Shoham Filhart
Manager - Finance

GE
3135 Easton Turnpike
Fairfield, CT 06828

T (203) 373-3583
F (203) 373-3342
Shoham.filhart@corporate.ge.com

March 2005

Financial Assurance

Dear Sir/Madam:

Attached please find documents relating to financial assurance for the General Electric Company.

Please direct all inquiries and responses related to it to:

Shoham Filhart
Corporate Environmental Programs
General Electric Company
3135 Easton Turnpike
Fairfield, CT 06828

(203) 373-3583 Phone
(203) 373-3342 Fax

Thank you.

GE
3135 Easton Turnpike
Fairfield, CT 06828
USA

Letter from Chief Financial Officer

March 9, 2005

Director, Charles Lundstrom
New Mexico Environment Department
Water and Waste Management Division
Hazardous Waste Bureau
2905 Rodeo Park Drive
Building 1
Santa Fe, NM 87505-6303

Dear Sir:

I am the chief financial officer of *the General Electric Company, 1 River Road, Schenectady, New York 12345.* This letter is in support of the use of the financial test to demonstrate financial responsibility for liability coverage and *"closure and/or post-closure care"* as specified in subpart H of 40 CFR parts 264 and 265.

The firm identified above is the owner or operator of the following facilities for which liability coverage for *"both sudden and non-sudden"* accidental occurrences is being demonstrated through the financial test specified in subpart H of 40 CFR parts 264 and 265: *NONE.*

The firm identified above guarantees, through the guarantee specified in subpart H of 40 CFR parts 264 and 265, liability coverage for *"both sudden and nonsudden"* accidental occurrences at the following facilities owned or operated by the following: *SEE ATTACHMENT B.*

The firm identified above is the direct or higher-tier parent corporation of the owner or operator.

1. The firm identified above owns or operates the following facilities which are located in the State of New Mexico and for which financial assurance for closure and/or post-closure care or liability coverage is demonstrated through the financial test specified in subpart H of 40 CFR parts 264 and 265, respectively. The current closure and/or post-closure cost estimates covered by the test are shown for each facility: *NONE.*

2. The firm identified above guarantees, through the guarantee specified in subpart H of 40 CFR parts 264 and 265, the closure and/or post-closure care or liability coverage of the following facilities which are located in the State of New Mexico and which are owned or operated by the guaranteed party. The current cost estimates for the closure and/or post-closure care so guaranteed are shown for each facility: *SEE ATTACHMENT D.*

3. In states outside of New Mexico, where EPA or some designated authority is administering financial responsibility requirements, this firm is demonstrating financial assurance for the closure and/or post-closure care of the following facilities through the financial test specified in Subpart H of 40 CFR Parts 264 and 265 or through a test which is equivalent or substantially equivalent to it. The current closure and/or post-closure cost estimates covered by such a test are shown for each facility: SEE ATTACHMENT E.

4. The firm identified above owns or operates the following hazardous waste management facilities for which financial assurance for closure or, if a disposal facility, post-closure care, is not demonstrated either to EPA or a State through the financial test or any other financial assurance mechanism specified in Subpart H of 40 CFR Parts 264 and 265 or equivalent or substantially equivalent State mechanisms. The current closure and/or post-closure cost estimates not covered by such financial assurance are shown for each facility: *NONE.*

5. This firm is the owner or operator of the following UIC facilities for which financial assurance for plugging and abandonment is required under 40 CFR Part 144. The current closure cost estimates as required by 40 CFR 144.62 are shown for each facility: *NONE.*

The total of the current cost estimates for closure and/or post-closure care and current plugging and abandonment cost estimates, listed in the five numbered paragraphs above, is *$79,216,000 . To the b*est of my knowledge, this figure is sufficient to execute the closure plans and to perform post-closure care responsibilities for all the facilities listed in paragraphs 1. through 5. above.

This firm *"is required"* to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on *December 31*. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended *December 31, 2004.*

Part B. Closure and/or Post-Closure Care and Liability Coverage.

Alternative II

	(Dollars in thousands)
1. Sum of current closure and post-closure cost estimates and current plugging and abandonment cost estimates [total of all cost estimates shown in the five numbered paragraphs above]	*$79,641*
2. Amount of annual aggregate liability coverage to be demonstrated	*$34,000*
3. Sum of lines 1 and 2	*$113,641*

4. Current bond rating of most recent issuance and name of rating service		*AAA - Standard & Poor's* *Aaa - Moody's*
5. Date of issuance of bond		*12/01/04*
6. Date of maturity of bond		*12/01/14*
*7. Tangible net worth [if any portion of the closure or post-closure cost estimates is included in "total liabilities" on your financial statements, you may add that portion to this line]		*$27,044,000*
*8. Total assets in the U.S. [required only if less than 90% of assets are located in the U.S.]		*$426,592,000*
	YES	*NO*
9. Is line 7 at least $10 million?	*X*	
10. Is line 7 at least 6 times line 3?	*X*	
*11. Are at least 90% of assets located in the U.S.? If not, complete line 12.		*X*
12. Is line 8 at least 6 times line 3?	*X*	

I hereby certify that the wording of this letter is substantially the same as the wording specified in subpart H of 40 CFR parts 264 and 265 as such regulations were constituted on the date shown immediately below.

Keith S. Sherin

Keith S. Sherin
Senior Vice President - Finance
March 9, 2005

CORPORATE GUARANTEE

Guarantee made this 9th day of March, 2005 by the General Electric Company, a business corporation organized under the laws of the State of New York, herein referred to as guarantor. This guarantee is made to the Environmental Protection Agency on behalf of the UNC CHURCH ROCK of Gallup, NM which is our subsidiary.

RECITALS

1. Guarantor meets or exceeds the financial test criteria and agrees to comply with the reporting requirements for guarantors as specified in 40 CFR 264.147(g) (relating to Financial Test for liability) and 265.147(g) (relating to Corporate Guarantee for liability).

2. UNC CHURCH ROCK owns or operates the following facility(ies) covered by this guarantee:

UNC CHURCH ROCK, State Hwy 566, Gallup, NM–for closure and post closure

This corporate guarantee satisfies third-party liability requirements for (sudden and/or nonsudden) accidental occurrences in above-named owner or operator facilities for coverage in the amount of $4M for each occurrence and $8M and annual aggregate.

3. For value received from (owner or operator), guarantor guarantees to any and all third parties who have sustained or may sustain bodily injury or property damage caused by (sudden and/or nonsudden) accidental occurrences arising from operations of the facility(ies) covered by this guarantee that in the event that (owner or operator) fails to satisfy a judgment or award based on a determination of liability for bodily injury or property damage to third parties caused by (sudden and/or nonsudden) accidental occurrences, arising from the operation of the above-named facilities, or fails to pay an amount agreed to in settlement of a claim arising from or alleged to arise from such injury or damage, the guarantor will satisfy such judgment(s), award(s) or settlement agreement(s) up to the limits of coverage identified above.

4. For value received from UNC CHURCH ROCK (book value), guarantor guarantees to the EPA Regional Administrator for the Region in which the facility is located that in the event that UNC CHURCH ROCK fails to perform closure, post closure, or corrective action of the above facility(ies) in accordance with the closure plans, post closure plans, or corrective action, permits, and other applicable requirements whenever required to do so, the guarantor shall do so or establish a trust fund as specified in 40 CFR 264.147(g) and 265.147(g) (relating to Trust Fund), in the name of UNC CHURCH ROCK in the amount of the current cost estimate.

5. Guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, the guarantor fails to meet the financial test criteria, guarantor shall send within 90 days, by certified mail, notice to the EPA Regional Administrator for the Region in which the facility is located and to UNC CHURCH ROCK that the guarantor intends to provide alternate financial assurance as specified in 40 CFR 264.147(g) and 265.147(g) (relating to Financial Assurance), as applicable, in the name of UNC CHURCH ROCK. Within 120 days after the end of such fiscal year, the guarantor shall establish such financial assurance UNC CHURCH ROCK has done so.

6. The guarantor agrees to notify the EPA Regional Administrator for the Region in which the facility is located by certified mail, of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming guarantor as debtor, within 10 days after commencement of the proceeding.

7. Guarantor agrees that within 30 days after being notified by the EPA Regional Administrator for the Region in which the facility is located of a determination that guarantor no longer meets the financial test criteria or is disallowed from continuing as a guarantor of closure, post closure, or corrective action, guarantor shall establish alternate financial assurance as specified in 40 CFR 264.147(g) and 265.147(g) (relating to Financial Assurance Mechanisms for Closure, Post Closure, and Corrective Action), in the name of UNC CHURCH ROCK, unless UNC CHURCH ROCK has done so.

8. Guarantor agrees to remain bound under this guarantee notwithstanding any or all of the following: amendment or modification of the closure or post closure plans, or corrective action requirements, amendment or modification of the permit, the extension or reduction of the time of performance, or any other modification or alteration of an obligation of the owner or operator.

9. Guarantor agrees to remain bound under this guarantee for so long as UNC CHURCH ROCK must comply with the applicable financial assurance requirements of 40 CFR 264.147(g) and 265.147(g) for the above-listed facilities, except as provided in paragraph 10 of this agreement.

10. Guarantor may terminate this guarantee by sending notice by certified mail to the EPA Regional Administrator for the Region in which the facility is located and to UNC CHURCH ROCK, provided that this guarantee may not be terminated unless and until UNC CHURCH ROCK obtains, and the EPA Regional Administrator for the Region in which the facility is located approves, alternate financial assurance.

11. Guarantor agrees that if UNC CHURCH ROCK fails to provide alternate financial assurance as specified in 40 CFR 264.147(g) and 265.147(g), as applicable, and obtain written approval of such assurance from the EPA Regional Administrator for the Region in which the facility is located within 90 days after a notice of termination by the guarantor is received by the EPA Regional Administrator for the Region in which the facility is located from guarantor, guarantor shall provide such alternate financial assurance in the name of the UNC CHURCH.

12. Guarantor expressly waives notice of acceptance of this guarantee by the EPA Regional Administrator for the Region in which the facility is located or by UNC CHURCH ROCK. Guarantor also expressly waives notice of amendments or modifications of the closure plans, post closure plans, or corrective action requirements, and of amendments or modifications of the permit(s).

I hereby certify that the wording of this guarantee is identical to the wording specified in 40 CFR 264.147(g) and 265.147(g) as such regulations were constituted on the date first above written.

Effective date: March 9, 2005
General Electric Corporation

Keith S. Sherin

Keith S. Sherin
Senior Vice President - Finance

Signature of witness or notary: Andrea E. Ramos

A[illegible]REA E. RAMOS
[illegible]OTARY PUBLIC
[illegible]SSION EXPIRES MAR. 31, 2009

CORPORATE GUARANTEE

Guarantee made this 9th day of March, 2005 by the General Electric Company, a business corporation organized under the laws of the State of New York, herein referred to as guarantor. This guarantee is made to the Environmental Protection Agency on behalf of the GE INDUSTRIAL & POWER SYSTEMS, of Albuquerque, NM which is our subsidiary.

RECITALS

1. Guarantor meets or exceeds the financial test criteria and agrees to comply with the reporting requirements for guarantors as specified in 40 CFR 264.147(g) (relating to Financial Test for liability) and 265.147(g) (relating to Corporate Guarantee for liability).

2. GE INDUSTRIAL & POWER SYSTEMS owns or operates the following facility(ies) covered by this guarantee:

GE INDUSTRIAL & POWER SYSTEMS, of Albuquerque, NM – indicate if for closure, post closure or corrective action.

This corporate guarantee satisfies third-party liability requirements for (sudden and/or nonsudden) accidental occurrences in above-named owner or operator facilities for coverage in the amount of $4M for each occurrence and $8M and annual aggregate.

3. For value received from (owner or operator), guarantor guarantees to any and all third parties who have sustained or may sustain bodily injury or property damage caused by (sudden and/or nonsudden) accidental occurrences arising from operations of the facility(ies) covered by this guarantee that in the event that (owner or operator) fails to satisfy a judgment or award based on a determination of liability for bodily injury or property damage to third parties caused by (sudden and/or nonsudden) accidental occurrences, arising from the operation of the above-named facilities, or fails to pay an amount agreed to in settlement of a claim arising from or alleged to arise from such injury or damage, the guarantor will satisfy such judgment(s), award(s) or settlement agreement(s) up to the limits of coverage identified above.

4. For value received from GE INDUSTRIAL & POWER SYSTEMS (book value), guarantor guarantees to the EPA Regional Administrator for the Region in which the facility is located that in the event that GE INDUSTRIAL & POWER SYSTEMS fails to perform closure, post closure, or corrective action of the above facility(ies) in accordance with the closure plans, post closure plans, or corrective action, permits, and other applicable requirements whenever required to do so, the guarantor shall do so or establish a trust fund as specified in 40 CFR 264.147(g) and 265.147(g) (relating to Trust Fund), in the name of GE INDUSTRIAL & POWER SYSTEMS in the amount of the current cost estimate.

5. Guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, the guarantor fails to meet the financial test criteria, guarantor shall send within 90 days, by certified mail, notice to the EPA Regional Administrator for the Region in which the facility is located and to GE INDUSTRIAL & POWER SYSTEMS that the guarantor intends to provide alternate financial assurance as specified in 40 CFR 264.147(g) and 265.147(g) (relating to Financial Assurance), as applicable, in the name of GE INDUSTRIAL & POWER SYSTEMS. Within 120 days after the end of such fiscal year, the guarantor shall establish such financial assurance GE INDUSTRIAL & POWER SYSTEMS has done so.

6. The guarantor agrees to notify the EPA Regional Administrator for the Region in which the facility is located by certified mail, of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming guarantor as debtor, within 10 days after commencement of the proceeding.

7. Guarantor agrees that within 30 days after being notified by the EPA Regional Administrator for the Region in which the facility is located of a determination that guarantor no longer meets the financial test criteria or is disallowed from continuing as a guarantor of closure, post closure, or corrective action, guarantor shall establish alternate financial assurance as specified in 40 CFR 264.147(g) and 265.147(g) (relating to Financial Assurance Mechanisms for Closure, Post Closure, and Corrective Action), in the name of GE INDUSTRIAL & POWER SYSTEMS, unless GE INDUSTRIAL & POWER SYSTEMS has done so.

8. Guarantor agrees to remain bound under this guarantee notwithstanding any or all of the following: amendment or modification of the closure or post closure plans, or corrective action requirements, amendment or modification of the permit, the extension or reduction of the time of performance, or any other modification or alteration of an obligation of the owner or operator.

9. Guarantor agrees to remain bound under this guarantee for so long as GE INDUSTRIAL & POWER SYSTEMS must comply with the applicable financial assurance requirements of 40 CFR 264.147(g) and 265.147(g) for the above-listed facilities, except as provided in paragraph 10 of this agreement.

10. Guarantor may terminate this guarantee by sending notice by certified mail to EPA Regional Administrator for the Region in which the facility is located and to GE INDUSTRIAL & POWER SYSTEMS, provided that this guarantee may not be terminated unless and until GE INDUSTRIAL & POWER SYSTEMS obtains, and the EPA Regional Administrator for the Region in which the facility is located approves, alternate financial assurance.

11. Guarantor agrees that GE INDUSTRIAL & POWER SYSTEMS fails to provide alternate financial assurance as specified in40 CFR 264.147(g) and 265.147(g), as applicable, and obtain written approval of such assurance from the EPA Regional Administrator for the Region in which the facility is located within 90 days after a notice of termination by the guarantor is received by the EPA Regional Administrator for the Region in which the facility is located from guarantor, guarantor shall provide such alternate financial assurance in the name of the GE INDUSTRIAL & POWER SYSTEMS.

12. Guarantor expressly waives notice of acceptance of this guarantee by the EPA Regional Administrator for the Region in which the facility is located or by GE INDUSTRIAL & POWER SYSTEMS. Guarantor also expressly waives notice of amendments or modifications of the closure plans, post closure plans, or corrective action requirements, and of amendments or modifications of the permit(s).

I hereby certify that the wording of this guarantee is identical to the wording specified in 40 CFR 264.147(g) and 265.147(g) as such regulations were constituted on the date first above written.

Effective date: March 9, 2005
General Electric Corporation

Keith S. Sherin

Keith S. Sherin
Senior Vice President - Finance

Signature of witness or notary: Andrea E. Ramos

A[illegible]REA E. RAMOS
[illegible]OTARY PUBLIC
[illegible]SSION EXPIRES MAR. 31, 2009

CORPORATE GUARANTEE FOR LIABILITY

Guarantee made this 9th day of March, 2005 by the GENERAL ELECTRIC COMPANY, a business corporation organized under the laws of the State of New York, herein referred to as guarantor. This guarantee is made on behalf of UNC CHURCH ROCK of Gallup, NM, which is our subsidiary, to any and all third parties who have sustained or may sustain bodily injury or property damage caused by both sudden and nonsudden accidental occurrences arising from operation of the facility covered by this guarantee.

RECITALS

1. Guarantor meets or exceeds the financial test criteria and agrees to comply with the reporting requirements for guarantors as specified in 40 CFR 264.147(g) and 265.147(g) (relating to Corporate Guarantee for Liability).

2. UNC CHURCH ROCK owns or operates the following facility(ies) covered by this guarantee:

NMD047140256 UNC CHURCH ROCK 9420 McLoed Road, NE, Albuquerque, NM.

This corporate guarantee satisfies third-party liability requirements for both sudden and nonsudden accidental occurrences in above-named owner or operator facilities for coverage in the amount of $4,000,000 for each occurrence and $8,000,000 annual aggregate.

3. For value received from UNC CHURCH ROCK, guarantor guarantees to any and all third parties who have sustained or may sustain bodily injury or property damage caused by both sudden and nonsudden accidental occurrences arising from operations of the facility(ies) covered by this guarantee that in the event that UNC CHURCH ROCK fails to satisfy a judgment or award based on a determination of liability for bodily injury or property damage to third parties caused by both sudden and nonsudden accidental occurrences, arising from the operation of the above-named facilities, or fails to pay an amount agreed to in settlement of a claim arising from or alleged to arise from such injury or damage, the guarantor will satisfy such judgment(s), award(s) or settlement agreement(s) up to the limits of coverage identified above.

4. Such obligation does not apply to any of the following:

   (a) Bodily injury or property damage for which UNC CHURCH ROCK is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that UNC CHURCH ROCK would be obligated to pay in the absence of the contract or agreement.

   (b) Any obligation of UNC CHURCH ROCK under a workers' compensation, disability benefits, or unemployment compensation law or any similar law.

(c) Bodily injury to:

(1) An employee of UNC CHURCH ROCK arising from, and in the course of, employment by UNC CHURCH ROCK; or

(2) The spouse, child, parent, brother, or sister of that employee as a consequence of, or arising from, and in the course of employment by UNC CHURCH ROCK. This exclusion applies:

(A) Whether UNC CHURCH ROCK may be liable as an employer or in any other capacity; and

(B) To any obligation to share damages with or repay another person who must pay damages because of the injury to persons identified in paragraphs (1) and (2).

(d) Bodily injury or property damage arising out of the ownership, maintenance, use, or entrustment to others of any aircraft, motor vehicle or watercraft.

(e) Property damage to:

(1) Any property owned, rented, or occupied by UNC CHURCH ROCK;

(2) Premises that are sold, given away or abandoned by UNC CHURCH ROCK if the property damage arises out of any part of those premises;

(3) Property loaned to UNC CHURCH ROCK;

(4) Personal property in the care, custody or control of UNC CHURCH ROCK;

(5) That particular part of real property on which UNC CHURCH ROCK or any contractors or subcontractors working directly or indirectly on behalf of UNC CHURCH ROCK are performing operations, if the property damage arises out of these operations.

5. Guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, the guarantor fails to meet the financial test criteria, guarantor shall send within 90 days, by certified mail, notice to the EPA Regional Administrator for the Region in which the facility is located and to UNC CHURCH ROCK that guarantor intends to provide alternate liability coverage as specified in 40 CFR 264.147(g) and 265.147(g) (relating to Financial Assurance Mechanisms for Liability), in the name of UNC CHURCH ROCK. Within 120 days after the end of such fiscal year, the

guarantor shall establish such liability coverage unless UNC CHURCH ROCK has done so.

6. The guarantor agrees to notify the EPA Regional Administrator for the Region in which the facility is located by certified mail of a voluntary or involuntary proceeding under title 11 (Bankruptcy), U.S. Code, naming guarantor as debtor, within 10 days after commencement of the proceeding.

7. Guarantor agrees that within 30 days after being notified by the EPA Regional Administrator for the Region in which the facility is located of a determination that guarantor no longer meets the financial test criteria or is disallowed from continuing as a guarantor, guarantor shall establish alternate liability coverage as specified in 40 CFR 264.147(g) and 265.147(g)in the name of UNC CHURCH ROCK, unless UNC CHURCH ROCK has done so.

8. Guarantor reserves the right to modify this agreement to take into account amendment or modification of the liability requirements set by 40 CFR 264.147(g) and 265.147(g) (relating to Financial Assurance Requirements for Liability Coverage), provided that such modification shall become effective only if the EPA Regional Administrator for the Region in which the facility is located does not disapprove the modification within 30 days of receipt of notification of the modification.

9. Guarantor agrees to remain bound under this guarantee for so long as UNC CHURCH ROCK must comply with the applicable requirements of 40 CFR 264.147(g) and 265.147(g)for the above-listed facility(ies), except as provided in Paragraph 10 of this agreement.

10. Guarantor may terminate this guarantee by sending notice by certified mail to the EPA Regional Administrator for the Region in which the facility is located and to UNC CHURCH ROCK provided that this guarantee may not be terminated unless and until UNC CHURCH ROCK obtains, and the EPA Regional Administrator for the Region in which the facility is located approves, alternate financial assurance for liability coverage complying with40 CFR 264.147(g) and 265.147(g).

11. Guarantor hereby expressly waives notice of acceptance of this guarantee by any party.

12. Guarantor agrees that this guarantee is in addition to and does not affect any other responsibility or liability of the guarantor with respect to the covered facilities.

13. The Guarantor shall satisfy a third-party liability claim only on receipt of one of the following documents:

(a) Certification from the Principal and the third-party claimant(s) that the liability claim should be paid. The certification must be worded as follows, except that instructions in parentheses are to be replaced with the relevant information and the parentheses deleted:

CERTIFICATION OF VALID CLAIM

The undersigned, as parties the Principal (name of principal) and (name and address of third-party claimant(s)), hereby certify that the claim of bodily injury and/or property damage caused by a (sudden and/or nonsudden) accidental occurrence arising from operating (Principal's) facility should be paid in the amount of $ (amount).

(Signatures) ______________________________

Principal ________________________________

(Notary) Date _____________________________

(Signature(s)) _____________________________

Claimant(s) ______________________________

(Notary) Date _____________________________

or (b) A valid final court order establishing a judgment against the Principal for bodily injury or property damage caused by sudden or nonsudden accidental occurrences arising from the operation of the Principal's facility or group of facilities.

14. In the event of combination of this guarantee with another mechanism to meet liability requirements, this guarantee will be considered primary coverage.

I hereby certify that the wording of the guarantee is identical to the wording specified in 40 CFR 264.147 and 265.147 as such regulations were constituted on the date shown immediately below.

