General Electric Company

1994 Annual Report

Financial Highlights

General Electric Company and consolidated affiliates

(Dollar amounts in millions; per-share amounts in dollars)	1994	1993	1992
Revenues from continuing operations	**$60,109**	$55,701	$53,051
Earnings from continuing operations	**5,915**	4,184	4,137
Earnings (loss) from discontinued operations	**(1,189)**	993	588
Earnings before accounting change	**4,726**	5,177	4,725
Net earnings	**4,726**	4,315	4,725
Dividends declared	**2,546**	2,229	1,985
Per share			
Earnings from continuing operations	**3.46**	2.45	2.41
Earnings (loss) from discontinued operations	**(0.69)**	0.58	0.34
Earnings before accounting change	**2.77**	3.03	2.75
Net earnings	**2.77**	2.52	2.75
Dividends declared	**1.49**	1.305	1.16

In 1994, Kidder, Peabody Group Inc., the securities broker-dealer subsidiary of General Electric Capital Services, Inc., was discontinued. Data for 1993 and 1992 have been reclassified, when necessary, to reflect this change. See note 20 for information about the 1993 change in accounting for postemployment benefits. Per-share amounts have been adjusted for the 2-for-1 stock split in April 1994.

Contents

To Our Share Owners

GE had a great year in 1994, with the notable exception of the Kidder, Peabody issue. By any other measure, our 221,000 associates turned in their best performance in the Company's history.

• Earnings and earnings per share from ongoing operations were up 22%.

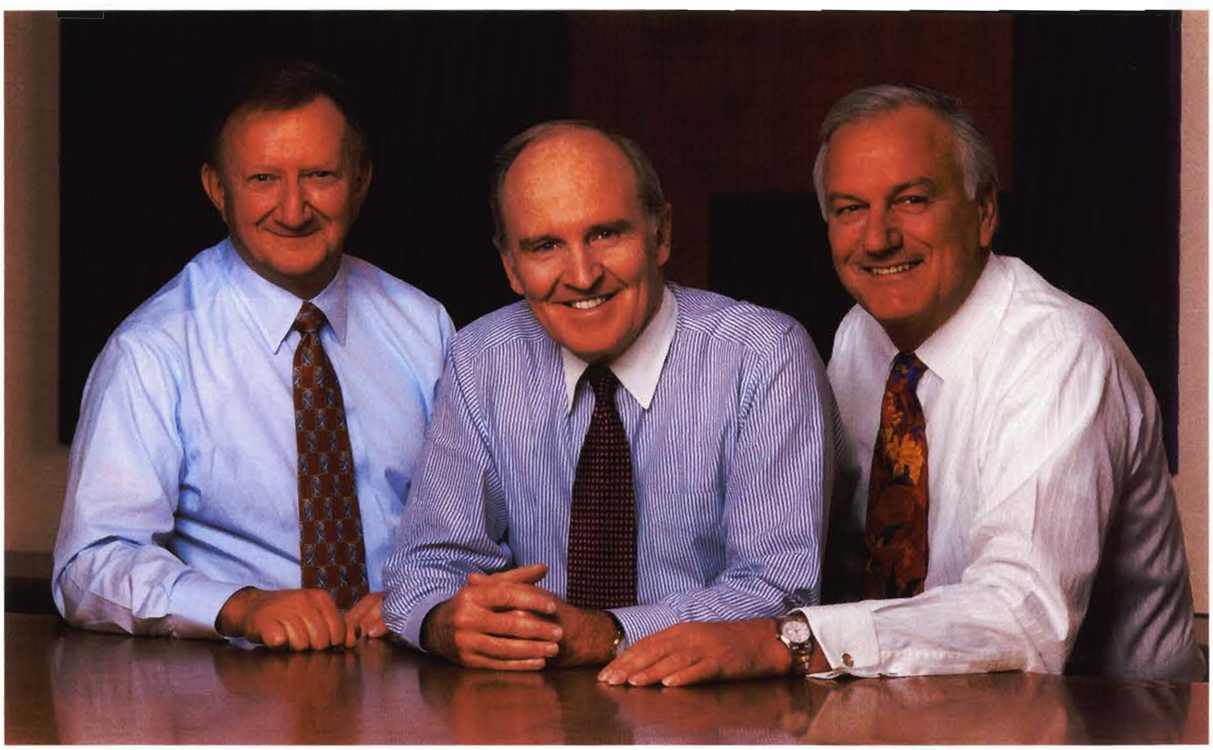
• Nine of our 12 businesses saw double-digit earnings growth; five of them were up more than 20%. Only Aircraft Engines, saddled with a weak commercial market and declining defense spending, saw a modest earnings decline, but the business still managed to produce more than one-half billion dollars in net income.

• GE revenues from outside the United States continued to outpace our domestic growth. In Europe, they totaled more than $9 billion in 1994. More importantly, our businesses are well positioned for another year of significant net income growth as the European economy continues to recover.

In Japan, we expanded our already substantial presence with a major financial services acquisition and the significant growth of our existing partnerships.

Globalization continued with double-digit top-line growth in the key emerging markets of Mexico, India, China and Southeast Asia. While there will, no doubt, be temporary setbacks on their road to full development, these countries represent the key growth markets of the next century, and we are committed to continue investing in them.

• NBC's cable assets continued their growth, with a valuation now exceeding $1.5 billion. Using the reach and resources of GE, the globalization of the network continued, with well over 60 million homes throughout Europe and the Middle East now being reached through NBC Super Channel. In Asia, NBC's new network is currently distributing programs from the United States and Europe, and, later in 1995, locally produced programming will come on stream from our new Hong Kong studio and be available in more than 25 Asian nations.



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

• A series of initiatives enabled the businesses to generate more than $2 billion in free cash flow for the third straight year. This enabled GE to undertake a second $5 billion stock buyback in five years, while still retaining our triple-A debt rating.

• In April 1994, the share owners approved a two-for-one stock split, the seventh split since the founding of the Company and the third in the past 12 years. In December, a 14% dividend increase was declared, making 1994 the 19th consecutive year of dividend increases.

These strong operating results, and the actions to enhance share owner value that they permit, are the result of the Company's commitment to involving everyone, a philosophy that is the core of our vision for the future.

Boundarylessness . . . *Boundaryless behavior has become the "right" behavior at GE.*

Since the early 1980s, as the Company downsized in order to become more globally competitive, we often heard the question, "How much more can be squeezed from the lemon?" This zero-sum-thinking did not foresee the immense reservoir of creativity and energy that flows from an engaged work force that increasingly embraces three fundamental operating behaviors.

We've described these three behaviors in past letters: boundarylessness, speed and stretch. They have evolved from philosophical, "soft," concepts into behaviors that deliver hard results, and they are the reason for both today's success and the enormous potential we see for tomorrow.

A few examples of where these soft concepts have delivered top- and bottom-line results:

Boundaryless behavior, an odd, awkward phrase just a few years ago, is increasingly a way of life at GE. It has led to an obsession for finding a better way — a better idea — be its source a colleague, another GE business, or another company across the street or on the other side of the globe that will share its ideas and practices with us.

• American Standard, a customer of our Motors and Industrial Systems business, has been using a technique called "Demand Flow Technology" to double and triple inventory turn rates and move toward a goal of zero working capital. GE teams have learned from American Standard and are obtaining dramatic results from Power Systems to Plastics to Medical Systems, producing a second consecutive year of double-digit improvement in working capital turnover.

• Yokogawa, our partner in the Medical Systems business, has been using "Bullet Train Thinking" to take 30-50% out of product costs over a two-year period. This technique, which employs "out-of-the-box" thinking and cross-functional teams dedicated to removing obstacles to cost reduction, is now fully operational in our Aircraft Engines business. This effort should lead this business to double-digit profitability growth in 1995, despite less-than-robust market conditions.

• "Quick Market Intelligence," the weekly direct customer feedback technique, was originally learned from Wal-Mart and implemented with great success in our Appliances business to improve asset turnover. "QMI" has now been adopted by a service business — GE Capital's Retailer Financial Services — in this instance to drive the quality of customer service in its credit card operations and help grow earnings more than 25% in 1994, with double-digit growth expectations for 1995.

• Caterpillar has dramatically reduced its service cost structure and new product introduction time through part standardization disciplines. The implementation of these disciplines is becoming key to the rapid new product introduction successes in our Appliances and Power Systems businesses, where product introduction cycle times have been cut by more than half.

Speed . . . *From decision-making to deal-making to communications to product introduction, speed, more often than not, ends up being the competitive differentiator.*

GE employees from around the world and from all functions and levels come to GE Crotonville, the Company's world-renowned leadership development institute in mid-state New York, to participate in business training seminars. In this management development class, for example, are employees from Brazil, Canada, China, Colombia, England, France and the United States.

• From Toshiba we have learned of its "Half-Movement" — half the parts, half the weight, in half the time — and tomorrow it will become a key element of engineering design philosophy at each of our businesses.

Boundaryless behavior has become the "right" behavior at GE, and aligned with this behavior is a rewards system that recognizes the adapter or implementer of an idea as much as its originator. Creating this open, sharing climate magnifies the enormous and ***unique*** advantage of a multi-business GE, as our wide diversity of service and industrial businesses exchange an endless stream of new ideas and best practices.

Speed. Today's global environment, with its virtually real-time information exchanges, demands that an institution embrace speed. ***Faster,*** in almost every case, is ***better.*** From decision-making to deal-making to communications to product introduction, speed, more often than not, ends up being the competitive differentiator.

In new product introduction, a clear gauge with which to quantify speed, there are several important examples:

• The Lighting business introduced hundreds of new products, ranging from the expansion of its Halogen IR line, to a whole new range of compact fluorescents, to the introduction of GE/Motorola brand electronic fluorescent ballasts.

• Power Systems, a long-cycle business that used to be characterized by glacial product development, completed design of, and brought to market, three new gas turbine-generators in 1994.

• CNBC brought America's Talking, 14 hours a day of original programming, from a concept to on-the-air in less than six months.

• Product development in Medical Systems has gone from a two-year cycle to less than one, and now 70% of our computed tomography products are less than one year old.

• In locomotive manufacturing, the change from "DC" technology — the standard diesel locomotive propulsion for 30 years or so — to "AC" is, in many respects, as profound a change as from steam to diesel. This "traditional," century-old, long-cycle business had an AC model locomotive on the tracks within 18 months, is changing out its entire product line and, in 1995, will be selling very little that it sold as recently as 1993.

Across every business, the focus on shorter cycles — on simply getting faster — has been the driver of our improved asset turnover rate and strong cash flow.

In an organization where boundarylessness, openness, informality and the use of ideas from anywhere — and speed — with its bias for action — are increasingly a way of life, the third operating principle — ***stretch*** — is a natural outgrowth.

Stretch, in its simplest form, says, "Nothing is impossible," and the setting of stretch targets inspires people and captures their imaginations.

Stretch . . . *A stretch atmosphere replaces a grim, heads-down determination to be as good as you **have** to be, and asks, instead, how good **can** you be?*

Target setting at GE begins when business leaders at the beginning of the year set their stretch goals for things like income, cash flow and market share — given the contemporary circumstances of competition, the economy and all other external variables. Because this management team has been together for a long time, trust has grown, and trust is an indispensable ingredient that allows a business to set big stretch targets. GE business leaders do not walk around all year regretting the albatross of an impossible number they hung around their own necks. At the end of the year, the business is measured, not on whether it hit the stretch target, but on how well it did against the prior year, given the circumstances. Performance is measured against the world as it turned out to be: how well a business anticipated change and dealt with it, rather than against some "plan" or internal number negotiated a year earlier.

Stretch ***does not*** mean "commitments are out." Stretch can only occur in an environment where everyone is totally committed to a rigid set of core values — integrity, trust, quality, boundaryless behavior — and to outperforming every one of our global competitors in every market environment.

Stretch ***does*** mean we are not fixated on a meaningless, internally derived, annual budget number that does nothing but make bureaucrats comfortable.

A stretch atmosphere replaces a grim, heads-down determination to be as good as you ***have*** to be, and asks, instead, how good ***can*** you be?

"How good can we be?" was the question in 1991 when the Company set two big stretch targets: 10 inventory turns and 15% operating margins by the end of 1995. At that time, those two numbers represented big stretches — after all, it had taken over a century — since Edison's time — and we still hadn't reached five turns and had barely achieved an 11% operating margin.

Well, 1995 is upon us, and 10 turns may be just beyond our reach, but by year's end we'll be over ***nine***. In GE today, this is not a "miss," a "broken commitment" or a "black eye" — but a triumph to be celebrated, an achievement that is providing the cash to finance the acquisitions we want and a stock buyback.

As for the 15% operating margin stretch target by 1995, it's possible, and we're all focused on reaching for it.

The point is, whether we hit our targets or not is not the issue. What ***does*** matter is that we've broken out of a 110-year pattern with stretch thinking, and we're on to new targets. The point is made even clearer when we read our letters to share owners from just a few years back. We now cringe at numbers we once crowed about, as they pale beside today's. And the most exciting thing is knowing that tomorrow's "stretches" will make today's numbers look anemic in light of where the Company will be at the time of the 1996 or 1997 letter.

Simplification . . . *We are going to de-complicate everything we do and make at GE.*

As we look to 1995, we have launched a Company-wide campaign to overlay our three initiatives, and everything else we do, with something we've talked about for years: ***Simplification.*** We are going to de-complicate everything we do and make at GE. Our communications with each other will be increasingly straightforward, our presentations to each other and to our customers will be simpler. Their richness will come from the dialogue, not the complexity of the charts. Our engineers will use less-convoluted processes, and fewer parts, to produce designs whose elegance will be measured by their simplicity; and that simplicity will improve their quality, their cost and their speed in reaching the marketplace.

Competitiveness . . . *What we have done* ***has barely scratched the surface****. It turns out that there is, in fact, unlimited juice in that lemon. The fact is that none of this is about squeezing anything at all — it is about tapping an ocean of creativity, passion and energy that, as far as we can see, has no bottom and no shores.*

The unfortunate part of 1994 was that the many achievements and terrific performance of GE people were often overshadowed by the well-chronicled problems with Kidder, Peabody.

The Kidder story, and its $1.2 billion loss, is not a pleasant one; and it is tempting to simply relegate it to the past — but we can't.

Whether or not it was a good idea to buy Kidder in 1986 is academic — in the end, it simply didn't work out. In 1994, weak trading markets lowered Wall Street earnings by billions of dollars from the levels of 1993, and Kidder was not immune to the weaknesses in these markets. But Kidder had another problem: a phantom trading scheme by a single employee, directed not against customers but against the firm itself, which cost it $210 million in net income. The combination of the two circumstances — a downturn in earnings, and an employee's wrongdoing — made it clear to us that it was time to get out; thus the sale of the brokerage assets of Kidder to PaineWebber, in return for 25% equity in that firm, and the liquidation of the trading operation.

None of this is to say it couldn't have been done better, but the bottom line is that the type of business Kidder had become — a cyclical trading business — was simply not the place for GE to be.

The tragedy of businesses that are not market leaders, that don't have a broadly based competitive edge — be they brokerage houses or manufacturing plants — is exactly the same; and it goes beyond "one-time charges" — dollars and cents. It's the people — the factory or office workers — who can't just "go down the street" — like traders and managers can — for another job. This human toll reminds us, once again, that nothing we do is more important than staying competitive — keeping that winning edge. Nothing.

Increasing our competitiveness is at the heart of all this "soft stuff" — boundaryless behavior, increasing our speed and stretch, with an overlay of simplification. And the excitement they produce is, obviously, in the hard results they generate, but even more importantly, it is in the knowledge that what we have done ***has barely scratched the surface***. It turns out that there is, in fact, unlimited juice in that lemon. The fact is that none of this is about squeezing anything at all — it is about tapping an ocean of creativity, passion and energy that, as far as we can see, has no bottom and no shores.

Using 100% of the minds and passion of 100% of our people in implementing the best ideas from everywhere in the world is a formula, we believe, for endless excitement, endless growth and endless renewal.

We now have a Company that is faster, more confident and higher-spirited than at any time in its history — a Company of people who believe in themselves, in each other and in their infinite capacity to improve everything.

Clearly, our best days are ahead — starting with 1995.

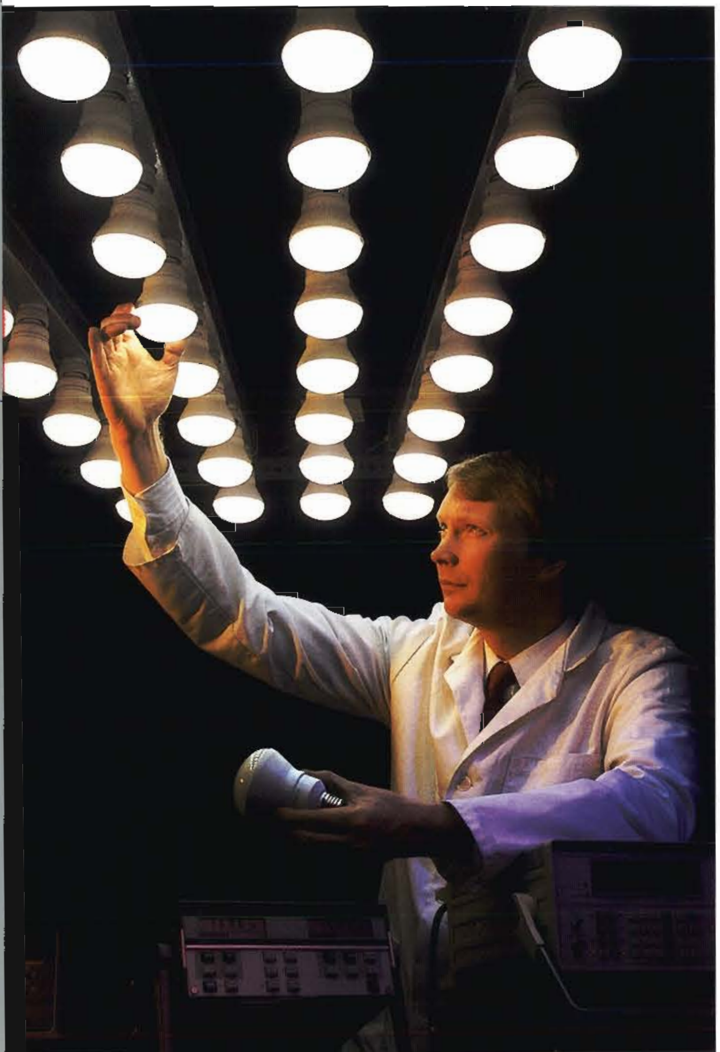
John F. Welch, Jr.	Paolo Fresco
Chairman of the Board and	Vice Chairman of the Board
Chief Executive Officer	and Executive Officer

February 10, 1995

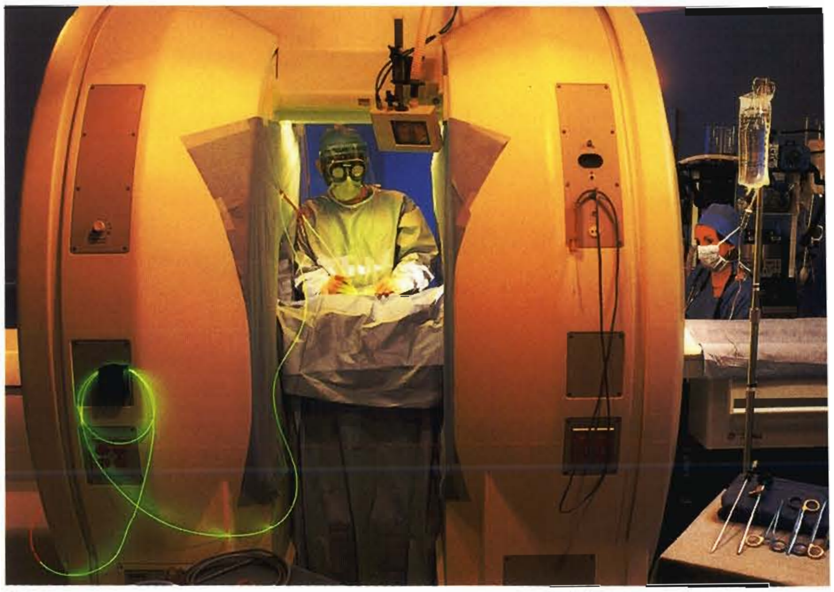
New Ideas from GE

One of the world's most innovative companies, GE is introducing new products and services at an ever-faster pace. All across the Company — on a daily basis — GE people are finding new ways to help customers ... to improve quality ... to bring good things to life. Seven of these new ideas are shown here.

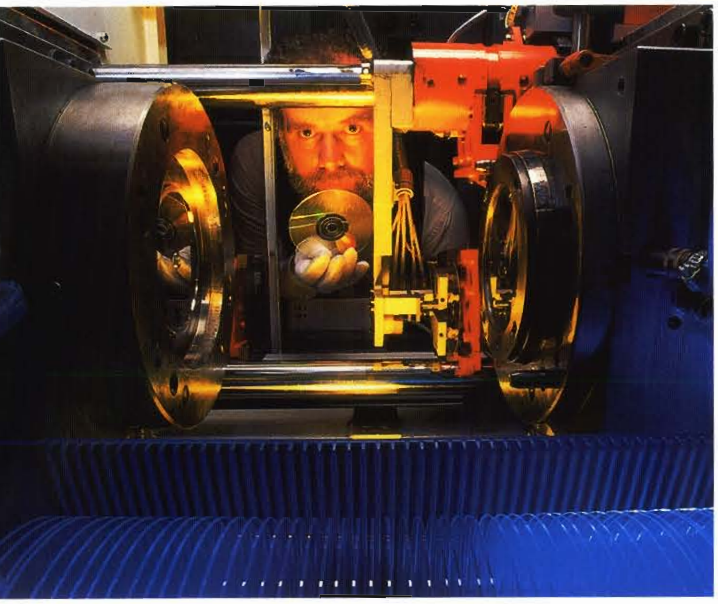
NBC launched a new generation in business news services in 1994 with the introduction of NBC Desktop Video™. Delivered directly to existing personal computers, NBC Desktop Video provides vital business and financial news "live" or "on demand." In addition, subscribers will be able to send their own multimedia information to other subscribers over the NBC Desktop Video Network.



Martin Scott put together the multinational team of GE Lighting and Corporate R&D scientists and engineers that created GE's innovative, energy-efficient Genura™ lamp. The first self-contained electrodeless lamp in the world, the revolutionary Genura can last up to 10 times longer than standard incandescent reflector lamps and can produce a 75% savings in energy. Produced in Hungary, it was introduced into the European commercial and industrial market in 1994, with expansion into U.S. and other markets to follow.



A major step in medical technology was the 1994 installation of GE's prototype MRT system at Boston's Brigham and Women's Hospital, where a GE research team is assisting physicians from Harvard Medical School in evaluating the open-magnet MRT system as a surgery guidance tool by performing patient studies in such advanced clinical procedures as laser surgery (shown here), cryosurgery and endoscopic techniques. The Brigham and Women's team also is studying focused ultrasound, a related technology using a GE Signa® MR scanner, which may make it possible to perform some surgeries with no incision at all.



Scientists from GE Plastics and Corporate R&D have developed a new process to improve quality and reduce cycle times in manufacturing Lexan® polycarbonate for compact disks. David Dardaris, a staff chemist from Corporate R&D, is shown here checking the quality of test CDs made in a laboratory molding machine at the GE Plastics plant in Mount Vernon, Ind.

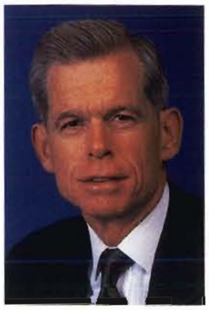
This new CleanSensor dishwasher from GE Appliances has a revolutionary sensor that measures the soil level of the dishload and automatically adjusts water usage and cycle length — saving consumers time, energy and money. Shown with the sensor are computer scientist Mark Dausch (right), who led the Corporate R&D team that developed the sensor system, and GE Appliances engineer Dave Schneider, who applied the technology to the new dishwasher.

GE Power Systems is using advanced aerodynamic technology to improve the efficiency of its large steam turbines. Here, GE engineer Larry Willey examines a new 3D aero design for nozzles on an intermediate pressure stage after testing in GE's Aerodynamic Development Lab. New airfoil shapes and other advances have resulted in up to a 2% overall improvement in GE turbine efficiency.

GE Appliances will introduce a completely redesigned washing machine in 1995 — the result of a $70 million investment in its home laundry plant. Pictured here with a computer drawing of the washer's basket hub are designer Jim Cameron (left) and engineers Candy Hendricks and Gil Morgan, part of the team responsible for the new washer.

Aircraft Engines

We again won the largest share of the world's large commercial jet engine market.



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

GE Aircraft Engines increased its worldwide leadership in 1994 despite a continuing downturn in commercial and military markets that resulted in lower revenues and earnings. During the year, GE and CFM International, our 50/50 joint company with SNECMA of France, again won more than 50% of the world's large commercial jet engine orders. This market success is based on our ability to deliver cost-effective technology while focusing on speed, productivity and quality.

