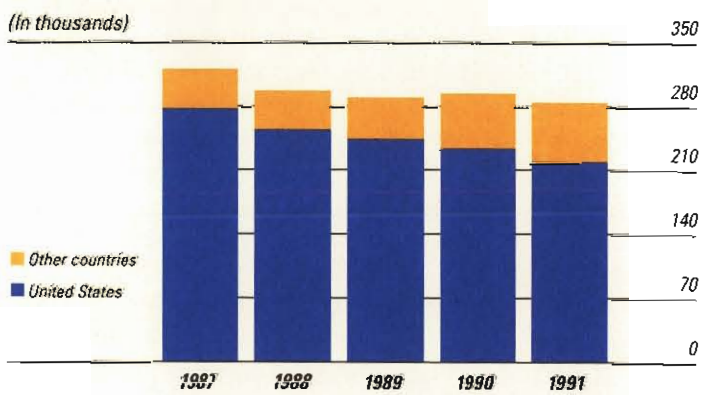
Regarding environmental matters, the operations of the Company, like those of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws.

In 1991, GE had capital expenditures of about $135 million for projects related to the environment. The comparable amount in 1990 was about $90 million. These amounts exclude expenditures for remedial actions, which are discussed on this page. Capital expenditures for environmental purposes have included pollution control devices such as waste-water 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 GE's policies stressing environmental responsibility, average annual capital expenditures other than for remedial projects are presently expected to range between $130 million and $200 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 remedial actions to clean up hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remedial actions regardless of fault, legality of original disposal or ownership of a disposal site. In 1991, GE spent approximately $125 million on remedial cleanups and related studies compared with approximately $100 million spent for such purposes in 1990. It is presently expected that remedial cleanups and related studies will require average annual expenditures in the range of $140 million to $170 million over the next two years.

It is difficult to estimate reasonably the level of environmental expenditures beyond two years due to a number of uncertainties, including uncertainties about the status of the law, regulation, technology, insurance coverage of GE costs and information related to individual sites. Subject to the foregoing, Company management believes that capital expenditures and remedial actions to comply with the present laws governing environmental protection will not have a material effect upon its capital expenditures, earnings or competitive position.

Consolidated employment at year end



Selected Financial Data

(Dollar amounts in millions; per-share amounts in dollars)	**1991**	1990	1989	1988	1987
General Electric Company and consolidated affiliates					
Revenues	**$ 60,236**	$ 58,414	$ 54,574	$ 50,089	$ 48,158
Earnings before extraordinary loss and cumulative effects of changes in accounting principles	**4,435**	4,303	3,939	3,386	2,119
Net earnings	**2,636**	4,303	3,939	3,386	2,915
Dividends declared	**1,808**	1,696	1,537	1,314	1,209
Earned on average share owners' equity	**12.2%**	20.2%	20.0%	19.4%	18.5%
Per share					
Earnings before extraordinary loss and cumulative effects of changes in accounting principles	**$ 5.10**	$ 4.85	$ 4.36	$ 3.75	$ 2.33
Net earnings	**3.03**	4.85	4.36	3.75	3.20
Dividends declared	**2.08**	1.92	1.70	1.46	1.32½
Stock price range	**78⅛-53**	75½-50	64¾-43½	47⅞-38⅜	66⅜-38¾
Total assets	**168,259**	153,884	128,344	110,865	95,414
Long-term borrowings	**22,682**	21,043	16,110	15,082	12,517
Shares outstanding — average (in thousands)	**868,931**	887,552	904,223	901,780	911,639
Share owner accounts — average	**495,000**	506,000	526,000	529,000	491,000
Employees at year end					
United States	**221,000**	235,000	243,000	255,000	277,000
Other countries	**63,000**	63,000	49,000	43,000	45,000
Total employees	**284,000**	298,000	292,000	298,000	322,000
GE data					
Short-term borrowings	**$ 3,482**	$ 2,721	$ 1,696	$ 1,861	$ 1,110
Long-term borrowings	**4,333**	4,048	3,947	4,330	4,491
Minority interest	**354**	288	283	228	190
Share owners' equity	**21,683**	21,680	20,890	18,466	16,480
Total capital invested	**$ 29,852**	$ 28,737	$ 26,816	$ 24,885	$ 22,271
Return on average total capital invested	**11.1%**	17.4%	17.0%	16.4%	14.7%
Borrowings as a percentage of total capital invested	**26.2%**	23.6%	21.0%	24.9%	25.1%
Current assets	**$ 15,964**	$ 16,199	$ 15,671	$ 15,499	$ 15,739
Current liabilities	**16,043**	15,342	13,988	13,419	12,671
Working capital	**$ (79)**	$ 857	$ 1,683	$ 2,080	$ 3,068
Property, plant and equipment additions	**$ 2,294**	$ 2,255	$ 2,251	$ 2,288	$ 1,778
Year-end orders backlog	**32,750**	32,184	30,473	27,265	22,737
GEFS data					
Earnings before extraordinary loss and cumulative effects of changes in accounting principles	**$ 1,275**	$ 1,094	$ 927	$ 788	$ 552
Net earnings	**1,256**	1,094	927	788	1,008
Share owner's equity	**7,758**	6,833	6,069	4,819	3,980
Earned on average share owner's equity	**17.0%**	16.6%	17.6%	18.0%	18.0%
Borrowings from others	**$ 66,420**	$ 57,400	$ 47,905	$ 39,593	$ 30,885
Ratio of debt to equity (GE Capital)	**7.80:1**	7.77:1	7.80:1	7.67:1	7.98:1
Total assets of GE Capital	**$ 80,528**	$ 70,385	$ 58,696	$ 47,766	$ 36,644
Reserve coverage on financing receivables	**2.63%**	2.63%	2.63%	2.63%	2.59%
Insurance premiums written	**$ 2,155**	$ 1,981	$ 1,819	$ 1,809	$ 1,729
Securities broker-dealer earned income	**3,346**	2,923	2,897	2,316	2,491

See note 6 to the consolidated financial statements for information about the 1991 accounting change. Accounting changes in 1987 included the following: the cumulative effect to January 1 of adopting SFAS No. 96 ($577 million, including $518 million for GEFS); and the cumulative effect to January 1 of changing accounting procedures to include in inventory certain manufacturing costs previously charged directly to expense ($281 million after providing for taxes of $215 million). An extraordinary loss in 1987 resulted from a debt extinguishment program initiated by GE Capital ($62 million, net of $39 million tax credit). "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GEFS" means General Electric Financial Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GEFS have been eliminated from the "consolidated information." Share data reflect the 2-for-1 stock split in April 1987.

Management's Discussion of Financial Responsibility

The financial information in this report, including the audited financial statements, has been prepared by management. Preparation of financial statements and related data involves estimates and the use of judgment. Accounting principles used in preparing the financial statements are those that are generally accepted in the United States. Where there is no single specified accounting principle or standard, management makes a choice from reasonable, accepted alternatives, using methods that it believes are prudent for General Electric Company and its consolidated affiliates.

To safeguard Company assets, it is important to have a sound but dynamic system of internal financial controls and procedures that balances benefits and costs. One of the key elements of internal financial controls has been the Company's success in recruiting, selecting, training and developing professional financial managers. Their responsibilities include implementing and overseeing the financial control system, reporting on management's stewardship of the assets entrusted to it by share owners, and performing accurate and proper maintenance of the accounts.

Management has long recognized its responsibility for conducting the affairs of the Company and its affiliates in an ethical and socially responsible manner. General Electric Company is dedicated to the highest standards of integrity. Integrity is not an occasional requirement but a continuing commitment that is reflected in key written policy statements. These cover, among other subjects, environmental protection, potentially conflicting outside business interests of employees, compliance with antitrust laws, and proper domestic and international business practices. Management insists on maintaining the highest standards of conduct and practices with respect to transactions with the U.S. government. There is continuing emphasis to all employees that even the appearance of impropriety can erode public confidence in the Company and in the government procurement process. Ongoing education and communication programs and review activities such as those conducted by the Company's Policy Compliance Review Board (formerly the Government Contract Compliance Review Board) are designed to create a strong compliance environment and to make it clearly understood that deviation from Company policies will not be tolerated.