Effective date: March 9th, 2005
General Electric Company

Keith S. Sherin

Keith S. Sherin
Senior Vice President - Finance

Signature of witness notary: Andrea E. Ramos

ANDREA E. RAMOS
NOTARY PUBLIC
MY [illegible] EXPIRES MAR. 31, 2009

Financial Test for Liability, Closure, Post-closure Coverage

EPA ID #	FACILITY	STREET	CITY	ST
NMD047140256	GE INDUSTRIAL & POWER SYS	4420 MCLOED RD., NE.	ALBUQUERQUE	NM
N/A	UNC CHURCH ROCK	STATE HWY 566	GALLUP	NM

Total # of Facilities: 2

Attachment D

Financial Test for Liability, Closure, Post-closure Coverage

EPA ID #	FACILITY	STREET	CITY	ST	CLOSURE
NMD047140256	GE INDUSTRIAL & POWER SYS	4420 MCLOED RD., NE.	ALBUQUERQUE	NM	2,189,878
N/A	UNC CHURCH ROCK	STATE HWY 566	GALLUP	NM	268,064
Total # of Facilities:		2			2,457,941

Financial Test for Liability, Closure, Post-closure Coverage

EPA ID #	FACILITY	STREET	CITY	ST	ZIP	CLOSURE	POST CLOSURE	TOTAL
CAD009208075	GE INDUSTRIAL & POWER SYS. - SER. (Oakland, CA)	5441 E. 14TH STREET	Oakland	CA	94601	45,096	-	45,096
CAD030584502	Los Angeles, CA	3601 E. LaPALMA AVENUE	ANAHEIM	CA	92806	502,950	-	502,950
CAD981375124	GEAE (PERMIT BY RULE) (ONTARIO, CA)	2264 E. AVION PLACE	ONTARIO	CA	91761	102,149	116,986	219,135
CAD009542721	Ontario	1923 E. AVION STREET	ONTARIO	CA	91761	112,259	-	112,259
CTD000842492	Plainville - HQ, CT	41 WOODFORD ROAD	PLAINVILLE	CT	06062	825,105	2,117,021	2,942,126
CTD001453711	Bridgeport, CT	1285 Boston Avenue	Bridgeport	CT	06601	1,202,650	886,643	2,089,293
GAD003308145	GE ELECTRICAL DISTR. & CONTROL (ROME, GA)	1935 REDMOND CIRC.	ROME	GA	30161	6,888,394	-	6,888,394
ILD005272992	Chicago, IL	830 W. 40th	Chicago	IL	60638	311,766	-	311,766
ILD005443866	Mattoon, IL	1501 S. 19TH STREET	MATTOON	IL	61938	-	-	-
ILD005272992	Morrison, IL	709 W. WALL STREET	MORRISON	IL	91270	318,313	-	318,313
ILD070015714	Chicago, IL (GEER)	6045 S. Nottingham	Chicago	IL	60638	165,525	-	165,525
IND00637636	Mt Vernon IN US	One Lexan Lane	Mt. Vernon	IN	47620	226,822	-	226,822
IND004557815	Fort Wayne - STO, IN	1701 COLLEGE STREET	FORT WAYNE	IN	46802	67,645	-	67,645
IND016360265	AMERICAN CHEMICAL SERVICES (GRIFFITH, IN)	420 S COLFAX AVE	Griffith	IN	46319	1,181,081	-	1,181,081
IAD000678037	Burlington, IA	1404-1418 W. PLEASANT ST.	W.BURLINGTON	IA	52655	261,282	1,199,137	1,460,419
KYD074047556	Madisonville, KY	3050 Nebo Road	Madisonville	KY	42431	-	-	-
KYD006387021	GE APPLIANCES (LOUISVILLE, KY)	APPLIANCE PK. 65-100	Louisville	KY	40225	-	-	-
KYD006938395	GE KENTUCKY GLASS (LEXINGTON, KY)	903 RUSSELL CAVE PIKE	Lexington	KY	40505	425,056	-	425,056
MDD046279311	GE APPLIANCES (COLUMBIA, MD)	9001 SNOWDEN RIVER PKWY	COLUMBIA	MD	21046	-	-	-
MID050676622	GE INDUSTRIAL & POWER SYS. - SERV (RIVERVIEW, MI)	18075 KRAUSE STREET	RIVERVIEW	MI	48192	-	-	-
MSD000742668	GEH SAN (BAY ST. LOUIS, MS)	PORT BIENVILLE IND. PK	Bay St. Louis	MO	39521	405,953	-	405,953
NYD002080034	Waterford NY US	260 Hudson River Rd	Waterford	NY	12188	15,232,150	4,464,192	19,696,342
NYD071094197	Niskayuna, NY	1 Research Circle	Niskayuna	NY	12301	979,065	-	979,065
NYD067539940	Buffalo, NY	175 Milens Road	Tonawanda	NY	14150	457,689	-	457,689
NYD066832023	Selkirk NY US	One Noryl Avenue	Selkirk	NY	12158	640,416	3,918,237	4,558,653
NCD003237948	Hickory, NC	1223 FAIRGROVE CHURCH RD	HICKORY	NC	28601	48,337	7,568,829	7,617,166
OHD048432975	Euclid Speciality - Cleveland, OH	1133 East 152 St.	Cleveland	OH	44110	-	-	-
OHD048111090	GE LIGHTING (JEFFERSON, OH)	85 W. ASTUBULA	JEFFERSON	OH	44047	1,018,603	-	1,018,603
PAD003026903	GE PROPERTY (LANCASTER, PA)	NEW HOLLAND AVENUE	LANCASTER	PA	17604	-	2,025,664	2,025,664
PAD005033055	Erie, PA	2901 E LAKE RD, BLDG 13-2	ERIE	PA	16531	87,070	557,953	645,023
PRD090370537	GE / RCA DEL CARIBE (BARCELONETA, PR)	PR RD #2, KM 59.5	Barceloneta	PR	00617	555,314	-	555,314
PRD090282757	GE LIGHTING (JUANA DIAZ, PR)	CARRION MADMUD URO FINAL	Juana Diaz	PR	00665	78,299	-	78,299
PRD090510793	Palmer, PR	P.O. 377	Palmer	PR	00721	1,240,280	917,008	2,157,288
PRD090492109	Patillas, PR	STATE RD. 3 KM 122.9	Patillos	PR	00723	2,784,421	-	2,784,421
PRD000692582	Vieques, PR	P.O. 187	Vieques	PR	00765	722,653	-	722,653
SCD049126097	Greenville	300 GARLINGTON ROAD	GREENVILLE	SC	29607	-	4,846,890	4,846,890
SCD067002147	Florence SC, Magnet	3001 W. RADIO DRIVE	FLORENCE	SC	29501	-	956,377	956,377
TXD061382206	GE RAILCAR REPAIR SERV. (RANGER, TX)	P.O. 115, TIFFON ROAD	Ranger	TX	76470	-	298,127	298,127
VTD001075894	Rutland, VT	270 Windcrest Road	N. CLARENDON	VT	05759	-	766,458	766,458
WVD004325353	Sistersville, WV	3500 South State Route 2	Friendly	WV	26146	4,431,140	1,184,360	5,615,500
WID006121347	GE APPLIANCES (W. MILWAUKEE, WI)	2205 S. 43RD STREET	W. MILWAUKEE	WI	53219	-	-	-
WID086686003	**Milwaukee WI, U/S (EA)**	**4855 W. ELECTRIC AVENUE**	**MILWAUKEE**	**WI**	**53219**	-	-	-
CONTINGENCY	CONTINGENCY	CONTINGENCY	CONTINGENCY			6,500,000	-	6,500,000
Total # of Facilities:	43					47,817,483	31,823,881	79,641,363

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☑ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2004

or

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __________ to __________

Commission file number 1-35

General Electric Company
(Exact name of registrant as specified in charter)

New York		**14-0689340**
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification No.)
3135 Easton Turnpike, Fairfield, CT	**06828-0001**	**203/373-2211**
(Address of principal executive offices)	(Zip Code)	(Telephone No.)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.06 per share	New York Stock Exchange Boston Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☑ No ☐.

The aggregate market value of the outstanding common equity of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter was $342.1 billion. Affiliates of the Company beneficially own, in the aggregate, less than one-tenth of one percent of such shares. There were 10,599,919,379 shares of voting common stock with a par value of $0.06 outstanding at February 10, 2005.

DOCUMENTS INCORPORATED BY REFERENCE

The Annual Report to Shareowners for the fiscal year ended December 31, 2004 is incorporated by reference in Parts I, II and III to the extent described therein. The definitive proxy statement relating to the registrant's Annual Meeting of Shareowners, to be held April 27, 2005, is incorporated by reference in Part III to the extent described therein.

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Part I

Item 1. Business

General

Unless otherwise indicated by the context, we use the terms "GE," "GECS" and "GE Capital" on the basis of consolidation described in note 1 to the consolidated financial statements on page 78 of the 2004 Annual Report to Shareowners of General Electric Company (the Company). The financial section of such Annual Report to Shareowners (pages 45 through 113 of that document) is described in Part IV Item 15(a)(1) and set forth in Exhibit 13 of this 10-K Report and is an integral part hereof. References in Parts I and II of this 10-K Report are to the page numbers of the 2004 Annual Report to Shareowners. Also, unless otherwise indicated by the context, "General Electric" means the parent company, General Electric Company.

General Electric's address is 1 River Road, Schenectady, NY 12345-6999; we also maintain executive offices at 3135 Easton Turnpike, Fairfield, CT 06828-0001.

GE is one of the largest and most diversified industrial corporations in the world. We have engaged in developing, manufacturing and marketing a wide variety of products for the generation, transmission, distribution, control and utilization of electricity since our incorporation in 1892. Over the years, we have developed or acquired new technologies and services that have broadened considerably the scope of our activities.

Our products include major appliances; lighting products; industrial automation products; medical diagnostic imaging systems; bioscience assays and separation technology products; electrical distribution and control equipment; locomotives; power generation and delivery products; nuclear power support services and fuel assemblies; commercial and military aircraft jet engines; chemicals and equipment for treatment of water and process systems; security equipment and systems; and engineered materials, such as plastics and silicones.

Our services include product services; electrical product supply houses; electrical apparatus installation, engineering, and repair and rebuilding services. Through our affiliate, NBC Universal, Inc., we produce and deliver network television services, operate television stations, produce and distribute motion pictures, operate cable/satellite networks, operate theme parks, and program activities in multimedia and the Internet. Through another affiliate, General Electric Capital Services, Inc., we offer a broad array of financial and other services including consumer financing, commercial and industrial financing, real estate financing, asset management and leasing, mortgage services, consumer savings and insurance services, and specialty insurance and reinsurance.

In virtually all of our global business activities, we encounter aggressive and able competition. In many instances, the competitive climate is characterized by changing technology that requires continuing research and development, as well as customer commitments. With respect to manufacturing operations, we believe that, in general, we are one of the leading firms in most of the major industries in which we participate. The NBC Television Network is one of four major U.S. commercial broadcast television networks. We also compete with syndicated broadcast television programming, cable and satellite television programming activities and in the motion picture industry. The businesses in which GECS engages are subject to competition from various types of financial institutions, including commercial banks, thrifts, investment banks, broker-dealers, credit unions, leasing companies, consumer loan companies, independent finance companies, finance companies associated with manufacturers, and insurance and reinsurance companies.

This document contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from the behavior of financial markets, including fluctuations in interest rates and commodity prices; from future integration of acquired businesses; from future financial performance of major industries which we serve including, without limitation, the air and rail transportation, energy generation and healthcare industries; from unanticipated loss development in our insurance businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

Our consolidated global revenues increased to $71.8 billion in 2004, compared with $60.8 billion in 2003 and $53.4 billion in 2002. For additional information about our global operations, see pages 58 and 59 of the 2004 Annual Report to Shareowners.

Operating Segments

Segment revenue and profit information is presented on page 53 of the 2004 Annual Report to Shareowners. Additional financial data and commentary on recent financial results for operating segments are provided on pages 52-58 of that report and in note 27 (page 103) to the consolidated financial statements.

Operating businesses that are reported as segments include Advanced Materials, Commercial Finance, Consumer Finance, Consumer & Industrial, Energy, Equipment & Other Services, Healthcare, Infrastructure, Insurance, NBC Universal and Transportation. There is appropriate elimination of the net earnings of GECS and the immaterial effect of transactions between segments to arrive at total consolidated data. A summary description of each of our operating segments follows.

Advanced Materials

Advanced Materials (5.4%, 5.3% and 5.3% of consolidated revenues in 2004, 2003 and 2002, respectively) manufactures and sells high-performance plastics used by compounders, molders, and major original equipment manufacturers for use in a variety of applications, including fabrication of automotive parts, computer enclosures, compact disks and optical-quality media, major appliance parts, telecommunications equipment and construction materials. Our products also include structured products, silicones, high-purity quartzware and, until the sale of our Superabrasives business in late 2003, industrial grade and gem quality diamonds. Market opportunities are created by substituting many of these products for other materials, thereby providing our customers with productivity through improved material performance at lower system costs. We sell these materials to a diverse, worldwide customer base, mainly manufacturers. Our business has a significant operating presence around the world and we participate in numerous manufacturing and distribution joint ventures. In 2003, we acquired OSi Specialties, a leading, global supplier of silanes, specialty silicones and urethane additives, and we divested our Specialty Chemicals and Superabrasives units.

Our business environment is characterized by technological innovation and heavy capital investment. To remain competitive we must maintain emphasis on efficient manufacturing process implementation and devote significant resources to market and application development. Our competitors include large, technology-driven suppliers of the same, as well as other functionally similar, materials. Our business is cyclical and is sensitive to variations in price and to the effects of supply/demand factors on the cost of raw materials such as benzene, cumene and methanol. Competition is affected by availability of manufacturing capacity and anticipation of new product or material performance requirements. Our application development, often in association with our existing or potential customers, and associated technology assistance have added additional market demand. Product and manufacturing process patents establish barriers to entry in many product lines.

Our headquarters are in Pittsfield, Massachusetts and our operations are located in North America, Asia, Europe, and South America.

Commercial Finance

Commercial Finance (15.4%, 15.5% and 14.8% of consolidated revenues in 2004, 2003, and 2002, respectively) offers a broad range of financial services worldwide. We have particular expertise in the mid-market, and offer loans, leases, and other financial services to customers, including manufacturers, distributors and end-users, for a variety of equipment and major capital assets. These assets include industrial and energy-related facilities and equipment; commercial and residential real estate; vehicles; aircraft; and equipment used in many industries, including the construction, manufacturing, telecommunications and healthcare industries.

During 2004, we acquired the commercial lending business of Transamerica Finance Corporation; the U.S. leasing business of IKON Office Solutions; Sophia, S.A., a real estate company in France; and Benchmark Group PLC, a U.K.-listed real estate property company.

We operate in a highly competitive environment. Our competitors include commercial banks, investment banks, leasing companies, financing companies associated with manufacturers and independent finance companies. Competition is based on price, that is interest rates and fees, as well as deal structure and terms. Profitability is affected not only by broad economic conditions that affect customer credit quality and the availability and cost of capital, but also by successful management of credit risk, operating risk and market risks such as interest rate and currency exchange risks. Success requires high quality risk management systems, customer and industry specific knowledge, diversification, service and distribution channels, strong collateral and asset management knowledge, deal structuring expertise and the ability to reduce costs through technology and productivity.

We provide additional information on two of our segment product lines, Real Estate (commercial real estate financing) and Aviation Services (commercial aircraft financing). Each of these product lines finances a single form of collateral, and each has understandable concentrations of risk and opportunities.

Real Estate

Our Real Estate product line operates globally, both directly and through joint ventures. Our Real Estate business finances, with both equity and loan structures, the acquisition, refinancing and renovation of office buildings, apartment buildings, self storage facilities, retail facilities, industrial properties, parking facilities and franchise properties. Our typical Real Estate loans are intermediate term, may be either senior or subordinated, fixed or floating-rate, and are secured by existing income-producing commercial properties. Our originations of low loan-to-value loans are conducted for term securitization within one year. We invest in, and provide restructuring financing for, portfolios of mortgage loans, limited partnerships and tax-exempt bonds.

Aviation Services

Our Aviation Services product line is a global commercial aviation financial services business that offers a broad range of financial products to airlines, aircraft operators, owners, lenders and investors. Financial products include leases, aircraft purchasing and trading, loans, engine/spare parts financing, pilot training, fleet planning and financial advisory services.

Our headquarters are in Stamford, Connecticut with offices throughout North America, South America, Europe and Asia.

Consumer Finance

Consumer Finance (10.3%, 9.6% and 7.8% of consolidated revenues in 2004, 2003 and 2002, respectively) is a leading provider of credit products and services to consumers, retailers and auto dealers in 41 countries. We offer a broad range of financial products, including private-label credit cards; personal loans; bank cards; auto loans, leases and inventory financing; residential mortgages; corporate travel and purchasing cards; debt consolidation loans; home equity loans; and credit and other insurance products for customers on a global basis.

In 2004, as part of our continued global expansion, we acquired Australian Financial Investments Group, a residential mortgage lender in Australia; WMC Finance Co., a U.S. wholesale mortgage lender; and the private-label credit card portfolio of Dillard's Inc.

Our operations are subject to a variety of bank and consumer protection regulations, including regulations controlling data privacy. Further, a number of countries have ceilings on rates chargeable to consumers in financial service transactions. We are subject to competition from various types of financial institutions including commercial banks, leasing companies, consumer loan companies, independent finance companies, manufacturers' captive finance companies, and insurance companies. Industry participants compete on the basis of price, servicing capability, promotional marketing, risk management, and cross selling. The markets in which we operate are also subject to the risks of declining retail sales, changes in interest and currency exchange rates, and increases in personal bankruptcy filings.

Our headquarters are in Stamford, Connecticut and our operations are located in the North America, Europe, Asia, South America and Australia.

Consumer & Industrial

Consumer & Industrial (9.0%, 9.6% and 9.7% of consolidated revenues in 2004, 2003 and 2002, respectively) sells products characterized by high volume and relatively low unit prices. Our products share several characteristics – competitive design, efficient manufacturing and effective distribution and service. Strong global competition rarely permits premium pricing, so cost control, including productivity, is key. Despite pricing pressures on many of our products, we also invest in the development of differentiated, premium products that are more profitable. The combination of three separate industrial businesses provides scale and facilitates synergies in headquarter, back office and distribution channel costs. While some Consumer & Industrial products are primarily directed to consumer applications (appliances, for example), and some primarily to industrial applications (switchgear, for example), others are directed to both markets (lighting, for example).

Our headquarters are in Louisville, Kentucky and our operations are located in North America, Europe, Asia and South America.

We describe the segment according to market channel – Consumer, and Industrial including GE Supply.

Through our Consumer business, we sell and service home appliances including refrigerators, freezers, electric and gas ranges, cooktops, dishwashers, clothes washers and dryers, microwave ovens, room air conditioners, and residential water systems for filtration, softening and heating. Brands are Monogram®, GE Profile™, GE®, and Hotpoint®.

We manufacture certain products, and also source finished product and component parts from third-party global manufacturers. A large portion of our appliances sales are through a variety of retail outlets for replacement of installed units. Residential building contractors installing units in new construction are our second major U.S. channel. We offer the largest manufacturer's service organization in the appliances industry, providing in-home repair, extended service plans, warranty administration and risk management services. We also manufacture and sell approximately 6,000 different lamp products for commercial, industrial and consumer markets, including full lines of incandescent, halogen, fluorescent, high-intensity discharge, light-emitting diode, automotive and miniature products.

Our Industrial business provides integrated electrical equipment and systems used to distribute, protect and control energy and equipment. We manufacture and distribute electrical distribution and control products including transformers, meters, relays, circuit breakers, panel boards and general purpose controls that are used to distribute and manage power in a variety of residential, commercial, consumer and industrial applications. In addition, we design and manufacture motors and control systems used in end-industrial and consumer products such as heating, ventilation and air conditioning, dishwashers, and clothes washers and dryers. We also provide customer-focused solutions centered on the delivery and control of electric power, and market a wide variety of commercial lighting systems and lighting for aircraft, automotive and other transportation applications, front and rear projection, video projection, medical, architectural, fiber optic, stage, studio, nightclub and theater applications.

The aggregate level of economic activity in markets for such products and services generally lag overall economic slowdowns as well as subsequent recoveries. In the United States, industrial markets are undergoing significant structural changes reflecting, among other factors, increased international competition and pressures to modernize productive capacity.

Our GE Supply business is a network of electrical product supply houses selling electrical products and parts, fasteners, voice and datacom parts, lighting equipment and supplies from GE and other leading manufacturers. Our business serves electrical contractors, industrial and commercial users, engineer constructors, original equipment manufacturers, utilities and the aerospace industry.

Energy

Energy (11.4%, 14.2% and 17.9% of consolidated revenues in 2004, 2003 and 2002, respectively) serves power generation, industrial, government and other customers worldwide with products and services related to energy production, distribution and management. In 2003, we made several acquisitions including Jenbacher A.G. of Austria. These acquisitions continue to improve our ability to serve our global customers and further add to the portfolio of complete solutions for the energy industry. The acquisition of Jenbacher A.G. added reciprocating gas engines to the portfolio. We offer wind turbines as part of our renewable energy portfolio, which also includes hydropower, solar, and geothermal technology. We also sell aircraft engine derivatives for use as industrial power sources. This activity is also reported in the Transportation segment. Gas turbines and generators are used principally in power plants for generation of electricity and for industrial cogeneration and mechanical drive applications. We are a worldwide supplier of gas turbines for Integrated Gasification Combined Cycle (IGCC) applications, having provided gas turbines for a significant number of the world's operating IGCC plants. IGCC systems convert coal and other hydrocarbons into synthetic gas which, after cleanup, is used as the primary fuel for gas turbines in combined-cycle systems. IGCC systems produce fewer air pollutants compared to traditional pulverized coal power plants. Our Oil and Gas business offers advanced technology turbomachinery products and services for production, liquid natural gas, transportation, storage, refineries, petrochemical and distribution systems. We have leading technology in total pipeline integrity solutions including analysis and pipeline asset management. We sell steam turbines and generators to the electric utility industry and to private industrial customers for cogeneration applications. Nuclear reactors, fuel and support services for both new and installed boiling water reactors are also a part of this segment. We provide our customers with total solutions to meet their needs through a complete portfolio of aftermarket services, including equipment upgrades, contractual services agreements, repairs, equipment installation, monitoring and diagnostics, asset management and performance optimization tools, remote performance testing and Dry Low NOx (DLN) tuning. We continue to invest in advanced technology development that will provide more value to our customers and more efficient solutions that comply with today's strict environmental regulations.

Worldwide competition for power generation products and services is intense. Demand for most power generation products and services is global and, as a result, is sensitive to the economic and political environment of each country in which we do business. Regional load growth requirements and demand side management are important factors. The availability of fuels and related prices have a large impact on demand. For information about orders and backlog, see page 55 of the 2004 Annual Report to Shareowners.

Our headquarters are in Atlanta, Georgia, and our operations are located in North America, Europe, South America and Asia.

Equipment & Other Services

Equipment & Other Services (5.6%, 3.3% and 4.2% of consolidated revenues in 2004, 2003 and 2002, respectively) helps customers manage, finance and operate a wide variety of business equipment worldwide. We provide rentals, leases, sales, asset management services and loans for portfolios of commercial and transportation equipment, including tractors, trailers, railroad rolling stock, modular space units, intermodal shipping containers and marine containers. Our operations are conducted in highly competitive markets. Economic conditions, geographic location, pricing and equipment availability are important factors in this business. Future success will depend upon our ability to maintain a large and diverse customer portfolio, optimize asset mix, maximize asset utilization and manage credit risk. In addition, we seek to understand our customers and to meet their needs with unique, efficient and cost effective product and service offerings.

In December 2004, we sold a majority interest in Gecis, our global business processing operation, to two leading private investment firms. We retained a 40% investment in Gecis.

Also included in the segment are activities and businesses that are not measured within one of the other financial services segments – for example, corporate expenses, liquidating businesses and other non-segment aligned operations.

Our headquarters are in Stamford, Connecticut with offices throughout North America and in South America and Europe.

Healthcare

Healthcare (8.8%, 7.6% and 6.8% of consolidated revenues in 2004, 2003 and 2002, respectively) manufacturers, sells and services a wide range of medical equipment including equipment for magnetic resonance (MR), computed tomography (CT), Positron Emission Tomography (PET) imaging, x-ray, patient monitoring, diagnostic cardiology, nuclear imaging, ultrasound, bone densitometry, anesthesiology and oxygen therapy, neonatal and critical care, and therapy. In April 2004, we acquired Amersham plc, a world leader in medical diagnostics and life sciences. Products include diagnostic imaging agents used in medical scanning procedures, protein separations products including chromotography purification systems used in the manufacture of bio-pharmaceuticals, and high-throughput systems for applications in genomics, proteomics and bioassays. We sell product services to hospitals, medical facilities, and pharmaceutical and research companies worldwide. Our product services include remote diagnostic and repair services for medical equipment manufactured by GE and by others, as well as computerized data management and customer productivity services.

We compete with a variety of U.S. and non-U.S. manufacturers and services operations. Technological competence and innovation, excellence in design, high product performance, quality of services and competitive pricing are among the key factors affecting competition for these products and services. Throughout the world, we play a critical role in delivering new technology to improve patient outcomes and productivity tools to help control healthcare costs.

For information about orders and backlog, see page 56 of the 2004 Annual Report to Shareowners.

Our headquarters are in Chalfont St. Giles, United Kingdom and our operations are located in North America, Europe, Asia, Australia and South America.

Infrastructure

Infrastructure (2.3%, 2.3% and 1.4% of consolidated revenues in 2004, 2003 and 2002, respectively) is a high-technology platform comprising some of our fastest-growing businesses. We offer protection and productivity solutions to some of the most pressing issues that industries face: pure water, safe facilities, plant automation and sensing applications in the operating environment. From home to industry to national security, our technology covers the full spectrum of security solutions, including card access systems, high-tech video monitoring, intrusion and smoke detection, real estate and property control and explosives and narcotics detection. We are an industry leader in the design and manufacture of sensing elements, devices, instruments and systems that enable customers to monitor, protect, control and ensure the safety of their critical applications. Other product services include precision sensors for temperature flow rate, pressure, humidity, gas, infrared and ultrasonic applications; high-quality handheld and portable field calibrators; stand-alone measurement instrumentation; and systems that provide the end-to-end solutions necessary to validate or certify vital processes. We supply specialty chemicals, pumps, valves, filters and fluid handling equipment for improving the performance of water, wastewater and process systems. We deliver automation hardware and software designed to help users reduce costs, increase efficiency and enhance profitability through a diverse array of capabilities and products, including controllers, embedded systems, advanced software, motion control, computer numerical controls, operator interfaces, industrial computers, and lasers.

Our products and services are sold to a diverse worldwide commercial and residential customer base in the transportation, industrial, pharmaceutical and healthcare markets. Our business environment is characterized by technological innovation and market growth. Our competitors include technology-driven suppliers of the same, as well as other functionally equivalent, products and services.

Our headquarters are in Wilton, Connecticut and our operations are located in North America, South America, Europe and Asia.

Insurance

Insurance (15.1%, 19.5% and 17.6% of consolidated revenues in 2004, 2003 and 2002, respectively) offers a broad range of insurance and investment products that provide reinsurance and primary commercial insurance products to insurance companies, Fortune 100 companies, self-insurers and healthcare providers, and help consumers create and preserve personal wealth, protect assets and enhance their life styles. For lenders and investors, we provide protection against the risks of default on low-down-payment mortgages.