The new GE90 engine, being developed for the Boeing 777, achieved key technical milestones for 1994, including record thrust levels. In February 1995, the FAA certified the GE90 engine and a GE90-powered Boeing 777 began flight testing. The GE90 has the lead in orders for an increased-capacity model of the Boeing 777, reflecting market recognition of the engine's growth capabilities.

Our largest commercial engine in service, the CF6-80E1, enjoyed one of our best-ever product introductions during 1994, powering the Airbus Industrie A330. Our CF6-80C2 remains the world's best-selling and most-reliable engine for the current generation of wide-body aircraft.

Brenda Brandt and Tom Lewis of Southwest Airlines check a flight plan for a Boeing 737 powered, as is nearly all of the Southwest fleet, by the CFM56 family of engines.

CFM International won strategic engine orders in 1994, including major wins for Singapore Airlines' fleet of Airbus A340s and Air Canada's new Airbus A319s and A340s. Three new CFM56 models were certified in 1994, providing more power for the A340 and lower emissions for the A320. Southwest Airlines further expanded its CFM56-powered Boeing 737-300 fleet, and development continued on the CFM56-7 for Boeing's new 737-500X/-700/-800 series, launched by Southwest.

GE's technology leadership extends to the military. A majority of the development work is completed on the F414 engine, recognized as a model program by the U.S. Navy for its top-priority F/A-18E/F jet. Our F110 engine was selected to power all U.S. Air Force F-16C/Ds ordered in 1994, and our T700 helicopter engine was procured by the U.S. government for the 16th consecutive year. A growth T700 engine also is under development.

The marine and industrial sector launched a more powerful LM2500 engine and added low-emission combustion systems to its product line.

Increases in regional traffic have positioned GE's small commercial engines for top-line growth. Our CF34 engine powers the 50-seat Canadair Regional Jet, which has doubled its production levels since 1992. We again achieved double-digit growth in engine services, securing long-term maintenance contracts with key customers such as Continental and KLM Royal Dutch airlines.

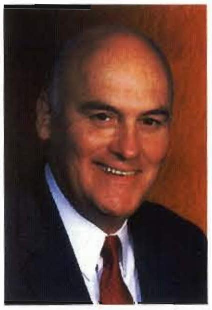
Globalization continued unabated. In China, we are teaming with the Civil Aviation Administration of China to create an aircraft engine maintenance training school. In Russia, GE engines were selected for Kamov's new civil helicopter and for Sukhoi's S-80 civil aircraft.

The entire business team has adopted "Bullet Train Thinking" with dramatic results. Order-to-remittance time has been reduced by more than 50%. Total business quality is being achieved through six Centers of Excellence, where cross-functional teams are co-located to produce particular parts of an engine.

1995 will see the introduction of the GE90 engine into commercial service, as well as a series of other additions to our product line. We are committed to significant growth in earnings on a modest increase in revenues for the year.

Appliances

Our number-one objective is superiority in consumer satisfaction.



Dick Stonesifer

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

GE Appliances enjoyed a record-setting 1994, posting about $6 billion in revenues. A strong U.S. economy, solid market share gains and our best productivity savings in a decade enabled us to achieve high double-digit growth in earnings and to reach the highest earnings and sales levels in our history. We grew U.S. appliance sales by 12%, with strong double-digit growth of operating margin. It also is important to note that we realized these gains while making major investments in our plants, our products and our growth initiatives in key global markets.

Our number-one objective is superiority in consumer satisfaction, and we are developing new processes throughout our business to make this a reality. We're committed to understanding the needs of the consumer better than any other appliance manufacturer, and to providing the highest-quality, most-innovative products and services to meet those needs.

In 1994, we introduced more than 300 new models, including two new leadership products in refrigeration: the GE Profile™ 30 side-by-side, the world's largest freestanding refrigerator, and a 27-cubic-foot Profile™ side-by-side that is completely free of chlorofluorocarbons in the compressor refrigerant. The Profile 30 refrigerator offers 30 cubic feet of storage capacity in virtually the same space as a 27-cubic-foot model, meeting consumer demand for greater storage capacity. The Profile 27 offers high performance and an array of SmartSpace features, with the added benefit of contributing to a better environment. Both of these new products are the direct result of a $125 million expansion of our Bloomington, Ind., refrigerator plant.

Also in 1994, we reached $1 billion in electric and gas range sales for the first time. We introduced new cooking products at a faster pace, including Profile halogen/radiant cooktops that offer consumers the option of halogen or radiant cooking, and new 30-inch wall ovens, the largest-capacity wall ovens in the consumer market.

As part of our quest for consumer satisfaction and quality, we are constantly working to improve internal processes and efficiency. At Appliance Park, our flagship manufacturing facility in Louisville, Ky., our Save the Park effort continues, and we're celebrating a $91 million turnaround in profitability there in the first two years. As a result of this joint effort between management and unions, we're completing a $70 million investment in the Park's home laundry plant, which will result in a brand-new laundry line for 1995. We're also nearing completion of another $70 million investment in the Park's large top-mount refrigerator facility.

GE's 30-cubic-foot refrigerator, largest freestanding side-by-side ever, fits in virtually the same space as a 27-cubic-foot model — but holds up to four more bags of groceries.

In the global marketplace, we're focusing our efforts on the world's fastest-growing markets, including India, China, Southeast Asia and South America. We had double-digit growth in those combined markets in 1994. We also strengthened our alliances in Mexico and India, and we developed a number of new products specifically for global markets.

Our focus on consumer satisfaction, quality, product leadership and productivity has positioned us to grow our business in both U.S. and global markets in 1995. Our goal is to become the appliance manufacturer whose products, services and brands are most preferred by consumers. In order to reach that goal, we will continue to work toward our vision of being one team, better and faster than anybody else in the world.

Capital Services

The diversity of our 24 businesses has helped us achieve sustained earnings growth.

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

GE Capital Services achieved another year of strong growth in 1994. Earnings from continuing operations again registered a double-digit rise — up 33% to $2.1 billion — due to the continued customer focus of our people and the diversity of our businesses. Successful acquisitions worldwide strengthened our ability to achieve sustained earnings growth going forward.

We recorded this performance despite some significant challenges during the year — most notably the intensifying competition in many of our 24 business niches. We also discontinued our securities broker-dealer operation in the fourth quarter of 1994.

The gains our businesses made internationally were particularly exciting. An active acquisition and growth strategy yielded excellent results, with several businesses expanding worldwide in response to the needs of our global client base. About $395 million, or 19% of our net earnings, was from international operations, and we see that contribution increasing as these operations grow and flourish.

Equipment Management
- *Fleet Services*
- *Railcar Services*
- *Aviation Services*
- *Genstar Container*
- *TIP*
- *Modular Space*
- *Penske Truck Leasing*
- *Americom*
- *Technology Management Services*

TIP, a GE Capital company that rents, leases, sells and finances more than 92,000 trailers worldwide, expanded its European fleet to 21,000 units during 1994.

Everything we do at GE Capital is customer-focused. During the year, our businesses reached several milestones in helping others. Mortgage Insurance helped more people buy homes by offering the first nationwide 3%-down mortgage, setting an industry standard. Consumer Financial Services launched a new product — the Exxon MasterCard — to help Exxon serve its customers with a variety of payment options. GNA, our annuity business, broadened its product line into accident, health and life insurance by acquiring the Harcourt General Insurance Companies. Americom Satellite Services expanded its satellite fleet with the purchase of GTE Spacenet and now offers a broader range of services to its customers. Computer Leasing and Computer Services combined forces as GE Capital Technology Management Services to help clients maximize use of their technology assets and reduce costs of equipment ownership.

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

Mid-Market Financing
- *Commercial Equipment Financing*
- *Vendor Financial Services*
- *GECC Financial, Hawaii*

Our businesses continued to bring value, service and productivity to customers overseas. Vendor Financial Services acquired Northern Telecom Finance Corporation to help Northern Telecom sell its services around the globe. Retailer Financial Services, by acquiring Minebea Credit, became the first U.S. company to enter the retail finance business in Japan. We opened a commercial finance division in India. And for the first time ever, one of our businesses — the Financial Insurance Group in London — is headquartered outside the United States.

Specialized Financing
- *Global Project and Structured Finance*
- *Commercial Real Estate Financing*
- *Commercial Finance*
- *Equity Capital Group*

Wherever we operate, all GE Capital businesses and ventures are united under one central operating theme: ***"Our Business Is Helping Yours."***

Specialty Insurance
- *Employers Reinsurance Corporation*
- *Financial Guaranty Insurance Company*
- *Mortgage Insurance*
- *Financial Insurance Group*

Lighting

We introduced more than 400 new products, with emphasis on quality and customer value.

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

GE Lighting further strengthened its worldwide leadership in 1994 through positive results from recent investments in new products and new markets. For the year, our business generated double-digit growth in earnings on increased revenues.

We also built on our product and customer service strengths in 1994 to improve our market leadership position in North America. Our strong performance was supported by continuous improvement in products, technology, customer relationships, people and investments. One such investment, the purchase of Focos S.A., more than doubled GE Lighting's market share in Mexico, putting us well ahead of the competition in this strategic and growing market.

Worldwide, we introduced more than 400 new products — with particular emphasis on quality and value for our customers. GE compact fluorescents marketed under the Triple Biax™, Soft White Energy Choice™ and Soft White Ultra™ brands provide pleasing incandescent-like light while consuming only 15 to 25 watts of energy. Our exclusive "eight-finger technology" compact fluorescent is the most compact lamp of its kind on the market today, with a quality of light equal to a 100-watt incandescent — but for only 28 watts of energy.

The technological revolution of electronics continues to drive new standards in quality of light, and GE Lighting is leading the charge. In 1994, we introduced Genura™, the world's first practical, compact reflector lamp that uses induction technology. Initially sold into the European commercial and industrial market, Genura features 10,000-hour life and provides light similar to a 100-watt incandescent for only 23 watts of energy. We consider Genura to be the inaugural product of an electronics breakthrough that may double or even triple the lamp's current life.

Improved customer satisfaction and service around the world is an ongoing priority. For example, our "Satisfaction Guaranteed" program was designed to increase product placement in retail outlets and provide a strong incentive for customers to buy GE compact fluorescents.

Additional global activities during the year included the teaming of GE Lighting and Motorola Lighting to market GE linear fluorescent lamps and Motorola electronic ballasts as an energy-efficient "light system." We also started up the GE Jiabao Lighting venture in Shanghai to manufacture, distribute and sell a full line of lighting products in China, formed PT GE Angkasa Lighting in Indonesia to produce incandescent, fluorescent and other energy-saving light bulbs for the Indonesian market, purchased Lindner Licht in Germany to gain production and distribution facilities along with the Lindner brand of light source products, obtained 100% ownership of Sivi Illuminazione and the Ilesa brand of lighting products in Italy, and established lighting distribution centers in France, Sweden, Thailand and Peru.

Other recent ventures, such as Hitachi GE Lighting in Japan and GE Apar Lighting in India, are making great strides in product introductions, distribution and sales.

We also are reinvesting in the business at unprecedented levels to improve competitiveness, quality, service and cost. Customer satisfaction levels grew as a result of nearly $100 million that was invested to expand production capacity and improve manufacturing processes.

Our success at GE Lighting comes from our commitment to deliver the best in products and services for our customers through continuous improvements in people, technology and assets.

Product managers Gail Cohen and Timothy Ford review a large sampling of the many new products introduced by GE Lighting around the world in 1994.

Medical Systems

We are using our technology and services to help patients and health care providers.

John M. Trani

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

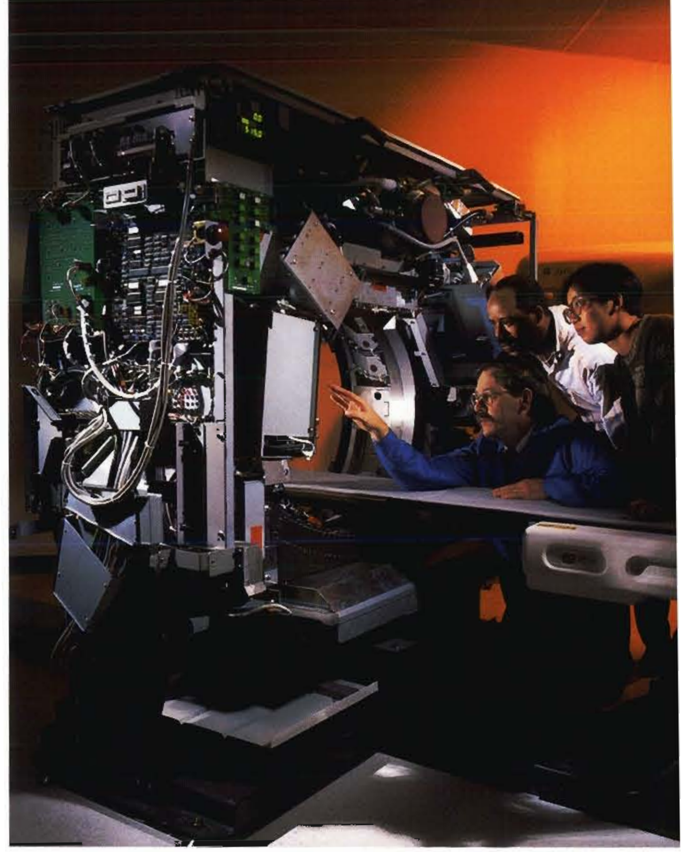
GE Medical Systems achieved record earnings on flat revenues despite the most brutal U.S. market environment for diagnostic imaging equipment in a decade. Restructuring efforts begun in anticipation of the U.S. downturn, combined with investments in growth areas outside North America, have allowed us to maintain profitable global market leadership during this difficult period.

Growth and competitiveness on a global basis continue as the dual elements of our core strategy. In today's market climate, globalization is especially important since the primary appetite for leadership medical technology is no longer centered in the United States. Asia, for example, has become the world's largest market for magnetic resonance scanners, while Japan has surpassed Western Europe as the second leading consumer of diagnostic imaging technology.

GE is well positioned to respond to this market shift. Our 1993 acquisition of a Japanese x-ray manufacturer is allowing us to address a $300 million x-ray market segment in Japan that we had not served before. Our India joint ventures have already reached a solidly profitable number-two market share position and are playing a key role in global ultrasound development. Though the Chinese market was weak in 1994, we are poised for profitable growth during the anticipated business rebound there in 1995. Our South Korean joint venture received a substantial boost with the completion of a new factory near Seoul.

We continued to grow in the extremely competitive European market and are now solidly profitable there. Our operations in Spain and Italy were consolidated into our French headquarters. Our European sales force expanded.

In today's U.S. managed-care environment, cost-sensitive providers are demanding technology that saves money and enhances their productivity. GE is addressing the hardware component through such recently introduced products as the Sytec™ SRi and ProSpeed slip-ring computed tomography systems, the Signa® Horizon magnetic resonance scanner, the Prestige™ VH remote-controlled radiography and fluoroscopy system, the Silhouette™ 20S and HF radiographic systems, and the Trauma U system for emergency room applications. Our leadership LOGIQ™ 700 and 500 digital ultrasound systems have enjoyed excellent reception, with several hundred ordered for various, multipurpose clinical applications.



GE instructor Gary Haulotte gives service tips to field engineers Warren Jackson and Sandy Liu in one of the 70 fully equipped labs at the new education center in Wisconsin.

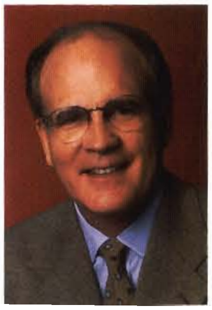
We also are using our expertise in service support and training to help customers. GE Health-Care Services was formed to develop and market single-source equipment service and management offerings to multivendor departments and hospital systems in the United States. Expanded features such as GE OnLine Services, which includes InSite™ remote diagnostics and repair and TecHelp for equipment-related technical support as well as our TiP offering for cost-effective staff training, give customers around-the-clock access to GE technical and applications expertise.

Our education and training initiatives were given a substantial boost with the dedication of a $30 million, world-class education center near Milwaukee, Wis. This 175,000-square-foot facility culminates 25 years of GE learning initiatives and, with our learning center in Slough, England, and another new one in Hino, Japan, gives us a truly integrated global education network for our customers and our people.

By proactively addressing the needs of our customers with cost-effective technologies, responsive service support and shared expertise, GE Medical Systems is positioned to remain the global industry leader in diagnostic imaging.

NBC

We are well positioned to grow our presence in the worldwide television industry.



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

The National Broadcasting Company delivered double-digit earnings growth for the second consecutive year on an 8% revenues increase in 1994. Contributing to our success in 1994 were higher ratings, the strength of the News Division, a solid year from sports programming, record levels of profitability at our owned-and-operated stations, doubling of profits at CNBC and an improved economy. We also laid the groundwork for growth in global markets and new information technology.

In programming, NBC launched an extremely strong fall season. Our new series were the most successful of any network in households and key demographic groups. Moving "Frasier" and "Wings" to Tuesday resulted in increased Tuesday-night ratings and profits. Thursday remained NBC's most-watched night, with "Seinfeld" being joined by the season's strongest new hit, "ER."

NBC News became stronger. "Dateline NBC" was expanded to three nights per week and is a powerful component of our prime-time schedule. The "Today" show opened an exciting street-level studio in Rockefeller Center. New international outlets make NBC News one of the most widely distributed news organizations in the world.

NBC Sports has the premier sports package on television today. Our ratings for AFC football reached the highest point since 1985 and, for the first time since 1975, exceeded the competition's ratings for the NFC. We also acquired the rights to the U.S. Open golf package through at least 1997 and retained rights to air Wimbledon tennis through 1999. In addition, advertising sales for the 1996 Olympics in Atlanta are well ahead of the sales pace for the 1992 Barcelona Olympics.

In 1994, many broadcast affiliates switched networks. While adding additional costs for NBC, new affiliate agreements will provide incentives for greater clearances of network programming. NBC ended 1994 as the only network remaining on VHF stations in all top 25 markets.

NBC also made an agreement with CBS that will change our roster of owned-and-operated stations. Following regulatory approvals, we will exchange the assets of KCNC in Denver for those of WCAU in Philadelphia and will trade towers and station signals in Miami. As a result, NBC will now own a station in the fourth-largest U.S. market and will increase national coverage by NBC-owned stations by 900,000 households.

We improved our position as a major owner of cable and satellite program services in the United States by launching America's Talking. CNBC, our other wholly owned cable network, grew in subscribers and advertising revenues.

Globalization has also been dramatic. NBC Super Channel now reaches 60 million homes in 32 countries. We initiated the expansion of CNBC into Asia. Canal de Noticias NBC, our 24-hour Spanish language news service, continues to grow in Latin America.

NBC also became a leader in new media products with the launch of NBC Desktop Video, a service that will bring business news video, live or on-demand, directly to personal computers.

Looking ahead, our programming abilities and firmly established distribution system make NBC well positioned for strong growth as we enter the age of "The Information Superhighway" and the globalization of television.

Lindsey Hanson monitors the satellite transmission of NBC Super Channel programming to 60 million homes and hotel rooms across Europe.

Plastics

We are making significant investments in strategic markets around the world.

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

GE Plastics had record sales in 1994, driven by global double-digit growth. We had another good year in productivity, too; however, our operating earnings growth was constrained by a rapid escalation in raw material costs.

Since 1992, we have implemented a number of technology initiatives that enable us to stretch capacity without major investment, achieve manufacturing flexibility and improve cycle time. These efforts helped us generate approximately $500 million in operating cash flow for 1994.

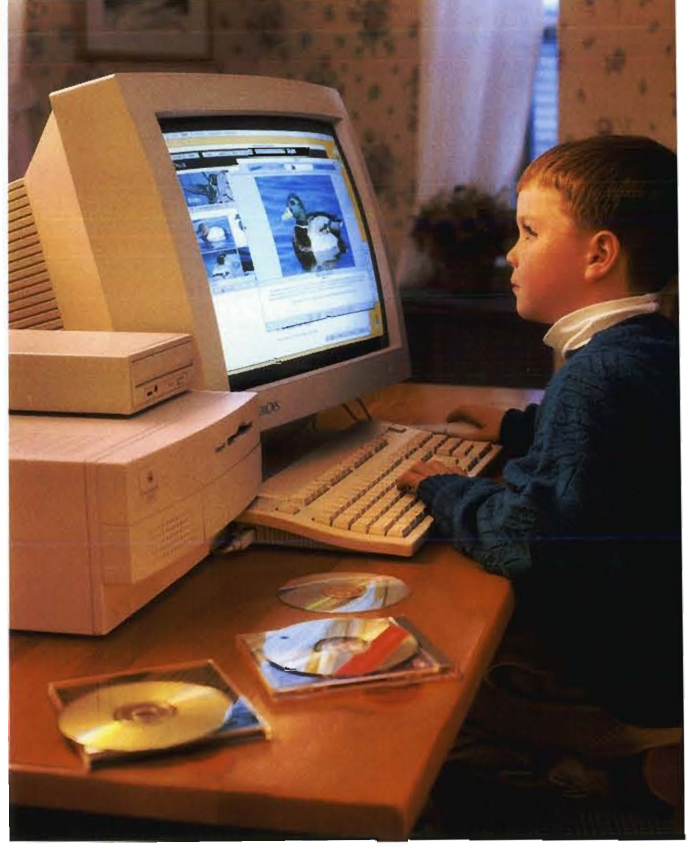
Significant investments in strategic regions of the world have enhanced our localization efforts in key global markets. In the Pacific, for example, our new compounding facility in Singapore began production in late 1994, and we began construction of a 20,000-ton-per-year compounding facility in China, which will be operational in late 1996. The addition of these facilities enhances our ability to provide quick service to customers in the important Southeast Asia market. In addition, our compounding facility in India began production in early 1994, and we opened an application development office near New Delhi to serve as a technical center for market development in that region.

We also acquired the majority share in our silicones joint venture with Toshiba in Japan, enhancing the opportunities for global growth of GE Silicones, which had a remarkable year with strong double-digit growth in sales and earnings.

In Europe, we announced plans to build a 60,000-ton engineering polyester manufacturing facility with BASF, and we opened a 40,000-ton compounding facility in Spain. These facilities will produce materials to meet current and projected demand in Europe and around the world.

We also are undergoing an extensive product simplification process, which will cut the number of products by more than half, further reducing cycle times and costs.

Realizing that having the best products and facilities in the world is no longer enough to stay ahead of the competition, we have made our commitment to customer productivity stronger than ever. In 1994, for example, our customers credited GE Plastics with reducing their operating costs by $30 million.



A leading supplier to the computer industry, GE Plastics provided Lexan® resin for the CD-ROM disks and Cycolac® and Lexan® resins for parts of the equipment shown here.

This commitment to deliver value to customers also is apparent in our recycled material programs. In 1994, we introduced a family of products that contain 25% recycled content and that meet demanding performance specifications. These new materials are already in use in 1995 Ford Explorer headlamp housings as well as in a variety of computer and electronic products.

GE's commitment to environmental stewardship is also evidenced by our continuous investment in processes and equipment to ensure the highest standards of environmental health and safety at our facilities around the world.

We expect 1995 to be another great year for GE Plastics. Our continuing focus on strengthening our global reach and portfolio of high-technology products will serve us well. We have a wealth of opportunities for global growth in the automotive, business equipment, and building and construction industries. We also are well positioned to serve the rapidly growing economies of Southeast Asia and India.

Above all, we have great people in every corner of the world dedicated to serving our customers and stretching for growth and quantum improvement in everything we do.

Power Systems

Our power generation business continues to capture the leading share of a growing global market.

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

GE Power Systems delivered a double-digit increase in earnings on 1994 revenues of about $6 billion, with the power generation business capturing the leading share in an expanding but highly competitive global market.

Highlights included key orders in Asia, led by Korea Electric Power's 2,000-megawatt addition to the Seoinchon power plant, doubling its size. When complete, Seoinchon will be the largest, most-efficient combined-cycle plant in the world. In Japan, we booked a major order for a 1,440-megawatt power plant.

In Malaysia, we received a $300 million order for two 500-megawatt steam turbine units and will serve as prime contractor for a power plant in Kapar, Selangor. We also supplied four gas turbine-generators and served as turnkey contractor for a 440-megawatt independent power project in Port Dickson, south of Kuala Lumpur.

Our efforts to increase our global coverage continued. We acquired 80% of the Italian manufacturer Nuovo Pignone, which signed a $1.6 billion contract with Gazprom to replace and modify gas turbines on Russian pipelines. The deal is the largest single foreign order awarded by the Russian Federation. Also in Russia, we entered into an agreement with Kirovsky Zavod to form a joint venture for the production of gas turbines.

Elsewhere, we signed an agreement to establish an Indonesian manufacturing base for gas turbines and generators, and we announced service agreements in Malaysia and India as well.