KPMG Peat Marwick provide an objective, independent review of management's discharge of its obligations relating to the fairness of reported operating results and financial condition. Their report for 1991 appears on the opposite page.

The Audit Committee of the Board (consisting solely of Directors from outside GE) maintains an ongoing appraisal — on behalf of share owners — of the effectiveness of the independent auditors, the Company's staff of corporate auditors and management, with respect to the financial reporting process, and of the adequacy of internal financial controls. The committee also reviews the Company's accounting policies, compliance with key policies, and the Annual Report and proxy material.

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

Dennis D. Dammerman
Senior Vice President
Finance

February 14, 1992

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, 1991 and 1990, and the related statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1991. 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 46-64 present fairly, in all material respects, the financial position of General Electric Company and consolidated affiliates at December 31, 1991 and 1990, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1991, in conformity with generally accepted accounting principles.

As discussed in note 6 to the consolidated financial statements, the Company changed its method of accounting for postretirement benefits other than pensions in 1991.

KPMG Peat Marwick

KPMG Peat Marwick
Stamford, Connecticut

February 14, 1992

Notes to Consolidated Financial Statements

Subject	Page

Note 1 Summary of Significant Accounting Policies

Consolidation. The consolidated financial statements represent the adding together of all companies in which General Electric Company directly or indirectly has a majority ownership or otherwise controls ("affiliated companies"). Results of companies that are 20% to 50% owned by GE or GEFS ("associated companies") 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 (also referred to as "GE except GEFS").*** This represents the adding together of all affiliated companies except General Electric Financial Services, Inc. (GEFS), which is presented on a one-line basis.
- ***GEFS.*** This affiliate owns all of the common stock of General Electric Capital Corporation (GECC or GE Capital), Employers Reinsurance Corporation (ERC) and Kidder, Peabody Group Inc. (Kidder, Peabody). These affiliates and their respective affiliates are consolidated in the GEFS columns and constitute its business.
- ***Consolidated.*** These data represent the adding together of GE and GEFS.

The effects of transactions among related companies within and between each of the above-mentioned groups are eliminated. Transactions between GE and GEFS are nominal.

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

GEFS' revenues from operations ("earned income"). Income on all loans is recognized on the interest method. For loan contracts on which finance charges are precomputed, finance charges are deferred at the time of contract acquisition. For loan contracts on which finance charges are not precomputed but are billed to customers, income is recorded when earned. Accrual of interest income is suspended when collection of an account becomes doubtful, generally after the account becomes 90 days delinquent.

Financing lease income that includes related investment tax credits and residual values 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 independent appraisals of the values of leased assets remaining at expiration of the lease terms.

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.

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.

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 contracts are reported as earned when due.

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 GEFS' 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 GEFS' own use is recorded on either a sum-of-the-years digits or a straight-line basis over the lives of the assets.

Recognition of losses on financing receivables. 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. Collateral that is formally or substantively repossessed in satisfaction of a loan receivable is written down against the allowances for losses to fair value and transferred to other assets. This accounting has been employed principally for highly leveraged transaction (HLT) and real estate loans.

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

Income taxes. Statement of Financial Accounting Standards (SFAS) No. 96 — "Accounting for Income Taxes" was adopted during 1987 as discussed in note 9.

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

Marketable securities. Marketable securities of Kidder, Peabody are held for trading and are carried at market value with the difference between cost and market value included in operations. Marketable debt securities held for investment purposes by all other GEFS affiliates, principally by the insurance affiliates, are carried at amortized cost. Marketable equity securities of insurance affiliates are carried at market value; and unrealized gains or losses, less applicable deferred income taxes, are recognized in equity or, if an unrealized loss is determined to be other than temporary, in operations.

Securities purchased under agreements to resell (reverse repurchase agreements) and securities sold under agreements to repurchase (repurchase agreements). Repurchase and reverse repurchase agreements are treated by GEFS as financing transactions and are 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 GEFS' policy to take possession of securities subject to reverse repurchase agreements. GEFS monitors the market value of the underlying securities in relation to the related receivable, including accrued interest, and requests additional collateral if appropriate.

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

Intangible assets. Goodwill and other intangible assets are amortized over the estimated period of benefit and their estimated lives, respectively, generally on a straight-line basis not exceeding 40 years.

Deferred insurance acquisition costs. For the property and casualty business, these costs are amortized as 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. Deferred insurance acquisition costs are reviewed for recoverability; for short-duration contracts, anticipated investment income is considered in making recoverability evaluations.

Note 2 Acquisitions, Dispositions and Related Matters

During the three-year period ended December 31, 1991, GE and GEFS acquired and divested many businesses. The results of operations of these businesses have been included in the Company's consolidated results following the dates of the acquisitions and prior to the dates of the divestitures. In the year in which they occurred, none of the transactions, individually or in the aggregate, had a material pro forma effect on consolidated earnings per share or financial position. All acquisitions were accounted for as purchases. The more significant transactions are described below.

GE

During 1991, GE acquired from British Airways an engine overhaul and maintenance facility in Wales for $483 million. GE also acquired a majority interest in a light bulb manufacturing business formerly conducted by Thorn EMI plc and its affiliates in the United Kingdom and elsewhere in Europe for approximately $100 million. GE's subsidiary, NBC, acquired for $145 million the assets of Financial News Network (FNN), which NBC subsequently merged with the Consumer News and Business Channel (CNBC). In 1991, NBC disposed of its interest in the RCA Columbia Home Video joint venture for $328 million.

In 1990, GE acquired for $150 million a majority interest in Tungsram Company, Ltd., a Hungarian company that manufactures and sells a wide variety of lighting products. GE sold Ladd Petroleum Corporation, an oil and natural gas developer and supplier with operations mainly in the United States, for $542 million.

Although there were a number of acquisitions and dispositions during 1989, the largest transactions involved completion of arrangements for several joint ventures. These included the combining of interests in European appliances and electrical controls with General Electric Company plc (GEC), an unrelated corporation in the United Kingdom. GE also acquired GEC's medical systems sales and service business in the United Kingdom, and it agreed to form a European gas turbine venture with GEC and Alsthom of France. Besides the businesses and resources contributed by the parties in these transactions, GE paid cash of $606 million to GEC. Other 1989 joint ventures included an arrangement with Ericsson of Sweden in the mobile communications businesses. Legal form and percentage ownerships in these alliances differed.

GEFS

During 1991, GEFS acquired certain leasing operations from Chase Manhattan Bank of New York for $1,024 million and from Itel Corporation for $917 million; LMV Leasing, a wholly owned subsidiary of Xerox Credit Corporation, for $323 million; the U.K. auto loan business of Barclays for $299 million; and the consumer credit card operations of Harrods/House of Fraser, a British retailer, for $281 million. GEFS disposed of a significant portion of its auto auction business in 1991 for $277 million cash and 10% of the stock of Manheim Auto Auctions.

In 1990, GEFS acquired a number of leasing businesses for $666 million; substantially all financial services operations of The Burton Group of the United Kingdom for $316 million; and Travelers Mortgage Services, Inc. for $210 million.

During 1989, GE Capital acquired for $407 million the remaining 62% of the common stock it had not previously owned in FGIC Corporation (FGIC), a company principally engaged in providing financial guaranty insurance on selected securities.

Note 3 GE Other Income

(In millions)	1991	1990	1989
Royalty and technical agreements	$431	$388	$359
Associated companies	161	99	14
Marketable securities and bank deposits	79	86	106
Customer financing	71	36	30
Other investments			
Interest	18	13	11
Dividends	3	4	2
Other sundry items	100	142	182
	$863	$768	$704

Note 4 GEFS Revenues from Operations

(In millions)	1991	1990	1989
Time sales, loan, investment and other income	$ 9,790	$ 9,192	$ 8,113
Financing leases	1,836	1,457	1,078
Operating lease rentals	2,205	1,806	1,426
Premium and commission income of insurance affiliates	2,008	1,870	1,810
Commissions and fees of securities broker-dealer	560	449	518
	$16,399	$14,774	$12,945

Included in earned income from financing leases were gains on the sale of equipment at lease completion of $147 million in 1991, $93 million in 1990 and $50 million in 1989.