Our Insurance businesses are subject to intense competition. We believe the principal competitive factors in the sale of our products are service, brand, product features, price, commission structure, marketing and distribution arrangements, reputation, and financial strength ratings. In the commercial insurance and reinsurance sector, we are well positioned to compete in select niche market segments given our expertise, analytics capabilities and service. In the consumer sector, we believe we are well positioned to benefit from a number of significant demographic, governmental and market trends, including aging U.S. populations with growing retirement income needs and increased risk of outliving their savings, growing lifestyle protection gaps, and increasing opportunities for mortgage insurance in the U.S. and other countries.

Our headquarters are in Kansas City, Missouri with offices throughout North America, Europe, South America, Australia, and Asia.

In May 2004, we completed the initial public offering of Genworth Financial, Inc. (Genworth), our formerly wholly-owned subsidiary that conducts most of our consumer insurance business, including life and mortgage insurance operations. We sold approximately 30% of the common shares of Genworth to the public, and we expect (subject to market conditions) to reduce our ownership over the next two years as Genworth transitions to full independence.

GE Insurance Solutions Corporation

Through our principal insurance and reinsurance company affiliates, Employers Reinsurance Corporation (ERC), GE Reinsurance Corporation, the GE Frankona Group and the Medical Protective Corporation, we protect people, property and reputations by writing substantially all lines of reinsurance, where the insured party is another insurance company, and select lines of direct property and casualty insurance, where the insured party is a non-insurance company or an individual.

Our reinsurance operations include the reinsurance of property and casualty risks written by more than 1,000 insurers around the world. Direct insurance operations are focused on niche lines of business, principally medical malpractice coverage for physicians and dentists, medical professional liability for hospitals, errors and omissions coverage for insurance agents and brokers, professional liability insurance for attorneys, excess indemnity for self-insurers of medical benefits, excess workers compensation for self-insurers, as well as coverage for airlines, airline manufacturers and marine enterprises. Our life reinsurance affiliates are engaged in the reinsurance of life insurance products, including term, whole and universal life, annuities, certain health-related coverages and the provision of financial reinsurance to life insurers. During 2003, we announced our intent to scale back our life reinsurance operations to improve overall returns. Consequently, we ceased writing new life reinsurance business in the United States and sold one of our United States life reinsurance businesses – ERC Life Reinsurance Corporation.

ERC is one of the largest competitors in its marketplace. Our property and casualty reinsurance operations are ranked fourth in the world in terms of net premiums written and we compete with the world's largest reinsurers as well as dozens of smaller niche competitors.

NBC Universal

NBC Universal, Inc. (NBC Universal) (8.5%, 5.1% and 5.4% of consolidated revenues in 2004, 2003 and 2002, respectively) was formed in May 2004 upon the combination of NBC with Vivendi Universal Entertainment LLLP and certain related assets. NBC Universal is principally engaged in the broadcast of network television services to affiliated television stations within the United States; the production of live and recorded television programs; the production and distribution of motion pictures; the operation, under licenses from the Federal Communications Commission (FCC), of television broadcasting stations; the ownership of several cable/satellite networks around the world; the operation of theme parks; and investment and programming activities in multimedia and the Internet. The NBC Television Network is one of four major U.S. commercial broadcast television networks and serves more than 230 affiliated stations within the United States. Telemundo is a leading U.S. Spanish-language commercial broadcast television network. At December 31, 2004, we owned and/or operated 29 VHF and UHF television stations including those located in Birmingham, AL; Los Angeles, CA; San Diego, CA; Hartford, CT; Miami, FL; Chicago, IL; New York, NY; Raleigh-Durham, NC; Columbus, OH; Philadelphia, PA; Providence, RI; Dallas, TX; and Washington, DC. Broadcasting operations of the NBC Television Network, the Telemundo network, and the company's owned stations are subject to FCC regulation. Our operations include investment and programming activities in cable television, principally through USA Network, Bravo, CNBC, SCI FI Channel, MSNBC, CNBC Europe, CNBC Asia Pacific, and entertainment channels across Europe and Latin America; equity investments in Arts and Entertainment, The History Channel, the Sundance Channel, ValueVision Media, Inc.; and a non-voting interest in Paxson Communications Corporation. Through a strategic alliance with Dow Jones, we operate CNBC Europe and CNBC Asia Pacific using the European and Asian business news resources of Dow Jones, and we use Dow Jones editorial resources in the United States. We have secured exclusive United States television rights to the 2006, 2008, 2010 and 2012 Olympic Games.

Our headquarters are in New York, New York and our operations are located in North America and Europe.

Transportation

Transportation (10.2%, 10.1% and 10.4% of consolidated revenues in 2004, 2003 and 2002, respectively) produces, sells and services equipment for the air and rail transportation industries.

We describe the segment according to market channel – Aircraft Engines and Rail.

For information about orders and backlog, see page 57 of the 2004 Annual Report to Shareowners.

Our Aircraft Engines business produces, sells and services jet engines, turboprop and turbo shaft engines, and related replacement parts for use in military and commercial aircraft. Our military engines are used in a wide variety of aircraft including fighters, bombers, tankers, helicopters and surveillance aircraft and our commercial engines power aircraft in all categories of range: short/medium, intermediate and long-range, as well as executive and regional aircraft. We also produce engines through CFM International, a company jointly owned by GE and Snecma Moteurs of France, and a new engine is being designed and marketed in a joint venture with the Pratt & Whitney division of United Technologies Corporation.

We provide maintenance, component repair and overhaul services (MRO), including sales of replacement parts, for many models of engines, including repair and overhaul of engines manufactured by competitors. We also manufacture aircraft engine derivatives used for marine propulsion, mechanical drives and industrial power generation sources, the latter of which is also reported as part of the Energy segment. In December 2003, we completed the acquisition of the non-destructive testing (NDT) business of Agfa-Gevaert. This business has been combined with Aircraft Engines' NDT business to offer radiographic, ultrasonic, eddy current and other inspection solutions that test the structure and tolerance of materials without damaging them.

The worldwide competition in aircraft jet engines and MRO (including parts sales) is intense. Both U.S. and export markets are important. Product development cycles are long and product quality and efficiency are critical to success. Research and development expenditures, both customer-financed and internally funded, are important in this business, as are focused intellectual property strategies and protection of key aircraft engine design, manufacture, repair and product upgrade technologies.

Potential sales for any engine are limited by, among other things, its technological lifetime, which may vary considerably depending upon the rate of advance in technology, the small number of potential customers and the limited number of relevant airframe applications. Aircraft engine orders tend to follow military and airline procurement cycles, although cycles for military and commercial engine procurement are different.

Our Rail business provides technology solutions for customers in a variety of industries including railroad, transit, mining, oil and gas, power generation, and marine. We serve customers in more than 100 countries. Our products include high horsepower diesel-electric locomotives as well as parts and services for locomotives, including locomotives manufactured by competitors.

With the launch of the Evolution Series™ Locomotive, we created our most technologically advanced, most fuel-efficient, diesel locomotive, while meeting or exceeding the EPA's Tier II requirements. Commercial production of the GE Evolution Series™ locomotive began in January 2005.

The GE suite of locomotive service offerings, designed to improve fleet efficiency and reduce operating expenses, includes repair services, locomotive enhancements, modernizations, and information-based services like remote monitoring and diagnostics. We provide train control products, railway management services, and signaling systems to increase service levels, optimize asset utilization, and streamline operations for railroad owners and operators by delivering leading edge tools that improve asset availability and reliability, optimize network planning, and control network execution to plan. We also offer leading drive technology solutions to the mining, transit, marine and stationary and drilling industries. Our motors operate in thousands of applications, from electrical drive systems for large haulage trucks used in the mining industry to transit cars and drilling rigs, and our engines are used for marine power as well as stationary power generation applications. We also provide gearing technology for critical applications such as wind turbines.

Our headquarters are in Evendale, Ohio and our operations are located in North America, Europe, Asia and South America.

Geographic Data, Exports from the U.S. and Total Global Operations

Geographic data (based on the location of the Company operation supplying goods or services and including exports from the U.S. to unaffiliated customers) are reported in note 27 to the consolidated financial statements on page 103 of the 2004 Annual Report to Shareowners.

Additional financial data about our exports from the U.S. and total global operations are provided on pages 58-59 of the 2004 Annual Report to Shareowners.

Orders Backlog

See pages 55, 56, 57 and 68 of the 2004 Annual Report to Shareowners for information about our backlog of unfilled orders.

Research and Development

Total expenditures for research and development were $3,091 million in 2004. Total expenditures were $2,656 million in 2003 and $2,631 million in 2002. Of these amounts, $2,443 million in 2004 was GE-funded ($2,103 million in 2003 and $2,215 million in 2002); and $648 million in 2004 was funded by customers ($553 million in 2003 and $416 million in 2002), principally the U.S. government. Transportation accounts for the largest share of GE's research and development expenditures from both GE and customer funds. Healthcare and Energy also made significant expenditures of GE and customer research and development funds.

Approximately 14,800 person-years of scientist and engineering effort were devoted to research and development activities in 2004, with about 90% of the time involved primarily in GE-funded activities.

Environmental Matters

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

We have developed and implemented environmental, health and safety management systems at all of our facilities and track our performance. Since 1996, we have reduced employee injuries by over 75% as well as reducing air and wastewater exceedances and emissions at our facilities. We also actively participate in various programs that recognize facilities with health and safety programs that exceed legal requirements, including the United States Occupational Safety and Health Administration's Voluntary Protection Program (VPP), as well as a similar government program in Mexico. Participation in these programs requires government audits to verify our comprehensive health and safety management systems. We are a leading participant in the U.S. VPP program with 89 sites, and have an additional 20 sites participating in the Mexico program. We have a Global Star program designed to recognize sites with world-class health and safety programs in those countries without government VPP programs. Our 56 Global Star sites have passed a rigorous evaluation conducted by GE internal health and safety experts. We also have 89 sites accredited by outside auditors under the ISO 14000 Standard for Environmental Management Systems.

Over the last two years we spent a total of about $0.1 billion for capital projects related to the environment. These amounts exclude expenditures for remediation actions, which are principally expensed and are 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, we expect our capital expenditures other than for remediation projects to total about $0.1 billion over the next two years for new or expanded programs to build facilities or modify manufacturing processes to minimize waste and reduce emissions.

We also are 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 $0.1 billion in each of the last two years. We presently expect that such remediation actions will require average annual expenditures in the range of $0.1 billion to $0.2 billion over the next two years.

The U.S. Environmental Protection Agency (EPA) ruled in February 2002 that approximately 150,000 pounds of polychlorinated biphenyls (PCBs) must be dredged from a 40-mile stretch of the upper Hudson River in New York State. We have submitted what is known as a "Good Faith Offer" under the Superfund law and continue to cooperate and negotiate with the EPA in the implementation of this ruling. Pursuant to negotiated agreements, we have conducted extensive sampling of the project area to determine the location of PCBs that may be dredged and have agreed to undertake the design and engineering of the remedy. The agreements also provide for the reimbursement of certain EPA costs expended in the past and which would be expended in the future. The remedial design and engineering activities are scheduled to be completed during 2006. Negotiations continue concerning performance of the remedial work. Our Statement of Financial Position as of December 31, 2004 and 2003, included liabilities for the estimated costs of this remediation.

See pages 59 and 98 of the 2004 Annual Report to Shareowners for additional discussion of environmental matters.

Employee Relations

At year-end 2004, General Electric Company and consolidated affiliates employed 307,000 persons, of whom approximately 165,000 were employed in the United States. For further information about employees, see page 67 of the 2004 Annual Report to Shareowners.

Approximately 23,700 GE manufacturing and service employees in the United States are represented for collective bargaining purposes by a total of approximately 150 different local collective bargaining groups. A majority of such employees are represented by union locals that are affiliated with, and bargain in conjunction with, the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers (IUE/CWA-AFL-CIO). During 2003, General Electric Company negotiated four-year contracts with unions representing a substantial majority of those United States employees who are represented by unions. Most of these contracts will terminate in June 2007. NBC Universal is party to approximately 160 labor agreements covering about 3,500 staff employees (and a large number of freelance employees) in the United States. These agreements are with various labor unions, expire at various dates and are generally for a term ranging from three to five years.

Executive Officers

See Part III, Item 10 of this 10-K Report for information about Executive Officers of the Registrant.

Other

Because of the diversity of our products and services, as well as the wide geographic dispersion of our production facilities, we use numerous sources for the wide variety of raw materials needed for our operations. We have not been adversely affected by the inability to obtain raw materials.

We own, or hold licenses to use, numerous patents. New patents are continuously being obtained through our research and development activities as existing patents expire. Patented inventions are used both within the Company and are licensed to others, but no operating segment is substantially dependent on any single patent or group of related patents.

Agencies of the U.S. Government constitute our largest single customer. An analysis of sales of goods and services as a percentage of revenues follows:

	% of Consolidated Revenues			% of GE Revenues		
	2004	2003	2002	2004	2003	2002
Total sales to U.S. Government Agencies	2%	2%	2%	4%	4%	4%
Transportation segment defense-related sales	2	2	2	3	3	3

GE is a trademark and service mark of General Electric Company; NBC is a trademark and service mark of NBC Universal, Inc.; and MSNBC is a trademark and service mark of MSNBC Cable, LLC.

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available, without charge, on our website, www.ge.com/en/company/investor/secfilings.htm, as soon as reasonably practicable after they are filed electronically with the SEC. Copies are also available, without charge, from GE Corporate Investor Communications, 3135 Easton Turnpike, Fairfield, CT 06828.

Item 2. Properties

Manufacturing operations are carried out at approximately 231 manufacturing plants located in 40 states in the United States and Puerto Rico and at 293 manufacturing plants located in 36 other countries.

Item 3. Legal Proceedings

In compliance with SEC disclosure requirements, the following are environmental proceedings involving potential monetary sanctions of $100,000 or greater.

On April 16, 2004, the New York Department of Environmental Conservation (DEC) informed us that it would be seeking $97,800 in penalties for violations by our Waterford, NY facility of the State of New York's water and hazardous waste laws. In July 2004, DEC informed us that it was dropping certain allegations and including others pertaining to the reporting of information and increasing its penalty demand to $117,000. We are currently engaged in settlement discussions with the DEC.

On October 18, 2004, the California Department of Pesticide Registration informed us that it would be seeking $202,959 in penalties for violations by our Betz Water business of the State of California's pesticide registration requirements. The California Department of Pesticide Registration has since reduced its penalty demand to $160,000, and settlement discussions are continuing.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Part II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

With respect to "Market 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 The Stock Exchange, London and on Euronext Paris. Trading prices, as reported on the New York Stock Exchange, Inc., Composite Transactions Tape, and dividend information follow:

	Common stock market price		Dividends
(In dollars)	High	Low	declared
2004			
Fourth quarter	$37.75	$32.65	$.22
Third quarter	34.53	31.42	.20
Second quarter	33.49	29.55	.20
First quarter	34.57	28.88	.20
2003			
Fourth quarter	$31.30	$27.37	$.20
Third quarter	32.42	26.90	.19
Second quarter	31.66	25.50	.19
First quarter	28.00	21.30	.19

As of January 31, 2005, there were about 660,000 shareowner accounts of record.

Period	Total number of shares purchased[a]	Average price paid per share	Total number of shares purchased as part of our share repurchase program[b]	Approximate dollar value of shares that may yet be purchased under our share repurchase program
(Shares in thousands)				
2004				
October	6,154	$33.98	705	
November	6,925	$35.40	325	
December	2,791	$36.63	1,040	
Total	15,870	$35.06	2,070	$ 15.0 billion

(a) This category includes 13,800 thousand shares repurchased from our various benefit plans, primarily the GE Savings and Security Program (the S&SP). Through the S&SP, a defined contribution plan with 401(k) features, we repurchase shares resulting from changes in investment options by plan participants.

(b) Of the total 2,070 thousand shares, 1,230 thousand shares were repurchased through the 1994 GE Share Repurchase Program (the '94 Program) under which we were authorized to repurchase up to $30 billion of Company common stock. The '94 Program was closed out in December 2004, after a total of 1,109 million shares were purchased at an aggregate cost of approximately $23 billion. In December 2004, our Board of Directors authorized a new three year, $15 billion share repurchase program (the Program). A total of 840 thousand shares were purchased under this program in December 2004. The Program is flexible and shares are acquired with a combination of borrowings and free cash flow. As major acquisitions or other circumstances warrant, we modify the frequency and amount of share repurchases under the Program.

Item 6. Selected Financial Data

Incorporated by reference to data for revenues; net earnings; net earnings per share (basic and diluted); dividends declared; dividends declared per share; long-term borrowings; and total assets appearing on page 67 and for data relating to mandatorily redeemable preferred shares appearing on page 95 of the Annual Report to Shareowners for the fiscal year ended December 31, 2004.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Incorporated by reference to pages 48-52 and 54-71 of the Annual Report to Shareowners for the fiscal year ended December 31, 2004.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Incorporated by reference to page 62 of the Annual Report to Shareowners for the fiscal year ended December 31, 2004.

Item 8. Financial Statements and Supplementary Data

See index under item 15.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures and internal control over financial reporting and concluded that (i) our disclosure controls and procedures were effective as of December 31, 2004 and (ii) no change in internal control over financial reporting occurred during the quarter ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

Management's annual report on internal control over financial reporting and the report of independent registered public accounting firm are incorporated by reference to page 47 of the Annual Report to Shareowners for the fiscal year ended December 31, 2004.

Item 9B. Other Information

Not applicable.

Part III

Item 10. Directors and Executive Officers of the Registrant

Executive Officers of the Registrant (As of March 1, 2005)

Name	Position	Age	Date assumed Executive Officer Position
Jeffrey R. Immelt	Chairman of the Board and Chief Executive Officer	49	January 1997
Philip D. Ameen	Vice President and Comptroller	56	April 1994
Ferdinando Beccalli-Falco	Senior Vice President, GE International	55	September 2003
Charlene T. Begley	Vice President, GE Transportation	38	January 2003
David L. Calhoun	Senior Vice President, GE Transportation	47	June 1995
James P. Campbell	Senior Vice President, GE Consumer & Industrial, Americas	47	April 2001
William H. Cary	Vice President, Corporate Investor Relations	45	March 2003
Kathryn A. Cassidy	Vice President and GE Treasurer	50	March 2003
William M. Castell	Vice Chairman of the Board and Executive Officer	57	April 2004
William J. Conaty	Senior Vice President, Human Resources	59	October 1993
Pamela Daley	Vice President, Corporate Business Development	52	July 2004
Dennis D. Dammerman	Vice Chairman of the Board and Executive Officer	59	March 1984
Brackett B. Denniston	Vice President and General Counsel	57	February 2004
Scott C. Donnelly	Senior Vice President, Global Research	43	August 2000
Shane Fitzsimons	Vice President, Financial Planning and Analysis	37	February 2004
Yoshiaki Fujimori	Senior Vice President, GE Consumer Finance, Asia	53	June 2001
Arthur H. Harper	Senior Vice President, GE Equipment Services	49	September 2002
Benjamin W. Heineman, Jr.	Senior Vice President, Law and Public Affairs and Secretary	61	September 1987
Joseph M. Hogan	Senior Vice President, GE Healthcare Technologies	47	November 2000
John Krenicki, Jr.	Senior Vice President, GE Advanced Materials	42	March 2000
Michael A. Neal	Senior Vice President, GE Commercial Finance	51	September 2002
David R. Nissen	Senior Vice President, GE Consumer Finance	53	September 2002
James A. Parke	Senior Vice President, and Chief Financial Officer, GE Capital	59	September 2002
Ronald R. Pressman	Senior Vice President, GE Insurance Solutions	46	September 2002
Gary M. Reiner	Senior Vice President and Chief Information Officer	50	January 1991
John G. Rice	Senior Vice President, GE Energy	48	September 1997
Keith S. Sherin	Senior Vice President, Finance and Chief Financial Officer	46	January 1999
Lloyd G. Trotter	Senior Vice President, GE Consumer & Industrial	59	November 1992
William A. Woodburn	Senior Vice President, GE Infrastructure	54	June 2001
Robert C. Wright	Vice Chairman of the Board and Executive Officer	61	July 2000

All Executive Officers are elected by the Board of Directors for an initial term which continues until the Board meeting immediately preceding the next annual statutory meeting of shareowners, and thereafter are elected for one-year terms or until their successors have been elected. All Executive Officers have been executives of GE for the last five years except Sir William M. Castell. Prior to joining GE in April 2004, Sir William Castell was the CEO of Amersham plc, since 1989.

The policies comprising GE's code of conduct are set forth in the Company's integrity manual, *Integrity: The Spirit and the Letter of Our Commitment*. These policies satisfy the SEC's requirements for a "code of ethics," and apply to all directors, officers and employees. The integrity manual is published on the integrity section of the Company's website at *www.ge.com*. The board will not permit any waiver of any ethics policy for any director or executive officer.

The remaining information called for by this item is incorporated by reference to "Election of Directors," "Board of Directors and Committees," "Information Relating to Directors, Nominees and Executive Officers" and "Additional Information" in the definitive proxy statement relating to the registrant's Annual Meeting of Shareowners to be held April 27, 2005.

Item 11. Executive Compensation

Incorporated by reference to "Information Relating To Directors, Nominees and Executive Officers," "Contingent Long-Term Performance Awards," "Summary Compensation Table," "Stock Options," "Compensation Committee Report," "Five-Year Financial Performance Graph: 2000-2004" and "Retirement Benefits" in the definitive proxy statement relating to the registrant's Annual Meeting of Shareowners to be held April 27, 2005.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Incorporated by reference to "Information Relating to Directors, Nominees and Executive Officers" in the registrant's definitive proxy statement relating to its Annual Meeting of Shareowners to be held April 27, 2005.

The remaining information called for by this item relating to "Securities Authorized for Issuance under Equity Compensation Plans" is incorporated by reference to note 25 on pages 100-101 of the Annual Report to Shareowners for the fiscal year ended December 31, 2004.

Item 13. Certain Relationships and Related Transactions

Incorporated by reference to "Information Relating to Directors, Nominees and Executive Officers" in the registrant's definitive proxy statement relating to its Annual Meeting of Shareowners to be held April 27, 2005.

Item 14. Principal Accounting Fees and Services

Incorporated by reference to "Independent Auditor" in the registrant's definitive proxy statement relating to its Annual Meeting of Shareowners to be held April 27, 2005.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a)1. Financial statements applicable to General Electric Company and consolidated affiliates are contained on the page(s) indicated in the GE Annual Report to Shareowners for the fiscal year ended December 31, 2004, a copy of which is attached as Exhibit 13.

	Annual Report Page(s)
Statement of earnings for the years ended December 31, 2004, 2003 and 2002	72
Consolidated statement of changes in shareowners' equity for the years ended December 31, 2004, 2003 and 2002	72
Statement of financial position at December 31, 2004 and 2003	74
Statement of cash flows for the years ended December 31, 2004, 2003 and 2002	76
Management's annual report on internal control over financial reporting	47
Report of independent registered public accounting firm	47
Other financial information:	
Notes to consolidated financial statements	53, 78-111
Operating segment information	52-58 103 110-111
Geographic segment information	58-59 and 103
Operations by quarter (unaudited)	109

(a)2. The schedules listed in Reg. 210.5-04 have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

(a)3. Exhibit Index

(3) The Certificate of Incorporation, as amended, and By-Laws, as amended, of General Electric Company (Incorporated by reference to Exhibit (3) of General Electric's Current Report on Form 8-K dated April 27, 2000 (Commission file number 1-35)).

4(a) Amended and Restated General Electric Capital Corporation (GECC) Standard Global Multiple Series Indenture Provisions dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(a) to GECC's Registration Statement on Form S-3, File No. 333-59707 (Commission file number 1-6461)).

4(b) Third Amended and Restated Indenture dated as of February 27, 1997 between GECC and JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank), as successor trustee (Incorporated by reference to Exhibit 4(c) to GECC's Registration Statement on Form S-3, File No. 333-59707 (Commission file number 1-6461)).

4(c) First Supplemental Indenture dated as of May 3, 1999, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(dd) to GECC's Post-Effective Amendment No. 1 to Registration Statement on Form S-3, File No. 333-76479 (Commission file number 1-6461)).

4(d) Second Supplemental Indenture dated as of July 2, 2001, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4 (f) to GECC's Post-Effective Amendment No.1 to Registration Statement on Form S-3, File No. 333-40880 (Commission file number 1-6461)).

4(e) Third Supplemental Indenture dated as of November 22, 2002, supplemental to Third Amended and Restated Indenture dated as of February 27, 1997 (Incorporated by reference to Exhibit 4(cc) to GECC's Post-Effective Amendment No. 1 to the Registration Statement on Form S-3, File No. 333-100527 (Commission file number 1-6461)).

4(f) Senior Note Indenture dated as of January 1, 2003, between GE and The Bank of New York, as trustee for the senior debt securities. (Incorporated by reference to Exhibit 4(a) to GE's Current Report on Form 8-K filed on January 29, 2003 (Commission file number 1-35)).

4(g) Form of Global Medium-Term Note, Series A, Fixed Rate Registered Note (Incorporated by reference to Exhibit 4(m) to GECC's Registration Statement on Form S-3, File No. 333-100527 (Commission file number 1-6461)).

4(h) Form of Global Medium-Term Note, Series A, Floating Rate Registered Note (Incorporated by reference to Exhibit 4(n) to the GECC's Registration Statement on Form S-3, File No. 333-100527 (Commission file number 1-6461)).

4(i) Form of LIBOR Floating Rate Note (Incorporated by reference to Exhibit 4 of General Electric's Current Report on Form 8-K dated October 29, 2003 (Commission file number 1-35)).