In the United States, technology leadership in output, efficiency and environmental friendliness drove our success. In Oregon, we received a $120 million contract to supply a complete engineered equipment package featuring two of our advanced "F" gas turbine-generators and the steam turbines for the Hermiston Generating Plant.

In New York, we supplied our "F" technology combined-cycle systems for the 1,050-megawatt Sithe/Independence power plant, which started up ahead of schedule. It will become the largest and most-efficient independent power cogeneration facility in the United States.

In Florida, four of our "F" technology units, installed at Florida Power & Light's Martin Station, have set world standards for low emissions in continuous base-load commercial operation.

To continue serving the growing market for advanced power technology, we introduced a new family of gas turbines — the 116-megawatt 7EC for U.S. and other 60-hertz markets, and the 169-megawatt 9EC for 50-hertz markets around the world. In addition, our latest high power density steam turbine designs, featuring substantial reductions in weight and length and lower installation costs, are receiving commercial acceptance, with orders from Malaysia, Indonesia and India.

In other technology areas, our nuclear business formed a joint venture company with JNF of Japan to supply nuclear fuel that uses a high-quality dry powder process, which also will reduce material usage and manufacturing costs.

Our business remains well positioned to capitalize on one of the stronger growth markets of the 1990s. Continued emphasis on new products, quality, cycle-time reduction and reduced order-to-installation cycles will further strengthen our position against an array of global competitors.

GE's Dave Trayhan (left) and China Light & Power's K.W. Lo discuss plans to install GE's "Dry Low NOx" system on one of eight 9F gas turbines at a new Hong Kong power plant.

Electrical Distribution and Control

We're combining new world-class products with a renewed focus on our customers.

GE engineer Ping Hu helped develop this Power Break® II, a new industrial circuit breaker that allows customers to tailor performance functions to suit their needs.

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

GE Electrical Distribution and Control had a modest earnings increase on somewhat higher revenues in 1994. It was a year in which we not only sharpened our external focus but also fueled programs for growth and forged improvements in speed and productivity.

With direct input from customers and suppliers, cross-functional teams from ED&C sliced record time off our product development cycle and more than doubled new product launches over 1993. We also expanded our sales force and sent our leaders on weekly visits with customers.

GE Fanuc, which was transferred to Motors and Industrial Systems at the beginning of 1995, had robust growth during the year. This automation JV earned major wins, such as the order for CIMPLICITY® software at 60 General Motors factories, and opened a new plant in Singapore.

We achieved 37% orders growth in South America, Mexico and Asia combined, and we formed four co-production ventures in China.

Our Power Controls partnership with GEC of the United Kingdom aggressively restructured and integrated its operations to strengthen its competitiveness in the European market.

To leverage synergies for cost and service, GE consolidated its meter, relay, transmission systems, specialty breaker and industrial, utility and residential transformer operations into ED&C during the year.

Looking ahead to 1995, we will build on the diversity of our people, on our new products and on market expansion worldwide to continue our top-line and bottom-line growth.

Information Services

Our supply chain management solutions provide unparalleled competitive advantage in today's global market.

GE's John Ledwith (left) and Motorola's Joe Salemi explore new ways Motorola can realize significant productivity gains using GE's supply chain management solutions.

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

GE Information Services posted another strong year, with double-digit growth in revenues and earnings, by packaging productivity solutions that help customers meet their most pressing business needs.

Our customers continued to embrace electronic commerce as the way to make their supply chains more productive, their sales forces more efficient and their customers more satisfied.

Major productivity gains have been realized by world-class corporations like Motorola, Hyundai Motor Co. and Colgate-Palmolive, who use our services to improve the management of their supply chain. They have lowered inventory levels, reduced order-ship-bill cycles, eliminated out-of-stock situations and improved their cash flow.

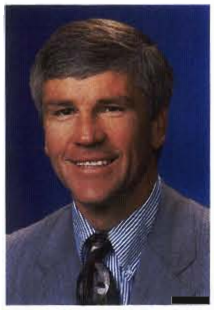
For example, the Motorola Information Systems Group has reduced inventory by one-third, eliminated 50% of its warehouse space and cut its order cycle time from six days to one. Hyundai Motor's overseas distributors are receiving spare parts nearly 10 days faster than before.

More than 30,000 businesses from New York to Seoul are using our services to streamline their processes and improve the flow of business information by linking their suppliers, manufacturers, banks, distributors and customers.

Our proven productivity solutions, talented people and success in managing global trading communities help customers realize unmatched competitive advantage and healthier results.

Motors and Industrial Systems

We have added key links to our systems solutions approach to business.



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

GE Motors and Industrial Systems, fueled by a strong North American economy, achieved double-digit earnings growth on a good revenues increase in 1994.

We also delivered another solid year of continuous improvement in speed, quality and productivity. Focused on creating real customer value, our market-based teams have become more responsive to competitive changes and are quicker to market with new products. They enjoy higher involvement from all members of the work force, have closer ties to our supplier base and are more global in field coverage and localized production.

A 1994 organizational realignment that combines Motors with GE Industrial Drives and with GE Installation Service and Engineering will accelerate our growth in the global power and process industries, such as utilities, metals, paper, petrochemical, mining and material handling. Likewise, the early 1995 transfer of GE Fanuc, our automation joint venture with FANUC of Japan, is another key link in our "systems solutions" approach to industrial process customers.

Carlos Chapa of GE (left) and Eduardo Lopez Godinez of Cemex review installation of GE motors and drive systems at this new $314 million cement plant in Tepeaca, Mexico.

Our consumer businesses, which serve the heating, ventilation and air conditioning, appliance, electric vehicle and commercial fan, pump and compressor industries, introduced many new motor and control products in 1994. We also invested for capacity expansions and made progress on several global initiatives that support our resurgence in these markets.

Building on our progress in 1994, we confidently enter a tougher, more globally competitive 1995 with a culture of forceful optimism.

Transportation Systems

New products and global market growth helped us break our record for locomotive production.

Bob Nardelli

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

GE Transportation Systems grew tremendously in 1994 through new products and globalization, with our strong gains in revenues and earnings funding significant reinvestment in technology.

Due to market and share growth, we broke our record for locomotive production by manufacturing 650 units, including more than 70 of our first alternating current 4,400-horsepower locomotives. More than 800 AC units have been ordered.

In the U.S. passenger market, we built the prototype for a second new locomotive for Amtrak in as many years — a "dual mode" AC unit to run on the electrified Northeast Rail Corridor as well as on non-electrified routes.

Our business strategy remains focused on developing new technology that improves customer productivity, including a 6,000-hp locomotive — the most powerful in the world — that will provide one-for-two displacement of older, less-efficient competitor units. We also made inroads into the service business, including a new leasing venture to meet customer peak-power demands.

Mark Coles of the Union Pacific Railroad inspects one of the 140 new AC4400CW™ alternating current locomotives that GE is building for Union Pacific.

In two years, we have cut production time for a locomotive from 92 days to 30, allowing us to win orders in North America, Australia, Indonesia, Thailand and Brazil with essentially the same resources. New offices in London, Hong Kong and Jakarta support growth markets for our locomotive, transit and motorized wheel operations.

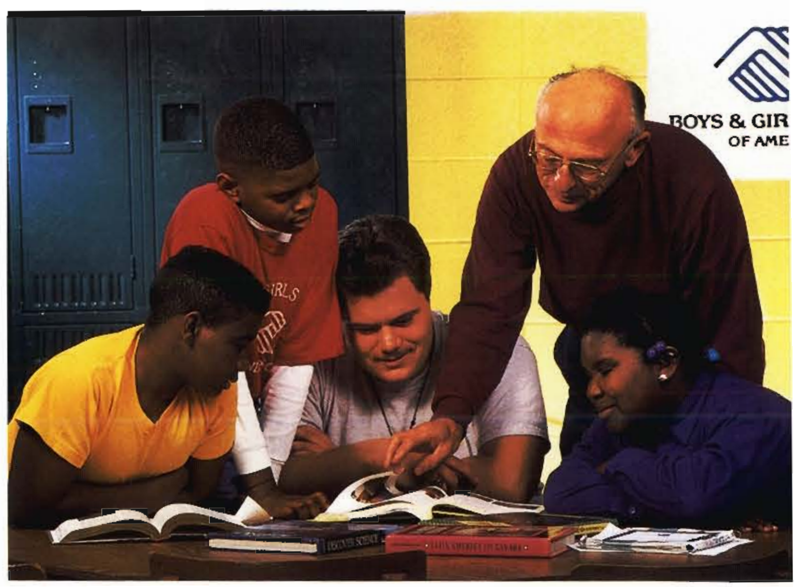
Since 1992, we have had profitable growth, and our goal is to double sales by the end of 1995.

Community Service

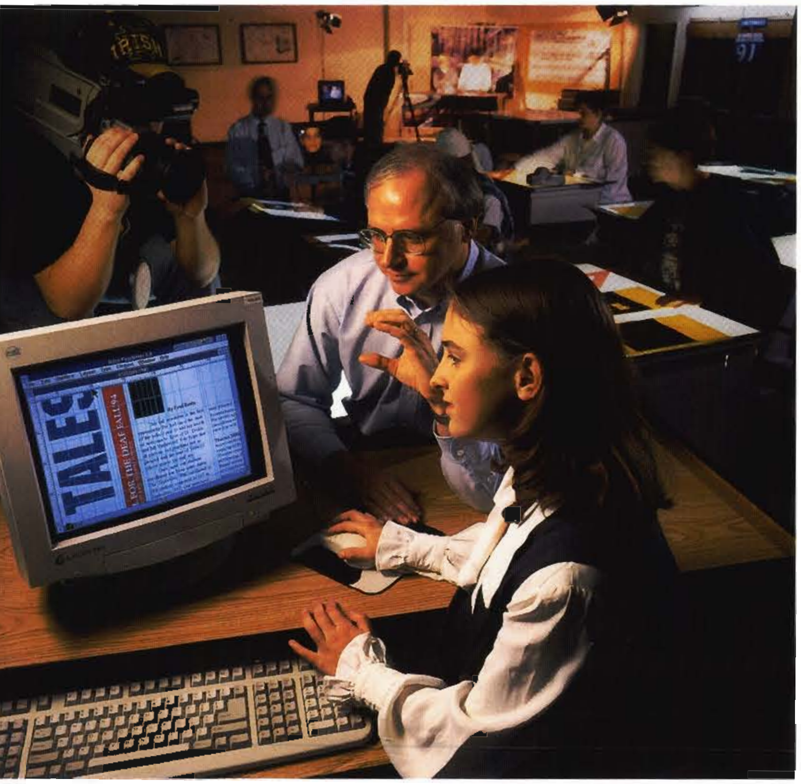
Mentoring a young student. Cleaning up the environment. Helping the needy. In countless ways, thousands of GE volunteers are making their communities — and the world at large — a better place to be. Their volunteer activities, represented by a few examples on these pages, were supported by about $45 million in contributions from GE and the GE Fund during 1994.

About 150 volunteers from all 12 GE businesses in the Atlanta, Ga., area are participating in "Olympic Force," a new mentoring and tutoring program aimed at helping inner-city students. Lisa Rowe, a tutor from GE Capital, is shown here explaining a lesson to Erika Robinson at the John F. Kennedy Middle School. To aid the tutors, CD-ROM disk players and special math and language tutorials were purchased with a grant from the GE Fund.

GE was one of only two companies to receive the President's Volunteer Action Award for community service in 1994. The award was presented at the White House in recognition of the GE Fund's highly successful College Bound program, which is designed to double the number of college-bound students from selected rural and inner-city schools in places where GE has major facilities. The five-year-old program is supported by GE Fund grants and by volunteer mentors from The Elfun Society, a volunteer organization of GE leaders.



Bernie Linder (standing, right) is among the GE Lighting volunteers who have mentored students in the EdGE program at Hendersonville, N.C., one of 13 College Bound programs started by GE. Today, EdGE has evolved to where its graduates, high school students and GE volunteers work with elementary school students to prepare them for high school and, hopefully, college. Shown here with Bernie are (left to right) Trumaine Collins, John-Paul Kimbrough, EdGE graduate and college freshman Jeremy Pearsall, and Carol Stephens.



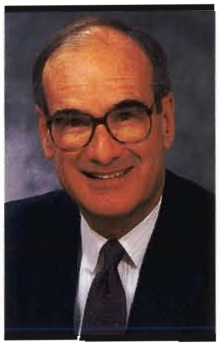
Students at the Ernest C. Drury School for the Deaf in Toronto, Canada, are learning computer design as well as printing and video production in a new desktop publishing lab created through the efforts of GE volunteers and a GE Fund grant. Here, Drury student Janis Cripps shows Mike Coleman of GE Canada some of her design work, while fellow student Matthew Brownell videotapes the demonstration.

The GE family not only is one of the largest donors to the United Way, with more than $20 million in contributions from employees, retirees and the GE Fund in 1994, but also gives countless hours of service to United Way and its sponsored agencies. For example, Charles Faulkerson of GE Transportation Systems, who has been involved with the United Way in Erie, Pa., for 11 years, recently mobilized more than 2,800 local volunteers to participate in community service projects during the city's "Day of Caring" effort.

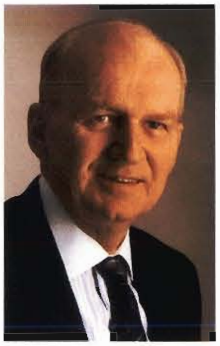
Tom Campbell, Rob Casagrande and Dave Huenink (left to right) from GE Electrical Distribution and Control in Plainville, Conn., hoist their "sacks of loot" from the second annual Housatonic River "Source to Sound" Cleanup. They were part of a GE contingent of 160 volunteers from three GE sites that helped clean up sections of the 120-mile-long river by bagging every piece of trash in sight.

Board of Directors

(As of February 10, 1995)



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.

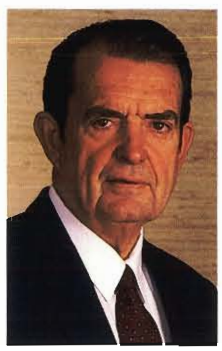
Dennis D. Dammerman
Senior Vice President, Finance, and Chief Financial Officer, General Electric Company. Director since 1994.

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

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

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

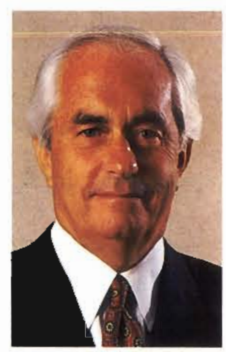
Henry H. Henley, Jr.
Retired Chairman of the Board, Chief Executive Officer and former Director, Cluett, Peabody & Co., Inc., manufacturing and retailing of apparel, New York, N.Y. Director since 1972.



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

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

Gertrude G. Michelson
Former Senior Vice President – External Affairs and former Director, R.H. Macy & Co., Inc., retailers, New York, N.Y. Director since 1976.



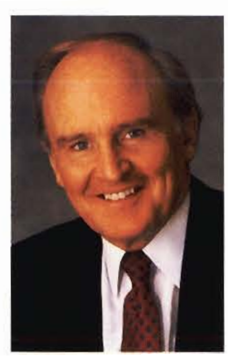
Roger S. Penske
Chairman of the Board, President and Director, Penske Corporation and Detroit Diesel Corporation, transportation and automotive services, Detroit, Mich. Director since 1994.

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

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

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

Douglas A. Warner III
Chairman of the Board, President, Chief Executive Officer and Director, J.P. Morgan & Co. Inc. and Morgan Guaranty Trust Company, New York, N.Y. Director since 1992.



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

Two new Directors were added to the GE Board in 1994, while two others are retiring in April and will not stand for re-election.

Roger S. Penske, founder and president of Penske Corporation, was named to the GE Board in October. Dennis D. Dammerman, senior vice president of finance and chief financial officer for GE, was named to the Board in December.

Retiring from the Board are Henry H. Henley, Jr. and David C. Jones. Mr. Henley, who is the retired chairman and chief executive officer of Cluett, Peabody & Co., has served GE with great distinction as a Board member for more than 20 years. He is a warm and thoughtful man with great wisdom and a rare understanding of human nature, whose wise counsel in the assessment of leadership talent contributed greatly to GE's executive management.

General Jones, a retired U.S. Air Force general and former chairman of the Joint Chiefs of Staff, joined the GE Board in 1986 when GE acquired RCA, on whose Board he served. General Jones exemplifies the definition of leadership, and public service is in his blood; he is truly a national asset. We are fortunate to have had a man who gave so much to his country give so much to our Company.

The Board held nine meetings during 1994. At their December meeting, the Directors voted to increase GE's quarterly dividend by 14%, from 36¢ to 41¢ per share, and to authorize the repurchase of up to $5 billion of GE common stock over the next two years.

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

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

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

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

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

The *Operations Committee,* meeting four times, reviewed the Company's operating plan and various operational matters.

The *Public Responsibilities Committee* held two meetings at which it evaluated environmental and other public responsibility issues as well as the activities of the GE Fund.

The *Technology and Science Committee* held one meeting to review GE's Corporate Research & Development programs.

Committees of the Board

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

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

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

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

Operations Committee
Barbara Scott Preiskel, Chairman
H. Brewster Atwater, Jr.
D. Wayne Calloway
Silas S. Cathcart
Dennis D. Dammerman
Paolo Fresco
Claudio X. Gonzalez
Robert E. Mercer
Roger S. Penske
Andrew C. Sigler
Douglas A. Warner III

Public Responsibilities Committee
Henry H. Henley, Jr., Chairman
John F. Welch, Jr., Vice Chairman
H. Brewster Atwater, Jr.
D. Wayne Calloway
Dennis D. Dammerman
Lawrence E. Fouraker
Claudio X. Gonzalez
Gertrude G. Michelson
Roger S. Penske
Barbara Scott Preiskel
Andrew C. Sigler
Douglas A. Warner III

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

Management

(As of February 10, 1995)

Corporate Executive Officers

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

Paolo Fresco
Vice Chairman of the Board and Executive Officer

Frank P. Doyle
Executive Vice President

Senior Corporate Officers

William J. Conaty
Senior Vice President, Human Resources

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

Dennis D. Dammerman
Senior Vice President, Finance

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

Lewis S. Edelheit
Senior Vice President, Research and Development

Corporate Staff Officers

Philip D. Ameen
Vice President and Comptroller

James R. Bunt
Vice President and Treasurer

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

Pamela Daley
Vice President and Senior Counsel, Transactions

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

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

Joyce Hergenhan
Vice President, Public Relations

Steven Kerr
Vice President, Leadership Development

Jeffrey B. Kindler
Vice President and Senior Counsel, Litigation and Legal Policy

Robert W. Nelson
Vice President, Financial Planning and Analysis

Charles E. Okosky
Vice President, Executive Development

Stephen D. Ramsey
Vice President, Environmental Programs

Gary M. Reiner
Vice President, Business Development

John G. Rice
Vice President, Audit Staff

John M. Samuels
Vice President and Senior Counsel, Taxes

Edward J. Skiko
Vice President, Corporate Services

Susan M. Walter
Vice President, Government Relations

Operating Management

(As of February 10, 1995)

Aircraft Engines

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

Corbett D. Caudill
Vice President, Engineering

Charles L. Chadwell
Vice President, Commercial Engines

Robert L. Colman
Vice President, Human Resources

Herbert D. Depp
Vice President, Marketing and Sales

Henry A. Hubschman
Vice President and General Counsel

Dennis R. Little
Vice President, Marine and Industrial Engines

Robert G. Stiber
Vice President, Production and Procurement

William J. Vareschi
Vice President, Finance and Information Technology Services

Dennis K. Williams
Vice President, Military Engines

Appliances

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

Bruce R. Albertson
President and Regional Executive, Asia

Richard L. Burke
Vice President, Purchasing and Manufacturing

Charles Castine
Vice President, Consumer Service

Lawrence R. Johnston
Vice President, Sales and Distribution

Steven C. Riedel
Vice President, Marketing and Product Management

R. Mark Schreck
Vice President, Technology

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

Capital Services

Gary C. Wendt
Chairman, President and Chief Executive Officer, GE Capital Services, Inc.; and Chairman and Chief Executive Officer, GE Capital Corporation

Denis J. Nayden
President and Chief Operating Officer, GE Capital

Nigel D.T. Andrews
Executive Vice President, GE Capital Components

Teresa M. LeGrand
President, GE Capital Fleet Services

Robert L. Lewis
President, GE Capital Global Project and Structured Finance

Michael A. Neal
Executive Vice President, GE Capital Components

Edward D. Stewart
Executive Vice President, GE Capital Components

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

Sandra L. Derickson
President, GE Capital Auto Financial Services

David D. Ekedahl
Chairman, GE Capital Retailer Financial Services, Inc.

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

Granville H. Bowie
Senior Vice President, Human Resources

James T. Johnson
President, GE Capital Aviation Services, Inc.

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

James A. Parke
Senior Vice President, Finance

Lighting

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President and Chief Executive Officer, GE Lighting

Joseph S. Barranco
Vice President, North American Production

John E. Breen
Vice President, Technology

Jeffrey P. Gannon
Vice President, Asia – Pacific

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

James E. Mohn
Vice President, Finance

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

Steven S. Willensky
Vice President, Worldwide Marketing and Product Management

Medical Systems

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

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

Bobby J. Bowen
Vice President, Advanced Technology

Thomas E. Dunham
Vice President, Americas Service

Serge Huot
Vice President, Global Sourcing and Manufacturing

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

Paul J. Mirabella
Vice President, Americas Sales

James G. Del Mauro
Vice President, Multi-Hospital Systems

NBC

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

Roger E. Ailes
President, CNBC and America's Talking

Neil Braun
President, Television Network

Richard Cotton
Executive Vice President and General Counsel

Dick Ebersol
President, Sports

Andrew R. Lack
President, News

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

Thomas S. Rogers
President, NBC Cable and Business Development

John H. Rohrbeck
President, Television Stations

Edward L. Scanlon
Executive Vice President, Employee Relations

Plastics

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President and Chief Executive Officer, GE Plastics

Maura J. Abeln-Touhey
Vice President and General Counsel

Robert H. Brust
Vice President, Finance

David L. Calhoun
President and Representative Director, GE Plastics Pacific

David M. Cote
Vice President, GE Silicones

Jeffrey R. Immelt
Vice President, GE Plastics – Americas

Charles E. Crew, Jr.
Vice President, Sales

Jean M. Heuschen
Vice President, Worldwide Technology

Robert P. Mozgala
Vice President, Manufacturing

Eugene P. Nesbeda
Vice President, Structured Products

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

William A. Woodburn
Vice President, GE Superabrasives

Operating Management

(Continued)

Power Systems

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

Francis S. Blake
Vice President and General Counsel

John B. Blystone
President and Chief Executive Officer, Nuovo Pignone

Stephen B. Bransfield
Vice President, Power Generation Production

Rodger H. Bricknell
Vice President, Power Generation Product Management

Edwin M. Clemmings, Jr.
Vice President, Finance

Dennis M. Donovan
Vice President, Human Resources

Mark M. Little
Vice President, Power Generation Engineering

Thomas C. Paul
Vice President, Technology

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

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

Steven R. Specker
Vice President, Nuclear Energy

William G. Wert
Vice President and Regional Executive, Americas

Delbert L. Williamson
President and Regional Executive, Asia

Donald M. Kusza
President and Regional Executive, South Asia – Pacific

Electrical Distribution and Control

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

Ricardo Artigas
Vice President, Power Controls B.V.