Noncancelable future rentals due from customers for equipment on operating leases as of December 31, 1991, totaled $3,847 million and are due as follows: $1,058 million in 1992; $725 million in 1993; $505 million in 1994; $365 million in 1995; $259 million in 1996; and $935 million thereafter.

Amortization of deferred investment tax credit was $25 million, $34 million and $37 million in 1991, 1990 and 1989, respectively.

Note 5 Supplemental Cost Details

Company-funded research and development aggregated $1,402 million in 1991, $1,479 million in 1990 and $1,334 million in 1989.

Rental expense under operating leases was as follows.

(In millions)	1991	1990	1989
GE	$765	$719	$709
GEFS	169	159	134

Selling, general and administrative expense totaled $5,615 million, $5,636 million and $5,989 million in 1991, 1990 and 1989, respectively.

Certain amounts for 1990 and 1989 have been reclassified to conform with 1991 classifications.

Note 6 Pension and Retiree Insurance Benefits

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

1991 accounting change. Statement of Financial Accounting Standards (SFAS) No. 106 — "Employers' Accounting for Postretirement Benefits Other Than Pensions" was implemented using the immediate recognition transition option, effective as of January 1, 1991.

SFAS No. 106 requires recognition, during employees' service with the Company, of the cost of their retiree health and life insurance benefits. At January 1, 1991, the accumulated postretirement benefit obligation was $4,287 million; however, $1,577 million of this obligation had been provided through the fair market value of related trust assets ($1,037 million) and recorded liabilities ($540 million), thus resulting in a pretax adjustment (i.e., transition obligation) of $2,710 million. The effect on net earnings and share owners' equity was $1,799 million ($2.07 per share) after deferred tax benefit of $911 million. Aside from the one-time effect of the adjustment, adoption of SFAS No. 106 was not material to 1991 financial results.

Prior to 1991, GE health benefits for eligible retirees under age 65 and eligible dependents were generally included in costs as covered expenses were actually incurred. For eligible retirees and spouses over age 65, the present value of future health benefits was included in costs in the year the retiree became eligible for benefits. The present value of future life insurance benefits for each eligible retiree was included in costs in the year of retirement.

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 50% of GEFS 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 1991, the GE Pension Plan covered approximately 485,000 participants, including 195,000 employees, 125,000 former employees with vested rights to future benefits and 165,000 retirees or beneficiaries receiving benefits.

The GE Supplementary Pension Plan is an unfunded plan providing supplementary retirement benefits primarily to higher-level, longer-service professional and managerial employees in the United States.

Principal retiree insurance 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 1991, the plans covered approximately 237,000 retirees and dependents.

Employer costs for principal pension and retiree insurance plans follow.

Cost (income) for pension plans

(In millions)	1991	1990	1989
Benefit cost for service during the year — net of employee contributions	$ 446	$ 425	$ 413
Interest cost on benefit obligation	1,400	1,315	1,259
Actual return on plan assets	(4,331)	260	(4,026)
Unrecognized portion of return	2,272	(1,988)	2,452
Amortization	(483)	(392)	(339)
Pension cost (income)	$ (696)	$ (380)	$ (241)

Cost (income) for retiree insurance plans

For the year 1991 (In millions)	Total	Health	Life
Benefit cost for service during the year — net of retiree contributions	$ 88	$ 65	$ 23
Interest cost on benefit obligation	318	214	104
Actual return on plan assets	(138)	(9)	(129)
Unrecognized portion of return	44	5	39
Amortization	(33)	(33)	—
Retiree insurance cost	$279(a)	$242	$ 37

(a) Retiree insurance cost was $249 million in 1990 and $283 million in 1989.

Actuarial assumptions used to determine 1991 costs and benefit obligations for principal plans include a discount rate of 9.0% (8.5% in 1990 and 1989) and an average rate of future increases in benefit compensation of 6.0% (6.5% in 1990 and 1989). Recognized return on plan assets for 1991 was determined by applying the expected long-term rate of return of 9.5% (8.5% in 1990 and 1989) to the market-related value of assets. The assumed rate of future increases in per capita cost of health care benefits (the health care cost trend rate) was 13.0% for 1991, decreasing gradually to 6.6% by the year 2050. These trend rates reflect GE's prior experience and management's expectation that future rates will decline. Increasing the health care cost trend rates by one percentage point would increase the accumulated postretirement benefit obligation by $50 million and would increase annual aggregate service and interest costs by $5 million. In connection with its 1992 annual funding review, GE may revise certain actuarial assumptions effective January 1, 1992; however, it is anticipated that any such revisions would increase benefit obligations by no more than 5%.

Pension gains and losses that occur because actual experience differs from that assumed are amortized over the average future service period of employees. Amounts allocable to prior service for amendments to pension and retiree insurance plans are amortized in a similar manner.

Funding policy for the GE Pension Plan is to contribute amounts sufficient to meet minimum funding requirements set forth in U.S. 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 any Company contribution would generate annual excise taxes. 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 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 impact of short-term market fluctuations.

Funded status for principal plans

December 31 (In millions)	1991	1990
Pension plans		
Market-related value of assets	$23,192	$22,237
Projected benefit obligation	17,355	16,751
Retiree insurance plans		
Market-related value of assets	1,124	1,037
Accumulated postretirement benefit obligation	3,675	4,110

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)	Total principal plans		Pension plans		Retiree insurance plans		
	1991	1990(a)	1991	1990	1991 Total	Health	Life
Benefit obligation	$ 21,030	$ 20,861	$ 17,355	$ 16,751	$ 3,675	$2,414	$ 1,261
Fair value of trust assets	(27,304)	(23,970)	(26,133)	(22,933)	(1,171)	(50)	(1,121)
Unamortized balances							
SFAS No. 87 transition gain	1,385	1,539	1,385	1,539	—	—	—
Experience gains (losses)	5,433	3,091	5,784	3,091	(351)	(364)	13
Plan amendments	252	101	(577)	101	829	829	—
Recorded prepaid asset	2,657	1,905	2,657	1,905	—	—	—
Recorded liability	$ 3,453	$ 3,527	$ 471	$ 454	$ 2,982	$2,829	$ 153

(a) 1990 amounts include the pro forma effects of adopting SFAS No. 106 as of January 1, 1991.

The portion of the projected benefit obligation representing the accumulated benefit obligation for pension plans was $16,362 million and $15,589 million at the end of 1991 and 1990, respectively. The vested benefit obligation for pension plans was $16,214 million and $15,433 million at the end of 1991 and 1990, respectively.

For retiree insurance plans, the portion of the accumulated postretirement benefit obligation attributable to current retirees was $1,756 million for health insurance and $849 million for life insurance; the portion attributable to active plan participants eligible to retire was $152 million for health insurance and $91 million for life insurance; and the portion attributable to other active plan participants was $506 million for health insurance and $321 million for life insurance.

Unamortized balances for amendments include the effects of changes in pension and retiree insurance plan provisions during 1991.

Assets in trust consist mainly of common stock and fixed income investments. GE common stock represents less than 1% of trust assets and is held mainly in an indexed portfolio.

Note 7 Interest and Other Financial Charges

GE. Interest capitalized, principally on major property, plant and equipment projects, was $38 million in 1991, $28 million in 1990 and $48 million in 1989.

GEFS. Interest and discount expenses reported in the Statement of Earnings is net of interest income on temporary investments of excess funds ($54 million, $104 million and $160 million in 1991, 1990 and 1989, respectively) and capitalized interest ($8 million, $20 million and $13 million in 1991, 1990 and 1989, respectively).

Note 8 GEFS Allowance for Losses on Financing Receivables

GEFS allowance for losses on financing receivables represented 2.63% of total financing receivables at year-ends 1991 and 1990. 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 last three years.