4(j) Fifth Amended and Restated Fiscal and Paying Agency Agreement among GECC, GE Capital Australia Funding Pty Ltd, GE Capital European Funding, GE Capital Canada Funding Company, GE Capital UK Funding and JPMorgan Chase Bank N.A., J.P. Morgan Bank Luxembourg, S.A. and J.P. Morgan Bank (Ireland) p.l.c., dated as of May 21, 2004 (Incorporated by reference to Exhibit 4(f) to General Electric Capital Services, Inc.'s Form 10-K Report for the fiscal year ended December 31, 2004).

4(k) Agreement to furnish to the Securities and Exchange Commission upon request a copy of instruments defining the rights of holders of certain long-term debt of the registrant and consolidated subsidiaries.*

(10) All of the following exhibits consist of Executive Compensation Plans or Arrangements:

(a) General Electric Incentive Compensation Plan, as amended effective July 1, 1991 (Incorporated by reference to Exhibit 10(a) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1991).

(b) General Electric Financial Planning Program, as amended through September 1993 (Incorporated by reference to Exhibit 10(h) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1993).

(c) General Electric Supplemental Life Insurance Program, as amended February 8, 1991 (Incorporated by reference to Exhibit 10(i) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1990).

(d) General Electric 1987 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(k) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1987).

(e) General Electric 1991 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(n) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1990).

(f) General Electric 1994 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(o) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1993).

(g) General Electric Directors' Charitable Gift Plan, as amended through December 2002 (Incorporated by reference to Exhibit 10(i) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2002).

(h) General Electric Leadership Life Insurance Program, effective January 1, 1994 (Incorporated by reference to Exhibit 10(r) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1993).

(i) General Electric 1996 Stock Option Plan for Non-Employee Directors (Incorporated by reference to Exhibit A to the General Electric Proxy Statement for its Annual Meeting of Shareowners held on April 24, 1996 (Commission file number 1-35)).

(j) General Electric 1995 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(t) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1995).

(k) General Electric 1996 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(v) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1996).

(l) General Electric 1997 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(t) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1997).

(m) General Electric 1990 Long-Term Incentive Plan as restated and amended effective August 1, 1997 (Incorporated by reference to Exhibit 10(u) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1997).

(n) General Electric 1998 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(v) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1998).

(o) General Electric 1999 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(v) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1999).

(p) General Electric 2000 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(u) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2000).

(q) General Electric Supplementary Pension Plan, as amended effective January 1, 2005.*

(r) Form of GE Executive Life Insurance Agreement provided to GE officers, as revised November 2003.*

(s) General Electric 2001 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(x) to General Electric Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2001).

(t) General Electric 2003 Non-Employee Director Compensation Plan (Incorporated by reference to Exhibit 10(w) to General Electric Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2002).

(u) General Electric 2003 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10(x) to General Electric Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2002).

(v) Amendment No. 1 to General Electric 1990 Long-Term Incentive Plan as restated and amended effective August 1, 1997 (Incorporated by reference to Exhibit 10(y) to General Electric Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 2002).

(w) Amendment to Nonqualified Deferred Compensation Plans, dated as of December 14, 2004.*

(x) GE Retirement for the Good of the Company Program, as amended effective January 1, 2005.*

(y) GE Excess Benefits Plan, effective July 1, 2003.*

(z) General Electric 2002 Executive Deferred Salary Plan.*

(11) Statement re Computation of Per Share Earnings.**

(12) Computation of Ratio of Earnings to Fixed Charges.*

(13) GE's 2004 Annual Report to Shareowners, certain sections of which have been incorporated herein by reference.*

(21) Subsidiaries of Registrant.*

(23) Consent of independent registered public accounting firm incorporated by reference in each Prospectus constituting part of the Registration Statements on Form S-3 (Registration Nos. 33-50639, 33-39596, 33-39596-01, 33-29024, 333-59671, 333-120155, 333-72566, 333-104526, and 333-110771), on Form S-4 (Registration No. 333-107556), and on Form S-8 (Registration Nos. 333-01953, 333-42695, 333-74415, 333-83164, 333-98877, 333 94101, 333-65781, 333-88233, 333-117855, 333-99671 and 333-102111).*

(24) Power of Attorney.*

31(a) Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended. *

31(b) Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.*

(32) Certification Pursuant to 18 U.S.C. Section 1350.*

99(a) Income Maintenance Agreement, dated March 28, 1991, between the registrant and General Electric Capital Corporation (Incorporated by reference to Exhibit 28(a) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1990).

99(b) Undertaking for Inclusion in Registration Statements on Form S-8 of General Electric Company (Incorporated by reference to Exhibit 99(b) to General Electric Annual Report on Form 10-K (Commission file number 1-35) for the fiscal year ended December 31, 1992).

99(c) Letter, dated February 4, 1999, from Dennis D. Dammerman of General Electric Company to Denis J. Nayden of General Electric Capital Corporation pursuant to which General Electric Company agrees to provide additional equity to General Electric Capital Corporation in conjunction with certain redemptions by General Electric Capital Corporation of shares of its Variable Cumulative Preferred Stock. (Incorporated by reference to Exhibit 99 (g) to General Electric Capital Corporation's Post-Effective Amendment No. 1 to Registration Statement on Form S-3, File No. 333-59707) (Commission file number 1-6461).

* Filed electronically herewith.

** Information required to be presented in Exhibit 11 is provided in note 8 to the 2004 Annual Report to Shareowners in accordance with the provisions of FASB Statement of Financial Accounting Standards (SFAS) No. 128, *Earnings per Share*.

Signatures

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this annual report on Form 10-K for the fiscal year ended December 31, 2004, to be signed on its behalf by the undersigned, and in the capacities indicated, thereunto duly authorized in the Town of Fairfield and State of Connecticut on the 1st day of March 2005.

General Electric Company
(Registrant)

By Keith S. Sherin

Keith S. Sherin
Senior Vice President, Finance and
Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signer	Title	Date
Keith S. Sherin Keith S. Sherin Senior Vice President, Finance and Chief Financial Officer	Principal Financial Officer	March 1, 2005
Philip D. Ameen Philip D. Ameen Vice President and Comptroller	Principal Accounting Officer	March 1, 2005
Jeffrey R. Immelt*	Chairman of the Board of Directors (Principal Executive Officer)	
James I. Cash, Jr.*	Director	
William M. Castell*	Director	
Dennis D. Dammerman*	Director	
Ann M. Fudge*	Director	
Claudio X. Gonzalez*	Director	
Andrea Jung*	Director	
Alan G. Lafley*	Director	
Kenneth G. Langone	Director	
Ralph S. Larsen*	Director	
Rochelle B. Lazarus*	Director	
Sam Nunn*	Director	
Roger S. Penske	Director	
Robert J. Swieringa*	Director	
Douglas A. Warner III*	Director	
Robert C. Wright*	Director	

A majority of the Board of Directors

*By Michael R. McAlevey

Michael R. McAlevey
Attorney-in-fact
March 1, 2005

Exhibit 4(k)

Kathryn A. Cassidy
Vice President and GE Treasurer

General Electric Company
3135 Easton Turnpike
Fairfield, CT 06828

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

March 1, 2005

Subject: General Electric Company Annual Report on Form 10-K for the fiscal year ended December 31, 2004 – File No. 1-35

Dear Sirs:

Neither General Electric Company (the "Company") nor any of its consolidated subsidiaries has outstanding any instrument with respect to its long-term debt, other than those filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, under which the total amount of securities authorized exceeds 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. In accordance with paragraph (b)(4)(iii) of Item 601 of Regulation S-K (17 CFR Sec. 229.601), the Company hereby agrees to furnish to the Securities and Exchange Commission, upon request, a copy of each instrument that defines the rights of holders of such long term debt not filed or incorporated by reference as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.

Very truly yours,

GENERAL ELECTRIC COMPANY

Kathryn A. Cassidy
Vice President and GE Treasurer

Exhibit 10(q)

GE Supplementary Pension Plan

(Effective January 1, 2005)

Section I.
Eligible Employees

Each Employee who is assigned to the GE Executive or higher Career Band (or a position of equivalent responsibility as determined by the Pension Board), who has five or more years of Pension Qualification Service and who is a participant in the GE Pension Plan shall be eligible to participate, and shall participate, in this Supplementary Pension Plan to the extent of the benefits provided herein, provided that:

(a) the foregoing shall not apply to an Employee of a Company other than General Electric Company which has not agreed to bear the cost of this Plan with respect to its Employees, and

(b) except as provided in Section V, an Employee who retires under the optional retirement provisions of the GE Pension Plan before the first day of the month following attainment of age 60, or an Employee who leaves the Service of the Company before attainment of age 60, shall not be eligible for a Supplementary Pension under this Plan.

An employee of any other company who participates in the GE Pension Plan, though the employing company does not participate in the GE Pension Plan, shall be eligible for benefits under this Plan, provided that such employee meets the job position requirement specified above, and the employee's participation in the Supplementary Pension Plan is accepted by the Pension Board.

An Employee who was eligible to participate in this Plan by virtue of his assigned position level or position of equivalent responsibility throughout any consecutive three years of the fifteen year period ending on the last day of the month preceding his termination of Service date for retirement and who meets the other requirements specified in this Section shall be eligible for the benefits provided herein even though he does not meet the eligibility requirements on the date his Service terminates.

The Chief Executive Officer of General Electric Company, or his delegate, may approve the continued participation in the Plan of an individual who is localized outside the United States as an employee of the Company or an Affiliate and who otherwise meets all of the eligibility conditions set forth herein during such localization. The designated individual's service and pay while localized, with appropriate offsets for local country benefits, shall be counted in calculating his Supplementary Pension. Such calculation and the individual's entitlement to any benefits herein shall be determined consistent with the principles of the Plan as they apply to participants who are not localized, provided that the Chief Executive Officer, or his delegate, may direct such other treatment, if any, as he deems appropriate.

Section II.
Definitions

(a) *Annual Estimated Social Security Benefit* - The Annual Estimated Social Security Benefit shall mean the annual equivalent of the maximum possible Primary Insurance Amount payable, after reduction for early retirement, as an old-age benefit to an employee who retired at age 62 on January 1st of the calendar year in which occurred the Employee's actual date of retirement or death, whichever is earlier; provided, however, that in the case of an Employee who is a New Plan Participant on the date of his termination of Service, age 65 shall be substituted for age 62 above. Such Annual Estimated Social Security Benefit shall be determined by the Company in accordance with the Federal Social Security Act in effect at the end of the calendar year immediately preceding such January 1st.

For determinations which become effective on or after January 1, 1978, if an Employee has less than 35 years of Pension Benefit Service, the Annual Estimated Social Security Benefit shall be the amount determined under the first paragraph of this definition hereof multiplied by a factor, the numerator of which shall be the number of years of the Employee's Pension Benefit Service to his date of retirement or death, whichever is earlier, and the denominator of which shall be 35.

The Annual Estimated Social Security Benefit as so determined shall be adjusted to include any social security, severance or similar benefit provided under foreign law or regulation as the Pension Board may prescribe.

(b) *Annual Pension Payable under the GE Pension Plan* - The Annual Pension Payable under the GE Pension Plan shall mean the sum of (1) the total annual past service annuity, future service annuity and Personal Pension Account Annuity deemed to be credited to the Employee as of his date of retirement or death, whichever is earlier, plus any additional annual amount required to provide the minimum pension under the GE Pension Plan and (2) any annual pension (or the annual pension equivalent of other forms of payment) payable under any other pension plan, policy, contract, or government program attributable to periods for which Pension Benefit Service is granted by the Chairman of the Board or the Pension Board or is credited by the GE Pension Plan provided the Pension Board determines such annual pension shall be deductible from the benefit payable under this Plan. All such amounts shall be determined before application of any reduction factors for optional or disability retirement, for election of any optional form of Pension at retirement, a qualified domestic relations order(s), if any, or in connection with any other adjustment made pursuant to the GE Pension Plan or any other pension plan.

For the purposes of this paragraph, the Employee's Annual Pension Payable under the GE Pension Plan shall include the Personal Pension Account Annuity deemed payable to the Employee or the Employee's spouse on the date of the Employee's retirement or death as the case may be, regardless of whether such annuity commenced on such date.

(c) *Annual Retirement Income* - For Employees who retire on or after July 1, 1988, or who die in active Service on or after such date, an Employee's Annual Retirement Income shall mean the amount determined by multiplying 1.75% of the Employee's Average Annual Compensation by the number of years of Pension Benefit Service completed by the Employee at the date of his retirement or death, whichever is earlier.

(d) *Average Annual Compensation* - Average Annual Compensation means one-third of the Employee's Compensation for the highest 36 consecutive months during the last 120 completed months before his date of retirement or death, whichever is earlier. In computing an Employee's Average Annual Compensation, his normal straight-time earnings shall be substituted for his actual Compensation for any month in which such normal straight-time earnings are greater. The Pension Board shall specify the basis for determining any Employee's Compensation for any portion of the 120 completed months used to compute the Employee's Average Annual Compensation during which the Employee was not employed by an Employer participating in this Plan.

(e) *Compensation* - For periods after December 31, 1969 "Compensation" for the purposes of this Plan shall mean with respect to the period in question salary (including any deferred salary approved by the Pension Board as compensation for purposes of this Plan) plus:

(1) for persons then eligible for Incentive Compensation, the total amount of any Incentive Compensation earned except to the extent such Incentive Compensation is excluded by the Board of Directors or a committee thereof;

(2) for persons who would then have been eligible for Incentive Compensation if they had not been participants in a Sales Commission Plan or other variable compensation plan, the total amount of sales commissions (or other variable compensation earned);

(3) for all other persons, the sales commissions and other variable compensation earned by them but only to the extent such earnings were then included under the GE Pension Plan;

plus any amounts (other than salary and those mentioned in clauses (1) through (3) above) which were then included as Compensation under the GE Pension Plan except any amounts which the Pension Board may exclude from the computation of "Compensation" and subject to the powers of the Committee under Section IX hereof.

For periods before January 1, 1970, "Compensation" for the purposes of this Plan has the same meaning as under the GE Pension Plan applying the rules in effect during such periods.

The definition set forth in this paragraph (e) shall apply to the calculation of any and all Supplementary Pension benefits payable on and after January 1, 1976. All such payments made prior to January 1, 1976 shall be determined in accordance with the terms of the Plan in effect prior to such date.

(f) *Officers* - Officers shall mean the Chairman of the Board, the Vice Chairmen, the President, the Vice Presidents, Officer Equivalents and such other Employees as the Committee referred to in Section IX hereof may designate.

(g) *Pension Benefit Service* - Pension Benefit Service shall have the same meaning herein as in the GE Pension Plan except that for periods before January 1, 1976 the term Credited Service as a full-time Employee shall also include all Service credited under the GE Pension Plan to such Employee for any period during which he was a full-time Employee for purposes of such GE Pension Plan.

Pension Benefit Service shall also include:

(1) any period of Service with the Company or an Affiliate as the Pension Board may otherwise provide by rules and regulations issued with respect to this Plan, and,

(2) any period of service with another employer as may be approved from time to time by the Chairman of the Board but only to the extent that any conditions specified in such approval have been met.

(h) *Pension Qualification Service* - Pension Qualification Service shall have the same meaning herein as in the GE Pension Plan except that for periods before January 1, 1976 the term Credited Service used in determining such Pension Qualification Service shall mean only Service for which an Employee is credited with a past service annuity or a future service annuity under the GE Pension Plan (plus his first year of Service where such year is recognized as additional Credited Service under that Plan), except as the Pension Board may otherwise provide by rules and regulations issued with respect to this Plan.

All other terms used in this Plan which are defined in the GE Pension Plan shall have the same meanings herein as therein, unless otherwise expressly provided in this Plan.

Section III.
Amount of Supplementary Pension at or After Normal Retirement

(a) The annual Supplementary Pension payable to an eligible Employee who retires on or after his normal retirement date under the GE Pension Plan shall be equal to the excess, if any, of the Employee's Annual Retirement Income, over the sum of:

(1) the Employee's Annual Pension Payable under the GE Pension Plan;

(2) 1/2 of the Employee's Annual Estimated Social Security Benefit;

(3) the Employee's annual excess benefit, if any, payable under the GE Excess Benefit Plan; and

(4) The Employee's annual benefit, if any, payable under the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

Such Supplementary Pension shall be subject to the limitations specified in Section IX.

(b) Notwithstanding Section X.(a), the Supplementary Pension of an Employee who continues in the Service of the Company or an Affiliate after his normal retirement date shall not commence before his actual retirement date following termination of Service, regardless of whether such Employee has attained age 70-1/2 and commenced receiving his pension under the GE Pension Plan.

Section IV.
Amount of Supplementary Pension at Optional or Disability Retirement

(a) The annual Supplementary Pension payable to an eligible Employee who, following attainment of age 60, retires on an optional retirement date under Section V.1. of the GE Pension Plan shall be computed in the manner provided by Section III(a) (for an Employee retiring on his normal retirement date) but taking into account only Pension Benefit Service and Average Annual Compensation to the actual date of optional retirement. Such Supplementary Pension shall be subject to the limitations specified in Section IX. In the event such Employee is a New Plan Participant on the date of his termination of Service, such Supplementary Pension, as so limited, shall be reduced to reflect commencement before his normal retirement date by applying the methodology provided under Section V.3. of the GE Pension Plan. Consistent with the foregoing, such reduction shall equal 5/12% for each month from such Employee's optional retirement date to his normal retirement date. Said reduction shall not be imposed, however, in the event such Employee terminates from the Service of the Company on or after (1) attainment of at least age 62 and (2) completion of at least 25 years of Pension Qualification Service under the GE Pension Plan.

(b) The annual Supplementary Pension payable to an eligible Employee who retires on a Disability Pension under Section VII of the GE Pension Plan shall first be computed in the manner provided by Section III(a) (for an Employee retiring on his normal retirement date) taking into account only Pension Benefit Service and Average Annual Compensation to the actual date of disability retirement. Such Supplementary Pension shall be subject to the limitations specified in Section IX. Such Supplementary Pension, as so limited, shall be reduced to reflect commencement before the Employee's earliest optional retirement age by applying the methodology provided under Section VII.3. of the GE Pension Plan.

If the Disability Pension payable to the Employee under the GE Pension Plan is discontinued thereunder as a result of the cessation of the Employee's disability prior to the attainment of age 60 or otherwise, the Supplementary Pension provided under this Section IV shall also be discontinued.

Section V.
Special Benefit Protection for Certain Employees

(a) A former Employee whose Service with the Company is terminated on or after June 27, 1988, before attainment of age 60 and after completion of 25 or more years of Pension Qualification Service who does not withdraw his contributions from the GE Pension Plan before retirement and who meets one of the following conditions shall be eligible for a Supplementary Pension under this Plan commencing upon his retirement under the GE Pension Plan following attainment of age 60:

(1) The Employee's Service is terminated because of a Plant Closing.

(2) The Employee's Service is terminated for transfer to a Successor Employer. The conditions of this paragraph (2) shall not be satisfied, however, if the transferred Employee retires under the GE Pension Plan before July 1, 2000 and prior to the later of (A) his termination of service with the Successor Employer and (B) the first of the month following attainment of age 60.

(3) The Employee's Service terminated after one year on layoff with protected service.

Effective July 1, 1994 and regardless of whether the Employee terminated Service on, before or after such date, for purposes of this Section V(a) and any other provision of this Plan, a former Employee will be deemed to have withdrawn his contributions from the GE Pension Plan at such time the payment of benefits attributable to such contributions commences, regardless of whether such contributions are paid in the form of a lump sum or an annuity.

(b) The Supplementary Pension, if any, for Employees who meet the conditions in Section V(a) shall be calculated in accordance with the provisions of Section IV(a), including the imposition of the reduction described therein to reflect a commencement date occurring before normal retirement date in the case of Employees who are New Plan Participants on the date of their termination of Service. For purposes of making this calculation, the Employee's: (1) Pension Benefit Service to the Service termination date shall be considered; (2) Average Annual Compensation shall be based on the last 120 completed months before such Service termination date; and (3) Annual Estimated Social Security Benefit shall be determined as though the Employee's retirement date was such Service termination date.

(c) No Supplementary Pension shall be payable to any former Employee who elects to accelerate the commencement of his pension under the GE Pension Plan under Section X1.4.b.(iii) therein, nor shall any death or survivor benefits be payable hereunder with respect to such an Employee.

Section VI.
Survivor Benefits

If a survivor benefit applies with respect to the past and future service annuity portion of an Employee's pension under the GE Pension Plan, such survivor benefit shall automatically apply to any Supplementary Pension for which he may be eligible under this Plan. His Supplementary Pension shall be adjusted and paid in the same manner as such pension payable under the GE Pension Plan is adjusted and paid on account of such survivor benefit.

Section VII.
Payments Upon Death

If an eligible Employee dies in active Service, or following retirement on a Supplementary Pension, or if a former Employee entitled to a Supplementary Pension pursuant to Section V dies prior to such retirement, and a death benefit (other than a return of Employee contributions with interest including an Employee's Personal and Voluntary Pension Accounts) is payable to the beneficiary or Surviving Spouse of such Employee under the GE Pension Plan, a death benefit shall also be payable to the beneficiary or Surviving Spouse under this Supplementary Pension Plan. Any such death benefit payable under this Plan shall be computed and paid in the same manner as the death benefit payable under the GE Pension Plan but shall be based on the Supplementary Pension payable under this Plan.

Section VIII.
Employees Retired Before July 1, 1973

[Reserved-See Section VIII of this Plan prior to this reservation.]

Section IX.
Limitation on Benefits

(a) Notwithstanding any provision of this Plan to the contrary, if the sum of:

(1) the Supplementary Pension otherwise payable to an Employee hereunder;

(2) the Employee's Annual Pension Payable under the GE Pension Plan;

(3) 100% of the Annual Estimated Social Security Benefit but before any adjustment for less than 35 years of Pension Benefit Service;

(4) the Employee's annual excess benefit, if any, payable under the GE Excess Benefit Plan; and

(5) The Employee's annual benefit, if any, payable under the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan;

exceeds 60% of his Average Annual Compensation (with such Supplementary Pension and the amounts set forth in (2), (4) and (5) above determined before imposition of any applicable reduction factor or adjustment for optional or disability retirement, a survivor benefit or otherwise), such Supplementary Pension (as so determined) shall be reduced by the amount of the excess. Any further reductions or adjustments prescribed herein, including those applicable to Employees who are New Plan Participants on the date of their termination of Service, shall be applied against such reduced Supplementary Pension.

(b) Notwithstanding any provision in this Plan to the contrary, the amount of Supplementary Pension and any death or survivor benefit payable to or on behalf of any Employee who is or was an Officer shall be determined in accordance with such general rules and regulations as may be adopted by a Committee appointed by the Board of Directors for such purpose, subject to the limitation that any such Supplementary Pension or death benefit may not exceed the amount which would be payable hereunder in the absence of such rules and regulations.

Section X
Payment of benefits

(a) Payment of Supplementary Pensions provided for herein shall be in the same form and commence as of the same date as distribution is made pursuant to the Participant's election under the GE Pension Plan. Consistent with the foregoing, Supplementary Pensions shall be payable in monthly installments, each equal to 1/12th of the annual amount determined under the applicable Section. In addition, the provisions of the GE Pension Plan with respect to the following shall apply to amounts payable under this Plan:

(1) The dates of first and last payment of any Pension.

(2) Treatment of amounts payable to a missing person.

In no event shall the accelerated payment option of Section XI.4.b.(iii) of the GE Pension Plan apply with respect to this Plan.

(b) If an Employee's Pension under the GE Pension Plan is suspended for any month in accordance with the re-employment provisions of that Plan (or would be suspended if he had such a Pension), the Employee's Supplementary Pension for that month shall be suspended under this Plan. In addition, the re-employment provisions of the GE Pension Plan with respect to the computation of benefits payable upon retirement at the end of the period of re-employment, including the application of any reduction factors for New Plan Participants under Section XXI.1.c.(ii) of the GE Pension Plan, shall apply to amounts payable under this Plan.

(c) An Employee's beneficiary for the purposes of this Plan shall be the beneficiary designated by him under the GE Pension Plan, except in those instances where a separate beneficiary designation is in effect under this Plan. The provisions of the GE Pension Plan with respect to the designation or selection of a beneficiary shall apply to the designation or selection of a beneficiary under this Plan, except that the requirement of the Spouse's Consent to the designation or selection of a beneficiary by the Employee shall not apply.

Section XI.
Administration

(a) This Plan shall be administered by the Pension Board, which shall have authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve in its sole and absolute discretion any and all questions or claims, including interpretations of this Plan, as may arise in connection with this Plan.

(b) In the administration of this Plan, the Pension Board may, from time to time, employ agents and delegate to them such administrative duties as it sees fit and may from time to time consult with counsel who may also serve as counsel to the Company.

(c) The decision or action of the Pension Board in respect of any question arising out of or in connection with the administration, interpretation and application of this Plan and the rules and regulations hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan or making any claim hereunder.

Section XII.
Termination, Suspension or Amendment

The Board of Directors may, in its sole discretion, terminate, suspend or amend this Plan at any time or from time to time, in whole or in part. However, no such termination, suspension or amendment shall adversely affect (a) the benefits of any Employee who retired under the Plan prior to the date of such termination, suspension or amendment or (b) the right of any then current Employee to receive upon retirement, or of his or her Surviving Spouse or beneficiary to receive upon such Employee's death, the amount as a Supplementary Pension or death benefit, as the case may be, to which such person would have been entitled under this Plan computed to the date of such termination, suspension or amendment, taking into account the Employee's Pension Benefit Service and Average Annual Compensation calculated as of the date of such termination, suspension or amendment.