Stephen M. Bennett
Vice President, Americas

Richard L. Pease
Vice President, Power Delivery

Information Services

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

Motors and Industrial Systems

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

Thomas R. Brock, Jr.
Vice President, Drive Systems

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

David E. Momot
Vice President, Industrial Drive Motors and Generators

Transportation Systems

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

Richard F. Segalini
Vice President, Engineering and Production

International

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

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

Stephen J. Brandon
Vice President and National Executive, GE Southeast Asia

Mei-Wei Cheng
President and Chief Executive Officer, GE China

Jay F. Lapin
President and Chief Executive Officer, GE Japan

Ugo Draetta
Vice President and Senior Counsel

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

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

GE Supply

William L. Meddaugh
President and Chief Executive Officer, GE Supply

Licensing/Trading

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

Marketing and Sales

Thomas E. Cooper
Vice President, Washington Operations

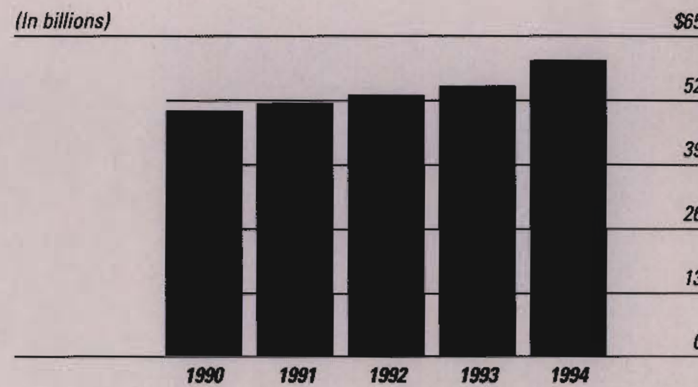
Albert J. Febbo
Vice President, Automotive

Henry J. Singer
Vice President, Area Management and Sales

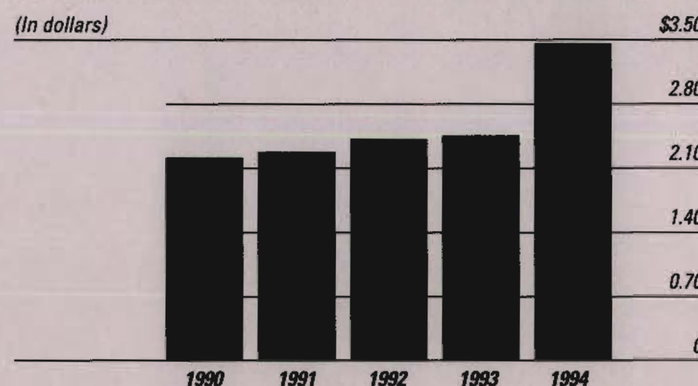
Financial Section

Contents

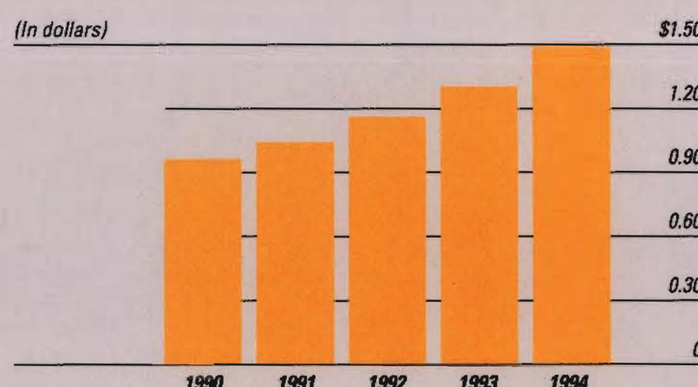
Revenues from continuing operations



Earnings per share from continuing operations before accounting changes



Dividends per share



Statement of Earnings

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 1994	1993	1992
Revenues			
Sales of goods	**$30,740**	$29,509	$29,575
Sales of services	**8,803**	8,268	8,331
Other income (note 3)	**793**	735	799
Earnings of GECS from continuing operations	**—**	—	—
GECS revenues from operations (note 4)	**19,773**	17,189	14,346
Total revenues	**60,109**	55,701	53,051
Costs and expenses (note 5)			
Cost of goods sold	**22,748**	22,606	22,107
Cost of services sold	**6,214**	6,308	6,273
Interest and other financial charges (note 7)	**4,949**	4,054	4,464
Insurance losses and policyholder and annuity benefits	**3,507**	3,172	1,957
Provision for losses on financing receivables (note 8)	**873**	987	1,056
Other costs and expenses	**12,987**	12,287	11,168
Minority interest in net earnings of consolidated affiliates	**170**	151	53
Total costs and expenses	**51,448**	49,565	47,078
Earnings from continuing operations before income taxes and accounting change	**8,661**	6,136	5,973
Provision for income taxes (note 9)	**(2,746)**	(1,952)	(1,836)
Earnings from continuing operations before accounting change	**5,915**	4,184	4,137
Earnings (loss) from discontinued operations (note 2)	**(1,189)**	993	588
Earnings before accounting change	**4,726**	5,177	4,725
Cumulative effect of accounting change (note 20)	**—**	(862)	—
Net earnings	**$ 4,726**	$ 4,315	$ 4,725
Net earnings per share (in dollars)			
Continuing operations before accounting change	**$ 3.46**	$ 2.45	$ 2.41
Discontinued operations before accounting change	**(0.69)**	0.58	0.34
Earnings before accounting change	**2.77**	3.03	2.75
Cumulative effect of accounting change	**—**	(0.51)	—
Net earnings per share	**$ 2.77**	$ 2.52	$ 2.75
Dividends declared per share (in dollars)	**$ 1.49**	$ 1.305	$ 1.16

The notes to consolidated financial statements on pages 45-64 are an integral part of this statement. In 1994, Kidder, Peabody Group Inc., the securities broker-dealer subsidiary of GECS, was discontinued. Data for 1993 and 1992 have been reclassified to reflect this change. Per-share amounts have been adjusted for the 2-for-1 stock split in April 1994.

GE 1994	GE 1993	GE 1992	GECS 1994	GECS 1993	GECS 1992
$30,767	$29,533	$29,595	**$ —**	$ —	$ —
8,863	8,289	8,348	**—**	—	—
783	730	812	**—**	—	—
2,085	1,567	1,331	**—**	—	—
—	—	—	**19,875**	17,276	14,418
42,498	40,119	40,086	**19,875**	17,276	14,418
22,775	22,630	22,127	**—**	—	—
6,274	6,329	6,290	**—**	—	—
410	525	768	**4,545**	3,538	3,726
—	—	—	**3,507**	3,172	1,957
—	—	—	**873**	987	1,056
5,211	5,124	5,319	**7,862**	7,236	5,904
31	17	13	**139**	134	40
34,701	34,625	34,517	**16,926**	15,067	12,683
7,797	5,494	5,569	**2,949**	2,209	1,735
(1,882)	(1,310)	(1,432)	**(864)**	(642)	(404)
5,915	4,184	4,137	**2,085**	1,567	1,331
(1,189)	993	588	**(1,189)**	240	168
4,726	5,177	4,725	**896**	1,807	1,499
—	(862)	—	**—**	—	—
$ 4,726	$ 4,315	$ 4,725	**$ 896**	$ 1,807	$ 1,499

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

Statement of Financial Position

At December 31 (In millions)	General Electric Company and consolidated affiliates 1994	1993
Assets		
Cash and equivalents	$ 2,591	$ 3,056
Investment securities (note 10)	30,965	26,811
Current receivables (note 11)	7,527	8,195
Inventories (note 12)	3,880	3,824
GECS financing receivables (investment in time sales, loans and financing leases) — net (note 13)	76,357	63,948
Other GECS receivables	5,763	5,018
Property, plant and equipment (including equipment leased to others) — net (note 14)	23,465	21,153
Investment in GECS	—	—
Intangible assets (note 15)	11,373	10,052
All other assets (note 16)	23,950	24,356
Assets of discontinued securities broker-dealer operations (note 2)	8,613	85,093
Total assets	$194,484	$251,506
Liabilities and equity		
Short-term borrowings (note 17)	$ 57,781	$ 57,375
Accounts payable, principally trade accounts	6,766	5,467
Progress collections and price adjustments accrued	2,065	2,608
Dividends payable	699	615
All other GE current costs and expenses accrued (note 18)	5,543	6,414
Long-term borrowings (note 17)	36,979	28,194
Insurance liabilities, reserves and annuity benefits (note 19)	29,438	22,909
All other liabilities (note 20)	12,906	11,567
Deferred income taxes (note 21)	5,205	5,182
Liabilities of discontinued securities broker-dealer operations (note 2)	8,868	83,695
Total liabilities	166,250	224,026
Minority interest in equity of consolidated affiliates (note 22)	1,847	1,656
Common stock (1,857,013,000 shares issued)	594	584
Unrealized gains (losses) on investment securities	(810)	848
Other capital	1,122	550
Retained earnings	30,793	28,613
Less common stock held in treasury	(5,312)	(4,771)
Total share owners' equity (notes 23 and 24)	26,387	25,824
Total liabilities and equity	$194,484	$251,506

The notes to consolidated financial statements on pages 45-64 are an integral part of this statement. Data for 1993 have been reclassified to state separately the assets and liabilities of the discontinued securities broker-dealer operations. Share data have been adjusted for the 2-for-1 stock split in April 1994.

GE		GECS	
1994	1993	**1994**	1993
$ 1,373	$ 1,536	**$ 1,218**	$ 1,520
93	19	**30,872**	26,792
7,807	8,561	**—**	—
3,880	3,824	**—**	—
—	—	**76,357**	63,948
—	—	**6,012**	5,201
9,525	9,542	**13,940**	11,611
9,380	10,809	**—**	—
6,336	6,466	**5,037**	3,586
12,419	10,377	**11,531**	13,979
—	—	**8,613**	85,093
$50,813	$51,134	**$153,580**	$211,730
$ 906	$ 2,391	**$ 57,087**	$ 55,243
3,141	2,331	**3,777**	3,396
2,065	2,608	**—**	—
699	615	**—**	—
5,798	6,414	**—**	—
2,699	2,413	**34,312**	25,809
—	—	**29,438**	22,909
8,468	8,482	**4,316**	3,087
268	(299)	**4,937**	5,481
—	—	**8,868**	83,695
24,044	24,955	**142,735**	199,620
382	355	**1,465**	1,301
594	584	**1**	1
(810)	848	**(821)**	812
1,122	550	**2,006**	1,784
30,793	28,613	**8,194**	8,212
(5,312)	(4,771)	**—**	—
26,387	25,824	**9,380**	10,809
$50,813	$51,134	**$153,580**	$211,730

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

Statement of Cash Flows

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 1994	1993	1992
Cash flows from operating activities			
Net earnings	$ 4,726	$ 4,315	$ 4,725
Adjustments for discontinued operations	1,189	(993)	(588)
Adjustments to reconcile net earnings to cash provided from operating activities			
Cumulative effect of accounting change	—	862	—
Depreciation, depletion and amortization	3,207	3,223	2,785
Earnings retained by GECS — continuing operations	—	—	—
Deferred income taxes	1,228	548	642
Decrease (increase) in GE current receivables	668	(571)	135
Decrease (increase) in GE inventories	(56)	750	820
Increase (decrease) in accounts payable	697	639	342
Increase in insurance liabilities, reserves and annuity benefits	1,624	1,479	703
Provision for losses on financing receivables	873	987	1,056
All other operating activities	(2,399)	782	(1,172)
Cash from continuing operations	11,757	12,021	9,448
Cash from (used for) discontinued operations	1,635	(1,834)	801
Cash provided from operating activities	13,392	10,187	10,249
Cash flows from investing activities			
Additions to property, plant and equipment	(7,492)	(4,727)	(4,804)
Dispositions of property, plant and equipment	2,506	1,139	1,795
Net increase in GECS financing receivables	(9,525)	(4,164)	(4,683)
Payments for principal businesses purchased	(2,606)	(2,090)	(2,013)
All other investing activities	372	(6,518)	(3,753)
Cash used for investing activities — continuing operations	(16,745)	(16,360)	(13,458)
Cash from (used for) investing activities — discontinued operations	334	779	64
Cash used for investing activities	(16,411)	(15,581)	(13,394)
Cash flows from financing activities			
Net change in borrowings (maturities 90 days or less)	(2,784)	2,406	3,418
Newly issued debt (maturities more than 90 days)	23,239	15,468	13,084
Repayments and other reductions (maturities more than 90 days)	(13,098)	(11,851)	(9,007)
Disposition of GE shares from treasury (mainly for employee plans)	771	406	425
Purchase of GE shares for treasury	(1,124)	(770)	(1,206)
Dividends paid to share owners	(2,462)	(2,153)	(1,925)
All other financing activities	181	(69)	—
Cash from (used for) financing activities — continuing operations	4,723	3,437	4,789
Cash from (used for) financing activities — discontinued operations	(2,169)	2,017	(367)
Cash provided from (used for) financing activities	2,554	5,454	4,422
Increase (decrease) in cash and equivalents during year	(465)	60	1,277
Cash and equivalents at beginning of year	3,056	2,996	1,719
Cash and equivalents at end of year	$ 2,591	$ 3,056	$ 2,996
Supplemental disclosure of cash flows information			
Cash paid during the year for interest	$ (4,524)	$ (3,754)	$ (4,081)
Cash paid during the year for income taxes	(1,777)	(1,644)	(1,033)

The notes to consolidated financial statements on pages 45-64 are an integral part of this statement. Data for 1993 and 1992 have been reclassified to state results of the securities broker-dealer as a discontinued operation.

GE			GECS		
1994	1993	1992	1994	1993	1992
$ 4,726	$ 4,315	$ 4,725	$ 896	$ 1,807	$ 1,499
1,189	(993)	(588)	1,189	(240)	(168)
—	862	—	—	—	—
1,545	1,631	1,483	1,662	1,592	1,302
(1,181)	(957)	(831)	—	—	—
575	120	675	653	428	(33)
754	(625)	68	—	—	—
(56)	750	820	—	—	—
810	114	(43)	(222)	540	424
—	—	—	1,624	1,479	703
—	—	—	873	987	1,056
(2,291)	(16)	(1,736)	140	770	500
6,071	5,201	4,573	6,815	7,363	5,283
—	76	741	1,635	(1,910)	60
6,071	5,277	5,314	8,450	5,453	5,343
(1,743)	(1,588)	(1,445)	(5,749)	(3,139)	(3,359)
86	55	46	2,420	1,084	1,749
—	—	—	(9,525)	(4,164)	(4,683)
(575)	—	—	(2,031)	(2,090)	(2,013)
14	298	(13)	176	(6,793)	(3,688)
(2,218)	(1,235)	(1,412)	(14,709)	(15,102)	(11,994)
—	886	(93)	334	(107)	157
(2,218)	(349)	(1,505)	(14,375)	(15,209)	(11,837)
(566)	46	(763)	(2,261)	2,404	4,221
766	215	1,331	22,473	15,253	11,753
(1,399)	(2,325)	(1,528)	(11,699)	(9,526)	(7,479)
771	406	425	—	—	—
(1,124)	(770)	(1,206)	—	—	—
(2,462)	(2,153)	(1,925)	(904)	(610)	(500)
(2)	—	—	183	(69)	—
(4,016)	(4,581)	(3,666)	7,792	7,452	7,995
—	—	—	(2,169)	2,017	(367)
(4,016)	(4,581)	(3,666)	5,623	9,469	7,628
(163)	347	143	(302)	(287)	1,134
1,536	1,189	1,046	1,520	1,807	673
$ 1,373	$ 1,536	$ 1,189	$ 1,218	$ 1,520	$ 1,807
$ (374)	$ (473)	$ (570)	$ (4,150)	$ (3,281)	$ (3,511)
(1,456)	(1,455)	(936)	(321)	(189)	(97)

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

Management's Discussion of Operations

Overview

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

Management's Discussion of Operations is presented in four parts: Consolidated Operations, GE Continuing Operations, GECS Continuing Operations and International Operations.

Consolidated Operations

1994 was a year in which the General Electric Company overcame significant challenges to achieve record results. In the highly competitive global marketplace, the Company's diversified portfolio of businesses achieved an 8% increase in revenues from continuing operations. All of its businesses contributed to the increase except, as expected, Aircraft Engines. Five businesses — GE Capital Services, Motors and Industrial Systems (Motors), Transportation Systems, Plastics and Information Services — achieved double-digit growth rates.

Consolidated earnings were $4.726 billion ($2.77 per share), up 10% from 1993's $4.315 billion ($2.52 per share) and the same as 1992's $4.725 billion ($2.75 per share). Three factors are important to these comparisons — discontinued operations of the GECS securities broker-dealer and GE's Aerospace businesses; 1993 restructuring provisions; and the effect of an accounting change in 1993. Each is discussed separately below. Without these items, 1994 earnings would have been $5.915 billion, up 22% from $4.862 billion in 1993, which was up 18% from $4.137 billion in 1992.

- ***Discontinued operations*** for all three years reflected results of the GECS securities broker-dealer, Kidder, Peabody Group Inc. (Kidder, Peabody). In 1993 and 1992, results of the discontinued GE Aerospace businesses also were included. See note 2 to the financial statements for details of these discontinued operations. The loss of $1.2 billion in 1994 included provision of $868 million for exit costs expected to be incurred in connection with the liquidation of Kidder, Peabody. Management expects this liquidation will be largely complete by the end of 1995 and that no further associated costs will be incurred.

- ***Restructuring provisions*** in 1993 amounted to $678 million after taxes. These provisions covered costs of a plan that will enhance the Company's global competitiveness. The plan included explicit programs that resulted in the closing, downsizing and streamlining of certain production, service and administration facilities worldwide. Costs included, among other things, asset write-offs, lease terminations and severance benefits. Essentially all expenditures for the restructuring programs were completed by the end of 1994. See Industry Segments beginning on page 33 for further information on restructuring.

- ***The 1993 accounting change*** represented the adoption of Statement of Financial Accounting Standards (SFAS) No. 112, *Employers' Accounting for Postemployment Benefits* (see note 20). The transition effect of the accounting change decreased net earnings by $862 million ($0.51 per share), with a corresponding decrease in share owners' equity.

Principal new accounting standards are SFAS No. 114, *Accounting by Creditors for Impairment of a Loan,* and the related SFAS No. 118, which together modify the accounting and disclosure that applies when it is probable that all amounts due under contractual terms of a commercial loan will not be collected. Had these standards been adopted for 1994, there would have been no effect on earnings or financial position, and management does not foresee any significant future effect following adoption on January 1, 1995.

Dividends declared totaled $2.546 billion in 1994. Per-share dividends of $1.49 were up 14% from the previous year, following a 13% increase from the year before. The 1994 increase marks the 19th consecutive year of dividend growth. Even though substantial dividends were paid, the Company retained sufficient earnings to invest in new plant and equipment for a wide variety of capital expenditure projects, particularly those which increase productivity, and to provide adequate financial resources for internal and external growth opportunities.

GE Continuing Operations

GE total revenues were $42.5 billion in 1994, compared with $40.1 billion in 1993 and 1992.

- GE's sales of goods and services were $39.6 billion in 1994, an increase of 5% from 1993, which was unchanged from 1992. Overall, volume was about 6% higher in 1994 than in 1993, with significant increases in Plastics, Power Systems, Appliances and Transportation Systems. Only Aircraft Engines had a reduced level of shipments in 1994. Lower 1994 selling prices in many businesses, particularly Power Systems and Medical Systems, partially offset the volume increase. Overall, volume was about 2% higher in 1993 than in 1992, but the increased volume was essentially offset by lower selling prices.

- GE's other income, earned from a wide variety of sources, was $783 million in 1994, $730 million in 1993 and $812 million in 1992. Details of GE's other income are provided in note 3.

■ Earnings of GECS from continuing operations were up 33% in 1994, following an 18% increase the year before. See page 36 for an analysis of these earnings.

Principal costs and expenses for GE are those classified as costs of goods and services sold, and selling, general and administrative expenses.

■ Operating margin is sales of goods and services less the costs of goods and services sold, and selling, general and administrative expenses. In 1994, GE's operating margin rose to a record 13.6% of sales, an improvement of 1.1 percentage points from 12.5% (before restructuring provisions) in 1993, which in turn was up from a comparable 11.5% in 1992. Including restructuring provisions, operating margins were 9.9% and 11.1% in 1993 and 1992, respectively. Appliances, NBC, Power Systems and Transportation Systems increased their margin rates by one point or more in 1994. In 1993, all businesses except Aircraft Engines increased their margin rates before restructuring provisions by one to five points.

■ Total cost productivity (sales in relation to costs on a constant dollar basis) was 3.2% in 1994 compared with 3.8% in 1993 and 4.3% in 1992. Cost savings provided by such productivity improvements more than offset the impact of inflation in all three years. Aircraft Engines, because of declining volume over the three-year period, has adversely affected consolidated productivity performance. Total cost productivity in GE businesses other than Aircraft Engines was 4.4% in 1994, compared with 5.3% and 4.8% in 1993 and 1992, respectively.

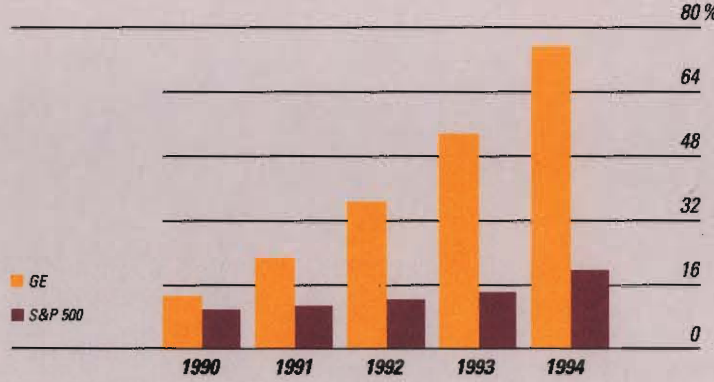
GE interest expense in 1994 was $410 million, down 22% from $525 million in 1993. The lower interest expense was attributable principally to a decrease in the average level of borrowings, partially offset by higher interest rates. Interest expense decreased 32% in 1993 compared with 1992, primarily because of lower borrowings and, to a lesser extent, lower interest rates.

Entering 1995 with excellent cash flows and a strong balance sheet, the Company continues to be well positioned to deliver strong results to share owners in an uncertain global economic environment.

GE industry segment revenues and operating profit for the past five years are shown in the table on page 35. The industry segment data for prior years related to the Power Generation and the Industrial Products and Systems segments have been reclassified. For additional information, including a description of the products and services included in each segment, see note 26.

■ ***Aircraft Engines*** revenues were down 13% from the 1993 level, following an 11% decrease the year before, reflecting primarily the continuing downturn in the military and commercial markets that began about four years ago. Operating profit increased 17% during 1994, principally because there was no counterpart to 1993 restructuring provisions ($267 million) to cover incremental costs associated with closing and relocating certain manufacturing and warehousing facilities to reduce the cost structure of the business in line with lower volume. Excluding 1993 restructuring provisions, operating profit decreased 12% in 1994, following a 16% decline in 1993, both of which were largely attributable to the lower volume.

GE/S&P dividends per share increase compared with 1989



About $1.8 billion of 1994 revenues were from sales to the U.S. government, down about 25% from $2.4 billion in 1993, which was about the same as in 1992. The lower revenues were primarily attributable to declines in sales for the F110 jet and T700 helicopter programs.

Firm orders received during 1994 totaled $5.5 billion, down slightly from $5.7 billion in 1993. The firm orders backlog at year-end 1994 was $7.6 billion ($7.7 billion at the end of 1993), approximately 32% of which was scheduled for delivery in 1995.

Management has taken aggressive actions over the past four years to respond to the dual impact of declining military sales and weakness in worldwide commercial airline markets, reducing the work force by about 16,000 employees, or 40% of its work force, through layoffs and attrition.

■ ***Appliances*** revenues were up 7% from 1993, which was 4% higher than in 1992, on considerably higher shipments. For U.S. operations, revenues increased 12% on a good increase in unit volume, reflecting the combination of improved markets and slightly higher share. Operating profit was up 84% in 1994, in part because there was no counterpart to provisions for restructuring of $136 million in 1993 that covered costs associated with closing, downsizing and consolidating consumer service and production facilities. Operating profit declined 4% in 1993, primarily as a result of restructuring provisions. Excluding 1993 restructuring provisions, operating profit increased by 34% in 1994 and by 32% in 1993. The improved performance was primarily attributable to strong productivity as well as higher volume.

▪ ***Broadcasting*** revenues increased 8% in 1994 as a result of stronger advertising revenues in sports, prime-time entertainment, the owned-and-operated stations, and CNBC. 1993 revenues were 8% lower than 1992's, primarily because there was no counterpart to the 1992 Summer Olympic Games. Operating profit increased sharply in 1994, following a 29% increase in 1993. The 1994 increase reflected the impact of higher prices for advertising, improved ratings performance and substantially improved CNBC operations. Trends over the three-year period were affected by 1993 restructuring provisions of $81 million to cover lease terminations, associated asset write-offs and other incremental costs to enhance productivity. Excluding 1993 restructuring provisions, 1994 operating profit was up 45% from 1993, which was 69% higher than in 1992. The improvement in 1993 was attributable primarily to the absence of a counterpart to the programming costs associated with the Olympic Games and generally lower 1993 overhead costs.

▪ ***Industrial Products and Systems*** (principally the former Industrial segment) revenues rose 10% in 1994, following a 4% increase in 1993. The improvements in revenues were largely attributable to significantly higher shipments of locomotives in Transportation Systems in both years and much higher Motors volume in 1994. Operating profit increased 47% in 1994, after a 16% decline in 1993, reflecting primarily the $253 million of restructuring provisions in 1993 for incremental costs of downsizing and consolidating production and logistical operations worldwide. Absent 1993 restructuring provisions, operating profit increased 15% from 1993, which was 8% higher than in 1992. The 1994 increase was attributable to continuing productivity improvements in Lighting's European operations and a combination of higher volume and productivity in Motors and Transportation Systems. The 1993 increase resulted primarily from improved productivity across the segment and substantially improved Lighting operations in Europe.

Transportation Systems orders were $2.8 billion in 1994, up 50% from 1993. The backlog at year-end 1994 was $3.5 billion ($2.0 billion at the end of 1993), about 37% of which was scheduled for shipment in 1995.