(In millions)	1991	1990	1989
Balance at January 1	$1,360	$1,127	$ 972
Provisions charged to operations	1,102	688	527
Net transfers related to companies acquired and sold	135	230	48
Amounts written off	(1,089)	(685)	(420)
Balance at December 31	$1,508	$1,360	$1,127

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 more than 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 1991 were approximately 1.87% of average financing receivables outstanding during the year, compared with 1.37% and 0.98% of average financing receivables outstanding during 1990 and 1989, respectively.

Note 9 Provision for Income Taxes

(In millions)	1991	1990	1989
GE			
Estimated amounts payable	$1,308	$1,440	$1,375
Deferred tax expense from temporary differences	352	145	242
Investment credit deferred (amortized) — net	(41)	(42)	(64)
	1,619	1,543	1,553
GEFS			
Estimated amounts payable (recoverable)	(192)	168	48
Deferred tax expense from temporary differences	555	133	144
Investment credit deferred (amortized) — net	19	—	19
	382	301	211
Consolidated			
Estimated amounts payable	1,116	1,608	1,423
Deferred tax expense from temporary differences	907	278	386
Investment credit deferred (amortized) — net	(22)	(42)	(45)
	$2,001	$1,844	$1,764

Estimated amounts payable includes amounts applicable to foreign jurisdictions of $255 million, $185 million and $272 million in 1991, 1990 and 1989, respectively.

General Electric Company files a consolidated U.S. federal income tax return that includes GE Financial Services. GEFS' provision for estimated taxes payable (recoverable) includes its effect on the consolidated return.

Statement of Financial Accounting Standards (SFAS) No. 96 — "Accounting for Income Taxes" was adopted in 1987. Under SFAS No. 96, deferred tax balances are stated at tax rates expected to be in effect when taxes are actually paid or recovered. At the end of 1991, the Financial Accounting Standards Board was preparing to issue a standard superseding SFAS No. 96; the effect on the Company of adopting that standard will not be material.

Deferred income taxes reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax bases. See note 24 for details of the balances in deferred income taxes at the end of 1991 and 1990.

Except for earnings that GE intends to reinvest indefinitely, provision has been made for all U.S. federal income tax liabilities applicable to undistributed earnings of affiliates and associated companies. It is not practicable to determine the hypothetical U.S. federal income tax liability in excess of the existing provision if all such earnings were remitted, but distribution as dividends at the end of 1991 would have resulted in payment of withholding taxes of approximately $166 million.

Based on location (not tax jurisdiction) of the business providing goods and services, consolidated U.S. income before taxes was $5,738 million in 1991, $5,472 million in 1990 and $4,930 million in 1989. The corresponding amounts for foreign-based operations were $698 million, $675 million and $773 million in each of those years, respectively.

A summary of differences between the U.S. federal statutory rate of 34% and the actual rates is shown below.

Reconciliation of U.S. federal statutory rate to actual tax rate	Consolidated			GE			GEFS		
	1991	1990	1989	1991	1990	1989	1991	1990	1989
Statutory U.S. federal income tax rate	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Increase (reduction) in rate resulting from:									
Inclusion of after-tax earnings of GEFS in before-tax earnings of GE	—	—	—	(7.1)	(6.4)	(5.7)	—	—	—
Foreign Sales Corporation tax benefits	(1.0)	(1.0)	(0.5)	(1.0)	(1.0)	(0.5)	—	—	—
Amortization of investment tax credit	(0.8)	(0.9)	(1.5)	(0.7)	(0.7)	(1.1)	(0.7)	(1.0)	(1.9)
Tax-exempt income	(2.6)	(2.7)	(2.3)	—	—	—	(10.1)	(12.1)	(11.7)
Amortization of goodwill	1.4	1.4	1.5	1.0	1.0	1.1	1.6	1.6	1.8
Dividends received not fully taxable	(0.3)	(0.6)	(0.5)	—	—	—	(1.3)	(2.6)	(2.5)
All other — net	0.4	(0.2)	0.2	0.5	(0.5)	0.5	(0.4)	1.6	(1.1)
	(2.9)	(4.0)	(3.1)	(7.3)	(7.6)	(5.7)	(10.9)	(12.5)	(15.4)
Actual income tax rate	31.1%	30.0%	30.9%	26.7%	26.4%	28.3%	23.1%	21.5%	18.6%

Note 10 Marketable Securities Carried at Cost

Carrying value of marketable securities for GE except GEFS was substantially the same as market value at year-ends 1991 and 1990. Certain information about GEFS' marketable debt securities is shown below.

GEFS marketable debt securities	Amortized cost		Estimated market value		Gross unrealized gains		Gross unrealized losses	
December 31 (In millions)	1991	1990	1991	1990	1991	1990	1991	1990
State and municipal securities	$5,978	$5,673	$6,266	$5,834	$289	$177	$(1)	$(16)
Corporate and foreign securities	1,548	1,372	1,559	1,348	13	1	(2)	(25)
U.S. government and federal agency securities	267	269	281	271	14	4	—	(2)
Mortgage-backed securities	137	132	145	129	8	—	—	(3)
	$7,930	$7,446	$8,251	$7,582	$324	$182	$(3)	$(46)

Contractual maturities of marketable debt securities, other than mortgage-backed securities, at December 31, 1991, are shown below.

GEFS contractual maturities (excluding mortgage-backed securities) (In millions)	Amortized cost	Estimated market value
Due in		
1992	$ 901	$ 903
1993-1996	1,349	1,376
1997-2000	997	1,053
2001 and later	4,546	4,774

It is expected that actual maturities will differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Proceeds from sales of debt securities in 1991 and 1990, in response to changes in management evaluations of issuers and interest rates and to meet unanticipated cash requirements, amounted to $2,814 million and $1,647 million, respectively. Gross realized gains were $106 million and losses were $9 million in 1991 (gross realized gains were $70 million and losses were $4 million in 1990).

Note 11 GEFS Marketable Securities Carried at Market

December 31 (In millions)	1991	1990
U.S. government and federal agency securities	$11,597	$ 8,209
Corporate stocks, bonds and foreign securities	4,624	2,911
Mortgage loans	910	519
State and municipal securities	719	238
	$17,850	$11,877

At December 31, 1991, the carrying value of equity securities carried at market value by insurance affiliates aggregated $1,126 million and included unrealized gains and unrealized losses of approximately $70 million and $51 million, respectively, recognized in equity.

A significant portion of securities carried at market value at December 31, 1991, was pledged as collateral for bank loans and repurchase agreements in connection with securities broker-dealer operations.

Note 12 GE Current Receivables

December 31 (In millions)	1991	1990
Aerospace	$ 855	$ 737
Aircraft Engines	2,186	1,876
Appliances	533	530
Broadcasting	433	443
Industrial	1,277	1,218
Materials	760	793
Power Systems	1,337	1,227
Technical Products and Services	808	857
All Other	266	235
Corporate	207	418
	8,662	8,334
Less allowance for losses	(183)	(173)
	$8,479	$8,161

Of the total receivables balance, $6,389 million and $5,953 million were from sales of goods and services to customers, and $170 million and $121 million were from transactions with associated companies at December 31, 1991 and 1990, respectively.

Current receivables of $895 million at year-end 1991 and $832 million at year-end 1990 arose from sales, principally of aerospace and aircraft engine products and services, on open account to various agencies of the U.S. government, which is GE's largest single customer (about one-fifth of GE's sales of goods and services were to the government in each of the last three years). At December 31, 1991 and 1990, $688 million and $396 million, respectively, of current receivables were from sales on open account of aircraft engine products and services to airline industry customers.

Note 13 GE Inventories

December 31 (In millions)	1991	1990
Raw materials and work in process	$ 5,141	$ 5,521
Finished goods	3,194	3,281
Unbilled shipments	206	184
	8,541	8,986
Less revaluation to LIFO	(2,143)	(2,279)
	$ 6,398	$ 6,707

LIFO revaluations decreased $136 million in 1991 compared with a $90 million increase in 1990 and a $37 million decrease in 1989. Included in these changes were decreases of $118 million, $19 million and $68 million (1991, 1990 and 1989, respectively) due to lower inventory levels. There was a nominal price decrease that reduced expense in 1991. There was current-year expense for price increases in 1990 and 1989. At December 31, 1991, GE is obligated to acquire, under take-or-pay or similar arrangements, about $275 million per year of raw materials at market prices through 1997.