Section XIII.
Adjustments in Supplementary Pension Following Retirement

(a) Effective January 1, 1975, the amount of Supplementary Pension then payable to any Employee who retired before January 1, 1975 shall be reduced by the amount of any increase which becomes effective January 1, 1975 in the Pension payable under the GE Pension Plan to such Employee.

(b) If the Pension payable under the GE Pension Plan to any Employee is increased following his retirement which increase becomes effective after January 1, 1975, the amount of the Supplementary Pension thereafter payable to such Employee under this Supplementary Pension Plan shall be determined by the Board of Directors.

(c) Effective November 1, 1977, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased in accordance with paragraphs 25 (a), (b) or (c) of Section XIV of that Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after November 1, 1977 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(d) Effective May 1, 1979, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraphs 26 (a), (b) or (c) of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraphs except for the fact that such pensioner or Surviving Spouse received a lump-sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after May 1, 1979 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(e) If the Pension benefit or Service credits under the GE Pension Plan are increased for a retired employee in accordance with paragraph 27 or 28 of Section XIV of that Plan, or in accordance with the opportunity made available under that Plan effective January 1, 1980 to make up Employee contributions plus interest for periods during which the Employee was otherwise eligible but failed to participate because of late enrollment or voluntary suspension, the Supplementary Pension payable to the Employee under this Plan shall be recalculated to take any such increase into account. For this purpose, Section III of this Plan as amended effective July 1, 1979 shall apply. Any change in the Employee's Supplementary Pension shall take effect on the same date as the corresponding change under the GE Pension Plan.

(f) Effective February 1, 1981, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraphs 29 (a), (b) or (c) of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraphs except for the fact that such pensioner or Surviving Spouse received a lump sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after February 1, 1981 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(g) Effective January 1, 1983, if the benefit payable to a pensioner under the GE Pension Plan is increased in accordance with paragraph 30 of Section XIV of that Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding change under the GE Pension Plan.

(h) Effective December 1, 1984, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraph 32 (a), (b) or (c) of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraphs except for the fact that such pensioner or Surviving Spouse received a lump-sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after December 1, 1984, shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(i) Effective July 1, 1985, if the benefit payable to a pensioner under the GE Pension Plan is increased in accordance with paragraph 34 of Section XIV of that Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding change under the GE Pension Plan.

(j) Effective January 1, 1988, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraph 35 of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraph except for the fact that such pensioner or Surviving Spouse received a lump sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after January 1, 1988 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(k) Effective July 1, 1988, if the benefit payable to a pensioner under the GE Pension Plan or the GE Excess Benefit Plan is increased as a result of paragraph 36 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan or GE Excess Benefit Plan.

(l) Effective July 1, 1991, if the benefit payable to a pensioner or Surviving Spouse under the GE Pension Plan is increased by a percentage in accordance with paragraph 37 of Section XIV of that Plan, or would have been increased by a percentage in accordance with such paragraph except for the fact that such pensioner or Surviving Spouse received a lump sum settlement under the GE Pension Plan, the Supplementary Pension or death benefit, if any, payable under this Plan to such pensioner or Surviving Spouse on and after January 1, 1991 shall be increased by the same percentage. Any such increase shall not be reduced by the percentage limitations specified in Section IX.

(m) Effective December 1, 1991, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 38 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(n) Effective December 1, 1994, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 39 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(o) Effective November 1, 1996, if the benefit payable under the GE Pension Plan or the GE Excess Benefit Plan is increased as a result of paragraph 47, 48 or 49 of Section XIV of the GE Pension Plan, said increase shall be disregarded for purposes of calculating the amount payable under this Plan.

(p) Effective December 1, 1997, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 51 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(q) Effective May 1, 2000, if the benefit payable under the GE Pension Plan or the GE Excess Benefit Plan is increased as a result of paragraph 54, 55 or 56 of Section XIV of the GE Pension Plan, said increase shall be disregarded for purposes of calculating the amount payable under this Plan.

(r) Effective December 1, 2000, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 58 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

(s) Effective December 1, 2003, if the benefit payable to a pensioner under the GE Pension Plan, the GE Excess Benefit Plan or the GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan is increased as a result of paragraph 67 of Section XIV of the GE Pension Plan, the Supplementary Pension payable to the pensioner under this Plan shall be recalculated to take any such increase into account. Any change in the Supplementary Pension shall take effect on the same date as the corresponding increase under the GE Pension Plan, GE Excess Benefit Plan or GE Executive Special Early Retirement Option and Plant Closing Retirement Option Plan.

Section XIV.
General Conditions

(a) No interest of an Employee, retired employee (whether retired before or after July 1, 1973), Surviving Spouse or beneficiary under this Plan and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, to anticipation, sale, transfer, assignment or encumbrance by or through an Employee, retired employee, Surviving Spouse or beneficiary. If any attempt is made to alienate, pledge or charge any such interest or any such benefit for any debt, liabilities in tort or contract, or otherwise, of any Employee, retired employee, Surviving Spouse, or beneficiary, contrary to the prohibitions of the preceding sentence, then the Pension Board in its discretion may suspend or forfeit the interests of such person and during the period of such suspension, or in case of forfeiture, the Pension Board shall hold such interest for the benefit of, or shall make the benefit payments to which such person would otherwise be entitled to the designated beneficiary or to some member of such Employee's, retired employee's, Surviving Spouse's or beneficiary's family to be selected in the discretion of the Pension Board. Similarly, in cases of misconduct, incapacity or disability, the Pension Board, in its sole discretion, may make payments to some member of the family of any of the foregoing to be selected by it or to whomsoever it may determine is best fitted to receive or administer such payments.

(b) No Employee and no other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the Service of his employer. The right and power of the Company to dismiss or discharge any Employee is expressly reserved.

(c) Except to the extent that the same are governed by the Act, the law of the State of New York shall govern the construction and administration of this Plan.

(d) The rights under this Plan of an Employee who leaves the Service of the Company at any time and the rights of anyone entitled to receive any payments under the Plan by reason of the death of such Employee, shall be governed by the provisions of the Plan in effect on the date such Employee leaves the Service of the Company, except as otherwise specifically provided in this Plan.

(e) The reductions with respect to New Plan Participants otherwise imposed under any provision of this Plan to reflect commencement of the Supplementary Pension and any death or survivor benefits attributable thereto before the normal retirement date may be modified in accordance with rules adopted by the Pension Board in cases where the Employee's Service consists both of work performed as a New Plan Participant and work performed in another capacity. Any such rules, if applicable, shall be designed in such manner that such reductions only apply with respect to the portion of such benefits attributable to Service performed as a New Plan Participant. For this purpose, the Pension Board shall specify the manner in which any such portion shall be determined, including (1) the effective date of a change in employment status, (2) the treatment of Compensation paid after such effective date which relates to Service occurring before such effective date, (3) the treatment of benefits attributable to qualifying absences described in Section XXIV.9 of the GE Pension Plan covered by the Military Act and (4) the calculation of the Annual Estimated Social Security Benefit.

Exhibit 10(r)

GE EXECUTIVE LIFE INSURANCE AGREEMENT

(Rev. Nov. 2003)

THIS AGREEMENT made and entered into effective the 1st day of December, 2003, by and between General Electric Company ("Employer"), and ____________________________________ ("Owner");

WHEREAS, «INSUREDS_NAME» ("Employee") is a valued employee of Employer and Employer wishes to retain him in its employ; and

WHEREAS, as an inducement to Employee's continued employment, Employer wishes to assist Employee with his personal life insurance program by entering into this Life Insurance Agreement with the Owner.

NOW, THEREFORE, the Employer and Owner agree as follows:

1. Identification of Policy. This Agreement relates to the life insurance policy ("Policy") issued by Metropolitan Life Insurance Company ("Insurer") which is described on Exhibit A of this Agreement. Exhibit A shall be updated annually as determined by the Employer effective each December 1st during the term of this Agreement.

2. Ownership of Policy. Owner or Owner's transferee (hereinafter collectively "Owner") shall be the owner of the Policy, and may exercise all ownership rights granted to the Owner by the terms of the Policy. Notwithstanding any other provisions of this Agreement or any form of policy assignment executed by Owner in connection with this Agreement, it is the express intention of the parties to reserve to the Owner all rights in and to the Policy granted to the Owner by its terms, including, but not limited to, the right to assign the Owner's interest in the Policy, the right to change the beneficiary of the Policy, the right to exercise settlement options, the right to borrow against the cash value of the Policy, and the right to surrender or cancel the Policy, in whole or in part. Employer shall neither have nor exercise any right in or to the Policy which could, in any way, endanger, defeat or impair any of the rights of the Owner in the Policy, including the right to collect the proceeds of the Policy in excess of the amount due the Employer, as provided in this Agreement. The only rights in and to the Policy granted to the Employer shall be limited to its security interest in the "surrender value" of the Policy, which for all purposes of this Agreement shall be as defined in the Policy, and a portion of the death benefit of the Policy, as hereinafter provided. The Employer shall not assign any of its rights in the Policy to anyone other than the Owner.

3. Premium. The Employer shall pay the total premium on the Policy. The total annual premium due on such Policy, effective December 1st of each year during the term of this Agreement, shall be set forth in item 6 of Exhibit A of this Agreement, as determined by the Employer.

4. Collateral Assignment. Contemporaneously with this Agreement, the Owner has made a collateral assignment of the Policy to the Employer under the form of Assignment attached as Exhibit B, as it may be amended from time to time to reflect any modifications to Exhibit A with respect to the Insurer or policy number, which Assignment gives the Employer the right to recover the cumulative premiums it has paid on the Policy (the "cumulative premium outlay") from the surrender value of the Policy and to recover a portion of the death benefit of the Policy. The interest of the Employer in and to the Policy shall be specifically limited to the following rights:

a. The right to recover the lesser of its cumulative premium outlay or the surrender value of the Policy in the event the Policy is totally surrendered or cancelled by the Owner, or the right to receive the surrender proceeds to the extent of its cumulative premium outlay in the event the Policy is partially surrendered by the Owner as provided in paragraph 5;

b. The right to recover the death benefit proceeds remaining after the Owner's death benefit set forth in item 5 of Exhibit A has been paid to the Owner's designated beneficiary upon the death of Employee, as provided in paragraph 7 below;

c. The right to recover the lesser of its cumulative premium outlay or the surrender value of the Policy, or to receive ownership of the Policy, in the event of termination of this Agreement, as provided in paragraphs 6(b), 6(c) and 6(d) below; and

d. The right to recover its cumulative premium outlay to the extent that any aggregate outstanding Policy loans made by the Owner exceed the amount by which the surrender value of the Policy exceeds the cumulative premium outlay paid by the Employer.

5. Surrender or Cancellation. The Owner shall have the sole right to surrender or cancel the Policy, in whole or in part, and to receive the surrender value, subject to the provisions of this paragraph 5. In the event of any partial or complete surrender or cancellation, the Employer shall be provided with written notice of such surrender or cancellation at least fifteen (15) days prior to a distribution from the Insurer. Subject to paragraph 6, in the event of any partial surrender, the Employer shall be entitled to recover the lesser of its cumulative premium outlay or the surrender proceeds. In the event of a complete surrender or cancellation, the Employer shall be entitled to recover the lesser of its cumulative premium outlay or the surrender value of the Policy.

6. Termination of Agreement.

a. This Agreement shall terminate upon the earlier to occur of:

(1) The date on which either party to the Agreement provides notice in writing to the other party of the desire to terminate; or

(2) The Employee's termination of employment (other than retirement, disability or other Company approved separation) with the Employer; or

(3) The latter of:

(a) The fifteenth anniversary of the effective date of this Agreement; or

(b) The date on which the Employee attains age 60.

b. Within thirty (30) days following the termination of this Agreement, the Owner shall pay to the Employer the Employer's cumulative premium outlay. Upon receipt by the Employer of such amount, the Employer shall execute an appropriate instrument of release of the Assignment of the Policy.

c. If the Owner fails to pay such amount within such thirty (30) day period, the Owner shall execute any and all instruments that may be required to vest ownership of the Policy in the Employer. Thereafter, the Owner shall have no further interest in the Policy.

d. If the Owner fails to surrender the policy and execute the instruments required by paragraph 6(b) within such thirty (30) day period, the Employer may notify the Insurer that the Employer intends to exercise its rights under the Assignment. In such event, the Insurer shall pay to the Employer the cumulative premium outlay specified in paragraph 6(b).

7. Death. Upon the death of Employee, the Employer shall receive its cumulative premium outlay. The balance of the death benefit provided under the Policy, if any, shall be paid directly to the beneficiary.

8. Loans. The Owner shall have the sole right to borrow against the Policy up to a maximum amount equal to the amount by which the surrender value of the policy exceeds the cumulative premium outlay paid by the Employer. The Employer shall have no right to obtain loans against the Policy, directly or indirectly, from the Insurer or from any other person, or to pledge or assign the Policy as security for any loan.

9. Transferee. In the event Owner shall transfer all of its interest in the Policy, then all of Owner's interest in the Policy and in this Agreement shall be vested in its transferee, who shall be substituted as a party under this Agreement, and the transferring Owner shall have no further interest in the Policy or in this Agreement.

10. Successors and Assigns. This Agreement shall bind Employer, its successors and assigns, and Owner and their heirs, executors, administrators and transferees, and any Policy beneficiary. The Employer agrees that it will not merge or consolidate with another employer, corporation, or organization, or permit its business and activities to be taken over by any other organization unless or until the succeeding or continuing employer, corporation or other organization shall expressly assume the rights and obligations of the Employer set forth in this Agreement.

11. Effect on Employment. This Agreement shall not be deemed to constitute a contract of employment between the parties, nor shall any provision restrict the right of Employee to terminate his employment, at any time not in contravention of any applicable employment agreement.

12. Insurer. The Insurer shall be bound only by the provisions of and endorsements on the Policy, and any payments made or action taken by it in accordance with the Policy shall fully discharge it from all claims, suits and demands of all persons whatsoever. Except as specifically provided by endorsement on the Policy and as provided in the Assignment, the Insurer shall in no way be bound by the provisions of this Agreement.

13. Payment. It is agreed that benefits may be paid under the Policy by the Insurer either by separate checks to the parties entitled thereto, or by joint check. In the latter instance, the Owner and the Employer agree that benefits shall be divided as provided herein.

14. Amendment. Except as provided in paragraph 6 and in paragraphs 1 and 3 pertaining to Exhibit A, this Agreement may not be cancelled, amended, altered or modified, except by a written instrument signed by all of the parties.

15. Notices. Any notice, consent or demand required or permitted to be given under the provisions of this Agreement by one party to another shall be in writing, shall be signed by the party giving or making the same, and may be given either by delivering the same to such other party personally, or by mailing the same, by United States certified mail, postage prepaid, to such party, addressed to his, her or its last known address as shown on the records of the Employer. The date of such mailing shall be deemed the date of such mailed notice, consent or demand.

16. Gender and Number. Whenever any words are used herein in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

17. Controlling Law. This Agreement, and the rights of the parties hereunder, shall be governed by and construed pursuant to the laws of the State of New York except to the extent preempted by federal law.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the day and year first above written.

Owner's Signature:

____

____
Print Name

General Electric Company

/s/ William J. Conaty
By: William J. Conaty

Senior Vice President -
Corporate Human Resources

EXHIBIT A

LIFE INSURANCE PLAN

INSURANCE POLICY SCHEDULE

1.	Insured's Name:	«INSUREDS_NAME»
2.	Effective Date:	«EFFECTIVE_DATE»
3.	Insurer:	Metropolitan Life Insurance Company
4.	Policy Number:	«POLICY_NUMBER»
5.	Owner's Portion of Death Benefit: (End of Year 1)	«OWNERS_PORTION_OF_THE_DEATH_BENEFIT»
6.	Total Annual Premium:	«M_2003_ANNUAL_PREMIUM»
7.	Owner's Portion of Cash Value: (End of Year 1)	
8.	Policyowner:	
9.	Beneficiary:	

EXHIBIT B

COLLATERAL ASSIGNMENT

THIS ASSIGNMENT, made and entered into effective the 1st day of December, 2003, by the undersigned ______________________________ as owner ("Owner") of that certain Life Insurance Policy No. ___________ issued by Metropolitan Life Insurance Company ("Insurer") and any supplementary contracts issued in connection with such policy (said policy and contracts herein called "Policy"), upon the life of «INSUREDS_NAME» ("Insured"), to General Electric Company, a New York corporation, ("Assignee").

WITNESSETH:

WHEREAS, the Insured is a valued employee of the Assignee, and the Assignee wishes to retain him in its employ;

WHEREAS, as an inducement to the Insured's continued employment, the Assignee desires to assist the Insured with his personal life insurance program by contributing the annual premium due on the Policy, as more specifically provided for in that certain Life Insurance Agreement entered into between the Insured and the Assignee ("Agreement"); and

WHEREAS, in consideration of the Assignee's agreeing to pay the premiums pursuant to the Agreement, the Owner agrees to assign to the Assignee certain rights in the Policy as set forth in this Assignment.

NOW, THEREFORE, for value received, the undersigned Owner hereby assigns, transfers and sets over to the Assignee, its successors and assigns, the following specific rights in the Policy subject to the following terms and conditions:

1. Assigned Rights. The Assignee's interest in the Policy shall be limited to:

   a. The right to recover the lesser of the total premiums it has paid on the Policy less amounts received under the Agreement from the Owner ("cumulative premium outlay") or the "surrender value" of the Policy (as defined in the Policy for all purposes hereinafter) in the event the Policy is totally surrendered or cancelled by the Owner, or the right to receive the surrender proceeds to the extent of its cumulative premium outlay in the event the Policy is partially surrendered or cancelled by the Owner, as provided in paragraph 5 of the Agreement.

   b. The right to recover the death benefit proceeds as provided in paragraph 7 of the Agreement.

   c. The right to recover the lesser of its cumulative premium outlay or the surrender value of the Policy or to receive ownership of the Policy, in the event of termination of the Agreement, as provided in paragraphs 6(a), 6(b) and 6(c) of the Agreement.

d. The right to recover its cumulative premium outlay to the extent a Policy loan made by the Owner in any year exceeds the lesser of the Owner's portion of the premium for that year or the increase for that year in the surrender value of the Policy, as provided in paragraph 8 of the Agreement.

2. Incidents of Ownership. The Owner shall retain all incidents of ownership in the Policy, including, but not limited to, the sole and exclusive rights to: borrow against the Policy; assign the Owner's interest in the Policy; change the beneficiary of the Policy; exercise settlement options; and, subject to paragraphs 5 and 6 of the Agreement, surrender or cancel the Policy (in whole or in part)·

3. Endorsement of Policy. If the Assignee shall have possession of the Policy at any time while this Assignment is in force, then upon request and without unreasonable delay, the Assignee shall forward the Policy to the Insurer for endorsement of any designation or change of beneficiary, any election of optional mode of settlement, or the exercise of any other right reserved by the Owner hereunder.

4. Insurer.

a. The Insurer is hereby authorized to recognize the Assignee's claims to rights under this Agreement without investigating the reason for any action taken by the Assignee, the amount of its cumulative premium outlay, the existence of any default, the giving of any required notice or the application to be made by the Assignee of any amounts to be paid to the Assignee. The signature of the Assignee shall be sufficient for the exercise of any of its rights under the Assignment for the Assignee's receipt for any sums received by it shall be a full discharge and release of such sums to the Insurer.

b. The Insurer shall be fully protected in recognizing a request made by the Owner for surrender or cancellation of the Policy, in whole or in part, or in recognizing a request made by the Owner for any loans against the Policy permitted by the terms of the Policy, with or without the consent of the Assignee. In the event of any such request, the Insurer may pay the proceeds of such surrender, cancellation, or loans to the sole order of the Owner, or as the Owner shall direct, provided that the Insurer has provided the requisite fifteen (15) days' notice to the Assignee required by paragraph 5 of the Agreement.

5. Release. Upon the full payment of the liabilities of the Owner to the Assignee pursuant to the Agreement, the Assignee shall execute an appropriate instrument of release of this Collateral Assignment.

IN WITNESS WHEREOF, the undersigned Owner has executed this Assignment effective the day and year first above written.

Owner's Signature:

______________________________ __________________

Witness

Exhibit 10(w)

Amendment to Nonqualified Deferred Compensation Plans

WHEREAS, Section 409A of the Internal Revenue Code (the "Code") changed the Federal income tax rules governing "nonqualified deferred compensation plans" within the meaning of Code section 409A(d)(1);

WHEREAS, General Electric Company (the "Company") intends for any such "nonqualified deferred compensation plan" sponsored by the Company (collectively hereinafter, the "Plans") to continue to provide tax deferral for participants on and after January 1, 2005 and to avoid application of any penalty or interest under Code section 409A;

WHEREAS, Code section 409A(a)(2) generally requires that distributions from the Plans on account of separation from service cannot be made to a "key employee" any earlier than six months after such key employee separates from service (the "Six-Month Rule");

WHEREAS, the Department of the Treasury has not issued guidance explaining the application of the Six-Month Rule, including the determination of who is a key employee; and

WHEREAS, in the absence of such guidance, it is advisable for the Company to amend and administer the Plans based on a reasonable interpretation of the Six-Month Rule;

NOW, THEREFORE, BE IT RESOLVED THAT, the Plans be, and hereby are, amended to incorporate the Six-Month Rule to the extent in the judgment of the Company such rule applies to the Plans;

FURTHER RESOLVED THAT, consistent with the foregoing resolution, the Plans shall be administered in such manner as is reasonably necessary, in the judgment of the Company, to comply with the Six-Month Rule; and

FURTHER RESOLVED THAT, the foregoing resolutions shall not apply to amend the provisions of any Plan or modify their administration to the extent they apply to employees represented by a union, except to the extent agreed to through collective bargaining with the union.

Exhibit 10(x)

GE Retirement for the Good of the Company Program

(Effective January 1, 2005)

The Chairman of the Board (with power to redelegate) is authorized to grant an allowance to any employee (including officers) whose service is terminated after November 21, 1986, subject to the terms and conditions hereinafter set forth. In addition, the Chairman has the authority to waive the age, service and salary requirements of the authorization to grant deferred termination allowances.

1. An employee may be granted an allowance if:

   (a) (i) On the date of termination of the employee's service, the employee is at least fifty years of age and has a total of at least twenty years of pension benefit service or similar pension service under the pension plans of the Company and its affiliates and subsidiaries, or if the employee is a company pilot, the employee is at least forty-five years of age, and has a total of at least fifteen years of such pension service; and

   (ii) The employee's salary on the January 1 of the calendar year in which service is terminated was no lower than the position rate in effect for the GE Executive Band on the January 1 of the calendar year prior to the year in which service is terminated;

   (b) In the judgment of the employee's manager, it is no longer appropriate to retain the employee in his present position, no appropriate reassignment of the employee elsewhere in the Company is practicable and a termination of the employee's service with the Company under the terms and conditions of this program would be in the best interests of the Company;

   (c) The employee elects optional retirement under the GE Pension Plan to begin on the first of the month following attainment of age 60;

   (d) The employee agrees not to withdraw his contributions plus interest credited thereon as permitted by the provisions of Section XI 2 of the GE Pension Plan; and

   (e) The employee agrees not to elect to accelerate the commencement of his pension under Section XI.4.b.(iii) of the GE Pension Plan.

2. Any allowance granted under this program shall be granted in the form of either a retirement allowance or a termination allowance. An employee granted a retirement allowance shall be eligible for those benefits under the Company's employee benefit plans which apply to a similarly situated employee who retires directly from the service of the Company. An employee granted a termination allowance shall be eligible for those benefits under the Company's employee benefit plans which apply to a similarly situated employee who voluntarily terminates service.

   In any event, the annual amount of an allowance shall not exceed the sum of:

   (a) The annual amount which would have been payable as the employee's pension under the terms and conditions of the GE Pension Plan if the employee at the time of termination of service had attained age 60 and retired under the provisions of Section V of the GE Pension Plan, the future service annuity portion of such pension to be calculated on the basis of the employee's actual compensation and contributions to the date of termination of service;

(b) An amount equal to the sum of (1) the supplemental payment under Section VI 3 of the GE Pension Plan based on the employee's pension benefit service to the date of termination of the employee's service plus (2) the special supplemental payment under Section VI 6 of the GE Pension Plan; and

(c) The amount which would have been payable as the employee's supplementary pension upon optional retirement under the terms and conditions of the GE Supplementary Pension Plan as if the employee at the time of termination of service had attained age 60 and retired, taking into account only pension benefit service and average annual compensation to the date of termination of service.

Consistent with the foregoing, in the case of an employee who is a "New Plan Participant" within the meaning of the GE Pension Plan on the date of his termination of service, no amount shall be payable under subparagraph (b) above, and the amounts set forth in subparagraph (a) and (c) above shall take into account the 25% early retirement reduction factor applicable under the GE Pension Plan and GE Supplementary Pension Plan for retirement at age 60. In the sole discretion of the Company, if such employee's service consists of both work performed as such a New Plan Participant and work performed in some other capacity, said reduction factor (and any other reduction prescribed herein applicable to death and survivor benefits) may be modified in the manner provided by the Pension Board under Section XXIV.11 of the GE Pension Plan (with respect to benefits based on the amount set forth in subparagraph (a) above) and under Section XIV(e) of the GE Supplementary Pension Plan (with respect to benefits based on the amount set forth in subparagraph (c) above) or in such other manner as the Company determines.

3. The employee's manager shall recommend the amount and duration of the allowance, whether it shall be an immediate or deferred allowance and whether the allowance sholl be in the form of a retirement allowance or a termination allowance, taking into account the employee's age, length of service, contributions to the Company, the likelihood of the employee being able to obtain other employment, and such other factors as such manager may consider relevant.