▪ ***Materials*** revenues were up 13% in 1994, primarily because of increased shipments across all major product groups. Operating profit rose 16% in 1994, in part because there was no counterpart to $52 million of restructuring provisions in 1993 for equipment write-offs and downsizing of European operations. Excluding 1993 restructuring provisions, operating profit increased 9% as a result of ongoing productivity and improved volume, which more than offset the impact of lower selling prices and much higher material costs. Revenues increased 4% in 1993, primarily as a result of higher volume in U.S. and Asian markets, which was partially offset by worldwide price declines. Operating profit was 13% higher than in 1992 as substantial productivity improvements, material cost decreases and favorable exchange gains much more than offset the lower prices, the impact of inflation and restructuring provisions.

▪ ***Power Generation*** (principally the former Power Systems segment) revenues increased 7% in 1994 as a result of considerably higher shipments of large gas turbines and combined-cycle units, offset in part by lower selling prices. Operating profit was 21% ahead of 1993, reflecting the lack of a counterpart to 1993 restructuring provisions of $82 million that covered the incremental costs of facility demolitions and associated asset write-offs. Adjusting for 1993 restructuring provisions, operating profit increased 12%, primarily as a result of lower material costs and volume improvements that more than offset lower selling prices. Revenues increased 8% in 1993, principally as a result of higher levels of gas turbine shipments and increased sales of nuclear fuel. Operating profit increased 20% over 1992, principally on the strength of gas turbine revenues and productivity, the combination of which more than offset the impact of restructuring provisions.

Power Generation orders were $5.7 billion for 1994, compared with $5.6 billion in 1993. The backlog of unfilled orders at year-end 1994 was $9.4 billion (about the same as at the end of 1993), with 54% of it scheduled to be shipped in 1995.

▪ ***Technical Products and Services*** revenues were up 3% in 1994, primarily the result of slightly higher volume partially offset by lower selling prices. For Medical Systems, the impact of a difficult U.S. health care market was more than offset by strength in European and Asian markets. Segment operating profit rose 11% in 1994, in part because of 1993 restructuring provisions of $60 million to downsize manufacturing and services operations worldwide. Excluding such provisions, operating profit was 3% ahead of 1993, principally reflecting productivity and volume improvements in excess of price declines in both Medical Systems and Information Services. Strength in European and Asian markets more than offset the negative effects of U.S. market conditions. Segment revenues were down 11% in 1993, principally because of 1992 transfers, dispositions and realignments. Segment operating profit in 1993 was down

Summary of Industry Segments

For the years ended December 31 (In millions)	1994	1993	1992	1991	1990
	General Electric Company and consolidated affiliates				
Revenues					
GE					
Aircraft Engines	**$ 5,714**	$ 6,580	$ 7,368	$ 7,777	$ 7,504
Appliances	**5,965**	5,555	5,330	5,225	5,592
Broadcasting	**3,361**	3,102	3,363	3,121	3,236
Industrial Products and Systems	**9,406**	8,575	8,210	8,248	8,239
Materials	**5,681**	5,042	4,853	4,736	5,140
Power Generation	**5,933**	5,530	5,106	4,813	4,071
Technical Products and Services	**4,285**	4,174	4,674	4,686	4,259
All Other	**2,348**	1,803	1,581	1,485	1,401
Corporate items and eliminations	**(195)**	(242)	(399)	(538)	(352)
Total GE	**42,498**	40,119	40,086	39,553	39,090
GECS					
Financing	**14,932**	12,399	10,544	10,069	9,000
Specialty Insurance	**4,926**	4,862	3,863	2,989	2,853
All Other	**17**	15	11	(5)	(2)
Total GECS	**19,875**	17,276	14,418	13,053	11,851
Eliminations	**(2,264)**	(1,694)	(1,453)	(1,323)	(1,245)
Consolidated revenues	**$60,109**	$55,701	$53,051	$51,283	$49,696
Operating profit					
GE					
Aircraft Engines	**$ 935**	$ 798	$ 1,274	$ 1,390	$ 1,253
Appliances	**683**	372	386	400	435
Broadcasting	**500**	264	204	209	477
Industrial Products and Systems	**1,328**	901	1,071	1,088	1,098
Materials	**967**	834	740	800	1,010
Power Generation	**1,238**	1,024	854	679	478
Technical Products and Services	**787**	706	912	693	538
All Other	**2,403**	1,796	1,549	1,453	1,327
Total GE	**8,841**	6,695	6,990	6,712	6,616
GECS					
Financing	**2,662**	1,727	1,366	1,327	1,267
Specialty Insurance	**589**	770	641	501	457
All Other	**(302)**	(288)	(272)	(290)	(275)
Total GECS	**2,949**	2,209	1,735	1,538	1,449
Eliminations	**(2,072)**	(1,554)	(1,317)	(1,199)	(1,105)
Consolidated operating profit	**9,718**	7,350	7,408	7,051	6,960
GE interest and financial charges, net of eliminations	**(417)**	(529)	(752)	(881)	(941)
GE items not traceable to segments	**(640)**	(685)	(683)	(563)	(480)
Earnings from continuing operations before income taxes and accounting changes	**$ 8,661**	$ 6,136	$ 5,973	$ 5,607	$ 5,539

The notes to consolidated financial statements on pages 45-64 are an integral part of this statement. "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GECS" means General Electric Capital Services, Inc. and all of its affiliates and associated companies. Operating profit of GE segments excludes interest and other financial charges; operating profit of GECS includes interest and discount expense, which is the largest element of GECS' operating costs. Data for prior periods have been reclassified to reflect the securities broker-dealer segment as a discontinued operation and to conform to the 1994 grouping of products and services in the Industrial Products and Systems and the Power Generation segments (see note 26).

sharply, mainly because there was no counterpart to the 1992 gain on realignment of the equity position of GE and Ericsson in their mobile communications joint venture and because of restructuring provisions.

Orders received by Medical Systems in 1994 were down slightly from 1993. A decline in U.S. medical equipment markets more than offset orders growth in the rest of the world. The backlog of unfilled orders at year-end 1994 was $1.5 billion ($1.7 billion at the end of 1993), about 93% of which was scheduled to be shipped in 1995.

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

GECS Continuing Operations

GECS conducts its business in two segments. The Financing segment includes financing operations of General Electric Capital Corporation (GE Capital). The Specialty Insurance segment includes operations of Employers Reinsurance Corporation (ERC) and the other insurance businesses described on page 61.

GECS revenues from operations were $19.9 billion in 1994, up 15% from 1993, which was up 20% from 1992.

GECS earnings from continuing operations were $2.085 billion in 1994, up 33% from 1993, which was up 18% from 1992. The 1994 increase reflected a very strong performance in the Financing segment, resulting primarily from asset growth, increased financing spreads and improved asset quality. Earnings in the Specialty Insurance segment declined in 1994 due to higher insurance losses. The 1993 earnings increase reflected substantially higher earnings in the Financing segment, mainly as a result of the favorable 1993 interest rate environment, asset growth and improved asset quality. Earnings in the Specialty Insurance segment also increased substantially in 1993 over 1992.

GECS' principal cost is for interest on borrowings in the Financing segment. Interest expense in 1994 was $4.5 billion, 28% higher than in 1993, which was 5% lower than in 1992. The 1994 increase reflected the effects of higher average borrowings used to finance asset growth as well as the effects of higher interest rates. The 1993 decrease was a result of substantially lower interest rates on higher average borrowings. The composite interest rate on GECS' borrowings was 5.47% in 1994, compared with 4.96% in 1993 and 5.78% in 1992.

GECS' other costs and expenses increased to $7.9 billion in 1994 from $7.2 billion in 1993 and $5.9 billion in 1992, reflecting higher investment levels and costs associated with acquired businesses and portfolios.

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

- ***Financing*** segment revenues from operations were $14.9 billion in 1994, up 20% from 1993, which was up 18% from 1992. Asset growth and increased yields (interest rates earned) were significant factors in both years.

Operating profit was $2.7 billion in 1994, up 54% from 1993, which was 26% higher than in 1992, primarily as a result of asset growth and increased financing spreads, the excess of yield over interest rates on borrowings. Improved asset quality also contributed to increased operating profit in 1994 and, to a lesser extent, in 1993. Assets grew 14% during 1994 and 30% during 1993 because of higher origination volumes and acquisitions of businesses and portfolios, including the 1993 acquisition of the annuity business. Yields on assets increased in 1994 after holding essentially flat in 1993 and 1992. Financing spreads increased during 1994, as the improvement in yields outpaced increases in borrowing rates. Financing spreads increased to a greater extent in 1993, when borrowing rates declined substantially. The provision for losses on financing receivables declined in both 1994 and 1993 as the quality of the portfolio improved. Other costs and expenses increased in both years, primarily as a result of asset growth.

The portfolio of financing receivables, which was $76.4 billion at the end of 1994 and $63.9 billion at the end of 1993, is the Financing segment's largest asset and its primary source of revenues. Related allowances for losses at the end of 1994 aggregated $2.1 billion (2.63% of receivables — the same level as 1993 and 1992) and are, in management's judgment, appropriate given the risk profile of the portfolio. A discussion about the quality of certain elements of the Financing segment investment portfolio follows.

Consumer loans receivable, primarily retailer and auto receivables, were $23.1 billion and $17.3 billion at the end of 1994 and 1993, respectively. In addition, GECS' investment in consumer auto finance lease receivables was $7.5 billion and $5.6 billion at the end of 1994 and 1993, respectively. Nonearning receivables, which were 1.4% of total loans and leases (1.7% at the end of 1993), aggregated $422 million at the end of 1994. The provision for losses on retailer and auto financing receivables was $502 million in 1994, a 7% increase from $469 million in 1993, reflecting growth in the portfolio of receivables. Most nonearning receivables were private-label credit card receivables, the majority of which were subject to various loss-sharing arrangements that provide full or partial recourse to the originating retailer.

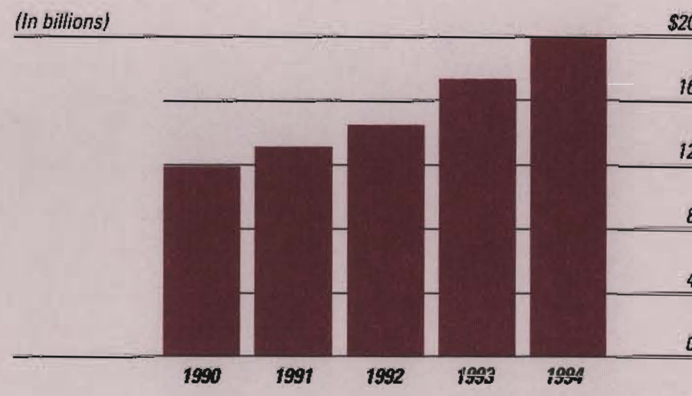
Commercial real estate loans classified as financing receivables by the Commercial Real Estate business were $11.9 billion at December 31, 1994, up $1.0 billion from the end of 1993. In addition, the investment portfolio of the annuity business included $1.4 billion of commercial property loans at December 31, 1994, up $0.3 billion from the end of 1993. Commercial real estate loans are generally secured by first mortgages. In addition to loans, the commercial real estate portfolio included, in other assets, $2.1 billion ($2.2 billion in 1993) of assets acquired for resale from various financial institutions, including the Resolution Trust Corporation. Values realized on sales of these assets and the pace of such sales continue to meet or exceed expectations at the time of purchase. Also included in other assets were investments in real estate ventures at year-end 1994 totaling $1.4 billion, the same as at year-end 1993. Those investments are made as a part of original financings and in conjunction with loan restructurings where management believes that such investments will enhance economic returns.

Commercial Real Estate's foreclosed properties at the end of 1994 declined to $20 million from $110 million at the end of 1993, primarily because of sales.

At December 31, 1994, Commercial Real Estate's portfolio included loans secured by and investments in a variety of property types that continued to be well dispersed geographically. Nonearning and reduced-earning receivables declined to $179 million in 1994 from $272 million in 1993, reflecting write-offs and proactive management of delinquent receivables in a stabilized commercial real estate market. Sustaining the 1994 improvements depends on many factors, including interest rates and various local market conditions. The loss provision for Commercial Real Estate's investments was $287 million in 1994 ($244 million related to receivables and $43 million related to other assets), compared with $387 million and $299 million in 1993 and 1992, respectively. The 1994 decrease resulted from lower provisions related to real estate ventures and foreclosed properties. Loss provisions in 1993 increased as the portfolio was adversely affected by a weakened commercial real estate market.

Other financing receivables, $32.5 billion at December 31, 1994, consisted primarily of a diverse commercial, industrial and equipment loan and lease portfolio. This portfolio grew $3.5 billion during 1994, while nonearning and reduced-earning receivables decreased to $165 million at year-end 1994 from $237 million at year-end 1993. Included in other financing receivables are financings provided for highly leveraged management buyouts and corporate recapitalizations. The portion of those investments classified as financing receivables was $2.4 billion at the end of 1994, compared with $3.3 billion at the end of 1993, as repayments continued to reduce this liquidating portfolio. The year-end balance of highly leveraged transactions

GECS revenues from continuing operations



included amounts that had been written down to estimated fair value and carried in other assets as a result of restructuring or in-substance repossession. These balances aggregated $336 million at the end of 1994 and $544 million at the end of 1993 (net of allowances of $224 million and $244 million, respectively).

GECS had loans and leases to commercial airlines, as discussed in note 16, that aggregated about $7.6 billion at the end of 1994, up from $6.8 billion at the end of 1993. At year-end 1994, GECS' commercial aircraft positions included financial guaranties and funding commitments amounting to $506 million (compared with $450 million in 1993) and conditional commitments to purchase aircraft at a cost of $81 million ($865 million at December 31, 1993). The decline in purchase commitments resulted from 1994 purchases of aircraft.

- ***Specialty Insurance*** revenues from operations were $4.9 billion in 1994, essentially the same as 1993, which was up 26% from 1992. The increase in 1993 reflected higher premium and investment income as well as the impact of a full year of the creditor insurance business, which was consolidated during 1992. Operating profit declined from $770 million in 1993 to $589 million in 1994 as a result of an operating loss in the private mortgage insurance business. The 1994 operating loss resulted from adverse loss development in private mortgage pool insurance, the result of poor economic conditions and housing value declines in southern California. These losses more than offset operating profit increases in other parts of the segment, including primary mortgage insurance. Based on conditions at December 31, 1994, management believes that loss development should diminish in 1995 and in subsequent years. However, future economic conditions and housing values in southern California are uncertainties that could affect that outlook. The 1993 operating profit was 20% higher than the $641 million recorded in 1992, reflecting higher premium volume from bond refunding in the financial guaranty insurance business as well as reduced claims expense in the creditor insurance business.

Entering 1995, management believes that vigilant attention to risk management, along with the diversity and strength of GECS' resources, position it to deal effectively with increasing competition in an ever-changing global economy.

International Operations

Estimated results of international operations include all exports from the United States plus the results of GE's and GECS' operations located outside the United States. International revenues were $20.0 billion (33% of consolidated revenues), compared with $18.2 billion in 1993 and $17.8 billion in 1992. In 1994, about 40% of GE's sales of goods and services were international, approximately the same as in the previous two years. The chart below left shows the growth in international revenues in relation to total revenues over the past five years. International operating profit was $2.6 billion (27% of consolidated operating profit) in 1994, $2.3 billion in 1993 and $2.2 billion in 1992.

GECS' international revenues were $3.7 billion in 1994 on year-end assets of about $21.5 billion. These revenues, which were derived primarily from operations in Europe, Canada and the Pacific Basin, almost doubled from 1992's $2.0 billion. Expansion of GECS' operations into the international marketplace is expected to continue in 1995 and beyond.

The accompanying financial results reported in U.S. dollars are unavoidably affected by currency exchange. A number of techniques are used to manage the effects of currency exchange, including selective borrowings in local currencies and selective hedging of significant cross-currency transactions. International activity is diverse, as shown for revenues in the chart at the bottom right of this page. Principal currencies include those of countries in the European Monetary Union, the Japanese yen and the Canadian dollar. The 1994 devaluation of the Mexican peso had virtually no effect on the Company's 1994 financial position or results of operations, and management does not expect a significant future effect.

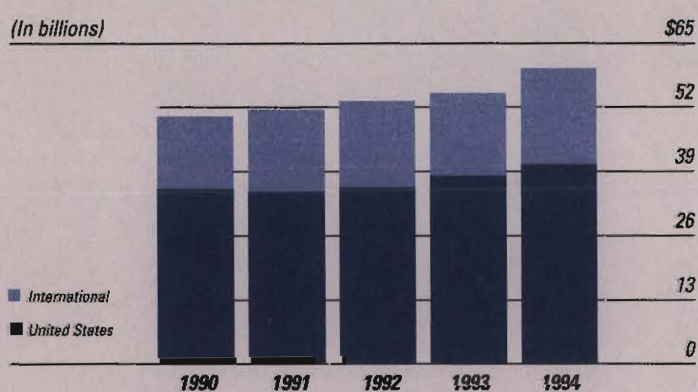
GE's export sales by major world areas follow.

GE's total exports from the United States

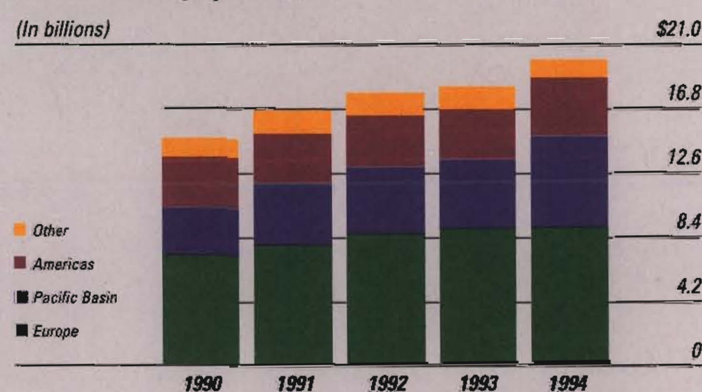
(In millions)	1994	1993	1992
Pacific Basin	$3,260	$2,645	$2,696
Europe	1,319	2,320	2,018
Americas	1,027	981	1,126
Other	821	1,039	1,079
Exports to external customers	6,427	6,985	6,919
Exports from U.S. to affiliates	1,683	1,513	1,281
Total exports	$8,110	$8,498	$8,200

GE made a positive 1994 contribution of approximately $4.4 billion to the U.S. balance of trade. Total exports in 1994 were $8.1 billion; imports from GE affiliates were $1.2 billion; and direct imports from external suppliers were $2.5 billion.

Consolidated revenues from continuing operations



Consolidated international revenues from continuing operations



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

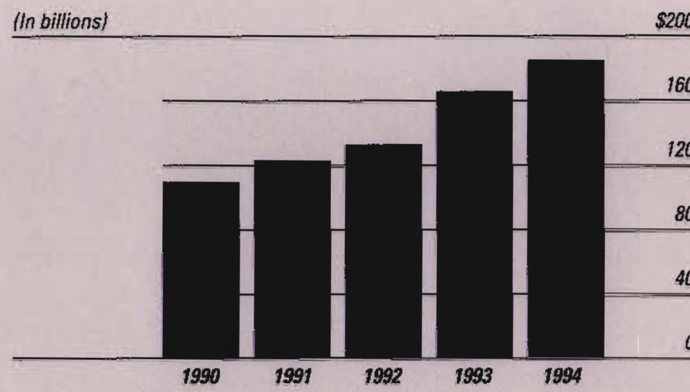
GECS' principal businesses provide financing, asset management and insurance to third parties. The underlying characteristics of these businesses involve the management of financial risk. GECS' risks and rewards stem from the abilities of its businesses to continue on a selective basis to design and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

Despite the different business profiles of GE and GECS, the global commercial airline industry is one significant example of an important source of business for both. GE assumes financing positions primarily in support of engine sales, whereas GECS is a significant source of lease and loan financing for the industry (see details in note 16). Even during the current difficult period in this historically cyclical industry, management believes that the financing positions are reasonably protected by collateral values and by its ability to control assets, either by ownership or by security interests.

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

Discontinued operations are displayed in the accompanying financial statements separately from data on continuing operations. Details of assets and liabilities of the GECS securities broker-dealer at December 31, 1994, are shown in note 2. The assets of $8.6 billion included $1.5 billion of collateralized mortgage obligations (CMOs). A plan announced on October 6, 1994, to transfer $6.7 billion of CMOs to GE Capital was not executed in light of the later agreement to transfer certain assets and operations to Paine Webber Group Inc. (PaineWebber). On January 31, 1995, total assets of Kidder, Peabody had been reduced to $5.5 billion and investment in CMOs to $0.6 billion. Management does not expect to incur any additional costs in connection with liquidation of these assets.

Consolidated assets — continuing operations



Discontinued operations used $200 million of cash from continuing operations in 1994. In 1993 and 1992, cash provided by discontinued operations totaled $962 million and $498 million, respectively. The 1993 cash provided was principally associated with amounts received on transfer of GE's Aerospace businesses.

Statement of Financial Position

- ***Investment securities*** for each of the past two years were mainly investment-grade debt securities held by GECS' Specialty Insurance and annuity businesses in support of obligations to policyholders and annuitants. The increase of $4.1 billion at GECS during 1994 was principally related to acquisitions, partially offset by declines in fair value resulting from rising interest rates during the year.

- ***GE's current receivables*** were $7.8 billion and $8.6 billion at the end of 1994 and 1993, respectively, and included $5.7 billion due from customers at the end of both years. As a measure of asset utilization, customer receivables turnover was 6.9 in 1994, compared with 7.0 in 1993. Current receivables other than amounts owed by customers are amounts that did not originate from sales of GE goods or services, such as advances to suppliers in connection with large contracts.

- ***Inventories*** were $3.9 billion at December 31, 1994, up slightly from the end of 1993. As a measure of inventory utilization, turnover was 6.9 in 1994, compared with 6.0 in 1993, and has been improving dramatically over the past several years (see chart on page 40). Inventory turnover improved by more than one turn in Plastics, Motors, Electrical Distribution and Control, and Transportation Systems in 1994. Last-in, first-out (LIFO) revaluations decreased $197 million in 1994, compared with decreases of $179 million in 1993 and $204 million in 1992. Included in these changes were decreases of $72 million, $101 million and $183 million (1994, 1993 and 1992, respectively) resulting from lower inventory levels. In each of the last three years, there was a net current-year cost decrease.

▪ ***GECS financing receivables*** were $76.4 billion at year-end 1994, an increase of $12.4 billion over 1993. These receivables are discussed on page 36 and in note 13.

▪ ***Property, plant and equipment*** (including equipment leased to others) was $23.5 billion at December 31, 1994, up $2.3 billion from 1993. GE's property, plant and equipment consists of investments for its own productive use, whereas the largest element of GECS' investment is in equipment provided to third parties on operating leases. Details by category of investment can be found in note 14.

GE's total expenditures for new plant and equipment during 1994 totaled $1.7 billion, up slightly from $1.6 billion in 1993. Total expenditures for the past five years were $9.0 billion, of which 25% was to increase productivity; 22% was to increase capacity; 13% was to support new business start-ups; 12% was to replace and renew older equipment; and 28% was for such other purposes as improvement of research and development facilities and safety and environmental protection.

GECS added $5.6 billion to its equipment leased to others during 1994.

▪ ***Intangible assets*** were $11.4 billion at year-end 1994. GE's intangibles were $6.3 billion, about the same as the end of 1993. GECS' intangibles increased $1.5 billion, most of which was related to acquisitions.

▪ ***All other assets*** totaled $24.0 billion at year-end 1994, down $0.4 billion from the end of 1993. The principal reasons for GE's increase of $2.0 billion were the acquisition of Nuovo Pignone, an Italian electrical equipment manufacturer, which will be consolidated effective January 1, 1995, and the increase in the prepaid pension asset. GECS' decrease of $2.4 billion related principally to a decrease in mortgages held for resale associated with the mortgage servicing businesses, partially offset by PaineWebber securities received in exchange for certain assets of Kidder, Peabody (see note 2).

▪ ***Consolidated borrowings*** aggregated $94.8 billion at December 31, 1994, compared with $85.6 billion at the end of 1993. The major debt-rating agencies evaluate the financial condition of GE and of GE Capital (GECS' major public borrowing entity) differently because of their distinct business characteristics. Using criteria appropriate to each and considering their combined strength, those major rating agencies continue to give the highest ratings to debt of both GE and GE Capital.

GE has agreed to make payments to GE Capital to the extent necessary to cause GE Capital's consolidated ratio of earnings to fixed charges to be not less than 1.10. For the years 1994, 1993 and 1992, such ratios were 1.63, 1.62 and 1.44, respectively, substantially above the level at which payout would be required. Three years advance notice is required to terminate this agreement.