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

December 31 (In millions)	1991	1990
Time sales and loans		
Retailer and auto financing	$14,794	$12,287
Commercial real estate financing	10,427	10,558
Commercial and industrial loans	9,034	9,737
Equipment sales financing	2,961	2,712
Other	557	651
	37,773	35,945
Deferred income	(924)	(860)
Time sales and loans — net of deferred income	36,849	35,085
Investment in financing leases		
Direct financing leases	17,180	13,507
Leveraged leases	3,231	3,023
	20,411	16,530
	57,260	51,615
Less allowance for losses	(1,508)	(1,360)
	$55,752	$50,255

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 and mandatorily redeemable preferred stock. 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-ends 1991 and 1990, commercial and industrial loans included $6,545 million and $7,188 million, respectively, for highly leveraged transactions.

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, GEFS 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. GEFS also is entitled generally to any investment tax credit on leased equipment and to any residual value of leased assets.

Investments in direct financing and leveraged leases represent unpaid rentals and estimated unguaranteed residual values of leased equipment, less related deferred income. Because GEFS 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. GEFS' 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.

Investment in financing leases	Total financing leases		Direct financing leases		Leveraged leases	
December 31 (In millions)	1991	1990	1991	1990	1991	1990
Total minimum lease payments receivable	$35,074	$27,572	$21,530	$16,575	$13,544	$10,997
Less principal and interest on third-party nonrecourse debt	(9,828)	(7,785)	—	—	(9,828)	(7,785)
Rentals receivable	25,246	19,787	21,530	16,575	3,716	3,212
Estimated unguaranteed residual value of leased assets	3,735	2,761	2,536	1,757	1,199	1,004
Less deferred income (a)	(8,570)	(6,018)	(6,886)	(4,825)	(1,684)	(1,193)
Investment in financing leases (as shown on the previous page)	20,411	16,530	17,180	13,507	3,231	3,023
Less amounts to arrive at net investment						
Allowance for losses	(407)	(233)	(349)	(205)	(58)	(28)
Deferred taxes arising from financing leases	(4,061)	(3,727)	(1,667)	(1,367)	(2,394)	(2,360)
Net investment in financing leases	$15,943	$12,570	$15,164	$11,935	$ 779	$ 635

(a) Total financing lease deferred income is net of deferred initial direct costs of $69 million and $46 million for 1991 and 1990, respectively.

At December 31, 1991, contractual maturities for time sales and loans over the next five years and after are: $12,800 million in 1992; $7,173 million in 1993; $3,117 million in 1994; $3,857 million in 1995; $3,412 million in 1996; and $7,414 million in 1997 and later — aggregating $37,773 million. At December 31, 1991, contractual maturities for rentals receivable over the next five years and after are: $5,316 million in 1992; $4,253 million in 1993; $3,227 million in 1994; $2,335 million in 1995; $1,483 million in 1996; and $8,632 million in 1997 and later — aggregating $25,246 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 and of rentals receivable shown above are not to be regarded as forecasts of future cash collections.

Under arrangements with customers, GE Capital has committed to lend funds ($2,755 million and $2,351 million at December 31, 1991 and 1990, respectively) and has issued sundry financial guarantees and letters of credit ($1,913 million and $1,632 million at December 31, 1991 and 1990, respectively). Note 22 discusses financial guaranties of insurance affiliates.

At December 31, 1991 and 1990, GE Capital was conditionally obligated to advance $2,083 million and $1,924 million, respectively, principally under performance-based standby lending commitments. GE Capital also was obligated for $3,082 million and $3,077 million at year-ends 1991 and 1990, 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 $556 million and $562 million at December 31, 1991 and 1990, respectively. A substantial majority of these receivables was 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 $990 million and $706 million at year-ends 1991 and 1990, respectively. Earnings of $44 million and $50 million realized in 1991 and 1990, respectively, were $83 million and $46 million lower than would have been reported had these receivables earned income in accordance with their original terms.

Additional information regarding GEFS' financing receivables beyond that contained in the financial statements is included in Management's Discussion of GEFS Operations beginning on page 37.

Note 15 GEFS' Broker-Dealer Positions

Included in other receivables and accounts payable of GEFS are amounts receivable from and payable to brokers and dealers in connection with Kidder, Peabody's normal trading, lending and borrowing of securities.

December 31 (In millions)	1991	1990
Included in other receivables		
Securities failed to deliver	$ 293	$ 183
Deposits paid for securities borrowed	909	1,383
Clearing organizations and other	1,193	522
	$2,395	$2,088
Included in accounts payable		
Securities failed to receive	$ 402	$ 129
Deposits received for securities loaned	1,236	991
Clearing organizations and other	199	70
	$1,837	$1,190

Kidder, Peabody, in conducting its normal operations, invests in a wide variety of financial instruments in order to balance its investment positions. Management believes that the most meaningful measure of these positions for a broker-dealer is market value, the value at which the positions are presented in the Statement of Financial Position in accordance with securities industry practices. However, SFAS No. 105 — "Disclosure of Information About Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk" requires, among other things, disclosure of information about "off-balance-sheet" positions in gross contract terms. The following SFAS No. 105 disclosures are indicators of the nature and extent of such activities and are not intended to portray the much smaller credit or economic risk of the positions.

At December 31, 1991, open commitments to sell mortgage-backed securities amounted to $18,897 million ($15,241 million in 1990); open commitments to purchase mortgage-backed securities amounted to $13,545 million ($11,523 million in 1990); interest rate swap agreements were open for interest on $4,709 million ($4,688 million in 1990); commitments amounting to $9,234 million ($3,674 million in 1990) 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 $2,822 million ($1,932 million in 1990); contracts establishing limits on counterparty exposure to interest rates were outstanding for interest on $2,406 million ($762 million in 1990); and firm underwriting commitments for the purchase of stock or debt amounted to $1,738 million ($711 million in 1990).

Note 16 Property, Plant and Equipment (including equipment leased to others)

December 31 (In millions)	1991	1990
Original cost		
GE		
Land and improvements	$ 335	$ 347
Buildings, structures and related equipment	5,320	5,073
Machinery and equipment	15,942	14,496
Leasehold costs and manufacturing plant under construction	1,293	1,371
Other	86	87
	22,976	21,374
GEFS		
Buildings and equipment	1,336	1,511
Equipment leased to others		
Vehicles	1,938	2,086
Railroad rolling stock	1,410	1,319
Marine shipping containers	2,045	898
Aircraft	2,273	1,592
Data processing equipment	737	749
Other	1,289	1,043
	11,028	9,198
	$34,004	$30,572
Accumulated depreciation, depletion and amortization		
GE	$12,357	$11,351
GEFS		
Buildings and equipment	531	460
Equipment leased to others	2,140	2,130
	$15,028	$13,941

Included in GEFS' equipment leased to others at year-end 1991 is $132 million of commercial aircraft off-lease (no commercial aircraft were off-lease at year-end 1990).

Current-year amortization of GEFS' equipment leased to others was $1,055 million, $835 million and $647 million in 1991, 1990 and 1989, respectively.

At December 31, 1991, minimum rental commitments under noncancelable operating leases aggregated $3,006 million and $1,349 million for GE and GEFS, respectively. Amounts payable over the next five years are as follows.

(In millions)	1992	1993	1994	1995	1996
GE	$597	$519	$383	$277	$183
GEFS	196	169	135	110	96

Note 17 Intangible Assets

December 31 (In millions)	1991	1990
GE		
Goodwill	$6,455	$6,423
Other intangibles	864	534
	7,319	6,957
GEFS		
Goodwill	1,804	1,877
Other intangibles	686	499
	2,490	2,376
	$9,809	$9,333

GE's intangible assets are shown net of accumulated amortization of $1,507 million in 1991 and $1,228 million in 1990. GEFS' intangible assets are net of accumulated amortization of $441 million in 1991 and $366 million in 1990.