A determination to grant an allowance under this program shall be based on a written statement recommending the amount and the terms of the allowance and stating the facts and considerations upon which it is made; it shall be signed by the employee's manager ond shall be endorsed by such manager's immediate superior and by the appropriate officer reporting directly to the Corporate Executive Office; provided that allowances to the employees who are Senior Vice Presidents or above shall be endorsed by the Management Development and Compensation Committee of the Board of Directors. The Chairman of the Board or his delegate shall act on the recommendation.

4. The allowance, which shall be paid from funds of the Company, shall be paid monthly. Immediate allowances may commence with the first of the month following the month in which the employee's service terminates. However, all or a portion of a deferred allowance may be scheduled to commence the first of any month thereafter.

5. A married employee granted a retirement or termination allowance shall receive a reduced allowance in order to provide for a continuation of payments to the employee's spouse after the employee's death, if such death occurs prior to age 60, subject to the following conditions:

(a) That portion of the allowance representing the amounts described in Paragraphs 2(a) and 2(c) shall be reduced in the same manner and payable under the same terms and conditions as a pension would be treated under Section IX.1 (disregarding the calculations in the fourth paragraph therein for retirement as of the first day of the month following the attainment of age 59, or as of an earlier date) and IX.2 of the GE Pension Plan; provided, however, that:

(i) payment to the surviving spouse shall be equal to one half of the reduced allowance which would have been payable to the employee had the employee survived, including any increase in such allowance which was scheduled to take effect at the employee's age 60;

(ii) if death occurs prior to age 60, payments of such allowance to the employee's surviving spouse shall be further reduced by the amount available in the form of a monthly annuity as a preretirement spouse annuity payable under the GE Pension Plan with such reduction occurring beginning on the earliest date such annuity is so payable;

(iii) upon the death of the employee, the portion of the allowance representing the amount described in Paragraph 2(b) shall be discontinued at the end of the month in which such death occurs;

(iv) in no event shall any further payments of allowance be made to any persons after the death of both the employee and the person who is his spouse for purposes of the survivor benefit; and

(v) no waiver of the survivor benefit provided under this paragraph 5 shall have been received by the Company.

(b) Upon receipt by the Company of an employee's waiver with spouse's consent of the survivor benefit under this Paragraph 5, the allowance shall be adjusted from and after the date of such waiver to the amount he would have received on or after that date had there been no survivor benefit.

The spouse of a married employee shall not be eligible for any allowance payments after the employee's death if such death occurs after attainment of age 60 except as and to the extent provided in Paragraph 6.

6. Any allowance granted pursuant to this program shall be paid in accordance with the terms set forth in the written statement referred to in Paragraph 3. However, any such allowance:

(a) may be terminated at any time by the Management Development and Compensation Committee if the Committee in its sole discretion determines that the employee or, after the death of the employee, the employee's surviving spouse, has acted or is acting in any way inimical to the interests of the Company;

(b) shall terminate at the end of the month in which the employee withdraws his contributions to the GE Pension Plan plus interest credited thereon or elects to accelerate the commencement of his pension under Section XI.4.b.(iii) of the GE Pension Plan;

(c) shall terminate at the end of the month in which the employee's death occurs, if prior to age 60; unless a survivor benefit is payable in accordance with Paragraph 5;

(d) shall terminate at the end of the month in which the employee attains age 60, except that:

(i) the portion of the allowance representing the amount described in Paragraph 2(b) may be paid until the employee attains the Age of Eligibility for Social Security Benefits (currently age 62) or, if Section VI.8. of the GE Pension Plan is in effect, his Age of Eligibility for 80% Social Security Benefits within the meaning of such provision, or until the employee dies, whichever first occurs; and

(ii) the portion of the allowance representing the amount of the employee's supplementary pension described in Paragraph 2(c) may be paid through the month in which the employee dies; provided that (1) if a survivor benefit applies to the employee's pension under the GE Pension Plan, this portion of the allowance shall be adjusted and paid on the same basis as Section VI of the Supplementary Pension Plan, and (2) if a death benefit is payable to the beneficiary or surviving spouse of such employee under the GE Pension Plan, a death benefit shall also be payable to such beneficiary or surviving spouse with respect to the portion of the employee's allowance representing the amount described in Paragraph 2(c) hereof, such benefit to be computed and paid in the same manner as the death benefit referred to in Section VII of the GE Supplementary Pension Plan; and

(e) Notwithstanding the foregoing, if a former employee entitled to a deferred allowance dies on or after November 1, 1998 and before such allowance commences and a preretirement survivor annuity is payable to the Surviving Spouse of the employee under the GE Pension Plan, a preretirement survivor annuity may also be payable to such Spouse with respect to the portion of the deferred allowance representing the amount of the employee's supplementary pension described in Paragraph 2(c). Any such preretirement survivor annuity provided under this Program shall be computed and paid in the same manner as such death benefit is payable under the GE Pension Plan but shall be based only on the portion of the deferred allowance representing the amount of the employee's supplementary pension described in Paragraph 2(c).

7. Notwithstanding those provisions of Paragraphs 5 and 6 above concerning the form in which an allowance will be distributed (including applicable survivor or death benefits), if the allowance is granted in conjunction with the payment of the Special Early Retirement Option or Plant Closing Pension Option under the GE Pension Plan, such allowance will be distributed for so long as it remains payable in the same form as the pension is paid under the GE Pension Plan and subject to at least the same reduction calculation to reflect any applicable survivor benefits.

8. Any allowance payable under this program shall terminate at the end of the month in which the employee is reemployed by General Electric Company or any of its affiliates or subsidiaries.

9. For purposes of this program, the terms "spouse" and "surviving spouse" shall have the same meanings as under Section XXVI of the GE Pension Plan.

10. Except as to withholding of any tax under the laws of the United States or any state or locality, no benefit payable at any time hereunder shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit, whether currently or thereafter payable hereunder, shall be void.

11. Any or all allowances granted under this program may be reduced, suspended, or terminated by the Board of Directors in its discretion.

Exhibit 10(y)

GE Excess Benefits Plan
(Effective July 1, 2003)

Section I.
Eligibility

All Employees, Surviving Spouses and beneficiaries of Employees eligible to receive Pension benefits under the GE Pension Plan shall be eligible to receive excess benefits under this Plan in accordance with Section II.

Section II.
Excess Benefits

The amount of the Excess Benefit payable under this Plan to an Employee, Surviving Spouse or beneficiary shall be equal to the excess (if any) of:

a. the Pension, survivor benefit or death benefit that the Employee, Surviving Spouse or beneficiary would have received under the GE Pension Plan as a result of the retirement or death of the Employee but for the limitations on such benefit imposed by the GE Pension Plan pursuant to Section 415 of the Code, over

b. the Pension, survivor benefit or death benefit that the Employee, Surviving Spouse or beneficiary receives under the GE Pension Plan.

For all periods during which this Plan is in effect and regardless of whether the Employee's termination of Service date occurs on, before or after July 1, 2003, in no event shall an individual be entitled to receive more benefits from this Plan and the GE Pension Plan combined than he would have been entitled to receive from the GE Pension Plan alone without application of the limits of Section 415 of the Code referred to in Section II.a. above.

Section III.
Payment of Excess Benefits

1. All Excess Benefits provided for hereunder shall be paid in the same form and manner as the benefits payable to such Employee, Surviving Spouse or beneficiary under the GE Pension Plan.

2. If an Employee's Pension under the GE Pension Plan is suspended for any month in accordance with the re-employment provisions thereof, the Employee's Excess Benefits hereunder for that month shall likewise be suspended under this Plan.

Section IV.
Beneficiary

An Employee's beneficiary for the purposes of this Plan shall be the beneficiary designated by him under the GE Pension Plan.

Section V.
Administration

1. This Plan shall be administered by the Pension Board, which shall have authority in its sole discretion to make, amend, interpret and enforce rules and regulations for the administration of this Plan and decide or resolve in its sole discretion any and all questions which may arise in connection with this Plan.

2. In the administration of this Plan, the Pension Board may, from time to time, employ agents and delegate to them such administrative duties as it sees fit and may, from time to time, consult with counsel, including counsel to the Company.

3. The decision or action of the Pension Board in respect of any question arising out of or in connection with the administration, interpretation and application of this Plan and the rules and regulations hereunder shall be final and conclusive and binding upon all persons having any interest in this Plan.

Section VI.
Amendment and Termination

The Company reserves the right, by action of the General Electric Company Board of Directors, to amend, modify or terminate, either retroactively or prospectively, any or all of the provisions of this Plan; provided, however, that no such action on its part shall adversely affect the rights of an Employee, his Surviving Spouse or beneficiaries without the consent of such Employee (or his Surviving Spouse or beneficiaries, if the Employee is deceased) with respect to any benefits accrued under this Plan prior to the date of such amendment, modification or termination of the Plan if the Employee has at that time a non-forfeitable right to benefits under Section XII of the GE Pension Plan.

Section VII.
General Conditions

1. The Excess Benefits payable under this Plan shall be paid by the Company out of its general assets and shall not be funded in any manner. The obligations that the Company incurs under this Plan shall be subject to the claims of the Company's other creditors having priority as to the Company's assets.

2. Except as to withholding of any tax under the laws of the United States or any state or locality, no Excess Benefit payable at any time hereunder shall be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment or other legal process, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such Excess Benefit, whether currently or thereafter payable hereunder, shall be void.

3. No Employee and no other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the Service of his Employer. The right and power of the Company to dismiss or discharge any Employee is expressly reserved.

4. Notwithstanding the provisions of Section I, employees who are represented by a union (pursuant to a certification by the National Labor Relations Board or otherwise in accordance with the provisions of Section 9 of the National Labor Relations Act) shall become eligible to participate in this Plan (a) only after the Company and such union shall have entered into a written agreement to the effect that the Plan shall be offered to the employees so represented, and (b) only in accordance with any conditions or requirements contained in such agreement; provided, however, that whenever employees who are eligible for the Plan choose a bargaining agent (pursuant to NLRB certification), they shall continue to be eligible unless and until the certified agent gives notice to the Company that it does not wish such eligibility to continue.

5. All terms used in this Plan which are defined in the GE Pension Plan shall have the same meaning herein as therein, unless otherwise expressly provided in this Plan.

6. The rights under this Plan of an Employee who leaves the Service of the Company at any time and the rights of anyone entitled to receive any payments under this Plan by reason of the death of such Employee, shall be governed by the provisions of this Plan in effect on the date such Employee leaves the Service of the Company, except as otherwise specifically provided in this Plan.

7. The law of the State of New York shall govern the construction and administration of this Plan.

EXHIBIT 10(z)

GENERAL ELECTRIC COMPANY
2002 EXECUTIVE OFFICER DEFERRED SALARY PLAN

I. ELIGIBILITY

To maximize the ability of General Electric Company ("Company") to obtain a federal tax deduction for compensation to be paid to its Executive Officers in 2002, each Executive Officer of the Company who is expected to be paid more than $1 million in base salary compensation in 2002 shall be eligible to participate in this Plan.

II. DEFERRAL OF SALARY

1. Each Executive Officer eligible to participate in this Plan ("Participant") shall be given an opportunity to irrevocably elect, prior to any deferral hereunder:

(a) the portion (minimum of 10%, maximum of 100%) of the Participant's 2002 base salary to be deferred, and

(b) the form of payout alternative as set forth in Section V.

2. Commencing with base salary earned for January 2002, the Participant's total base salary elected to be deferred under this Plan will be deferred in ratable installments through the month of December 2002, and will be credited to the Participant's deferred salary cash account ("Deferred Account") as of the end of the month of deferral ("Deferral Date").

III. SPECIAL ONE-TIME MATCHING MAKE-UP CREDIT

As of December 31, 2002, a special one-time credit shall be made to the Deferred Account of each Participant who is actively employed by the Company on such date to make up for the matching Company payment that would otherwise have been available under the Company's Savings and Security Program. The amount of such credit shall equal 3.5% of the total 2002 base salary deferred under this Plan by the Participant (excluding interest). Such credit shall not be provided for any Participant who has terminated employment with the Company for any reason prior to December 31, 2002, or is not actively employed on such date.

IV. MANNER OF ACCOUNTING

1. Each Deferred Account shall be unfunded, unsecured and nonassignable, and shall not be a trust for the benefit of any Participant.

2. Except as may be otherwise provided in Section V or VIII, the Participant's Deferred Account will be credited with (a) the amount of base salary deferred on each Deferral Date as set forth in Section II.2., (b) the special one-time matching make-up credit as set forth in Section III, and (c) interest at the annual rate of 10% compounded annually on each December 31.

V. PAYMENT OF DEFERRED ACCOUNT

1. Payment of a Participant's Deferred Account will be made only after termination of employment of the Participant.

2. If no manner of payment election is made, the Deferred Account will be paid in 10 annual installments commencing on March 1 (or as soon thereafter as practical) following the year of termination of employment.

3. At the time of election to defer base salary, a Participant may irrevocably elect: (a) the number of annual payout installments (minimum of 10, maximum of 20) of the Deferred Account commencing on March 1 (or as soon thereafter as practical) following the year of termination of employment, unless (b) a lump sum payment of the Deferred Account is elected in which case the lump sum payment will be made on March 1 (or as soon thereafter as practical) following the year of termination of employment.

4. Participants who terminate their employment on or after December 31, 2002 because of retirement, death or disability, or Participants who terminate their employment on or after December 31, 2006 for any reason, will receive payouts based on Deferred Account accumulations at the 10% interest rate. Payments will be made pursuant to Section V.2 or V.3 above beginning on March 1 (or as soon thereafter as practical) following the year of termination of employment.

5. Unless waived by the Management Development and Compensation Committee of the Board of Directors ("MDCC"), if the Participant terminates employment prior to December 31, 2002 for any reason, or prior to December 31, 2006 for any reason other than retirement, death, or disability, the Participant's Deferred Account will be paid in a lump sum as soon as practical following the date of termination, along with simple interest credited at an annual rate of 3% rather than the rate specified in Section IV.

VI. DEATH BENEFITS

In the event of a Participant's death prior to receiving any or all payments to which the Participant is entitled, the remaining Deferred Account shall be paid at the time and in the manner provided in Section V to the beneficiary or beneficiaries designated by the Participant on a beneficiary designation form properly filed by the Participant with the Company in accordance with established administrative procedures. If no such designated beneficiary survives the Participant, such remaining benefits shall be paid as set forth above to the Participant's estate.

VII. ADMINISTRATION AND INTERPRETATION

This Plan shall be administered by the MDCC, which shall have full power and authority on behalf of the Company to administer and interpret the Plan in its sole discretion. All MDCC decisions with respect to the administration and interpretation of the Plan shall be final and binding upon all persons.

VIII. AMENDMENT OF THE PLAN

This Plan may be amended, suspended or terminated at any time by the MDCC. In addition, the MDCC may alter or amend the payout schedule of any or all of the accrued benefits of a Participant at any time.

IX. EFFECTIVE DATE

The effective date of this Plan shall be January 1, 2002.

Exhibit 12

General Electric Company
Ratio of Earnings to Fixed Charges

(Dollars in millions)	Years ended December 31 2004	2003	2002	2001	2000
General Electric Company and consolidated affiliates					
Earnings [(a)]	$ 21,034	$ 20,194	$ 19,217	$ 20,049	$ 18,873
Plus: Interest and other financial charges included in expense	11,972	10,515	10,321	11,212	11,903
One-third of rental expense [(b)]	623	542	584	566	608
Adjusted "earnings"	$ 33,629	$ 31,251	$ 30,122	$ 31,827	$ 31,384
Fixed Charges:					
Interest and other financial charges	$ 11,972	$ 10,515	$ 10,321	$ 11,212	$ 11,903
Interest capitalized	92	48	53	98	124
One-third of rental expense [(b)]	623	542	584	566	608
Total fixed charges	$ 12,687	$ 11,105	$ 10,958	$ 11,876	$ 12,635
Ratio of earnings to fixed charges	2.65	2.81	2.75	2.68	2.48

(a) Earnings before income taxes, minority interest and cumulative effect of accounting changes.

(b) Considered to be representative of interest factor in rental expense.

Contents

We also present our financial information electronically at **www.ge.com/investor**. This award-winning site is interactive and informative.

Management's Discussion of Financial Responsibility

We believe that great companies are built on a foundation of reliable financial information and compliance with the spirit and letter of the law. For GE, that foundation includes rigorous management oversight of, and an unyielding dedication to, controllership. The financial disclosures in this report are one product of our commitment to high quality financial reporting. In addition, we make every effort to adopt appropriate accounting policies, we devote our full resources to ensuring that those policies are applied properly and consistently and we do our best to fairly present our financial results in a manner that is complete and understandable. While we take pride in our financial reporting, we tirelessly seek improvements, and we welcome your suggestions.

RIGOROUS MANAGEMENT OVERSIGHT

Members of our corporate leadership team review each of our businesses routinely on matters that range from overall strategy and financial performance to staffing and compliance. Our business leaders monitor financial and operating systems, enabling us to identify potential opportunities and concerns at an early stage and positioning us to respond rapidly. Our Board of Directors oversees management's business conduct, and our Audit Committee, which consists entirely of independent directors, oversees our system of internal controls and procedures. We continually examine our governance practices in an effort to enhance investor trust and improve the Board's overall effectiveness. The Board and its committees annually conduct a performance self-evaluation and recommend improvements. Our Presiding Director led three meetings of non-employee directors this year, helping us sharpen our full Board meetings to better cover significant topics. Compensation policies for our executives are aligned with the long-term interests of GE investors. For example, payout of CEO equity grants are contingent on our Company meeting key performance metrics.

DEDICATION TO CONTROLLERSHIP

We maintain a dynamic system of internal controls and procedures—including internal control over financial reporting—designed to ensure reliable financial record-keeping, transparent financial reporting and disclosure, and protection of physical and intellectual property. We recruit, develop and retain a world-class financial team. Our internal audit function, 530 auditors, including 380 members of our Corporate Audit Staff, conducts thousands of financial, compliance and process improvement audits each year, in every geographic area, at every GE business. We recognized the contributions of our controllers and these auditors with a Chairman's Leadership Award in 2005. The Audit Committee oversees the scope and evaluates the overall results of these reviews. Our global integrity policies—the "Spirit & Letter"—require compliance with law and policy, and pertain to such vital issues as upholding financial integrity and avoiding conflicts of interest. These integrity policies are available in 27 languages, and we have provided them to every one of GE's more than 300,000 global employees, holding each of these individuals—from our top management down—personally accountable for compliance. Our integrity policies serve to reinforce key employee responsibilities around the world, and we inquire extensively about compliance. Our strong compliance culture reinforces these efforts by requiring employees to raise any compliance concerns and by prohibiting retribution for doing so. To facilitate open and candid communication, we have designated ombudspersons throughout the Company to act as independent resources for reporting integrity or compliance concerns. We hold our consultants, agents and independent contractors to the same integrity standards.

VISIBILITY TO INVESTORS

We are keenly aware of the importance of full and open presentation of our financial position and operating results and rely for this purpose on our disclosure controls and procedures, including our Disclosure Committee, which comprises senior executives with detailed knowledge of our businesses and the related needs of our investors. We ask this committee to evaluate the fairness of our financial and non-financial disclosures, and to report their findings to us and to the Audit Committee. We further ensure strong disclosure by holding more than 250 analyst and investor meetings every year. Recognizing the effectiveness of our disclosure policies, investors surveyed annually by *Investor Relations* magazine have given us 24 awards in the last nine years, including Best Overall Investor Relations Program by a mega-cap company for six of those years. We are in regular contact with representatives of the major rating agencies, and our debt continues to receive their highest ratings. We welcome the strong oversight of our financial reporting activities by our independent registered public accounting firm, KPMG LLP, who are engaged by and report directly to the Audit Committee. Beginning this year, U.S. legislation requires management to report on internal control over financial reporting and for auditors to render an opinion on such controls. Our report and the KPMG LLP report for 2004 appear on page 47.

A GREAT COMPANY

GE continues to earn the admiration of the business world. We were named "The World's Most Respected Company" for the seventh consecutive year in the *Financial Times*/ PricewaterhouseCoopers annual CEO survey, and again ranked first in corporate governance.

We present our financial information proudly, with the expectation that those who use it will understand our Company, recognize our commitment to performance with integrity, and share our confidence in GE's future.

Jeff Immelt | Keith S. Sherin

JEFFREY R. IMMELT
Chairman of the Board and
Chief Executive Officer

KEITH S. SHERIN
Senior Vice President, Finance
and Chief Financial Officer

February 11, 2005

Management's Annual Report on Internal Control Over Financial Reporting

The management of General Electric Company is responsible for establishing and maintaining adequate internal control over financial reporting for the company. With the participation of the Chief Executive Officer and the Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2004.

General Electric Company's independent auditor, KPMG LLP, a registered public accounting firm, has issued an audit report on our management's assessment of our internal control over financial reporting. This audit report appears below.

Jeff Immelt　Keith S. Sherin

JEFFREY R. IMMELT
Chairman of the Board and
Chief Executive Officer

KEITH S. SHERIN
Senior Vice President, Finance
and Chief Financial Officer

February 11, 2005

Report of Independent Registered Public Accounting Firm

To Shareowners and Board of Directors of General Electric Company

We have audited the accompanying statement of financial position of General Electric Company and consolidated affiliates ("GE") as of December 31, 2004 and 2003, and the related statements of earnings, changes in shareowners' equity and cash flows for each of the years in the three-year period ended December 31, 2004. We also have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that GE maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). GE management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these consolidated financial statements, an opinion on management's assessment, and an opinion on the effectiveness of GE's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements appearing on pages 72, 74, 76, 53 and 78–111 present fairly, in all material respects, the financial position of GE as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, management's assessment that GE maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in *Internal Control—Integrated Framework* issued by COSO. Furthermore, in our opinion, GE maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

As discussed in note 1 to the consolidated financial statements, GE in 2004 and 2003 changed its method of accounting for variable interest entities, in 2003 changed its method of accounting for asset retirement obligations and in 2002 changed its methods of accounting for goodwill and other intangible assets and for stock-based compensation.

Our audits of GE's consolidated financial statements were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating information appearing on pages 73, 75 and 77 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

KPMG LLP
Stamford, Connecticut

February 11, 2005

Operations

Our consolidated financial statements combine the industrial manufacturing, services and media businesses of General Electric Company (GE) with the financial services businesses of General Electric Capital Services, Inc. (GECS or financial services).

We present Management's Discussion of Operations in five parts: Overview of Our Earnings from 2002 through 2004, Global Risk Management, Segment Operations, Global Operations and Environmental Matters.

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission (SEC) rules; those rules require the supplemental explanations and reconciliations provided on page 70.

2004 WAS A YEAR OF PORTFOLIO TRANSITION. As described in our report last year, we simplified our organization on January 1, 2004, by realigning certain businesses within our segment structure. Certain prior-period amounts in this financial section have been reclassified to reflect this reorganization.

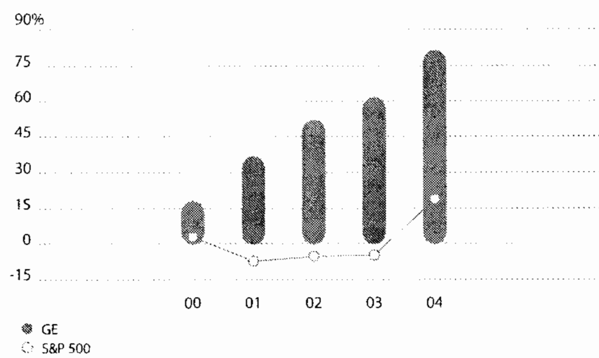
We continued making progress toward our objectives through strategic acquisitions, mergers and dispositions.

- In April 2004, we acquired Amersham plc (Amersham), a world leader in medical diagnostics and life sciences, to complement our existing Healthcare business.
- In May 2004, we combined NBC with Vivendi Universal Entertainment LLLP (VUE) to create one of the world's leading media companies, NBC Universal.
- In May 2004, we also completed an initial public offering of Genworth Financial, Inc. (Genworth), our formerly wholly-owned subsidiary that conducts most of our consumer insurance business, including life and mortgage insurance operations. We sold approximately 30% of the common shares of Genworth to the public, and we expect (subject to market conditions) to reduce our ownership over the next two years as Genworth transitions to full independence. This transaction resulted in a second quarter pre-tax loss of $0.6 billion ($0.3 billion after tax), recognized in the Insurance segment.
- In December 2004, we sold a majority interest in Gecis, our global business processing operation, to two leading private investment firms. We received cash proceeds of $0.6 billion and retained a 40% investment in Gecis. This transaction resulted in a fourth quarter pre-tax gain of $0.4 billion ($0.3 billion after tax), recognized in the Equipment & Other Services segment.

WE DECLARED $8.6 BILLION IN DIVIDENDS IN 2004. Per-share dividends of $0.82 were up 6% from 2003, following a 5% increase from the preceding year. In December 2004, our Board of Directors raised our quarterly dividend 10% to $0.22 per share. We have rewarded our shareowners with over 100 consecutive years of dividends, with 29 consecutive years of dividend growth, and our dividend growth for the past five years has significantly outpaced that of companies in the Standard & Poor's 500 stock index.

Except as otherwise noted, the analysis in the remainder of this section presents the results of GE (with GECS included on a one-line basis) and GECS. See the Segment Operations section on page 52 for a more detailed discussion of the businesses within GE and GECS.