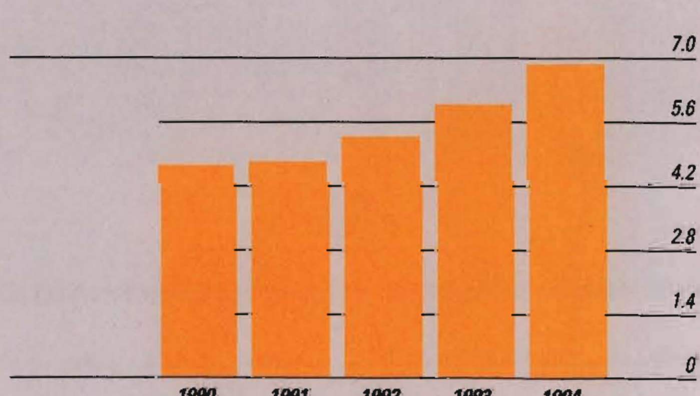
GE's total borrowings were $3.6 billion at year-end 1994 ($0.9 billion short-term, $2.7 billion long-term), a decrease of about $1.2 billion from year-end 1993. A significant portion of this decrease was attributable to record cash from operating activities arising from continuing improvements in working capital management. GE's total debt at the end of 1994 equaled 11.9% of total capital, down 3.6 points from the end of 1993.

GECS' total borrowings were $91.4 billion at December 31, 1994, of which $57.1 billion was due in 1995 and $34.3 billion was due in subsequent years. Comparable amounts at the end of 1993 were $81.1 billion total, $55.3 billion due within one year, and $25.8 billion due thereafter. GECS' composite interest rates are discussed on page 36. A large portion of GECS' borrowings was commercial paper ($43.7 billion and $46.3 billion at the end of 1994 and 1993, 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 45 days and 5.90%, respectively, at the end of 1994, compared with 35 days and 3.39% at the end of 1993. GE Capital's ratio of debt to equity (leverage) was 8.43 to 1 at the end of 1994, compared with 7.59 to 1 at the end of 1993. Excluding net unrealized gains and losses on investment securities, GE Capital's leverage was 7.94 to 1 at the end of 1994, compared with 7.96 to 1 at the end of 1993.

Interest rate and currency risk management

Both GE and GECS are exposed to various types of risk, although the nature of their activities means that the respective risks are different. The multinational nature of GE's operations and its relatively low level of borrowings means that currency management is more important than managing exposure to changes in interest rates.

Inventory annual turnover



On the other hand, changes in interest rates are the more significant exposure for GECS because of the potential effects of such changes on financing spreads.

The correlation between interest rate changes and financing spreads is subject to many factors and cannot be forecasted with reliability. Although not necessarily relevant to future effects, management estimates that, all else constant, an increase of 100 basis points in interest rates for all of 1994 would have reduced GECS net earnings by approximately $90 million.

GE and GECS use various financial instruments, particularly interest rate, currency and basis swaps, but also options and currency forwards, to manage their respective risks. GE and GECS are exclusively end users of these instruments, which are commonly referred to as derivatives; neither GE nor GECS engages in trading, market-making or other speculative activities in the derivatives markets. Established practices require that derivative financial instruments relate to specific asset, liability or equity transactions or to currency exposures.

The total exposure of GE and GECS to credit risk associated with changes in the market value of swaps at December 31, 1994, was $39 million and $412 million, respectively. Management does not anticipate any loss from this exposure.

More detailed information regarding these financial instruments, as well as the strategies and policies for their use, is contained in notes 1, 17, and 28.

Statement of Cash Flows

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

GE

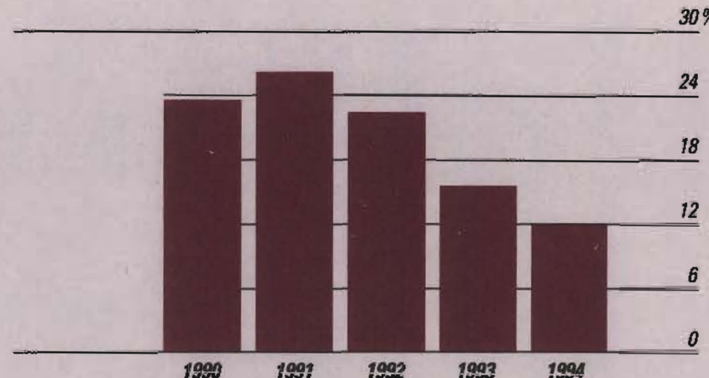
GE's cash and equivalents aggregated $1.4 billion at the end of 1994, slightly lower than at the end of 1993. During 1994, GE generated a record $6.1 billion in cash from continuing operating activities. This provided resources to pay $2.5 billion in dividends to share owners, to invest $1.7 billion in new plant and equipment and to reduce total debt by $1.2 billion.

Operating activities are the principal source of GE's cash flows from continuing operations. Over the past three years, operating activities have provided more than $15.8 billion of cash. Principal applications were payment of dividends to share owners ($6.5 billion), investment in new plant and equipment ($4.8 billion) and reduction of debt ($4.2 billion). In addition, the Company repurchased and placed into treasury $3.1 billion of its common stock during the past three years.

In December 1994, GE's Board of Directors authorized the repurchase of up to $5 billion of the Company's common stock over the next two years. This program is a direct result of GE's solid financial condition and cash-generating capability, and it was authorized after evaluating various alternatives to enhance long-term share owner value.

Based on past performance and current expectations, in combination with the financial flexibility that comes with a strong balance sheet and the highest credit ratings, management believes that GE is in a sound position to complete the two-year share repurchase program, to grow dividends in line with earnings and to continue making long-term investments for future growth, including selective acquisitions and investments in joint ventures. Expenditures for new plant and equipment in 1995 are expected to be about the same as in 1994.

GE borrowings as a percent of total capital invested



GECS

GECS' primary source of cash is financing activities involving the continued rollover of short-term borrowings and appropriate addition of borrowings with a reasonable balance of maturities. Over the past three years, GECS' borrowings with maturities of 90 days or less have increased by $4.4 billion. New borrowings of $49.5 billion having maturities longer than 90 days were added during those years, while $28.7 billion of such longer-term borrowings were retired. GECS also generated $19.5 billion from continuing operating activities.

GECS' principal use of cash has been investing in assets to grow its businesses. Of the $41.8 billion that GECS invested over the past three years, $18.4 billion was used for additions to financing receivables, $12.2 billion was used to invest in new equipment, principally for lease to others, and $6.1 billion was for acquisitions of new businesses.

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

Management's Discussion of Selected Financial Data

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

GE's total research and development (R&D) expenditures were $1,741 million in 1994, down $214 million or 11% from 1993. In 1994, expenditures of $1,176 million were from GE's own funds, down 9% from 1993. This decrease was more than accounted for by a decline at Aircraft Engines as two major development programs were completed and the engines certified, and by completion of GE's obligation to the Sarnoff laboratory. The remaining businesses had a modest 1994 increase in R&D expenditures, reflecting continuation of new product programs such as the AC locomotive, ultrasound, high-efficiency lighting and the next generation of gas turbines. Expenditures from funds provided by customers (mainly the U.S. government) were $565 million in 1994, down $93 million, reflecting principally the completion of certain development work on Aircraft Engines programs.

GE's total backlog of firm unfilled orders at the end of 1994 was $24.3 billion, up $1.5 billion from the 1993 level, principally because of strong growth in international orders for locomotives. Orders constituting this backlog may be canceled or deferred by customers, subject in certain cases to cancellation penalties. See Industry Segments beginning on page 33 for further discussion on unfilled orders of relatively long-cycle manufacturing businesses. About 50% of total unfilled orders at the end of 1994 was scheduled to be shipped in 1995, with most of the remainder to be shipped in the two years after that. For comparison, about 42% of the 1993 backlog was expected to be shipped in 1994.

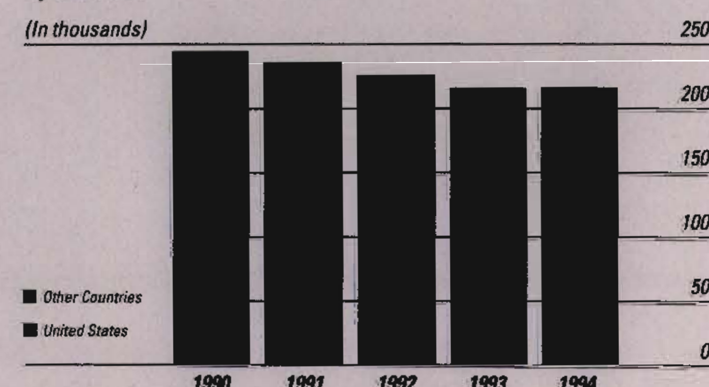
Regarding environmental matters, the Company's operations, like operations of other companies engaged in similar businesses, involve the use, disposal and cleanup of substances regulated under environmental protection laws.

In 1994, GE had capital expenditures of about $63 million for projects related to the environment. The comparable amount in 1993 was about $140 million. These amounts exclude expenditures for remediation actions, which are principally expensed and discussed below. Capital expenditures for environmental purposes have included pollution control devices — such as wastewater treatment plants, groundwater monitoring devices, air strippers or separators, and incinerators — at new and existing facilities constructed or upgraded in the normal course of business. Consistent with policies stressing environmental responsibility, average annual capital expenditures other than for remediation projects are presently expected to be about $100 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.

GE also is involved in a sizable number of remediation actions to clean up hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Expenditures for site remediation actions amounted to approximately $98 million in 1994 compared with $80 million in 1993. It is presently expected that remediation actions will require average annual expenditures in the range of $80 million to $110 million over the next two years. Liabilities for remediation costs are based on management's best estimate of future costs; when there appears to be a range of possible costs with equal likelihood, liabilities are based on the lower end of such range. Possible insurance recoveries are not considered in estimating liabilities.

It is difficult to estimate with any meaning the annual level of future remediation expenditures because of the many uncertainties, including uncertainties about the status of the law, regulation, technology and information related to individual sites. Subject to the foregoing, management believes that capital expenditures and remediation actions to comply with the present laws governing environmental protection will not have a material effect on consolidated earnings, liquidity or competitive position. In making this determination, management considered the fact that, if remediation expenditures were to continue at the 1994 level, liabilities recorded at the end of 1994 would be sufficient to cover expenditures through the end of the century, and the probability of incurring more than nominal expenditures beyond 2015 is remote. Of course, lower annual expenditures could be incurred over a longer period without increasing the total expenditures.

Consolidated employment at year end — continuing operations



Selected Financial Data

(Dollar amounts in millions; per-share amounts in dollars)	1994	1993	1992	1991	1990
General Electric Company and consolidated affiliates					
Revenues	**$ 60,109**	$ 55,701	$ 53,051	$ 51,283	$ 49,696
Earnings from continuing operations	**5,915**	4,184	4,137	3,943	3,920
Earnings (loss) from discontinued operations	**(1,189)**	993	588	492	383
Earnings before accounting changes	**4,726**	5,177	4,725	4,435	4,303
Net earnings	**4,726**	4,315	4,725	2,636	4,303
Dividends declared	**2,546**	2,229	1,985	1,808	1,696
Earned on average share owners' equity	**18.1%**	17.5%	20.9%	12.2%	20.2%
Per share					
Earnings from continuing operations	**$ 3.46**	$ 2.45	$ 2.41	$ 2.27	$ 2.21
Earnings (loss) from discontinued operations	**(0.69)**	0.58	0.34	0.28	0.21
Earnings before accounting changes	**2.77**	3.03	2.75	2.55	2.42
Net earnings	**2.77**	2.52	2.75	1.51	2.42
Dividends declared	**1.49**	1.305	1.16	1.04	0.96
Stock price range	**54⅞-45**	53½-40⅜	43¾-36⅜	39-26½	37¾-25
Total assets	**194,484**	251,506	192,876	166,508	152,000
Long-term borrowings	**36,979**	28,194	25,298	22,602	20,886
Shares outstanding — average (in thousands)	**1,708,738**	1,707,979	1,714,396	1,737,863	1,775,104
Share owner accounts — average	**458,000**	464,000	481,000	495,000	506,000
Employees at year end					
United States	**156,000**	157,000	168,000	173,000	183,000
Other countries	**60,000**	59,000	58,000	62,000	62,000
Discontinued operations (primarily U.S.)	**5,000**	6,000	42,000	49,000	53,000
Total employees	**221,000**	222,000	268,000	284,000	298,000
GE data					
Short-term borrowings	**$ 906**	$ 2,391	$ 3,448	$ 3,482	$ 2,721
Long-term borrowings	**2,699**	2,413	3,420	4,332	4,048
Minority interest	**382**	355	350	353	288
Share owners' equity	**26,387**	25,824	23,459	21,683	21,680
Total capital invested	**$ 30,374**	$ 30,983	$ 30,677	$ 29,850	$ 28,737
Return on average total capital invested	**15.9%**	15.2%	16.9%	11.1%	17.4%
Borrowings as a percentage of total capital invested	**11.9%**	15.5%	22.4%	26.2%	23.6%
Working capital	**$ 544**	$ (419)	$ (822)	$ (231)	$ 813
Property, plant and equipment additions	**1,743**	1,588	1,445	2,164	2,102
Year-end orders backlog	**24,324**	22,861	25,434	26,049	25,195
GECS data					
Revenues	**$ 19,875**	$ 17,276	$ 14,418	$ 13,053	$ 11,851
Earnings from continuing operations	**2,085**	1,567	1,331	1,221	1,125
Earnings (losses) from discontinued operations	**(1,189)**	240	168	54	(31)
Net earnings	**896**	1,807	1,499	1,256	1,094
Share owner's equity	**9,380**	10,809	8,884	7,758	6,833
Minority interest	**1,465**	1,301	994	865	923
Borrowings from others	**91,399**	81,052	72,360	63,313	55,378
Ratio of debt to equity at GE Capital (a)	**7.94:1**	7.96:1	7.91:1	7.80:1	7.77:1
Total assets of GE Capital	**$130,904**	$117,939	$ 92,632	$ 80,528	$ 70,385
Reserve coverage on financing receivables	**2.63%**	2.63%	2.63%	2.63%	2.63%
Insurance premiums written	**$ 3,962**	$ 3,956	$ 2,900	$ 2,155	$ 1,981

(a) Equity excludes unrealized gains and losses on investment securities.

Prior-period data have been reclassified, when necessary, to reflect classification of securities broker-dealer activities as a discontinued operation. See note 20 to the consolidated financial statements for information about the 1993 accounting change. The 1991 accounting change represented the adoption of SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions.* "GE" means the basis of consolidation as described in note 1 to the consolidated financial statements; "GECS" means General Electric Capital Services, Inc. and all of its affiliates and associated companies. Transactions between GE and GECS have been eliminated from the "consolidated information." Share data reflect the 2-for-1 stock split in April 1994.

Management's Discussion of Financial Responsibility

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

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

GE is dedicated to the highest standards of integrity, ethics and social responsibility. This dedication is reflected in written policy statements covering, among other subjects, environmental protection, potentially conflicting outside interests of employees, compliance with antitrust laws, proper business practices and adherence to the highest standards of conduct and practices in transactions with the U.S. government. Management continually emphasizes to all employees that even the appearance of impropriety can erode public confidence in the Company. Ongoing education and communication programs and review activities, such as those conducted by the Company's Policy Compliance Review Board, are designed to create a strong compliance culture — one that encourages employees to raise their policy questions and concerns and that prohibits retribution for doing so.

KPMG Peat Marwick LLP provide an objective, independent review of management's discharge of its obligations relating to the fairness of reporting operating results and financial condition. Their report for 1994 appears below.

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

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

Dennis D. Dammerman
Senior Vice President
Finance

February 10, 1995

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, 1994 and 1993, and the related statements of earnings and cash flows for each of the years in the three-year period ended December 31, 1994. 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, 35, and 45-64 present fairly, in all material respects, the financial position of General Electric Company and consolidated affiliates at December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in notes 20 and 23 to the consolidated financial statements, the Company in 1993 adopted required changes in its methods of accounting for postemployment benefits and for investments in certain securities.

KPMG Peat Marwick LLP

KPMG Peat Marwick LLP
Stamford, Connecticut

February 10, 1995

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

Consolidation. The consolidated financial statements represent the adding together of all affiliates — companies that General Electric directly or indirectly controls, either through majority ownership or otherwise. Results of associated companies — generally companies that are 20% to 50% owned and over which GE, directly or indirectly, has significant influence — are included in the financial statements on a "one-line" basis.

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

- ***GE.*** This represents the adding together of all affiliates other than General Electric Capital Services, Inc. ("GECS"), whose continuing operations are presented on a one-line basis.
- ***GECS.*** This affiliate owns all of the common stock of General Electric Capital Corporation (GE Capital), Employers Reinsurance Corporation (ERC) and Kidder, Peabody Group Inc. (Kidder, Peabody). GE Capital, ERC and their respective affiliates are consolidated in the GECS columns and constitute its business. In 1994, Kidder, Peabody was classified as a discontinued operation (see note 2). Prior-period data shown in the financial statements and the related notes have been reclassified, as appropriate, to reflect this change.
- ***Consolidated.*** These data represent the adding together of GE and GECS.

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

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

GECS revenues from operations ("earned income"). Income on all loans is recognized on the interest method. Accrual of interest income is suspended at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days delinquent.

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

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

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

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

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

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

Recognition of losses on financing receivables and investments. GE Capital maintains an allowance for losses on financing receivables at an amount that it believes is sufficient to provide adequate protection against future losses in the portfolio. When collateral is repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses to estimated fair value, transferred to other assets and subsequently carried at the lower of cost or estimated fair value. This accounting has been employed principally for specialized financing transactions.

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

Cash equivalents. Marketable securities with original maturities of three months or less are included in cash equivalents.

Investment securities. The Company has designated its investments in debt securities and marketable equity securities as available-for-sale. Those securities are reported at fair value, with net unrealized gains and losses included in equity, net of applicable taxes. Unrealized losses that are other than temporary are recognized in earnings.

Inventories. All inventories are stated at the lower of cost or realizable values. Cost for virtually all of GE's U.S. inventories is stated on a last-in, first-out (LIFO) basis; cost of other inventories is primarily determined on a first-in, first-out (FIFO) basis.

Intangible assets. Goodwill is amortized over its estimated period of benefit on a straight-line basis; other intangible assets are amortized on appropriate bases over their estimated lives. No amortization period exceeds 40 years. Goodwill in excess of associated expected operating cash flows is considered to be impaired and is written down to fair value.

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

Interest rate and currency risk management. As a matter of policy, neither GE nor GECS engages in derivatives trading or market-making activities. Generally, payments and receipts associated with financial instruments used to manage interest rate and currency risk are recognized along with the effects of associated transactions. If, however, an instrument is designated but is ineffective as a hedge, the instrument is marked to market and recognized in operations immediately.

Note 2 Discontinued Operations

A summary of discontinued operations follows.

(In millions)	1994	1993	1992
Earnings (loss) from GECS securities broker-dealer	$(1,189)	$ 240	$ 168
Earnings from GE Aerospace	—	753	420
Earnings (loss) from discontinued operations	$(1,189)	$ 993	$ 588

GECS securities broker-dealer. In November 1994, GE elected to terminate the operations of Kidder, Peabody, the GECS securities broker-dealer, by initiating an orderly liquidation of its assets and liabilities. As part of the liquidation plan, GE received securities of Paine Webber Group Inc. valued at $657 million in exchange for certain broker-dealer assets and operations. Summary operating results of the discontinued broker-dealer operations follow.

(In millions)	1994	1993	1992
Revenues	$ 4,578	$4,861	$4,022
Earnings (loss) before income taxes	$ (551)	$ 439	$ 300
Provision (benefit) for income taxes	(230)	199	132
Earnings (loss) from discontinued operations	(321)	240	168
Provision for loss, net of income tax benefit of $266	(868)	—	—
Earnings (loss) from GECS securities broker-dealer	$(1,189)	$ 240	$ 168

A summary of Kidder, Peabody's assets and liabilities at December 31, 1994, which are expected to be substantially liquidated in 1995, follows.

(In millions)	
Assets at liquidation values	
Trading securities (a)	$2,808
Securities purchased under agreements to resell	2,400
Trade receivables	2,934
Other	471
	$8,613
Liabilities at settlement values	
Short-term borrowings	$2,869
Trade accounts payable	2,019
Securities sold under agreements to repurchase	2,231
Other	1,749
	$8,868

(a) Trading securities included $1.5 billion of collateralized mortgage obligations (CMOs).

GE Aerospace. In April 1993, General Electric Company transferred GE's Aerospace business segment, GE Government Services, Inc., and an operating component of GE that operated Knolls Atomic Power Laboratory under a contract with the U.S. Department of Energy to a new company controlled by the shareholders of Martin Marietta Corporation in a transaction valued at $3.3 billion. Summary operating results of discontinued aerospace operations follow.

(In millions)	1993	1992
Revenues	$ 996	$5,231
Earnings before income taxes	$ 119	$ 668
Provision for income taxes	44	248
Earnings from discontinued operations	75	420
Gain on transfer, net of income taxes of $752	678	—
Earnings from GE Aerospace	$ 753	$ 420

Note 3 GE Other Income

(In millions)	1994	1993	1992
Royalty and technical agreements	$395	$371	$384
Associated companies	115	65	195
Marketable securities and bank deposits	77	75	73
Customer financing	28	29	40
Other investments			
Dividends	62	50	18
Interest	21	21	22
Other sundry items	85	119	80
	$783	$730	$812

Note 4 GECS Revenues from Operations

(In millions)	1994	1993	1992
Time sales, loan, investment and other income	$ 9,709	$ 7,997	$ 7,136
Financing leases	2,539	2,315	2,151
Operating lease rentals	3,802	3,267	2,444
Premium and commission income of insurance affiliates	3,825	3,697	2,687
	$19,875	$17,276	$14,418

Included in earned income from financing leases were gains on the sale of equipment at lease completion of $180 million in 1994, $145 million in 1993 and $126 million in 1992.

Note 5 Supplemental Cost Details

Total expenditures for research and development were $1,741 million, $1,955 million and $1,896 million in 1994, 1993 and 1992, respectively. The Company-funded portion aggregated $1,176 million in 1994, $1,297 million in 1993 and $1,353 million in 1992.

Rental expense under operating leases was as follows.

(In millions)	1994	1993	1992
GE	$514	$635	$683
GECS	468	413	276

At December 31, 1994, minimum rental commitments under noncancelable operating leases aggregated $2,496 million and $3,427 million for GE and GECS, respectively. Amounts payable over the next five years are as follows.

(In millions)	1995	1996	1997	1998	1999
GE	$341	$257	$217	$192	$147
GECS	403	370	341	321	299

GE's selling, general and administrative expense totaled $5,211 million, $5,124 million and $5,319 million in 1994, 1993 and 1992, respectively.

Note 6 Pension and Other Retiree Benefits

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

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

The GE Pension Plan covers substantially all GE employees and 55% of GECS employees in the United States. 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 1994, the GE Pension Plan covered approximately 459,000 participants, including 139,000 employees, 143,000 former employees with vested rights to future benefits and 177,000 retirees and beneficiaries receiving benefits.

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

Principal retiree benefit plans generally provide health and life insurance benefits to employees who retire under the GE Pension Plan with 10 or more years of service. Benefit provisions are subject to collective bargaining. At the end of 1994, these plans covered approximately 248,000 retirees and dependents.

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

Pension, retiree health and life insurance benefits of the discontinued securities broker-dealer were not significant.

Actuarial assumptions used to determine benefit obligations for principal plans at December 31, 1994, included a discount rate of 8.5% (7.25% at December 31, 1993) and an average rate of future increases in benefit compensation of 5.5% (4.25% at December 31, 1993).

The assumed rate of future increases in per capita cost of health care benefits (the health care cost trend rate) was 9.5% for 1994, decreasing to 9.0% for 1995 and gradually decreasing to 5.0% after the year 2022. Increasing the health care cost trend rates by one percentage point would increase the December 31, 1994, accumulated postretirement benefit obligation by $54 million and would increase annual aggregate service and interest costs by $5 million.

Recognized return on plan assets was determined by applying the expected long-term rate of return of 9.5% to the market-related value of assets.

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

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

Cost (income) for pension plans

(In millions)	1994	1993	1992
Benefit cost for service during the year — net of employee contributions	$ 496	$ 452	$ 494
Interest cost on benefit obligation	1,491	1,486	1,502
Actual return on plan assets	(316)	(3,221)	(1,562)
Unrecognized portion of return	(1,951)	1,066	(584)
Amortization	(294)	(352)	(436)
Pension plan cost (income)	$ (574)	$ (569)(a)	$ (586)(a)

(a) Amounts excluding discontinued Aerospace operations were $(555) million for 1993 and $(494) million for 1992.

Cost (income) for retiree health and life plans

(In millions)	1994	1993	1992
Retiree health plans			
Benefit cost for service during the year	$ 78	$ 49	$ 62
Interest cost on benefit obligation	191	192	203
Actual return on plan assets	—	(3)	(4)
Unrecognized portion of return	(1)	1	—
Amortization	(3)	(26)	(40)
Retiree health plan cost	265	213	221
Retiree life plans			
Benefit cost for service during the year	24	21	24
Interest cost on benefit obligation	105	111	110
Actual return on plan assets	(2)	(152)	(78)
Unrecognized portion of return	(120)	42	(20)
Amortization	8	7	2
Retiree life plan cost	15	29	38
Total	$280	$242(a)	$259(a)

(a) Amounts excluding discontinued Aerospace operations were $224 million for 1993 and $213 million for 1992.