Note 18 All Other Assets

December 31 (In millions)	1991	1990
GE		
Investments		
Associated companies (including advances of $81 million and $55 million)	$ 1,862	$ 1,569
Miscellaneous investments		
Government and government-guaranteed securities	283	254
Other	135	199
Marketable equity securities	48	50
Less allowance for losses	(66)	(106)
	2,262	1,966
Prepaid pension asset	2,657	1,905
Other	2,403	2,481
	7,322	6,352
GEFS		
Investment in associated companies (including advances of $538 million and $414 million)	1,409	1,190
Miscellaneous investments	1,807	1,524
Mortgages held principally for resale	1,070	771
Real estate ventures	1,003	197
Deferred insurance acquisition costs	606	478
Foreclosed real estate properties	278	253
Other	1,259	1,294
	7,432	5,707
	$14,754	$12,059

GE. The aggregate market value of marketable equity securities, which are carried at cost, was $43 million and $59 million at year-ends 1991 and 1990, respectively. Gross unrealized gains and losses were $1 million and $6 million, respectively, at December 31, 1991.

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 policy to require that it have, or be able to establish, a secured position in the aircraft being financed. At year-ends 1991 and 1990, GE had issued loans and guarantees (principally guarantees) amounting to $463 million and $396 million, respectively, under such airline financing programs and had entered into commitments totaling $2.8 billion and $1.8 billion at year-ends 1991 and 1990, 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, 1991. In virtually all cases, GE had a secured position in underlying assets or could establish a secured position if required to perform on a guarantee. GEFS acts as a lender and lessor to the commercial airline industry. At December 31, 1991 and 1990, the aggregate amount of such loans, leases and equipment leased to others was $5,759 million and $3,865 million, respectively.

At year-end 1991, the National Broadcasting Company had $1,978 million of commitments to acquire broadcast material or the rights to broadcast television programs that require payments over the next five years.

GEFS. Miscellaneous investments included $1,127 million and $1,165 million at December 31, 1991 and 1990, respectively, of items at estimated realizable values previously included in financing receivables. GEFS' mortgage servicing activities include the purchase and resale of mortgages. It had open commitments to purchase mortgages totaling $1,005 million and $768 million at December 31, 1991 and 1990, respectively; open commitments to sell mortgages totaled $663 million and $889 million, respectively, at year-ends 1991 and 1990. At December 31, 1991 and 1990, mortgages sold with full or partial recourse to GEFS aggregated $5,530 million and $7,269 million, respectively.

Note 19 Borrowings

Short-term borrowings	1991		1990	
December 31 (In millions)	Amount	Average rate	Amount	Average rate
GE				
Commercial paper	$ 1,369	5.43%	$ 1,349	8.08%
Payable to banks (principally foreign)	1,464	11.93	742	17.52
Notes to trust departments	297	4.77	316	7.36
Other (a)	352		314	
	3,482		2,721	
GEFS				
Commercial paper	38,822	5.12	35,462	8.17
Payable to banks	3,003	5.20	1,875	8.84
Notes to trust departments	897	4.90	911	7.36
Other (a)	5,348		2,155	
	48,070		40,403	
Eliminations	(202)		(204)	
	$51,350		$42,920	

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

Confirmed credit lines of approximately $3.1 billion had been extended to GE by 43 banks at year-end 1991. Substantially all of GE's credit lines are available to GE Capital and GEFS in addition to their own credit lines.

At year-end 1991, GE Capital had committed lines of credit aggregating $17.0 billion with 163 banks, including $4.1 billion of revolving credit agreements pursuant to which GE Capital has the right to borrow funds for periods exceeding one year. A total of $4.8 billion of GE Capital's credit lines is available for use by GEFS; $1.4 billion is available for use by GE; and approximately $0.3 billion is directly available to a foreign affiliate.

During 1991, neither GE nor GEFS 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 last three years.

Kidder, Peabody had established credit lines of $4.4 billion at December 31, 1991, including $2.0 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 maturities of long-term borrowings during the next five years, after deducting debt reacquired for sinking-fund needs, are as follows.

(In millions)	1992	1993	1994	1995	1996
GE	$ 509	$1,347	$ 788	$ 75	$ 540
GEFS	3,870	2,875	3,628	2,642	2,739

Outstanding balances in long-term borrowings at December 31, 1991 and 1990, are as follows.

Long-term borrowings December 31 (In millions)	Weighted average interest rate	Maturities	1991	1990
GE				
Notes (a) (b)	6.69%	1992-1998	$ 2,650	$ 2,038
Extendible notes (c)	8.00	1993	300	600
Debentures/sinking-fund debentures	8.58	2004-2016	486	504
Deep discount notes	7.52	1993-1994	350	350
Industrial development/ pollution control bonds	4.35	1995-2019	246	168
Other (a) (d)			301	388
			4,333	4,048
GEFS				
Senior notes				
Notes (a) (e)	7.80%	1993-2009	14,170	12,099
Master notes	(f)	1993	39	106
Zero coupon/deep discount notes	13.92	1993-2001	1,952	2,309
Extendible, reset or remarketed notes (c)	8.17	1993-2018	1,522	2,228
Floating rate notes	(g)	1995-2050	926	873
Less unamortized discount/premium			(645)	(867)
			17,964	16,748
Subordinated notes (h)	8.19	1993-2006	386	249
			18,350	16,997
Eliminations			(1)	(2)
			$22,682	$21,043

(a) At December 31, 1991, GE and GEFS had agreed to exchange currencies on principal amounts equivalent to U.S. $1,083 million and $4,994 million, respectively, and related interest. GE and GEFS also had entered into interest rate swaps relating to interest on $1,521 million and $5,925 million, respectively. At December 31, 1990, GE and GEFS had agreed to exchange currencies on principal amounts equivalent to U.S. $888 million and $4,193 million, respectively, and related interest. GE and GEFS also had entered into interest rate swaps related to interest on $1,382 million and $5,452 million, respectively.

(b) At December 31, 1991 and 1990, $250 million and $1,100 million, respectively, of the current portion of long-term notes were reclassified as long-term debt based on GE's ability and intent to refinance such debt. The December 31, 1990, amount was refinanced during 1991.

(c) Interest rates are reset at the end of the initial and each subsequent interest period. At each rate-reset date, GE and GEFS may redeem notes in whole or in part at their option; the extendible notes are repayable at the option of the holder at face value plus accrued interest. The current interest period for GE notes ends in April 1993; current interest periods range from May 1992 to March 2018 for GEFS notes. Notes are included in the current portion of long-term debt when the rate-reset date is within one year.

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

(e) At December 31, 1991, counterparties held options under which GEFS can be caused to execute interest rate swaps associated with interest payments through 1999 on $625 million ($1,125 million through 1999 at December 31, 1990).

(f) Notes have a rolling 13-month or 15-month maturity and bear floating interest rates based principally on GE Capital's 180-day open-market notes.

(g) 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 GEFS.

(h) Includes $250 million at December 31, 1991, guaranteed by GE.

Note 20 GEFS Securities Sold but Not Yet Purchased, at Market

December 31 (In millions)	1991	1990
U.S. government	$3,878	$4,569
Corporate stocks, bonds and foreign securities	979	747
State and municipal securities	27	8
	$4,884	$5,324

Note 21 GE All Other Current Costs and Expenses Accrued

At year-ends 1991 and 1990, this account included taxes accrued of $1,376 million and $1,634 million, respectively, and compensation and benefit accruals of $983 million and $976 million, respectively. Also included are amounts for product warranties, estimated costs on shipments billed to customers and a wide variety of sundry items.

Note 22 Reserves of Insurance Affiliates

Reserves of insurance affiliates represent unearned premiums and provisions for policy losses and benefits relating to their property and casualty, life, and financial and mortgage guaranty insurance. 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.

Financial guaranties, principally by GE Capital's FGIC Corporation, net of reinsurance were $52.5 billion and $41.5 billion at year-ends 1991 and 1990, respectively. Mortgage insurance risk in force of GE Capital's mortgage insurance operations aggregated $17.1 billion and $15.1 billion at December 31, 1991 and 1990, respectively.