GE/S&P CUMULATIVE DIVIDEND GROWTH SINCE 1999



Overview of Our Earnings from 2002 through 2004

The global economic environment must be considered when evaluating our results over the last several years. Important factors for us included slow global economic growth, a weakening U.S. dollar, lower global interest rates, a mild U.S. recession that did not cause significantly higher credit losses, developments in three industries—power generation, property and casualty insurance and commercial aviation—that are significant to us, and escalating raw material prices. As the following pages show in detail, our diversification and risk management strategies enabled us to continue to grow during this challenging time.

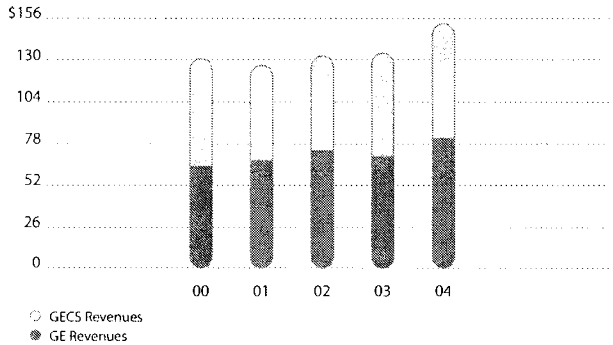
Three segments whose operations have a significant effect on our consolidated results and reflect their changing economic environments are Energy, Insurance and Transportation.

- Energy (14% and 22% of consolidated three-year revenues and total segment profit, respectively) participated in the period of unprecedented U.S. power industry demand that peaked in 2002, a period often referred to as the "U.S. power bubble." The return to normal demand levels is reflected in lower shipments of large heavy-duty gas turbines. In 2004, we sold 122 such units, compared with 175 in 2003 and 323 in 2002. We accurately foresaw the end of the bubble and took action to reduce the effect, right-sizing the business and growing and investing in other lines of the power generation business such as product services and wind energy. We believe the Energy segment is well positioned for its markets in 2005 and beyond.
- Insurance (17% and 4% of consolidated three-year revenues and total segment profit, respectively) was much like most of the property and casualty reinsurance industry, facing volatility throughout the period. In 2002, we recognized losses on our 1997–2001 business, increasing related reserves by $3.5 billion before tax. In 2003, our turnaround efforts started to pay off and we realized benefits from improved operations as earnings increased by $2.3 billion to a profit of $0.5 billion at GE Insurance Solutions. In 2004, improved core performance at

GE Insurance Solutions reflecting the favorable pricing environment was more than offset by U.S. hurricane-related losses and continued adverse loss development, essentially all related to the 1997 through 2001 underwriting years.

- Transportation (10% and 14% of consolidated three-year revenues and total segment profit, respectively) continued to invest in market-leading technology and services. While the commercial aviation industry continues to face challenges and financial pressures that affect our commercial aviation business, our business model succeeds by diversification. Product services, the military engines business and our rail equipment and services business continued to be strong. Overall, Transportation reported segment profit that grew $0.6 billion in 2004 and $0.2 billion in 2003.

CONSOLIDATED REVENUES
(In billions)



Results at two major segments, Healthcare and NBC Universal, reflected continued investment and growth over the last three years.

- Healthcare (8% and 9% of consolidated three-year revenues and total segment profit, respectively) continued to show strong growth as 2004 revenues and segment profit both rose about 50% since 2002. Our acquisitions of Amersham in 2004 and Instrumentarium in 2003 contributed $3.2 billion and $0.6 billion to Healthcare revenues and segment profit, respectively, in 2004. These acquisitions also expanded the breadth of our product and services offerings to the healthcare industry, positioning us well for continued growth.
- NBC Universal (6% and 10% of consolidated three-year revenues and total segment profit, respectively) also contributed a strong performance during the last three years as we continued to invest through acquisitions. Through the combination of NBC and VUE in 2004, and successful acquisitions of Telemundo and Bravo in 2002, we have created a diversified world-class media company. Earnings from the segment increased $0.6 billion in 2004 following a $0.3 billion increase in 2003.

Most of our other operations achieved operating results in line with our expectations in the 2002 to 2004 economic environment.

- Commercial and Consumer Finance (in total, 25% and 31% of consolidated three-year revenues and total segment profit, respectively) are large, profitable growth businesses in which we continue to invest with confidence. In a challenging economic environment, these businesses grew earnings by $0.9 billion and $1.0 billion in 2004 and 2003, respectively. Solid core growth, disciplined risk management and successful acquisitions have delivered these strong results.
- Infrastructure (2% of consolidated three-year revenues and total segment profit), with growth platforms such as security and water treatment, continued to grow significantly through acquisitions. We foresee dramatic revenue and earnings growth in these platforms through integration of these acquisitions, expanded distribution and new product introductions.
- Advanced Materials, Consumer & Industrial and Equipment & Other Services (in total, 19% and 7% of consolidated three-year revenues and total segment profit, respectively) are particularly sensitive to economic conditions and consequently were affected adversely by the U.S. recession in 2002 and by slow global growth in developed countries. Higher capacity, in combination with declining or weak volume growth in many of these industries, resulted in fierce competitive price pressures. Advanced Materials was hit particularly hard because of additional pressures from significant inflation in certain raw materials such as benzene and natural gas.

As the preceding comments about Healthcare, Insurance and NBC Universal illustrate, acquisitions and dispositions played an important role in our growth strategy. We integrate acquisitions as quickly as possible and only revenues and earnings from the date we complete the acquisition through the end of the fourth following quarter are attributed to such businesses. Acquisitions contributed $12.3 billion, $5.4 billion and $7.2 billion to consolidated revenues in 2004, 2003 and 2002, respectively. Our consolidated net earnings in 2004, 2003 and 2002 included approximately $1.2 billion, $0.5 billion and $0.6 billion, respectively, from acquired businesses. Dispositions affected our operations through lower revenues and earnings in 2004 of $3.4 billion and $1.2 billion, respectively, and in 2003 through lower revenues of $2.3 billion and higher earnings of $0.2 billion.

Significant matters relating to our Statement of Earnings, which appears on pages 72 and 73, are explained below.

GE SALES OF PRODUCT SERVICES were $25.8 billion in 2004, a 12% increase over 2003. Increases in product services in 2004 and 2003 were widespread, led by continued strong growth at Transportation, Healthcare, Infrastructure and Energy. Operating profit from product services was approximately $6.4 billion in 2004, up 21% from 2003, reflecting ongoing improvements at Transportation, Energy and Healthcare.

POSTRETIREMENT BENEFIT PLANS reduced pre-tax earnings by $1.2 billion and $0.2 billion in 2004 and 2003, respectively, after contributing $0.6 billion to pre-tax earnings in 2002. Costs of our principal pension plans increased in 2004 and 2003 primarily because of the effects of:

- Prior years investment losses (reducing pre-tax earnings by $0.6 billion in 2004 and $0.4 billion in 2003), and
- Lowering pension discount rates used to calculate 2004 and 2003 pension costs from 6.75% to 6.0% and 7.25% to 6.75%, respectively. Pre-tax earnings in 2004 and 2003 were $0.4 billion and $0.2 billion lower, respectively, because of these discount rate reductions.

Benefit costs for these plans in 2003 also increased as compared with 2002 because of plan changes resulting from union negotiations as well as increases in retiree medical and drug costs.

Considering current and expected asset allocations, as well as historical and expected returns on various categories of assets in which our plans are invested, we have assumed that long-term returns on our principal pension plan assets would be 8.5% throughout this period and in 2005. U.S. accounting principles provide for recognition of differences between assumed and actual returns over the average future service life of employees.

We believe our postretirement benefit costs will increase again in 2005 for a number of reasons, including further reduction in discount rates at December 31, 2004, continued recognition of prior years investment losses relating to our principal pension plans, and increases in retiree healthcare costs.

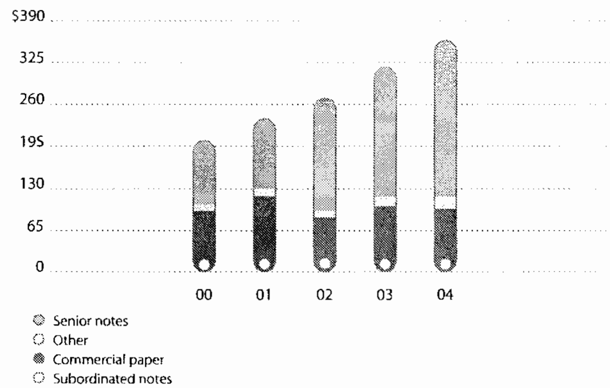
Our principal pension plans had a surplus of $6.7 billion at December 31, 2004. We will not make any contributions to the GE Pension Plan in 2005. To the best of our ability to forecast the next five years, we do not anticipate making contributions to that plan so long as expected investment returns are achieved. At December 31, 2004, the fair value of assets for our affiliate and other pension plans was $2.6 billion less than their respective projected benefit obligations. In 2004, we contributed $0.4 billion to such plans and expect to contribute $0.3 billion to these plans in 2005.

The funding status of our postretirement benefit plans and future effects on operating results depend on economic conditions and investment performance. See notes 5 and 6 for additional information about funding status, components of earnings effects and actuarial assumptions. See page 70 for discussion of pension assumptions.

GE OTHER COSTS AND EXPENSES are selling, general and administrative expenses, which increased 22% to $12.0 billion in 2004, following an 8% increase in 2003, substantially the result of acquisitions.

INTEREST ON BORROWINGS AND OTHER FINANCIAL CHARGES amounted to $11.9 billion, $10.8 billion and $10.2 billion in 2004, 2003 and 2002, respectively. Substantially all of our borrowings are done through GECS, where interest expense was $11.4 billion, $10.3 billion and $9.9 billion in 2004, 2003 and 2002, respectively. Changes over the three-year period reflected increased average borrowings, partially offset by the effects of lower interest rates. GECS average borrowings were $322.6 billion, $309.0 billion and $250.1 billion in 2004, 2003 and 2002, respectively. GECS average composite effective interest rate was 3.6% in 2004, compared with 3.3% in 2003 and 4.1% in 2002. Proceeds of these borrowings were used in part to finance asset growth and acquisitions. In 2004, GECS average assets of $577.3 billion were 11% higher than in 2003, which in turn were 15% higher than in 2002. See page 62 for a discussion of interest rate risk management.

GECS BORROWINGS
(In billions)



INCOME TAXES are a significant cost. As a global commercial enterprise, our tax rates are strongly affected by many factors, including our global mix of earnings, legislation, acquisitions, dispositions and tax characteristics of our income. Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions. Because of the number of variables affecting our reported tax results, we have prepared this section to facilitate an understanding of our income tax rates.

Income taxes on consolidated earnings before accounting changes were 17.5%, compared with 21.7% in 2003 and 19.9% in 2002. Our consolidated income tax rate was 4.2 percentage points lower in 2004 than 2003 because the 2004 tax benefits from favorable U.S. Internal Revenue Service (IRS) settlements, the NBC Universal transaction, a partial reorganization of our aircraft leasing business and the sale of a majority interest in Gecis were greater than the tax benefits from certain business dispositions in 2003. Our consolidated income tax rate increased by 1.8 percentage points in 2003 because our tax benefits from 2003 business dispositions were less than our 2002 tax benefits from settlements with the IRS. Income tax rates for all three years were lower because of the increasing share of earnings from lower taxed global operations. A more detailed analysis of differences between the U.S. federal statutory rate and the consolidated rate, as well as other information about our income tax provisions, is provided in note 7. The nature of business activities and associated income taxes differ for GE and for GECS, and a separate analysis of each is presented in the paragraphs that follow.

Because GE tax expense does not include taxes on GECS earnings, the GE effective tax rate is best analyzed in relation to GE earnings excluding GECS. GE's pre-tax earnings excluding GECS were $10.4 billion, $10.7 billion and $14.3 billion for 2004, 2003 and 2002, respectively. On this basis, GE's effective tax rate was 19.0% in 2004, lower by 7.7 percentage points than the 26.7% rate in 2003 and 2002. The 2004 reduction was primarily a result of two items which decreased the 2004 GE tax rate by 7.2 percentage points—settling several issues with the IRS for the years 1985 through 1999 and tax benefits associated with the NBC Universal transaction. As part of the IRS settlements, we closed two significant issues: the 1997 tax-free exchange of the Lockheed Martin convertible preferred stock we received on the disposition of our Aerospace business in 1993, and a 1998 tax loss on the sale of a Puerto Rican subsidiary. The tax portion of these settlements is included in the line "IRS settlements of Lockheed Martin tax-free exchange/Puerto Rico subsidiary loss" in note 7. The tax benefits associated with the NBC Universal transaction are included in the line "All other—net" in note 7. The 2004 GE effective tax rate also reflects lower pre-tax income, primarily because of lower earnings at Energy and higher costs related to our principal pension plans. Partially offsetting these changes was the nonrecurrence of the 2003 tax benefit, discussed below, on the disposition of GE Superabrasives U.S., Inc.

The 2003 GE rate was reduced by 1.7 percentage points because certain reductions in pre-tax earnings—specifically, lower earnings at Energy and higher costs related to our principal pension plans—affected income taxed at higher than our average rate. The 2003 GE rate was also reduced by 1.0 percentage point (after adjusting for the effect of the lower earnings at Energy and higher costs related to our principal pension plans) from a tax benefit on the disposition of shares of GE Superabrasives U.S., Inc., included in the line "All other—net" in note 7. In 2002, GE entered into settlements with the IRS concerning certain export tax benefits. The effect of these settlements, the tax portion of which is included in the line "Tax on global activities including exports" in note 7, was a reduction of the GE tax rate of 2.7 percentage points. Also in 2002, GE entered into a tax-advantaged transaction to exchange certain assets for the cable network Bravo. The related reduction of 1.0 percentage point in the GE effective tax rate is reflected in the line "All other—net" in note 7.

GECS effective tax rate increased to 15.9% in 2004 from 15.8% in 2003 and negative 1.7% in 2002. The 2004 GECS rate reflects the net benefits, discussed below, of legislation and a partial reorganization of our aircraft leasing operation, which decreased the effective tax rate 1.6 percentage points and is included in the line "Tax on global activities including exports" in note 7; tax benefits from favorable IRS settlements, which decreased the effective tax rate 1.2 percentage points and are included in the line "All other—net" in note 7; and the low-taxed disposition of a majority interest in Gecis which decreased the effective tax rate 0.9 percentage points, and is included in the line "Tax on global activities including exports" in note 7. Offsetting these benefits was the nonrecurrence of the 2003 tax benefit on the disposition of shares of ERC Life Reinsurance Corporation (ERC Life).

As a result of the repeal of the extraterritorial income (ETI) taxing regime as part of the American Jobs Creation Act of 2004 (the Act), the aircraft leasing operations of Commercial Finance no longer qualify for a reduced U.S. tax rate. However, the Act also extended to foreign aircraft leasing, the U.S. tax deferral benefits that were already available to GE's other active foreign operations. As stated above, these legislative changes, coupled with a partial reorganization of our aircraft leasing business and a favorable Irish tax ruling, decreased GECS effective tax rate 1.6 percentage points.

The increase in the effective tax rate from 2002 to 2003 reflects the nonrecurrence of the 2002 losses at GE Insurance Solutions and GE Equity as well as certain 2002 IRS settlements discussed below, partially offset by a 2.7 percentage point decrease because of the 2003 tax benefit on the disposition of shares of ERC Life.

GECS 2002 effective tax rate reflects the effects of pre-tax losses at GE Insurance Solutions and GE Equity, which reduced the effective tax rate of GECS by 16.7 percentage points, the effects of lower taxed earnings from global operations and favorable tax settlements with the IRS. The benefits of these settlements, which reduced the GECS rate 4.0 percentage points (excluding the GE Insurance Solutions and GE Equity losses), are included in the line "All other—net" in note 7.

Global Risk Management

A disciplined approach to risks is important in a diversified organization such as ours in order to ensure that we are executing according to our strategic objectives and that we only accept risks for which we are adequately compensated. It is necessary for us to manage risk at the individual transaction level, and to consider aggregate risk at the customer, industry, geography and collateral-type levels, where appropriate.

GE's Board of Directors oversees the risk management process through clearly established delegation of authority. Board meeting agendas are jointly developed with management to cover the same risk topics as our Corporate Risk Committee reviews, including environmental, compliance, liquidity, credit, market and event risks.

GECS Board of Directors oversees the risk management process for financial services, including the approval of all significant acquisitions and dispositions and the establishment of borrowing and investment approval limits delegated to the Investment Committee of the Board, the Chairman, the Chief Financial Officer and the Chief Risk Officer. All participants in the risk management process must comply with these approval limits.

The GECS Chief Risk Officer is responsible, through the Corporate Risk Function, for establishing standards for the measurement, reporting and limiting of risk; for managing and evaluating risk managers; for approving risk management policies and for reviewing major risk exposures and concentrations across the organization. The GECS Corporate Risk Function analyzes certain business risks and assesses them in relation to aggregate risk appetite and approval limits set by the GECS Board of Directors.

Threshold responsibility for identifying, quantifying and mitigating risks is assigned to our individual businesses. Because the risks and their interdependencies are complex, we apply a Six Sigma-based analytical approach to each major product line that monitors performance against external benchmarks, proactively manages changing circumstances, provides early warning detection of risk and facilitates communication to all levels of authority. Other corporate functions such as Financial Planning and Analysis, Treasury, Legal and our Corporate Audit Staff support business-level risk management. Businesses that, for example, hedge risk with derivative financial instruments must do so using our centrally-managed Treasury function, providing assurance that the business strategy complies with our corporate policies and achieves economies of scale. We review risks periodically with business-level risk managers, senior management and our Board of Directors.

GECS employs about 10,000 dedicated risk professionals, including 2,700 involved in collection activities and 1,400 specialized asset managers who evaluate leased asset residuals and remarket off-lease equipment.

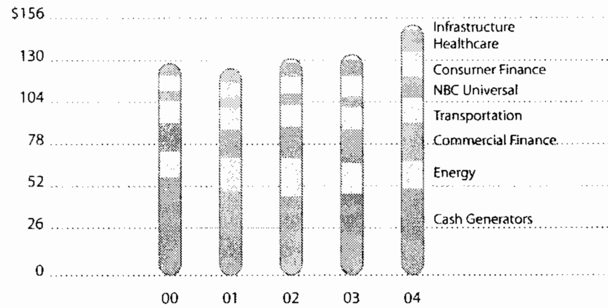
GE and GECS manage a variety of risks including liquidity, credit, market and event risks.

- Liquidity risk is the risk of being unable to accommodate liability maturities, fund asset growth and meet contractual obligations through access to funding at reasonable market rates. Additional information about our liquidity and how we manage this risk can be found on page 59 and in notes 18 and 28.
- Credit risk is the risk of financial loss arising from a customer or counterparty's failure to meet its contractual obligations. We face credit risk in our lending and leasing activities (see pages 59 and 68 and notes 1, 12, 13 and 30) and derivative financial instruments activities (see note 28).
- Market risk is the potential loss in value of investment and other asset and liability portfolios, including financial instruments, caused by changes in market variables, such as interest and currency exchange rates and equity and commodity prices. We are exposed to market risk in the normal course of our business operations as a result of our ongoing investing and funding activities. We attempt to mitigate the risks to our various portfolios arising from changes in interest and currency exchange rates in a variety of ways that often include offsetting positions in local currencies or use of derivatives. Additional information about how we mitigate the risks to our various portfolios from changes in interest and currency exchange rates can be found on page 62 and in note 28.
- Event risk is that body of risk beyond liquidity, credit and market risk. Event risk includes the possibility of adverse occurrences both within and beyond our control. Examples of event risk include natural disasters, availability of necessary materials, guarantees of product performance and business interruption. This type of risk is often insurable, and success in managing this risk is ultimately determined by the balance between the level of risk retained or assumed and the cost of transferring the risk to others. The decision as to the appropriate level of event risk to retain or cede is evaluated in the framework of business decisions. Additional information about how we mitigate event risk can be found in note 30.

Segment Operations

Revenues and segment profit for operating segments are shown on page 53. Effective January 1, 2004, we made changes to the way we report our segments. We have reclassified certain prior-period amounts to conform to the current period's presentation. For additional information, including a description of the products and services included in each segment, see pages 110 and 111.

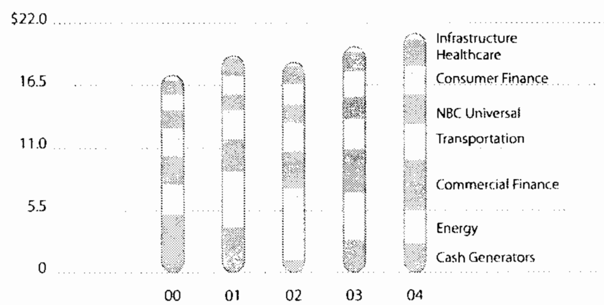
SEGMENT REVENUES
(In billions)



Segment profit is determined based on internal performance measures used by the Chief Executive Officer to assess the performance of each business in a given period. In connection with that assessment, the Chief Executive Officer may exclude matters such as charges for restructuring; rationalization and other similar expenses; in-process research and development and certain other acquisition-related charges; certain gains and losses from dispositions; and litigation settlements or other charges, responsibility for which precedes the current management team.

Segment profit always excludes the effects of principal pension plans and accounting changes. Segment profit excludes or includes interest and other financial charges and segment income taxes according to how a particular segment's management is measured—excluded in determining operating profit for Advanced Materials, Consumer & Industrial, Energy, Healthcare, Infrastructure, NBC Universal and Transportation; included in determining segment profit, which we refer to as "segment net earnings," for Commercial Finance, Consumer Finance, Equipment & Other Services and Insurance.

SEGMENT PROFITS
(In billions)



Summary of Operating Segments

	General Electric Company and consolidated affiliates				
For the years ended December 31 (In millions)	2004	2003	2002	2001	2000
REVENUES					
Advanced Materials	$ 8,290	$ 7,078	$ 6,963	$ 7,069	$ 8,020
Commercial Finance	23,489	20,813	19,592	17,723	17,549
Consumer Finance	15,734	12,845	10,266	9,508	9,320
Consumer & Industrial	13,767	12,843	12,887	13,063	13,406
Energy	17,348	19,082	23,633	21,030	15,703
Equipment & Other Services	8,483	4,427	5,545	7,735	15,074
Healthcare	13,456	10,198	8,955	8,409	7,275
Infrastructure	3,447	3,078	1,901	392	486
Insurance	23,070	26,194	23,296	23,890	24,766
NBC Universal	12,886	6,871	7,149	5,769	6,797
Transportation	15,562	13,515	13,685	13,885	13,285
Corporate items and eliminations	(3,169)	(2,757)	(1,662)	(2,057)	(1,296)
CONSOLIDATED REVENUES	$152,363	$134,187	$132,210	$126,416	$130,385
SEGMENT PROFIT					
Advanced Materials	$ 710	$ 616	$ 1,000	$ 1,433	$ 1,864
Commercial Finance	4,465	3,910	3,310	2,879	2,528
Consumer Finance	2,520	2,161	1,799	1,602	1,295
Consumer & Industrial	716	577	567	894	1,270
Energy	2,845	4,109	6,294	4,897	2,598
Equipment & Other Services	607	(419)	(388)	(222)	(212)
Healthcare	2,286	1,701	1,546	1,498	1,321
Infrastructure	563	462	297	26	45
Insurance	569	2,102	(95)	1,879	2,201
NBC Universal	2,558	1,998	1,658	1,408	1,609
Transportation	3,213	2,661	2,510	2,577	2,511
Total segment profit	21,052	19,878	18,498	18,871	17,030
GECS goodwill amortization	—	—	—	(552)	(620)
GE corporate items and eliminations	(1,507)	(491)	1,041	819	935
GE interest and other financial charges	(979)	(941)	(569)	(817)	(811)
GE provision for income taxes	(1,973)	(2,857)	(3,837)	(4,193)	(3,799)
Earnings before accounting changes	16,593	15,589	15,133	14,128	12,735
Cumulative effect of accounting changes	—	(587)	(1,015)	(444)	—
CONSOLIDATED NET EARNINGS	$ 16,593	$ 15,002	$ 14,118	$ 13,684	$ 12,735

The notes to consolidated financial statements on pages 78–111 are an integral part of this summary.

ADVANCED MATERIALS revenues in 2004 were up 17% to $8.3 billion reflecting higher volume ($0.7 billion), higher prices ($0.4 billion) and the effects of the weaker U.S. dollar ($0.2 billion). Volume increases resulted from the OSi acquisition ($0.4 billion) and higher demand for plastic resins and quartz products. Operating profit of $0.7 billion was 15% higher than in 2003 as productivity ($0.4 billion) and higher prices ($0.4 billion) more than offset the effect of higher material costs ($0.6 billion), primarily from commodities such as benzene and natural gas.

Advanced Materials revenues in 2003 were up 2% to $7.1 billion as the effects of the weaker U.S. dollar ($0.3 billion) and the OSi acquisition ($0.1 billion) more than offset lower core volume ($0.2 billion). Operating profit of $0.6 billion in 2003 was 38% lower than in 2002, reflecting higher material costs ($0.2 billion), primarily benzene, and lower productivity ($0.2 billion), partially offset by effects of dispositions and the OSi acquisition.

See GE Corporate Items and Eliminations on page 57 for a discussion of items not allocated to this segment.