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

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

Funded status of principal plans

December 31 (In millions)	1994	1993	1992
Pension plans			
Market-related value of assets	$25,441	$24,532	$24,204
Projected benefit obligation	19,334	20,796	17,999
Retiree health and life plans			
Market-related value of assets	1,346	1,252	1,220
Accumulated postretirement benefit obligation	3,701	4,120	3,743

Trust assets consist mainly of common stock and fixed-income investments. GE common stock represents less than 3% of trust assets and is held in part in an indexed portfolio.

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

Reconciliation of benefit obligation with recorded liability	Pension plans		Retiree health plans		Retiree life plans	
December 31 (In millions)	1994	1993	1994	1993	1994	1993
Benefit obligation	$ 19,334	$ 20,796	$2,386	$2,586	$ 1,315	$ 1,534
Fair value of trust assets	(26,166)	(27,193)	—	(13)	(1,323)	(1,317)
Unamortized balances						
SFAS No. 87 transition gain	923	1,077	—	—	—	—
Experience gains (losses)	2,548	2,371	(112)	(654)	(198)	(206)
Plan amendments	(602)	(395)	188	580	130	—
Recorded prepaid asset	4,489	3,840	—	—	76	—
Recorded liability	$ 526	$ 496	$2,462	$2,499	$ —	$ 11

The portion of the projected benefit obligation representing the accumulated benefit obligation for pension plans was $18,430 million and $19,890 million at the end of 1994 and 1993, respectively. The vested benefit obligation for pension plans was $18,305 million and $19,732 million at the end of 1994 and 1993, respectively.

Details of the accumulated postretirement benefit obligation are shown below.

Accumulated postretirement benefit obligation December 31 (In millions)	1994	1993
Retiree health plans		
Retirees and dependents	$1,858	$2,017
Employees eligible to retire	101	119
Other employees	427	450
	$2,386	$2,586
Retiree life plans		
Retirees	$1,099	$1,147
Employees eligible to retire	55	79
Other employees	161	308
	$1,315	$1,534

Note 7 Interest and Other Financial Charges

GE. Interest capitalized, principally on major property, plant and equipment projects, was $21 million in 1994 and 1993, and $29 million in 1992.

GECS. Interest and discount expense reported in the Statement of Earnings is net of interest income on temporary investments of excess funds ($45 million, $42 million and $48 million in 1994, 1993 and 1992, respectively) and capitalized interest ($9 million, $5 million and $6 million in 1994, 1993 and 1992, respectively).

Note 8 GECS Allowance for Losses on Financing Receivables

GECS allowance for losses on financing receivables represented 2.63% of total financing receivables at year-end 1994 and 1993. The allowance for small-balance receivables is determined principally on the basis of actual experience during the preceding three years. Further allowances are provided to reflect management's judgment of additional loss potential. For other receivables, principally the larger loans and leases, the allowance for losses is determined primarily on the basis of management's judgment of net loss potential, including specific allowances for known troubled accounts. The table below shows the activity in the allowance for losses on financing receivables during each of the past three years.

(In millions)	1994	1993	1992
Balance at January 1	$1,730	$1,607	$1,508
Provisions charged to operations	873	987	1,056
Net transfers related to companies acquired or sold	199	126	52
Amounts written off — net	(740)	(990)	(1,009)
Balance at December 31	$2,062	$1,730	$1,607

All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for losses. Generally, small-balance accounts are progressively written down (from 10% when more than three months delinquent to 100% when 9-12 months delinquent) to record the balances at estimated realizable value. If at any time during that period an account is judged to be uncollectible, such as in the case of a bankruptcy, the uncollectible balance is written off. Large-balance accounts are reviewed at least quarterly, and those accounts that are more than three months delinquent are written down, if necessary, to record the balances at estimated realizable value. Amounts written off in 1994 were approximately 0.91% of average gross financing receivables outstanding during the year, compared with 1.46% and 1.58% of average gross financing receivables outstanding during 1993 and 1992, respectively.

Note 9 Provision for Income Taxes

(In millions)	1994	1993	1992
GE			
Estimated amounts payable	$1,305	$1,207	$ 697
Deferred tax expense from temporary differences	592	120	762
Investment credit deferred (amortized) — net	(15)	(17)	(27)
	1,882	1,310	1,432
GECS			
Estimated amounts payable	447	221	307
Deferred tax expense from temporary differences	431	428	102
Investment credit deferred (amortized) — net	(14)	(7)	(5)
	864	642	404
Consolidated			
Estimated amounts payable	1,752	1,428	1,004
Deferred tax expense from temporary differences	1,023	548	864
Investment credit deferred (amortized) — net	(29)	(24)	(32)
	$2,746	$1,952	$1,836

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

Estimated consolidated amounts payable includes amounts applicable to non-U.S. jurisdictions of $453 million, $302 million and $257 million in 1994, 1993 and 1992, respectively.

Deferred income tax balances reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered. See note 21 for details.

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

Based on location (not tax jurisdiction) of the business providing goods and services, consolidated U.S. income before taxes was $7,491 million in 1994, $5,611 million in 1993 and $5,410 million in 1992. The corresponding amounts for non-U.S. based operations were $1,170 million in 1994, $525 million in 1993 and $563 million in 1992.

Reconciliation of U.S. federal statutory rate to actual tax rate	Consolidated			GE			GECS		
	1994	1993	1992	1994	1993	1992	1994	1993	1992
Statutory U.S. federal income tax rate	35.0%	35.0%	34.0%	35.0%	35.0%	34.0%	35.0%	35.0%	34.0%
Increase (reduction) in rate resulting from:									
Inclusion of after-tax earnings of GECS in before-tax earnings of GE	—	—	—	(9.4)	(10.0)	(8.1)	—	—	—
Rate increase — deferred taxes	—	1.6	—	—	(0.2)	—	—	5.2	—
Amortization of goodwill	1.1	1.5	1.3	0.8	1.2	0.9	1.0	1.2	1.4
Tax-exempt income	(2.4)	(2.9)	(2.8)	—	—	—	(6.9)	(8.3)	(9.6)
Foreign Sales Corporation tax benefits	(1.1)	(1.3)	(1.2)	(1.2)	(1.5)	(1.3)	—	—	—
Dividends received, not fully taxable	(0.5)	(0.7)	(0.3)	(0.3)	(0.3)	—	(0.8)	(1.2)	(1.1)
All other — net	(0.4)	(1.4)	(0.3)	(0.8)	(0.4)	0.2	1.0	(2.8)	(1.4)
	(3.3)	(3.2)	(3.3)	(10.9)	(11.2)	(8.3)	(5.7)	(5.9)	(10.7)
Actual income tax rate	31.7%	31.8%	30.7%	24.1%	23.8%	25.7%	29.3%	29.1%	23.3%

Note 10 GECS Investment Securities

(In millions)	Amortized cost	Estimated fair value	Gross unrealized gains	Gross unrealized losses
December 31, 1994				
Corporate and other	$10,883	$10,124	$ 4	$ (763)
State and municipal	9,193	8,947	146	(392)
Mortgage-backed	4,927	4,789	82	(220)
Non-U.S.	3,892	3,836	20	(76)
Equity	2,147	2,168	201	(180)
U.S. government and federal agency	1,185	1,008	—	(177)
	$32,227	$30,872	$ 453	$(1,808)
December 31, 1993				
Corporate and other	$ 9,972	$10,047	$ 124	$ (49)
State and municipal	8,859	9,636	786	(9)
Mortgage-backed	2,487	2,507	31	(11)
Non-U.S.	1,476	1,548	82	(10)
Equity	1,517	1,826	393	(84)
U.S. government and federal agency	1,220	1,228	15	(7)
	$25,531	$26,792	$1,431	$ (170)

At December 31, 1994, contractual maturities of debt securities, other than mortgage-backed securities, were as follows.

GECS contractual maturities (excluding mortgage-backed securities)

(In millions)	Amortized cost	Estimated fair value
Due in		
1995	$ 1,792	$ 1,797
1996-1999	7,021	6,811
2000-2004	5,732	5,408
2005 and later	10,608	9,899

It is expected that actual maturities will differ from contractual maturities because borrowers have the right to call or prepay certain obligations, sometimes without call or prepayment penalties. Proceeds from sales of investment securities in 1994 were $5,821 million ($6,112 million in 1993 and $3,514 million in 1992). Gross realized gains were $281 million in 1994 ($173 million in 1993 and $171 million in 1992). Gross realized losses were $112 million in 1994 ($34 million in 1993 and $4 million in 1992).

Note 11 GE Current Receivables

December 31 (In millions)	1994	1993
Aircraft Engines	$1,183	$1,860
Appliances	499	456
Broadcasting	493	431
Industrial Products and Systems	1,503	1,379
Materials	1,256	1,060
Power Generation	1,925	1,866
Technical Products and Services	603	548
All Other	282	242
Corporate	268	889
	8,012	8,731
Less allowance for losses	(205)	(170)
	$7,807	$8,561

Of the total receivables balances at December 31, 1994 and 1993, $5,668 million and $5,719 million, respectively, were from sales of goods and services to customers, and $196 million and $292 million, respectively, were from transactions with associated companies.

Current receivables of $387 million at year-end 1994 and $402 million at year-end 1993 arose from sales, principally of aircraft engine goods and services, on open account to various agencies of the U.S. government, which is GE's largest single customer (about 6%, 8% and 9% of GE's sales of goods and services were to the U.S. government in 1994, 1993 and 1992, respectively).

Note 12 GE Inventories

December 31 (In millions)	1994	1993
Raw materials and work in process	$ 2,933	$ 2,983
Finished goods	2,165	2,314
Unbilled shipments	214	156
	5,312	5,453
Less revaluation to LIFO	(1,432)	(1,629)
	$ 3,880	$ 3,824

LIFO revaluations decreased $197 million in 1994, compared with decreases of $179 million and $204 million in 1993 and 1992, respectively. Included in these changes were decreases of $72 million, $101 million and $183 million (1994, 1993 and 1992, respectively) resulting from lower inventory levels. There were net cost decreases in 1994, 1993 and 1992. As of December 31, 1994, GE is obligated to acquire, under take-or-pay or similar arrangements, about $200 million per year of raw materials at market prices through 1999.

Note 13 GECS Financing Receivables (investment in time sales, loans and financing leases)

December 31 (In millions)	1994	1993
Time sales and loans		
Consumer services	$25,906	$18,770
Specialized financing	17,988	17,028
Mid-market financing	5,916	4,693
Equipment management	1,516	1,331
	51,326	41,822
Deferred income	(1,305)	(1,074)
Time sales and loans — net	50,021	40,748
Investment in financing leases		
Direct financing leases	25,916	22,063
Leveraged leases	2,482	2,867
Investment in financing leases	28,398	24,930
	78,419	65,678
Less allowance for losses	(2,062)	(1,730)
	$76,357	$63,948

Time sales and loans represents transactions in a variety of forms, including time sales, revolving charge and credit, mortgages, installment loans, intermediate-term loans and revolving loans secured by business assets. The portfolio includes time sales and loans carried at the principal amount on which finance charges are billed periodically, and time sales and loans acquired on a discount basis carried at gross book value, which includes finance charges. At year-end 1994 and 1993, specialized financing and consumer services loans included $13,282 million and $11,887 million, respectively, for commercial real estate loans. Note 16 contains information on airline loans and leases.

At December 31, 1994, contractual maturities for time sales and loans over the next five years and after were: $20,147 million in 1995; $7,466 million in 1996; $5,708 million in 1997; $4,047 million in 1998; $4,115 million in 1999; and $9,843 million in 2000 and later — aggregating $51,326 million. Experience has shown that a substantial portion of receivables will be paid prior to contractual maturity. Accordingly, the maturities of time sales and loans are not to be regarded as forecasts of future cash collections.

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

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

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

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

Investment in financing leases	Total financing leases		Direct financing leases		Leveraged leases	
December 31 (In millions)	1994	1993	1994	1993	1994	1993
Total minimum lease payments receivable	$39,968	$38,080	$30,338	$26,584	$ 9,630	$11,496
Less principal and interest on third-party nonrecourse debt	(7,103)	(8,398)	—	—	(7,103)	(8,398)
Rentals receivable	32,865	29,682	30,338	26,584	2,527	3,098
Estimated unguaranteed residual value of leased assets	4,889	4,490	3,767	3,323	1,122	1,167
Less deferred income (a)	(9,356)	(9,242)	(8,189)	(7,844)	(1,167)	(1,398)
Investment in financing leases (as shown on the previous page)	28,398	24,930	25,916	22,063	2,482	2,867
Less amounts to arrive at net investment						
Allowance for losses	(570)	(538)	(471)	(464)	(99)	(74)
Deferred taxes arising from financing leases	(5,075)	(4,917)	(2,470)	(2,157)	(2,605)	(2,760)
Net investment in financing leases	$22,753	$19,475	$22,975	$19,442	$ (222)	$ 33

(a) Total financing lease deferred income is net of deferred initial direct costs of $93 million and $83 million for 1994 and 1993, respectively.

At December 31, 1994, contractual maturities for rentals receivable over the next five years and after were: $7,409 million in 1995; $6,235 million in 1996; $5,148 million in 1997; $3,050 million in 1998; $2,096 million in 1999; and $8,927 million in 2000 and later — aggregating $32,865 million. As with time sales and loans, experience has shown that a portion of receivables will be paid prior to contractual maturity and these amounts should not be regarded as forecasts of future cash flows.

Nonearning consumer time sales and loans, primarily private-label credit card receivables, amounted to $422 million and $391 million at December 31, 1994 and 1993, respectively. A majority of these receivables were subject to various loss-sharing arrangements that provide full or partial recourse to the originating private-label entity. Nonearning and reduced-earning receivables other than consumer time sales and loans were $346 million and $509 million at year-end 1994 and 1993, respectively. Earnings of $4 million and $11 million realized in 1994 and 1993, respectively, were $27 million and $41 million lower than would have been reported had these receivables earned income in accordance with their original terms.

Note 14 Property, Plant and Equipment (including equipment leased to others)

December 31 (In millions)	1994	1993
Original cost		
GE		
Land and improvements	$ 416	$ 395
Buildings, structures and related equipment	5,547	5,370
Machinery and equipment	15,847	15,420
Leasehold costs and manufacturing plant under construction	1,073	1,170
Other	24	86
	22,907	22,441
GECS		
Buildings and equipment	1,875	1,542
Equipment leased to others		
Aircraft (a)	4,601	3,677
Vehicles	4,542	3,568
Marine shipping containers	3,333	2,985
Railroad rolling stock	1,605	1,498
Other	2,807	2,160
	18,763	15,430
	$41,670	$37,871
Accumulated depreciation, depletion and amortization		
GE	$13,382	$12,899
GECS		
Buildings and equipment	794	581
Equipment leased to others	4,029	3,238
	$18,205	$16,718

(a) Includes $226 million and $244 million of commercial aircraft off-lease in 1994 and 1993, respectively.

Current-year amortization of GECS' equipment leased to others was $1,435 million, $1,395 million and $1,133 million in 1994, 1993 and 1992, respectively. Noncancelable future rentals due from customers for equipment on operating leases at year-end 1994 totaled $7,329 million and are due as follows: $2,306 million in 1995; $1,628 million in 1996; $1,015 million in 1997; $663 million in 1998; $477 million in 1999; and $1,240 million thereafter.

Note 15 Intangible Assets

December 31 (In millions)	1994	1993
GE		
Goodwill	$ 5,605	$ 5,713
Other intangibles	731	753
	6,336	6,466
GECS		
Goodwill	2,513	1,840
Mortgage servicing rights	1,351	832
Other intangibles	1,173	914
	5,037	3,586
	$11,373	$10,052

GE's intangible assets are shown net of accumulated amortization of $2,049 million in 1994 and $1,760 million in 1993. GECS' intangible assets are net of accumulated amortization of $988 million in 1994 and $781 million in 1993.

Note 16 All Other Assets

December 31 (In millions)	1994	1993
GE		
Investments		
Associated companies (a)	$ 1,945	$ 1,336
Government and government-guaranteed securities	273	293
Other	1,713	1,639
	3,931	3,268
Prepaid pension asset	4,489	3,840
Other	3,999	3,269
	12,419	10,377
GECS		
Investments		
Assets acquired for resale	3,867	8,141
Associated companies (b)	2,098	1,574
Real estate ventures	1,400	1,374
Other	1,652	887
	9,017	11,976
Deferred insurance acquisition costs	1,290	987
Foreclosed real estate properties	108	213
Other	1,116	803
	11,531	13,979
	$23,950	$24,356

(a) Includes advances of $234 million and $131 million at December 31, 1994 and 1993, respectively.

(b) Includes advances of $949 million and $688 million at December 31, 1994 and 1993, respectively.

GECS' assets acquired for resale declined $4.3 billion during 1994, primarily due to sales of mortgages associated with the mortgage servicing business.

In line with industry practice, sales of commercial jet aircraft engines often involve long-term customer financing commitments. In making such commitments, it is GE's general practice to require that it have or be able to establish a secured position in the aircraft being financed. Under such airline financing programs, GE had issued loans and guaranties (principally guaranties) amounting to $1,260 million at year-end 1994 and $1,201 million at year-end 1993; and it had entered into commitments totaling $1.1 billion and $1.4 billion at year-end 1994 and 1993, respectively, to provide financial assistance on future aircraft engine sales. Estimated fair values of the aircraft securing these receivables and associated guaranties exceeded the related account balances and guaranteed amounts at December 31, 1994. GECS acts as a lender and lessor to the commercial airline industry. At December 31, 1994 and 1993, the balance of such GECS loans, leases and equipment leased to others was $7,571 million and $6,776 million, respectively. In addition, GECS had issued financial guaranties and funding commitments of $506 million at December 31, 1994 ($450 million at year-end 1993) and had conditional commitments to purchase aircraft at a cost of $81 million ($865 million at year-end 1993).

At year-end 1994, the National Broadcasting Company had $3,818 million of commitments to acquire broadcast material or the rights to broadcast television programs and commitments under long-term television station affiliation agreements that require payments through the year 2004.

In connection with numerous projects, primarily power generation bids and contracts, GE had issued various bid and performance bonds and guaranties totaling $2,229 million at year-end 1994 and $1,124 million at year-end 1993.

Note 17 Borrowings

Short-term borrowings	1994		1993	
December 31 (In millions)	Amount	Average rate (a)	Amount	Average rate (a)
GE				
Payable to banks	$ 353	8.21%	$ 588	6.41%
Notes to trust departments	53	5.52	102	3.03
Commercial paper	—		708	3.36
Other (b)	500		993	
	906		2,391	
GECS				
Commercial paper	43,697	5.90	46,298	3.39
Payable to banks	984	2.46	197	3.25
Notes to trust departments	1,793	5.66	1,882	3.10
Other (b)	10,613		6,866	
	57,087		55,243	
Eliminations	(212)		(259)	
	$57,781		$57,375	

(a) Includes the effects of associated interest rate and currency swaps which are summarized in the notes to the long-term borrowings table.
(b) Includes the current portion of long-term debt.

Confirmed credit lines of approximately $3.1 billion had been extended to GE by 40 banks at year-end 1994. Substantially all of GE's credit lines are available to GE Capital and GECS in addition to their own credit lines.

At year-end 1994, GE Capital had committed lines of credit aggregating $20.8 billion with 131 banks, including $7.0 billion of revolving credit agreements pursuant to which GE Capital has the right to borrow funds for periods exceeding one year. A total of $2.6 billion of GE Capital's credit lines is available for use by GECS; $1.8 billion is available for use by GE.

During 1994, GE, GE Capital and GECS did not borrow under any of these credit lines. Each compensates banks for credit facilities either in the form of fees or a combination of balances and fees as agreed to with each bank. Compensating balances and commitment fees were immaterial in each of the past three years.

Aggregate amounts of long-term borrowings that mature during the next five years are as follows.

(In millions)	1995	1996	1997	1998	1999
GE	$ 243	$ 623	$ 522	$ 999	$ 87
GECS	9,695	10,394	6,556	4,507	3,417

Outstanding balances in long-term borrowings were as follows.

Long-term borrowings December 31 (In millions)	Weighted average interest rate (a)	Maturities	1994	1993
GE				
Notes (b)	7.44%	1996-1998	$ 1,480	$ 1,694
Industrial development/pollution control bonds (b)	3.09	1996-2019	261	272
Other (b)(c)			958	447
			2,699	2,413
GECS				
Senior notes				
Notes (b)(d)	6.41	1996-2054	31,332	22,028
Zero coupon/deep discount notes	13.58	1996-2001	936	1,407
Reset or remarketed notes (e)	8.25	2007-2018	1,025	1,500
Floating rate notes	(f)	1996-2053	521	521
Less unamortized discount/premium			(199)	(344)
			33,615	25,112
Subordinated notes (g)	8.04	2006-2012	697	697
			34,312	25,809
Eliminations			(32)	(28)
			$36,979	$28,194

(a) Includes the effects of associated interest rate and currency swaps.
(b) At December 31, 1994, GE and GECS had agreed with others to exchange currencies on principal amounts equivalent to U.S. $393 million and $12,183 million, respectively, and related interest payments. GE and GECS also had entered into interest rate swaps with others related to interest on $89 million and $24,129 million, respectively. At December 31, 1993, GE and GECS had agreed with others to exchange currencies on principal amounts equivalent to U.S. $498 million and $8,101 million, respectively, and related interest payments. GE and GECS also had entered into interest rate swaps with others relating to interest on $610 million and $13,224 million, respectively.
(c) Includes original issue premium and discount and a variety of obligations having various interest rates and maturities, including borrowings by parent operating components and all affiliate borrowings.
(d) At December 31, 1993, counterparties held options under which GECS could be caused to execute interest rate swaps associated with interest payments on $500 million.
(e) Interest rates are reset at the end of the initial and each subsequent interest period. At each rate-reset date, GECS may redeem notes in whole or in part at its option. Current interest periods range from May 1996 to March 1997.
(f) The rate of interest payable on each note is a variable rate based on the commercial paper rate each month. Interest is payable either monthly or semiannually at the option of GECS.
(g) Guaranteed by GE.

Interest rate and currency swaps are employed by GE and GECS to achieve the lowest cost of funds for a particular funding strategy. For GECS, optimizing funding costs is central to maintaining satisfactory financing spreads (the difference between the yield on financial assets and borrowing costs). GECS enters into interest rate swaps and currency swaps (including non-U.S. currency and cross-currency interest rate swaps) to modify interest rates and/or currencies of specific debt instruments. For example, to fund U.S. operations, GE Capital may issue fixed-rate debt denominated in a currency other than the U.S. dollar and simultaneously enter into a currency swap to create synthetic fixed-rate U.S. dollar debt with a lower yield than could be achieved directly. Virtually all GE and GECS interest rate and currency swaps have been designated as modifying interest rates, currencies, or both. Other swaps and forward contracts have been designated as hedges of non-U.S. dollar monetary assets or net investments (see note 28). Neither GE nor GECS engages in derivatives trading or market-making activities.

Each party in a swap transaction relies on its counterparty to make contractual payments. Given the ways in which GE and GECS use swaps, associated market risk is meaningful only as it relates to how changes in the market value affects credit exposure to individual swap counterparties. To manage counterparty credit exposure, all swap activities are carried out within the following credit policy constraints:

- At inception, counterparties must be rated, at a minimum, Aa3/AA- for swaps of five years or less and AAA for swaps in excess of five years.
- Credit exposure is limited to a market value of $50 million for counterparties rated AA and $75 million for those rated AAA.
- All swaps are executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below A3 or A-.

Note 18 GE All Other Current Costs and Expenses Accrued

At year-end 1994 and 1993, this account included taxes accrued of $1,238 million and $1,664 million, respectively, and compensation and benefit accruals of $1,191 million and $1,311 million, respectively. Also included are amounts for product warranties, estimated costs on shipments billed to customers and a variety of sundry items.

Note 19 Insurance Liabilities, Reserves and Annuity Benefits

Insurance liabilities, reserves and annuity benefits represents policyholders' benefits, unearned premiums and provisions for policy losses in GECS' insurance and annuity businesses. The estimated liability for insurance losses and loss expenses consists of both case and incurred-but-not-reported reserves. Where GECS' experience is not sufficient to determine reserves, industry averages are used. Estimated amounts of salvage and subrogation recoverable on paid and unpaid losses are deducted from outstanding losses. The insurance subsidiaries of GECS have no significant permitted statutory accounting practices that differ from either statutorially prescribed or generally accepted accounting principles.

Activity in the liability for unpaid claims and claims adjustment expenses is summarized as follows.