Note 23 GE All Other Liabilities

This account includes noncurrent compensation and benefit accruals at year-ends 1991 and 1990 of $3,929 million and $1,553 million, respectively. Most of the increase was attributed to adoption of SFAS No. 106. Other noncurrent liabilities include amounts for product warranties, deferred incentive compensation, deferred income and a wide variety of sundry items.

Note 24 Deferred Income Taxes

December 31 (In millions)	1991	1990
GE		
Provisions for expenses	$(1,593)	$(1,627)
Accumulated depreciation	900	897
Assets and liabilities related to		
— GE pensions	743	494
— GE retiree health and life insurance	(1,014)	(173)
Other — net	(80)	(88)
Net deferred tax asset	(1,044)	(497)
GEFS		
Financing leases	4,061	3,727
Tax transfer leases	327	329
Operating leases	691	572
Provision for losses	(496)	(512)
Other — net	269	193
Net deferred tax liability	4,852	4,309
Net deferred tax liability	$ 3,808	$ 3,812

Note 25 Minority Interest in Equity of Consolidated Affiliates

Minority interest in equity of consolidated GEFS 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 3.395% to 5.65% during 1991 and from 5.85% to 6.85% during 1990.

Note 26 Share Owners' Equity

(In millions)	1991	1990	1989
Common stock issued			
Balance at January 1 and December 31	$ 584	$ 584	$ 584
Other capital			
Balance at January 1	$ 1,061	$ 826	$ 823
Foreign currency translation adjustments	(175)	284	(4)
Unrealized gains (losses) on securities held by insurance affiliates	45	(33)	5
Gains (losses) on treasury stock dispositions	7	(16)	2
Balance at December 31	$ 938	$ 1,061	$ 826
Retained earnings			
Balance at January 1	$22,959	$20,352	$17,950
Net earnings	2,636	4,303	3,939
Dividends declared	(1,808)	(1,696)	(1,537)
Balance at December 31	$23,787	$22,959	$20,352
Common stock held in treasury			
Balance at January 1	$ 2,924	$ 872	$ 891
Purchases — net	1,131	2,485	362
Dispositions	(429)	(433)	(381)
Balance at December 31	$ 3,626	$ 2,924	$ 872

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)	1991	1990	1989
Issued	926,564	926,564	926,564
In treasury	(62,442)	(53,444)	(21,783)
Outstanding	864,122	873,120	904,781

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

In November 1989, GE's Board of Directors authorized the repurchase of up to $10 billion of Company common stock over a five-year period. This repurchase program is flexible. Shares are acquired with a combination of borrowings and free cash flow. As world economic conditions, a major acquisition or other circumstances warrant, the Company modifies the pace and dimension of the repurchase program to maintain the solidity of GE's financial position. As of December 31, 1991, a total of 56,747,650 shares having an aggregate cost of $3,669 million had been repurchased under the program and placed in treasury.

The effects of translating to U.S. dollars the financial statements of foreign 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 during the year. Cumulative foreign currency translation adjustments were $242 million, $417 million and $133 million of additions to other capital at December 31, 1991, 1990 and 1989, respectively.

Note 27 Other Stock-Related Information

Stock option plans, appreciation rights, performance units, restricted stock and restricted stock units are described in the Company's current Proxy Statement. Requirements for stock option shares may be met within certain restrictions either from 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, 1991	22,322	$49.21	$57.38
Options granted	7,568	67.83	67.83
Options exercised	(3,082)	39.79	71.74
Options surrendered on exercise of appreciation rights	(626)	40.39	71.69
Options terminated	(540)	47.39	—
Balance at December 31, 1991	25,642	55.87	76.50

Shares available for granting options at the end of 1991 were 8,108,433 (compared with 6,375,105 at the end of 1990). Under the 1990 Long-Term Incentive Plan (the only plan under which options may be granted), 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 20, 2001.

Note 28 Supplemental Cash Flows Information

Changes in operating assets and liabilities are net of acquisitions and dispositions of businesses. Information about certain acquisitions and dispositions can be found in note 2. "Payments for principal businesses purchased" in the Statement of Cash Flows includes debt acquired in acquisitions and immediately repaid.

"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 GEFS. The transfer of GE Americom from GE to GEFS at the end of 1989 increased GEFS' equity by $332 million.

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

For the years ended December 31 (In millions)	1991	1990	1989
Selected broker-dealer accounts			
Marketable securities of broker-dealer	$ (5,463)	$ (3,915)	$ (3,356)
Securities purchased under agreements to resell	4,006	(7,388)	(2,209)
Securities sold under agreements to repurchase	349	11,269	2,691
Securities sold but not yet purchased	(440)	1,234	2,002
	$ (1,548)	$ 1,200	$ (872)
Financing receivables			
Increase in loans to customers	$(25,030)	$(25,678)	$(24,699)
Principal collections from customers	25,289	22,028	21,350
Investment in equipment for financing leases	(8,829)	(5,214)	(4,766)
Principal collections on financing leases	3,726	3,534	3,214
Net change in credit card receivables	(2,410)	(247)	(1,641)
	$ (7,254)	$ (5,577)	$ (6,542)
All other investing activities			
Purchases of marketable securities by insurance affiliates	$ (6,002)	$ (4,980)	$ (4,879)
Dispositions and maturities of marketable securities by insurance affiliates	5,415	3,983	4,481
Other	(1,538)	(733)	(439)
	$ (2,125)	$ (1,730)	$ (837)
Newly issued debt having maturities more than 90 days			
Short-term (91-365 days)	$ 4,863	$ 4,162	$ 4,571
Long-term (over one year)	6,317	6,365	2,842
Long-term subordinated	250	—	—
Proceeds — nonrecourse, leveraged lease debt	1,808	88	461
	$ 13,238	$ 10,615	$ 7,874
Repayments and other reductions of debt having maturities more than 90 days			
Short-term (91-365 days)	$ (6,504)	$ (5,457)	$ (5,556)
Long-term (over one year)	(1,769)	(298)	(230)
Long-term subordinated	(32)	—	(7)
Principal payments — nonrecourse, leveraged lease debt	(280)	(271)	(253)
	$ (8,585)	$ (6,026)	$ (6,046)

Note 29 Industry Segments

Revenues

(In millions) For the years ended December 31

	Total revenues 1991	Total revenues 1990	Total revenues 1989	Intersegment revenues 1991	Intersegment revenues 1990	Intersegment revenues 1989	External revenues 1991	External revenues 1990	External revenues 1989
GE									
Aerospace	$ 5,326	$ 5,614	$ 5,282	$ 79	$ 69	$ 77	$ 5,247	$ 5,545	$ 5,205
Aircraft Engines	7,899	7,558	6,863	83	70	69	7,816	7,488	6,794
Appliances	5,451	5,706	5,620	—	—	—	5,451	5,706	5,620
Broadcasting	3,121	3,236	3,392	1	—	1	3,120	3,236	3,391
Industrial	6,928	7,040	7,059	277	591	701	6,651	6,449	6,358
Materials	4,722	5,167	4,929	27	54	33	4,695	5,113	4,896
Power Systems	6,185	5,804	5,129	156	160	128	6,029	5,644	5,001
Technical Products and Services	5,224	4,783	4,545	232	218	194	4,992	4,565	4,351
Earnings of GEFS	1,275	1,094	927	—	—	—	1,275	1,094	927
All Other	270	275	319	—	—	—	270	275	319
Corporate Items and Eliminations	(1,174)	(1,398)	(1,415)	(855)	(1,162)	(1,203)	(319)	(236)	(212)
Total GE	45,227	44,879	42,650	—	—	—	45,227	44,879	42,650
GEFS									
Financing	10,069	9,000	7,333	—	—	—	10,069	9,000	7,333
Insurance	2,989	2,853	2,710	—	—	—	2,989	2,853	2,710
Securities Broker-Dealer	3,346	2,923	2,897	—	—	—	3,346	2,923	2,897
All Other	(5)	(2)	5	—	—	—	(5)	(2)	5
Total GEFS	16,399	14,774	12,945	—	—	—	16,399	14,774	12,945
Eliminations	(1,390)	(1,239)	(1,021)	—	—	—	(1,390)	(1,239)	(1,021)
Consolidated revenues	$60,236	$58,414	$54,574	$ —	$ —	$ —	$60,236	$58,414	$54,574

Assets At December 31

Property, plant and equipment (including equipment leased to others) For the years ended December 31

	Assets 1991	Assets 1990	Assets 1989	Additions 1991	Additions 1990	Additions 1989	Depreciation, depletion and amortization 1991	Depreciation, depletion and amortization 1990	Depreciation, depletion and amortization 1989
GE									
Aerospace	$ 3,632	$ 3,616	$ 3,806	$ 128	$ 151	$ 173	$ 176	$ 172	$ 153
Aircraft Engines	6,649	5,853	5,341	371	365	341	295	291	273
Appliances	2,503	2,666	2,825	118	106	149	106	100	112
Broadcasting	3,886	4,461	4,428	70	74	81	84	84	79
Industrial	4,824	4,559	4,016	320	426	354	262	259	248
Materials	8,340	7,973	8,023	784	693	722	369	325	319
Power Systems	3,450	3,073	2,604	267	230	138	144	139	136
Technical Products and Services	2,737	2,832	2,772	150	141	219	101	103	154
Investment in GEFS	7,758	6,833	6,069	—	—	—	—	—	—
All Other	992	888	951	6	6	3	5	6	—
Corporate Items and Eliminations	4,211	3,610	3,272	80	63	71	65	55	50
Total GE	48,982	46,364	44,107	2,294	2,255	2,251	1,607	1,534	1,524
GEFS									
Financing	74,554	65,461	54,056	3,688	2,893	3,174	1,161	916	679
Insurance	11,812	10,614	9,663	11	31	17	8	11	8
Securities Broker-Dealer	41,218	38,845	27,118	31	38	33	38	31	32
All Other	230	175	91	41	28	33	18	16	13
Total GEFS	127,814	115,095	90,928	3,771	2,990	3,257	1,225	974	732
Eliminations	(8,537)	(7,575)	(6,691)	—	—	—	—	—	—
Consolidated totals	$168,259	$153,884	$128,344	$6,065	$5,245	$5,508	$2,832	$2,508	$2,256

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

■ ***Aerospace.*** High-technology products and services such as electronics, avionic systems, military vehicle equipment, automated test systems, computer software, armament systems, missile system components, simulation systems, spacecraft, communication systems, radar, sonar and systems integration. Sold mostly to agencies of the U.S. government, principally the Department of Defense and National Aeronautics and Space Administration.

■ ***Aircraft Engines.*** Jet engines and replacement parts 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 international 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 installation.

■ ***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 U.S. 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 worldwide. 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; a full range of computer-based information and data interchange services for internal use and external commercial and industrial customers; and a variety of specialized services to government customers. Mobile communications and cellular phone equipment are offered through a joint venture.

■ ***Financing.*** Consists of the financing activities of GECC, such as time sales, revolving credit and inventory financing for retail merchants, private label and bank credit cards, auto leasing and inventory financing, commercial and industrial loans and equipment sales financing, commercial and transportation equipment leasing, leasing services for third-party investors, commercial and residential real estate financing, and mortgage servicing. GECC also is an equity investor in a retail organization and certain other service and financial services organizations and participates in highly leveraged transactions. Virtually all products financed are manufactured by companies other than GE.

■ ***Insurance.*** Mainly ERC, a U.S. and international multiple-line property and casualty reinsurer that writes all lines of reinsurance, except title and annuities, and writes directly certain specialty insurance, mainly excess workers' compensation for self-insurers, libel and allied torts, and errors and omissions coverage for insurance brokers and agents. Also includes FGIC Corporation, which provides financial guaranty insurance, principally on municipal bonds and structured finance issues; GECC's mortgage insurance operations, which primarily offer private insurance; and other GECC affiliates that provide life reinsurance and, for GECC customers, credit life and certain types of property and casualty insurance.

■ ***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)

Revenues
For the years ended December 31

(In millions)	Total revenues 1991	Total revenues 1990	Total revenues 1989	Intersegment revenues 1991	Intersegment revenues 1990	Intersegment revenues 1989	External revenues 1991	External revenues 1990	External revenues 1989
United States	$52,812	$51,270	$48,912	$ 1,247	$ 1,128	$ 1,107	$51,565	$50,142	$47,805
Other areas of the world	9,736	9,165	7,458	1,065	893	689	8,671	8,272	6,769
Intercompany eliminations	(2,312)	(2,021)	(1,796)	(2,312)	(2,021)	(1,796)	—	—	—
Total	$60,236	$58,414	$54,574	$ —	$ —	$ —	$60,236	$58,414	$54,574

Operating profit For the years ended December 31; **Assets** At December 31

	Operating profit 1991	Operating profit 1990	Operating profit 1989	Assets 1991	Assets 1990	Assets 1989
United States	$ 7,062	$ 6,862	$ 6,070	$149,389	$137,572	$117,109
Other areas of the world	903	883	974	19,041	16,461	11,346
Intercompany eliminations	(22)	(38)	(8)	(171)	(149)	(111)
Total	$ 7,943	$ 7,707	$ 7,036	$168,259	$153,884	$128,344

U.S. revenues include GE exports to external customers, and royalty and licensing income from foreign sources. Exports to external customers by major area of the world are shown on page 36.

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, 1991 and 1990, were $2,339 million and $1,217 million, respectively, for GE and $615 million and $1,633 million, respectively, for GEFS, excluding Kidder, Peabody.

Note 31 Quarterly Information (unaudited)

(Dollar amounts in millions; per-share amounts in dollars)	First quarter 1991	First quarter 1990	Second quarter 1991	Second quarter 1990	Third quarter 1991	Third quarter 1990	Fourth quarter 1991	Fourth quarter 1990
Consolidated operations								
Earnings before cumulative effect of change in accounting principle	$ 999	$ 950	$ 1,131	$ 1,088	$ 1,042	$ 1,026	$ 1,263	$ 1,239
Per share	1.15	1.06	1.30	1.22	1.20	1.16	1.46	1.42
Net earnings (loss)	(800)(a)	950	1,131	1,088	1,042	1,026	1,263	1,239
Per share	(0.92)(a)	1.06	1.30	1.22	1.20	1.16	1.46	1.42
Selected data								
GE								
Sales of goods and services	9,161	9,292	10,708	10,567	10,211	10,369	13,009	12,789
Gross profit from sales	2,457	2,396	2,925	2,730	2,470	2,550	2,614	2,945
GEFS								
Revenues from operations	4,000	3,162	3,937	3,686	4,097	3,717	4,365	4,209
Operating profit	413	350	337	313	476	375	431	357

(a) Reflects the cumulative effect to January 1, 1991, of the change in accounting for retiree health and life insurance benefits ($1,799 million, or $2.07 per share, after taxes of $911 million). As originally reported, net earnings for the first quarter were $999 million, or $1.15 per share.

For GE, gross profit from sales is sales of goods and services less cost of goods and services sold. Certain previously reported amounts have been reclassified from selling, general and administrative expenses to cost of goods and services sold. For GEFS, operating profit is income before taxes.

Fourth-quarter 1990 operating results included the gain in the Ladd Petroleum disposition, which was more than offset by restructuring charges exceeding $100 million.

Earnings-per-share amounts for each quarter are required to be computed independently and, because of the large purchases of treasury shares in connection with the GE Share Repurchase Program, will not be equal to 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 1992 Annual Meeting of the General Electric Company will be held on Wednesday, April 22, at The Crown Theatre in Florence, S.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)	High	Low	Dividends declared
1991			
Fourth quarter	$78⅛	$62	$.55
Third quarter	75¾	67⅝	.51
Second quarter	77⅝	69½	.51
First quarter	71	53	.51
1990			
Fourth quarter	58½	50	.51
Third quarter	75½	50¼	.47
Second quarter	71⅛	63⅝	.47
First quarter	67	60⅛	.47

As of December 9, 1991, there were about 490,000 share owners 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 at 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 Financial 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 Financial 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

For confidential reporting of concerns about U.S. federal government contracting matters, contact: 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® 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 46. 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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Fairfield, Connecticut 06431

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