(In millions)	1994	1993	1992
Balance at January 1 — gross	$ 6,405	$ 5,484	$ 4,565
Less reinsurance recoverables	(1,142)	(1,191)	(688)
Balance at January 1 — net	5,263	4,293	3,877
Claims and adjustments incurred			
Current year	2,016	2,051	1,679
Prior years	558	359	117
Claims and adjustments paid			
Current year	(543)	(378)	(464)
Prior years	(1,432)	(1,048)	(967)
Other	86	(14)	51
Balance at December 31 — net	5,948	5,263	4,293
Add reinsurance recoverables	1,084	1,142	1,191
Balance at December 31 — gross	$ 7,032	$ 6,405	$ 5,484

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. Average yields used in these computations ranged from 4.0% to 9.1% in 1994 and 6.2% to 10.1% in 1993.

Financial guaranties of insurance affiliates are summarized below.

December 31 (In millions)	1994	1993
Guaranties, principally on municipal bonds and structured finance issues	$106,726	$101,352
Reinsurance on bonds/finance issues	(18,954)	(17,287)
Mortgage insurance risk in force (GE Capital Mortgage Insurance)	31,463	27,022
Other	191	84
	$119,426	$111,171

Note 20 GE All Other Liabilities

This account includes noncurrent compensation and benefit accruals at year-end 1994 and 1993 of $4,632 million and $4,507 million, respectively. Other noncurrent liabilities include amounts for deferred incentive compensation, product warranties, deferred income and a variety of sundry items.

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 112, *Employers' Accounting for Postemployment Benefits,* effective as of January 1, 1993. This Statement requires that employers recognize over the service lives of employees the costs of postemployment benefits if certain conditions are met. The principal effect for GE was to change the method of accounting for severance benefits. Under the previous accounting policy, the total cost of severance benefits was expensed when the severance event occurred. The cumulative effect of the accounting change as of January 1, 1993, amounted to $1,306 million before taxes ($862 million, or $0.51 per share, after taxes).

Note 21 Deferred Income Taxes

Aggregate deferred tax amounts are summarized below.

December 31 (In millions)	1994	1993
Assets		
GE	$ 3,313	$ 3,547
GECS	2,642	2,097
	5,955	5,644
Liabilities		
GE	3,581	3,248
GECS	7,579	7,578
	11,160	10,826
Net deferred tax liability	$ 5,205	$ 5,182

Principal components of the net deferred tax liability balances for GE and GECS are as follows.

December 31 (In millions)	1994	1993
GE		
Provisions for expenses	$ (2,015)	$ (2,219)
Retiree insurance plans	(835)	(879)
GE pension	1,387	1,170
Depreciation	860	890
Other — net	871	739
	268	(299)
GECS		
Financing leases	5,075	4,917
Operating leases	1,234	966
Tax transfer leases	338	340
Net unrealized gains (losses) on securities	(468)	438
Provision for losses	(876)	(831)
Insurance reserves	(460)	(370)
Other — net	94	21
	4,937	5,481
Net deferred tax liability	$ 5,205	$ 5,182

Note 22 Minority Interest in Equity of Consolidated Affiliates

Minority interest in equity of consolidated GECS affiliates included 8,750 shares of $100 par value variable cumulative preferred stock issued by GE Capital, with a liquidation preference value of $875 million, and 2,400 shares of $0.01 par value variable cumulative preferred stock issued in 1994 by a subsidiary of GE Capital, with a liquidation preference value of $240 million. Dividend rates on the preferred stock ranged from 2.3% to 4.9% during 1994 and from 2.3% to 2.8% during 1993.

Note 23 Share Owners' Equity

(In millions)	1994	1993	1992
Common stock issued			
Balance at January 1	$ 584	$ 584	$ 584
Adjustment for stock split	9	—	—
Newly issued stock	1	—	—
Balance at December 31	$ 594	$ 584	$ 584
Unrealized gains (losses) on investment securities	$ (810)	$ 848	$ 36
Other capital			
Balance at January 1	$ 550	$ 719	$ 932
Currency translation adjustments	180	(279)	(209)
Gains (losses) on treasury stock dispositions	215	110	(4)
Newly issued stock	186	—	—
Adjustment for stock split	(9)	—	—
Balance at December 31	$ 1,122	$ 550	$ 719
Retained earnings			
Balance at January 1	$28,613	$26,527	$23,787
Net earnings	4,726	4,315	4,725
Dividends declared	(2,546)	(2,229)	(1,985)
Balance at December 31	$30,793	$28,613	$26,527
Common stock held in treasury			
Balance at January 1	$ 4,771	$ 4,407	$ 3,626
Purchases	1,124	770	1,206
Dispositions	(583)	(406)	(425)
Balance at December 31	$ 5,312	$ 4,771	$ 4,407

In December 1994, GE's Board of Directors authorized the repurchase of up to $5 billion of Company common stock over a two-year period with funds generated largely from free cash flow. A total of 1.3 million shares having an aggregate cost of $69 million had been repurchased under the program and placed in treasury as of December 31, 1994.

In April 1994, share owners authorized (a) an increase in the number of authorized shares of common stock from 1.1 billion shares each with a par value of $0.63 to 2.2 billion shares each with a par value of $0.32 and (b) the split of each unissued and issued common share, including shares held in treasury, into two shares of common stock each with a par value of $0.32. All share data have been adjusted to reflect this change.

Common shares issued and outstanding are summarized in the table below.

Shares of GE common stock December 31 (In thousands)	1994	1993	1992
Issued	1,857,013	1,853,128	1,853,128
In treasury	(151,046)	(145,826)	(142,270)
Outstanding	1,705,967	1,707,302	1,710,858

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

The effects of translating to U.S. dollars the financial statements of non-U.S. affiliates whose functional currency is the local currency are included in other capital. Asset and liability accounts are translated at year-end exchange rates, while revenues and expenses are translated at average rates for the period. Cumulative currency translation adjustments were reductions of other capital of $66 million and $246 million at December 31, 1994 and 1993, respectively, and a cumulative addition to other capital of $33 million at December 31, 1992.

On December 31, 1993, the Company adopted SFAS No. 115, *Accounting for Investments in Certain Debt and Equity Securities*. As a result of adopting this statement, changes in the fair value of investment securities are reflected, net of tax, in share owners' equity. At December 31, 1994, unrealized losses on investment securities amounted to $810 million, a reduction in equity of $1,658 million from year-end 1993. The decrease was primarily attributable to the effect of increases in market interest rates on the fair value of the securities.

Note 24 Other Stock-Related Information

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

Stock option information		Average per share	
(Shares in thousands)	Shares subject to option	Option price	Market price
Balance at January 1, 1994	59,354	$36.50	$52.44
Options granted	15,134	50.66	50.66
Replacement options	340	36.44	36.44
Options exercised	(4,163)	30.35	50.58
Options terminated	(1,167)	44.04	—
Balance at December 31, 1994	69,498	39.82	51.00

The replacement options replaced canceled SARs and have identical terms thereto. At December 31, 1994, there were 8.1 million SARs exercisable at an average price of $40.52. There were 3.5 million restricted stock shares and restricted stock units outstanding at December 31, 1994.

At December 31, 1994 and 1993, there were 16.1 million shares available for grants of options, SARs, restricted stock and restricted stock units. Under the 1990 Long-Term Incentive Plan, 0.95% of the Company's issued common stock (including treasury shares) as of the first day of each calendar year during which the Plan is in effect becomes 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 15, 2004. Restricted stock grants vest on various dates up to normal retirement of grantees.

Note 25 Supplemental Cash Flows Information

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

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

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

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

For the years ended December 31 (In millions)	1994	1993	1992
Financing receivables			
Increase in loans to customers	$ (36,560)	$ (30,002)	$ (27,069)
Principal collections from customers	31,264	27,571	25,136
Investment in equipment for financing leases	(10,528)	(7,204)	(7,758)
Principal collections on financing leases	9,050	6,812	5,338
Net change in credit card receivables	(2,751)	(1,341)	(330)
	$ (9,525)	$ (4,164)	$ (4,683)
All other investing activities			
Purchases of securities by insurance and annuity businesses	$ (8,663)	$ (10,488)	$ (6,865)
Dispositions and maturities of securities by insurance and annuity businesses	6,338	7,698	6,200
Other	2,501	(4,003)	(3,023)
	$ 176	$ (6,793)	$ (3,688)
Newly issued debt having maturities more than 90 days			
Short-term (91 to 365 days)	$ 3,214	$ 4,315	$ 4,456
Long-term (over one year)	19,228	10,885	6,699
Long-term subordinated	—	—	450
Proceeds — nonrecourse, leveraged lease debt	31	53	148
	$ 22,473	$ 15,253	$ 11,753
Repayments and other reductions of debt having maturities more than 90 days			
Short-term (91 to 365 days)	$ (10,460)	$ (9,008)	$ (6,474)
Long-term (over one year)	(930)	(206)	(657)
Long-term subordinated	—	—	(76)
Principal payments — nonrecourse, leveraged lease debt	(309)	(312)	(272)
	$ (11,699)	$ (9,526)	$ (7,479)
All other financing activities			
Proceeds from sales of investment and annuity contracts	$ 1,207	$ 509	$ —
Preferred stock issued by consolidated affiliate	240	—	—
Redemption of investment and annuity contracts	(1,264)	(578)	—
	$ 183	$ (69)	$ —

Note 26 Industry Segments

Revenues

(In millions) — For the years ended December 31

	Total revenues 1994	Total revenues 1993	Total revenues 1992	Intersegment revenues 1994	Intersegment revenues 1993	Intersegment revenues 1992	External revenues 1994	External revenues 1993	External revenues 1992
GE									
Aircraft Engines	$ 5,714	$ 6,580	$ 7,368	$ 43	$ 59	$ 57	$ 5,671	$ 6,521	$ 7,311
Appliances	5,965	5,555	5,330	3	3	3	5,962	5,552	5,327
Broadcasting	3,361	3,102	3,363	—	—	—	3,361	3,102	3,363
Industrial Products and Systems	9,406	8,575	8,210	368	409	425	9,038	8,166	7,785
Materials	5,681	5,042	4,853	43	50	51	5,638	4,992	4,802
Power Generation	5,933	5,530	5,106	44	135	151	5,889	5,395	4,955
Technical Products and Services	4,285	4,174	4,674	18	18	68	4,267	4,156	4,606
All Other	2,348	1,803	1,581	—	—	—	2,348	1,803	1,581
Corporate items and eliminations	(195)	(242)	(399)	(519)	(674)	(755)	324	432	356
Total GE	42,498	40,119	40,086	—	—	—	42,498	40,119	40,086
GECS									
Financing	14,932	12,399	10,544	—	—	—	14,932	12,399	10,544
Specialty Insurance	4,926	4,862	3,863	—	—	—	4,926	4,862	3,863
All Other	17	15	11	—	—	—	17	15	11
Total GECS	19,875	17,276	14,418	—	—	—	19,875	17,276	14,418
Eliminations	(2,264)	(1,694)	(1,453)	—	—	—	(2,264)	(1,694)	(1,453)
Consolidated revenues	$60,109	$55,701	$53,051	$ —	$ —	$ —	$60,109	$55,701	$53,051

GE revenues include income from sales of goods and services to customers and other income. Sales from one Company component to another generally are priced at equivalent commercial selling prices. "All Other" GE revenues consists primarily of GECS' earnings.

Assets — At December 31

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

(In millions)

	Assets 1994	Assets 1993	Assets 1992	Additions 1994	Additions 1993	Additions 1992	Depreciation, depletion and amortization 1994	Depreciation, depletion and amortization 1993	Depreciation, depletion and amortization 1992
GE									
Aircraft Engines	$ 4,751	$ 5,329	$ 6,153	$ 262	$ 208	$ 276	$ 268	$ 339	$ 294
Appliances	2,309	2,193	2,248	165	132	126	84	131	105
Broadcasting	3,881	3,742	3,736	86	56	52	67	98	82
Industrial Products and Systems	5,862	5,442	5,562	452	414	340	379	346	324
Materials	8,628	8,181	8,081	419	376	255	453	417	393
Power Generation	4,887	3,875	3,035	181	216	205	148	149	117
Technical Products and Services	2,362	2,179	2,393	155	126	118	96	89	74
All Other	9,768	11,604	9,719	—	1	1	2	3	5
Corporate items and eliminations	8,365	8,589	5,258	23	59	72	48	59	89
Total GE	50,813	51,134	46,185	1,743	1,588	1,445	1,545	1,631	1,483
GECS									
Financing	121,966	106,854	82,208	5,889	3,352	4,761	1,607	1,545	1,260
Specialty Insurance	22,058	18,915	14,624	62	15	17	16	9	13
All Other	943	868	2,178	44	59	118	39	38	29
Total GECS	144,967	126,637	99,010	5,995	3,426	4,896	1,662	1,592	1,302
Eliminations	(9,909)	(11,358)	(9,723)	—	—	—	—	—	—
Consolidated totals	$185,871	$166,413	$135,472	$7,738	$5,014	$6,341	$3,207	$3,223	$2,785

"All Other" GE assets consists primarily of investment in GECS. Assets exclude amounts applicable to discontinued operations ($8,613 million, $85,093 million, and $57,404 million in 1994, 1993, and 1992 respectively).

The industry segment data for prior years related to the Power Generation and the Industrial Products and Systems segments have been reclassified because the grouping of products and services for industry segment purposes was revised in 1994 to provide a sharper focus on the markets served by those segments. The principal changes were the transfer of industrial drive systems, power delivery and control products, and related engineering and service activities from the Power Generation segment to the Industrial Products and Systems segment.

Details of operating profit by industry segment can be found on page 35 of this report. A description of industry segments for General Electric Company and consolidated affiliates follows.

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

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

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

- ***Industrial Products and Systems.*** Lighting products (including a wide variety of lamps, lighting fixtures, wiring devices and quartz products); electrical distribution and control equipment (including power delivery and control products such as transformers, meters, relays, capacitors and arresters); 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, including drive systems; installation, engineering and repair services, which includes management and technical expertise for large projects, such as process control systems; and GE Supply, a network of electrical supply houses. Markets are extremely diverse. Products are sold to commercial and industrial end users, including utilities, to original equipment manufacturers, to electrical distributors, to retail outlets, to railways and to 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 Generation.*** Products mainly for the generation of electricity. Markets and competition are global. Steam turbine-generators are sold to electric utilities, to the U.S. Navy and, for cogeneration, to industrial and other power customers. Marine steam turbines and propulsion gears are sold to the U.S. Navy. Gas turbines are sold principally as packaged power plants for electric utilities and for industrial cogeneration and mechanical drive applications. Power Generation also includes 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, other diagnostic equipment and related services sold worldwide to hospitals and medical facilities. This segment also includes a full range of computer-based information and data interchange services for internal use and external commercial and industrial customers.

- ***GECS Financing.*** Operations of GE Capital, as follows:

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

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

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

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

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

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

Note 27 Geographic Segment Information (consolidated)

U.S. revenues include GE exports to external customers, and royalty and licensing income from non-U.S. sources. Exports to international customers by major area of the world are shown on page 38. Assets exclude amounts applicable to discontinued operations ($8,613 million, $85,093 million, and $57,404 million in 1994, 1993, and 1992, respectively).

(In millions)	Revenues — For the years ended December 31								
	Total revenues			Intersegment revenues			External revenues		
	1994	1993	1992	1994	1993	1992	1994	1993	1992
United States	$49,920	$47,495	$44,882	$1,683	$1,513	$1,281	$48,237	$45,982	$43,601
Europe	7,797	6,722	6,703	579	525	497	7,218	6,197	6,206
Other areas of the world	5,493	4,171	3,879	839	649	635	4,654	3,522	3,244
Intercompany eliminations	(3,101)	(2,687)	(2,413)	(3,101)	(2,687)	(2,413)	—	—	—
Total	$60,109	$55,701	$53,051	$ —	$ —	$ —	$60,109	$55,701	$53,051

(In millions)	Operating profit — For the years ended December 31			Assets — At December 31		
	1994	1993	1992	1994	1993	1992
United States	$8,445	$6,706	$6,654	$152,151	$145,390	$116,086
Europe	673	360	412	22,464	14,257	13,729
Other areas of the world	595	307	336	11,439	6,954	5,822
Intercompany eliminations	5	(23)	6	(183)	(188)	(165)
Total	$9,718	$7,350	$7,408	$185,871	$166,413	$135,472

Note 28 Additional Information about Financial Instruments

This note contains estimated fair values of certain financial instruments to which GE and GECS are parties. Apart from GE's and GECS' own borrowings and certain marketable securities, relatively few of these instruments are actively traded. Thus, fair values must often be determined by using one or more models that indicate value based on estimates of quantifiable characteristics as of a particular date. Because this undertaking is, by its nature, difficult and highly judgmental, for a limited number of instruments, alternative valuation techniques may have produced disclosed values different from those that could have been realized at December 31, 1994 or 1993. Moreover, the disclosed values are representative of fair values only as of the dates indicated. Assets that, as a matter of accounting policy, are reflected in the accompanying financial statements at fair value are not included in the following disclosures; such assets include cash and equivalents, investment securities and other receivables.

Values are estimated as follows:

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

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

Investments in and advances to associated companies. Based on market comparables, recent transactions or discounted future cash flows for GECS investments. These equity interests were generally acquired in connection with financing transactions and, for the purpose of this disclosure, fair values were estimated. GE's investments (aggregating $1,945 million and $1,336 million at December 31, 1994 and 1993, respectively) comprise many small investments, many of which are located outside the United States, and generally involve joint ventures for specific, limited objectives; determination of fair values is impracticable.

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

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

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

Information about financial instruments that were not carried at fair value at December 31, 1994 and 1993, is shown below.

Assets (liabilities)	1994				1993			
			Estimated fair value				Estimated fair value	
(In millions)	Notional amount	Carrying amount (net)	High	Low	Notional amount	Carrying amount (net)	High	Low
GE								
Borrowings and related instruments								
Borrowings (a)(b)	$ (c)	$(3,605)	$(3,530)	$(3,530)	$ (c)	$(4,804)	$(4,933)	$(4,933)
Interest rate swaps	89	—	2	2	610	—	—	—
Currency swaps	393	—	26	26	498	—	(21)	(21)
Firm commitments								
Currency forwards and options	3,195	—	—	—	1,386	(13)	(13)	(13)
Financing commitments	1,153	—	—	—	1,380	—	—	—
Financial guaranties	1,520	—	—	—	1,333	—	—	—
Other financial instruments	(c)	2,128	2,289	2,269	(c)	2,105	2,281	2,261
GECS								
Assets								
Time sales and loans	(c)	48,529	49,496	48,840	(c)	39,556	41,182	40,490
Investments in and advances to associated companies	(c)	2,098	2,561	2,381	(c)	1,574	2,320	2,156
Other cash financial instruments	(c)	1,897	2,026	1,924	(c)	6,226	6,392	6,238
Liabilities								
Borrowings and related instruments								
Borrowings (a)(b)	(c)	(91,399)	(89,797)	(89,797)	(c)	(81,052)	(82,184)	(82,184)
Interest rate swaps	24,129	—	135	131	13,724	—	(308)	(308)
Currency swaps	12,183	—	83	83	8,101	—	(32)	(32)
Annuity benefits	(c)	(13,186)	(12,788)	(12,788)	(c)	(8,894)	(8,660)	(8,660)
Financial guaranties of insurance affiliates	119,426	(1,344)	(269)	(348)	111,171	(1,312)	(135)	(220)
Other financial guaranties	3,508	(44)	(53)	(53)	3,647	(42)	(64)	(66)
Mortgage-related positions								
Mortgage purchase commitments	205	—	(2)	(2)	3,950	—	(41)	(41)
Mortgage sale commitments	1,792	—	2	2	6,426	—	49	49
Memo: mortgages held for sale (d)	(c)	1,764	1,764	1,764	(c)	5,963	5,983	5,972
Other financial instruments								
Loan commitments	13,489	—	(71)	(125)	10,421	(18)	(31)	(34)
Foreign currency forwards and options	3,372	—	12	12	1,833	—	(2)	(2)
Other financial instruments	314	14	56	53	1,132	4	15	14

(a) See note 17.
(b) Includes interest rate and currency swaps.
(c) Not applicable.
(d) Included in other cash financial instruments.

Foreign currency forwards and foreign currency options are employed by GE and GECS to manage exposures to changes in currency exchange rates associated with commercial purchase and sale transactions. Those financial instruments generally are used to fix the local currency cost of purchased goods or services or selling prices denominated in currencies other than the functional currency. Exchange rate exposures that result from net investments in foreign affiliates are managed principally by funding local currency denominated assets with debt denominated in those same currencies. In certain circumstances, net investment exposures are managed using foreign currency forwards.

Note 29 Quarterly Information (unaudited)

(Dollar amounts in millions; per-share amounts in dollars)	First quarter 1994	First quarter 1993	Second quarter 1994	Second quarter 1993	Third quarter 1994	Third quarter 1993	Fourth quarter 1994	Fourth quarter 1993
Consolidated operations								
Earnings from continuing operations	$1,219	$1,028	$ 1,554	$ 598	$1,457	$1,135	$ 1,685	$ 1,423
Earnings (losses) from discontinued operations	(151)	132	(32)	58	(89)	71	(49)	54
Gain on transfer of discontinued Aerospace operations	—	—	—	678	—	—	—	—
Provision for loss on discontinued securities broker-dealer operations	—	—	—	—	—	—	(868)	—
Accounting change	—	(862)	—	—	—	—	—	—
Net earnings	$1,068	$ 298	$ 1,522	$1,334	$1,368	$1,206	$ 768	$ 1,477
Per share								
Earnings from continuing operations	$ 0.71	$ 0.60	$ 0.91	$ 0.35	$ 0.85	$ 0.67	$ 0.99	$ 0.84
Earnings (losses) from discontinued operations	(0.09)	0.08	(0.02)	0.43	(0.05)	0.04	(0.54)	0.03
Accounting change	—	(0.51)	—	—	—	—	—	—
Net earnings	$ 0.62	$ 0.17	$ 0.89	$ 0.78	$ 0.80	$ 0.71	$ 0.45	$ 0.87
Selected data								
GE								
Sales of goods and services	$8,264	$7,968	$10,038	$9,468	$9,384	$8,779	$11,944	$11,607
Gross profit from sales	2,282	2,074	2,743	1,662	2,441	2,198	3,115	2,929
GECS								
Revenues from operations	4,393	3,710	4,730	4,001	5,097	4,340	5,655	5,225
Operating profit	668	542	684	480	857	694	740	493

Quarterly data have been reclassified to state results of the securities broker-dealer as a discontinued operation. Per-share amounts have been adjusted for the 2-for-1 stock split in April 1994. The accounting change reflects the cumulative effect to January 1, 1993, of the change in accounting for postemployment benefits (SFAS No. 112). As originally reported, net earnings for the first quarter of 1993 were $1,160 million, or $0.68 per share.

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

First-quarter 1994 discontinued operations included a $210 million ($350 million before tax) charge resulting from the discovery of false trading profits created by the then head U.S. government securities trader in the discontinued securities broker-dealer. Approximately $143 million ($238 million before tax) of the charge related to periods prior to 1994.

Second-quarter 1993 earnings from continuing operations were reduced by restructuring provisions of $678 million ($0.40 per share) after tax. Second-quarter gross profit from sales was reduced by restructuring provisions of $875 million before tax.

Earnings-per-share amounts for each quarter are required to be computed independently and, as a result, their sum did not equal the total year earnings-per-share amounts.

Corporate Information

Corporate Headquarters

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

Annual Meeting

The 1995 Annual Meeting of the General Electric Company will be held on Wednesday, April 26, at the Kentucky Fair & Exposition Center in Louisville, Ky.

Share Owner Inquiries

For share owner matters, contact GE Securities Ownership Services, Church Street Station, P.O. Box 11402, New York, N.Y. 10286-1402. Telephone: (800)STOCK GE.

Dividend Reinvestment Plan

A share owner with GE stock registered in his or her name is eligible to invest up to $10,000 cash per month and/or reinvest his or her dividends in the GE Dividend Reinvestment and Share Purchase Plan. For an authorization form and prospectus, write to GE Securities Ownership Services, Church Street Station, P.O. Box 11402, New York, N.Y. 10286-1402.

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. 10286-1002.
Telephone: (800)STOCK GE.

Stock Exchange Information

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

Trading and Dividend Information

(In dollars)	Common Stock Market Price High	Common Stock Market Price Low	Dividends declared
1994			
Fourth quarter	$ 51⅞	$ 45⅜	$ .41
Third quarter	51⅜	46¼	.36
Second quarter	50⅜	45	.36
First quarter	54⅞	48¼	.36
1993			
Fourth quarter	53½	46⅜	.36
Third quarter	50⅜	47¼	.315
Second quarter	48⅛	44⅛	.315
First quarter	45½	40⅜	.315

The per-share amounts above reflect the 2-for-1 stock split in April 1994. As of December 31, 1994, there were about 460,000 share owner accounts of record.

Form 10-K and Other Reports

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

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

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

For the Annual Report of the Company's philanthropic foundation, contact the GE Fund, 3135 Easton Turnpike, Fairfield, Conn. 06431.

Corporate Ombudsman

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

Product Information

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

Cassette Recordings

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

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

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Fairfield, Connecticut 06431