COMMERCIAL FINANCE

(In millions)	2004	2003	2002
REVENUES	$23,489	$20,813	$19,592
NET REVENUES			
Total revenues	$23,489	$20,813	$19,592
Interest expense	6,083	5,789	5,979
Total net revenues	$17,406	$15,024	$13,613
NET EARNINGS	$ 4,465	$ 3,910	$ 3,310

December 31 (In millions)	2004	2003
TOTAL ASSETS	$232,123	$214,125

(In millions)	2004	2003	2002
Real Estate[(a)]			
Revenues	$2,519	$2,386	$2,124
Net earnings	957	834	650
Aviation Services[(a)]			
Revenues	3,159	2,881	2,694
Net earnings	520	506	454

December 31 (In millions)	2004	2003
Real Estate[(a)]		
Total assets	$33,497	$27,767
Aviation Services[(a)]		
Total assets	37,384	33,271

(a) We provide additional information on two of our segment product lines, Real Estate (commercial real estate financing) and Aviation Services (commercial aircraft financing). Each of these product lines finances a single form of collateral, and each has understandable concentrations of risk and opportunities.

Commercial Finance revenues and net earnings increased 13% and 14%, respectively, compared with 2003. The increase in revenues resulted primarily from acquisitions ($2.3 billion), the effects of the weaker U.S. dollar ($0.6 billion) and core growth ($0.1 billion), partially offset by lower securitization activity ($0.2 billion) and lower investment gains ($0.1 billion). The increase in net earnings resulted primarily from acquisitions ($0.4 billion), core growth ($0.3 billion) and the effects of the weaker U.S. dollar ($0.1 billion), partially offset by lower securitization activity ($0.1 billion).

The most significant acquisitions affecting Commercial Finance results in 2004 were the U.S. leasing business of IKON Office Solutions, acquired during the second quarter of 2004; the commercial lending business of Transamerica Finance Corporation, and Sophia S.A., a real estate company in France, both acquired during the first quarter of 2004; and the assets of CitiCapital Fleet Services, acquired during the fourth quarter of 2003. These acquisitions contributed $1.9 billion and $0.3 billion to 2004 revenues and net earnings, respectively.

The 2003 increase in revenues of 6% resulted primarily from acquisitions across substantially all businesses ($1.1 billion), higher investment gains at Real Estate ($0.1 billion) and core growth, partially offset by lower securitization activity ($0.1 billion). The 2003 increase in net earnings of 18% resulted primarily from core growth, acquisitions across substantially all businesses ($0.2 billion), higher investment gains at Real Estate as a result of the sale of properties and our investments in Regency Centers and Prologis ($0.1 billion), lower credit losses ($0.1 billion) resulting from continued improvement in overall portfolio credit quality as reflected by lower delinquencies and nonearning receivables, and growth in lower taxed earnings from global operations ($0.1 billion).

The most significant acquisitions affecting Commercial Finance 2003 results were the commercial inventory financing business of Deutsche Financial Services and the structured finance business of ABB, both of which were acquired during the fourth quarter of 2002. These two acquisitions contributed $0.5 billion and $0.1 billion to 2003 revenues and net earnings, respectively.

CONSUMER FINANCE

(In millions)	2004	2003	2002
REVENUES	$15,734	$12,845	$10,266
NET REVENUES			
Total revenues	$15,734	$12,845	$10,266
Interest expense	3,564	2,696	2,143
Total net revenues	$12,170	$10,149	$ 8,123
NET EARNINGS	$ 2,520	$ 2,161	$ 1,799

December 31 (In millions)	2004	2003
TOTAL ASSETS	$151,255	$106,530

Consumer Finance revenues and net earnings increased 22% and 17%, respectively, from 2003. The increase in revenues resulted primarily from core growth ($1.8 billion), as a result of continued global expansion, acquisitions ($1.0 billion), the effects of the weaker U.S. dollar ($0.8 billion) and higher securitization activity ($0.1 billion), partially offset by the absence of The Home Depot private-label credit card receivables that were sold for a gain in 2003 ($0.9 billion). The increase in net earnings resulted from core growth, including growth in lower taxed earnings from global operations ($0.6 billion), acquisitions ($0.1 billion), and the effects of the weaker U.S. dollar ($0.1 billion), partially offset by the effects of The Home Depot private-label credit card receivables ($0.4 billion) and increased costs to launch new products and promote brand awareness in 2004 ($0.1 billion).

The most significant acquisitions affecting Consumer Finance results in 2004 were WMC Finance Co. (WMC), a U.S. wholesale mortgage lender, acquired during the second quarter of 2004; GC Corporation (GC Card), which provides credit card and sales finance products in Japan, acquired during the third quarter of 2003; and First National Bank, which provides mortgage and sales finance products in the United Kingdom, and the U.S. retail sales finance unit of Conseco Finance Corp. (Conseco), both acquired during the second quarter of 2003. These acquisitions contributed $0.7 billion and $0.1 billion to 2004 revenues and net earnings, respectively.

In December 2004, we acquired Australian Financial Investments Group (AFIG), a residential mortgage lender in Australia, with $13.2 billion in assets and an insignificant effect on 2004 revenues and earnings. We expect this acquisition to be accretive to earnings in 2005.

Revenues increased 25% in 2003 as a result of acquisitions ($1.1 billion), the effects of the weaker U.S. dollar ($0.7 billion), core growth as a result of continued global expansion and the premium on the sale of The Home Depot private-label credit card receivables ($0.1 billion). Net earnings increased 20% in 2003 as a result of core growth, growth in lower taxed earnings from global operations, the premium on the sale of The Home Depot private-label credit card receivables ($0.1 billion) and acquisitions. These increases were partially offset by lower securitization activity ($0.2 billion) and lower earnings in Japan, principally as a result of increased personal bankruptcies.

The most significant acquisitions affecting Consumer Finance 2003 results were First National Bank and Conseco, both of which were acquired during the second quarter of 2003. These acquisitions contributed $0.7 billion and $0.1 billion to 2003 revenues and net earnings, respectively.

CONSUMER & INDUSTRIAL revenues rose 7% to $13.8 billion in 2004 as higher volume ($1.0 billion) and the effects of the weaker U.S. dollar ($0.2 billion) more than offset lower prices ($0.3 billion). Operating profit increased 24% to $0.7 billion as the negative effects of lower prices ($0.3 billion) and higher labor and indirect costs ($0.2 billion) were more than offset by productivity ($0.5 billion) and lower material costs ($0.1 billion).

In 2003, Consumer & Industrial revenues decreased slightly to $12.8 billion as lower prices ($0.3 billion), primarily of home appliances and consumer lighting products, were partially offset by the effects of the weaker U.S. dollar ($0.2 billion). Operating profit rose slightly in 2003 as productivity ($0.3 billion), primarily achieved by combining the lighting and appliance businesses, the mix of higher-margin appliances and an investment gain were partially offset by lower prices ($0.3 billion).

See GE Corporate Items and Eliminations on page 57 for a discussion of items not allocated to this segment.

ENERGY revenues declined 9% to $17.3 billion as lower volume ($1.6 billion) and lower prices ($0.6 billion) were only partially offset by growth in the energy services businesses and the effects of the weaker U.S. dollar ($0.5 billion). Energy sold 122 large heavy-duty gas turbines in 2004, compared with 175 in 2003. Operating profit in 2004 fell 31% to $2.8 billion, reflecting lower productivity ($0.8 billion), primarily from the anticipated decline in higher margin gas turbine sales and a decrease in customer contract termination fees, lower prices ($0.6 billion) and lower volume ($0.3 billion), partially offset by lower material costs ($0.4 billion). Customer contract termination fees, net of associated costs, were $0.1 billion in 2004 compared with $0.6 billion in 2003.

Energy revenues fell 19% to $19.1 billion in 2003 as growth in the energy services and wind businesses was more than offset by lower volume ($4.8 billion), reflecting the continued effects of the decline in sales of large, heavy-duty gas turbines (down 46% from 323 units in 2002) and industrial aero-derivative products, partially offset by the net effects of the weaker U.S. dollar ($0.7 billion). Operating profit dropped 35% to $4.1 billion in 2003, principally reflecting the combined effects of lower volume ($1.3 billion), lower productivity ($0.8 billion) and lower prices ($0.5 billion). Customer contract termination fees, net of associated costs, were $0.6 billion in 2003 and $0.9 billion in 2002, reflecting the decline in demand for new power generation equipment that began in 2002, with such fees primarily occurring in that year and the first half of 2003.

Energy orders were $18.7 billion in 2004, compared with $16.0 billion in 2003, reflecting strong demand for wind turbines, services, and oil and gas turbomachinery. The $14.4 billion total backlog at year-end 2004 comprised unfilled product orders of $8.9 billion (of which 73% was scheduled for delivery in 2005) and product services orders of $5.5 billion scheduled for 2005 delivery. Comparable December 31, 2003, total backlog was $12.5 billion, of which $7.9 billion was for unfilled product orders and $4.6 billion for product services.

EQUIPMENT & OTHER SERVICES

(In millions)	2004	2003	2002
REVENUES	$8,483	$4,427	$5,545
NET EARNINGS	$ 607	$ (419)	$ (388)

Equipment & Other Services revenues and net earnings increased $4.1 billion and $1.0 billion, respectively, from 2003. Adoption of a January 1, 2004, required accounting change caused revenues to increase $3.2 billion, as a result of consolidating operating lease rentals ($2.6 billion) and other income ($0.6 billion). See note 1. The most significant entity consolidated as a result of this change was Penske Truck Leasing Co., L.P. (Penske), which was previously accounted for using the equity method. Revenue also increased reflecting the sale of a majority interest in Gecis ($0.4 billion), improved investment returns at GE Equity ($0.4 billion), the results of consolidated, liquidating securitization entities ($0.3 billion) and the effects of the weaker U.S. dollar ($0.1 billion). These increases were partially offset by the absence of the U.S. Auto and Home business that was disposed of in 2003 ($0.4 billion). Contributing to the increase in net earnings were improved investment returns at GE Equity ($0.3 billion), the gain on sale of a majority interest in Gecis ($0.3 billion), improved operating performance at Equipment Services ($0.2 billion), and the results of consolidated, liquidating securitization entities ($0.1 billion).

Equipment & Other Services revenues and net earnings in 2003 decreased 20% and 8%, respectively, compared with 2002. More specifically, revenues decreased as a result of the following:

- The exit of certain European operations at IT Solutions ($1.3 billion) in response to intense competition and transition of the computer equipment market to a direct distribution model,

- Continued poor market conditions and ongoing dispositions and run-offs of IT Solutions and the Auto Financial Services business ($0.3 billion), and
- Lower asset utilization and price ($0.2 billion), an effect of industry-wide excess equipment capacity reflective of the then current conditions in the road and rail transportation sector.

These decreases were partially offset by the overall improvement in equity markets and lower level of investment losses in 2003 at GE Equity ($0.2 billion) and the consolidation of certain securitization entities in our financial statements ($0.7 billion) as a result of our July 1, 2003, required accounting change. See notes 1 and 29. The decrease in net earnings resulted primarily from lower asset utilization and price ($0.1 billion) and the absence of a 2002 tax settlement related to Kidder Peabody ($0.2 billion), offset by improved performance in 2003 at GE Equity ($0.2 billion) and the tax benefit related to the sale of ERC Life ($0.1 billion).

HEALTHCARE revenues increased 32% to $13.5 billion in 2004 as higher volume ($3.3 billion), primarily from acquisitions including Amersham ($2.2 billion) and Instrumentarium ($1.0 billion), and the effects of the weaker U.S. dollar ($0.4 billion), more than offset lower prices ($0.4 billion). Operating profit of $2.3 billion in 2004 was 34% higher than in 2003 as the effects of higher volume ($0.5 billion) and productivity ($0.5 billion) more than offset the effects of lower prices ($0.4 billion).

Healthcare revenues increased 14% to $10.2 billion in 2003 reflecting $0.5 billion of sales from recently acquired businesses, primarily Instrumentarium, and other volume growth ($0.7 billion) that more than offset lower prices ($0.4 billion). Operating profit of $1.7 billion in 2003 rose 10% as productivity ($0.3 billion) and higher volume ($0.2 billion) more than offset the $0.4 billion effects of lower prices.

See GE Corporate Items and Eliminations on page 57 for a discussion of items not allocated to this segment.

Orders received by Healthcare in 2004 were $13.8 billion, compared with $10.5 billion in 2003. The $4.7 billion total backlog at year-end 2004 comprised unfilled product orders of $2.9 billion (of which 92% was scheduled for delivery in 2005) and product services orders of $1.9 billion scheduled for 2005 delivery. Comparable December 31, 2003, total backlog was $4.6 billion, of which $2.8 billion was for unfilled product orders and $1.8 billion for product services orders.

INFRASTRUCTURE revenues increased 12% to $3.4 billion in 2004 on higher volume ($0.3 billion), primarily within our water and security businesses, and the effects of the weaker U.S. dollar ($0.1 billion). Operating profit rose 22% to $0.6 billion in 2004 as higher volume and productivity more than offset lower prices.

Infrastructure reported a sharp increase in 2003 revenues, to $3.1 billion, on higher volume ($1.0 billion), primarily from acquisitions. The largest of these acquisitions were Betz-Dearborn and Osmonics which contributed $0.5 billion of revenues in 2003. Operating profit also rose sharply to $0.5 billion in 2003 on higher volume ($0.2 billion), primarily from acquisitions.

INSURANCE

(In millions)	2004	2003	2002
REVENUES	$23,070	$26,194	$23,296
NET EARNINGS	$ 569	$ 2,102	$ (95)
GE Insurance Solutions(a)			
Revenues	$10,005	$11,600	$ 9,432
Net earnings	36	481	(1,794)

(a) Formerly GE Global Insurance Holding Corporation, the parent of Employers Reinsurance Corporation (ERC).

Insurance revenues and net earnings decreased 12% and 73%, respectively, from 2003. The decrease in revenues resulted primarily from the 2003 dispositions ($2.5 billion), including GE Edison Life Insurance Company (Edison Life), Financial Guaranty Insurance Company (FGIC) and ERC Life; net declines in volume resulting from strategic exits of certain business channels, primarily at GE Insurance Solutions ($1.3 billion) and the effects of the Genworth initial public offering ($0.4 billion). These decreases were partially offset by the effects of the weaker U.S. dollar ($0.6 billion). Net earnings decreased primarily from the full-year after-tax earnings effects of the Genworth initial public offering ($0.7 billion), the 2003 dispositions ($0.5 billion) and the 2004 U.S. hurricane-related losses ($0.3 billion) at GE Insurance Solutions. Also contributing to the net earnings decrease were reserve actions taken at GE Insurance Solutions related to continued adverse development on liability-related exposures underwritten in 1997–2001 (discussed below). These decreases in net earnings were partially offset by improved core performance at GE Insurance Solutions reflecting the continued favorable premium pricing environment.

Revenues in 2003 increased $2.9 billion (12%) on increased premium revenues ($2.2 billion), a gain of $0.6 billion on the sale of Edison Life, higher investment income ($0.4 billion) and the effects of the weaker U.S. dollar ($0.7 billion). The premium revenue increase reflected continued favorable pricing at GE Insurance Solutions ($0.5 billion), net volume growth at GE Insurance Solutions and certain other insurance businesses ($0.8 billion), absence of prior year loss adjustments ($0.4 billion), adjustment of current year premium accruals to actual ($0.3 billion) and lower levels of ceded premiums resulting from a decline in prior-year loss events ($0.1 billion). Partial revenue offsets resulted from the absence of revenues following the sale of Edison Life ($0.7 billion) and a $0.2 billion loss on the disposition of FGIC at the end of 2003.

Net earnings in 2003 increased $2.2 billion, primarily from the substantial improvement in current operating results at GE Insurance Solutions ($2.3 billion) reflecting improved underwriting, lower adverse development (discussed below) and generally favorable industry pricing conditions during the year. Net earnings also benefited from the gain on the sale of Edison Life ($0.3 billion). These increases were partially offset by the absence of a current year counterpart to the favorable tax settlement with the IRS in 2002 ($0.2 billion) and the loss on the sale of FGIC ($0.1 billion after tax).

As described on page 69 under the caption "Insurance Liabilities and Reserves," we routinely update our insurance loss provisions to reflect our best estimates of losses. At year-end 2004, our best estimate of outstanding net property and casualty claim-related liabilities at GE Insurance Solutions was $17.4 billion.

Few losses in an underwriting year are known exactly at the end of that year; an insurer cannot know a year's exact losses before customers have submitted claims and those claims have been evaluated, adjudicated and settled. This process routinely spans years, and sometimes decades. Like much of the property and casualty insurance industry, GE Insurance Solution's recent operating results have absorbed charges from updates to loss estimates associated with policies written in prior years. This adverse loss development has been most pronounced for certain liability-related risk policies underwritten from 1997 through 2001, principally hospital and professional liability, workers compensation, product liability and asbestos and environmental exposures. Adverse development on prior-years claims and expenses for the three years ended December 31, 2004, amounted to $5.5 billion. Business that we subsequently exited accounted for 84% of the most recent adverse development. Although we do not anticipate further provisions related to this risk, we observe that the associated losses have not yet fully matured.

In 2002, in light of our adverse loss development, we modified our underwriting processes, rejecting both risks that failed to meet our standards of price, terms or conditions as well as risks for which sufficient historical data did not exist to permit us to make a satisfactory pricing evaluation. Consequently, we curtailed and exited business in particular property and casualty business channels. Higher underwriting standards have yielded substantial improvement in operating results in more recent underwriting years, improvement that is most clearly indicated by our "combined ratio"—the ratio, expressed as a percentage, of claims-related losses and related underwriting expenses to earned premiums. In 2004, GE Insurance Solutions' property and casualty combined ratio was 120%, that is, $1.20 of costs and losses for each $1.00 of earned premium. However, as an early indication of the effectiveness of our revised underwriting standards, the combined ratio for the 2004 underwriting year was 100%, even with extensive 2004 natural catastrophe losses—breakeven underwriting even before the contribution of investment income.

NBC UNIVERSAL 2004 revenues were up sharply to $12.9 billion and operating profit was up 28% to $2.6 billion. Operations were significantly affected by the May combination of NBC and VUE which increased revenues by $4.7 billion and, net of effects of the 20% minority interest, operating profit by $0.6 billion. Other significant 2004 factors affecting results were the Athens Olympic Games ($0.9 billion higher revenues), price increases ($0.2 billion of revenues and operating profit), volume ($0.3 billion of revenues and $0.1 billion of operating profit) and $0.3 billion higher NBC Universal operating costs.

NBC Universal revenues decreased 4% to $6.9 billion in 2003 while operating profit rose 21% to $2.0 billion. Results and comparability were affected by several events in 2003 and 2002. Higher prices and network sales increased revenues $0.5 billion in 2003, but were partially offset by advertising reductions because of coverage of the Iraq war ($0.1 billion). The Salt Lake City Olympic Games and the final year of NBA coverage contributed $0.7 billion and $0.3 billion, respectively, to 2002 revenues, but the NBA contract resulted in a loss that exceeded profit from the Olympics. Telemundo and Bravo, both acquired in 2002, together added $0.7 billion and $0.1 billion to 2003 revenues and operating profit, respectively. The 2002 exchange of certain assets for Bravo resulted in $0.6 billion of gain, $0.2 billion of which was attributed to NBC Universal's segment results, an amount equal to $0.2 billion of other charges for impairments in 2002. The remainder was included in GE Corporate Items and Eliminations as discussed below.

TRANSPORTATION revenues rose 15% to $15.6 billion in 2004 on higher volume ($1.9 billion), including sales in commercial services and of locomotives and military engines. Operating profit increased 21% to $3.2 billion as higher volume ($0.4 billion) and productivity ($0.2 billion) more than offset the effect of inflation ($0.1 billion).

In 2003, Transportation revenues decreased slightly to $13.5 billion reflecting lower volume ($0.2 billion) primarily related to commercial aircraft and industrial aero-derivative engines, partially offset by higher locomotive sales, higher military spare parts volume and growth in our rail global signaling business. Operating profit rose 6% to $2.7 billion in 2003 as productivity ($0.2 billion) largely from workforce efficiency, and lower research and development spending upon completion of certain development programs more than offset the effect of lower volume.

In 2004, Transportation revenues from sales to the U.S. government were $3.0 billion, compared with $2.4 billion and $2.2 billion in 2003 and 2002, respectively.

See GE Corporate Items and Eliminations below for a discussion of items not allocated to this segment.

Transportation received orders of $14.9 billion in 2004, up from $13.3 billion in 2003 primarily from strong locomotive and product services demand. The $13.4 billion total backlog at year-end 2004 comprised unfilled product orders of $9.3 billion (of which 59% was scheduled for delivery in 2005) and product services orders of $4.1 billion scheduled for 2005 delivery. Comparable December 31, 2003, total backlog was $12.9 billion, of which $9.3 billion was for unfilled product orders and $3.6 billion for product services orders.

GE CORPORATE ITEMS AND ELIMINATIONS

(In millions)	2004	2003	2002
REVENUES			
Eliminations	$(3,169)	$(2,757)	$(1,662)
OPERATING PROFIT			
Principal pension plans	$ 124	$ 1,040	$ 1,556
Eliminations	(438)	(504)	(558)
Underabsorbed corporate overhead	(777)	(582)	(367)
Not allocated	(548)	(354)	(11)
Other	132	(91)	421
Total	$(1,507)	$ (491)	$ 1,041

GE Corporate Items and Eliminations include the effects of eliminating transactions between operating segments; cost reductions from our principal pension plans, which have declined sharply over the three-year period; liquidating businesses; underabsorbed corporate overhead; certain non-allocated amounts described below; and a variety of sundry items. Corporate overhead is allocated to GE operating segments based on a ratio of segment net cost of operations, excluding direct materials or their equivalent, to total company cost of operations. This caption also includes internal allocated costs for segment funds on deposit.

Certain amounts are not allocated to GE operating segments because they are excluded from the measurement of their operating performance for internal purposes. In 2004, these comprised $0.4 billion of Healthcare charges, principally related to the write off of in-process research and development projects and other transitional costs associated with Amersham, and a $0.1 billion charge at Consumer & Industrial as the gain on sale of the motors business was more than offset by costs for inventory obsolescence and other charges. In 2003 and 2002, amounts not allocated to GE operating segments included charges of $0.2 billion in each year for settlement of litigation, restructuring and other charges at Healthcare; and in 2002, a portion of NBC Universal's gain from the Bravo exchange and $0.1 billion for restructuring and other charges at Transportation and Advanced Materials.

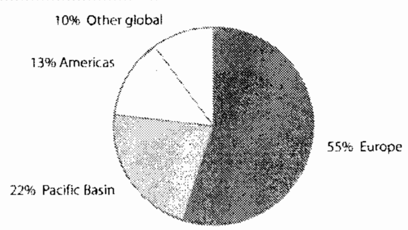
Other includes a $0.5 billion gain from the sale of 90% of Global eXchange Services in 2002.

Global Operations

Our global activities span all geographic regions and primarily encompass manufacturing for local and export markets, import and sale of products produced in other regions, leasing of aircraft, sourcing for our plants domiciled in other global regions and provision of financial services within these regional economies. Thus, when countries or regions experience currency and/or economic stress, we often have increased exposure to certain risks, but also often have new profit opportunities. Potential increased risks include, among other things, higher receivable delinquencies and bad debts, delays or cancelations of sales and orders principally related to power and aircraft equipment, higher local currency financing costs and slowdown in established financial services activities. New profit opportunities include, among other things, more opportunities for lower cost outsourcing, expansion of industrial and financial services activities through purchases of companies or assets at reduced prices and lower U.S. debt financing costs.

Estimated results of global activities include the results of our operations located outside the United States plus all U.S. exports. We classify certain GECS operations that cannot meaningfully be associated with specific geographic areas as "Other global" for this purpose.

2004 CONSOLIDATED GLOBAL REVENUES BY REGION
(Including exports from the U.S.)



Global revenues rose 18% to $71.8 billion in 2004 compared with $60.8 billion and $53.4 billion in 2003 and 2002, respectively. Global revenues to external customers as a percentage of consolidated revenues were 43% in 2004, compared with 42% and 37% in 2003 and 2002, respectively. The effects of exchange rates on reported results were to increase revenues by $3.5 billion, $3.8 billion and $0.4 billion in 2004, 2003 and 2002, respectively; and increase earnings by $0.1 billion in both 2004 and 2003 and decrease earnings by $0.1 billion in 2002.

CONSOLIDATED GLOBAL REVENUES

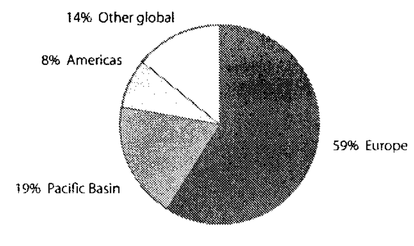
(In millions)	2004	2003	2002
Europe	$37,000	$30,500	$24,800
Pacific Basin	13,100	13,100	12,000
Americas	7,200	5,900	5,200
Other global	5,400	4,600	3,900
	62,700	54,100	45,900
Exports from the U.S. to external customers	9,100	6,700	7,500
Total	$71,800	$60,800	$53,400

GE global revenues were $42.4 billion, $33.0 billion and $29.0 billion in 2004, 2003 and 2002, respectively. The increase in 2004 related to both increased operations outside the U.S. and U.S. exports. GE revenues in Europe rose 40% led by Healthcare and NBC Universal reflecting the Amersham acquisition and the combination of NBC and VUE. GE revenues in the Pacific Basin increased 13% led by Advanced Materials, Infrastructure and Energy. U.S. exports rose 35% on strong growth at Energy and Transportation. The increase in 2003 related to increased operations outside the U.S., partially offset by lower U.S. exports. In 2003, GE revenues in Europe rose 25%, led by Energy, Healthcare and Infrastructure, reflecting the effects of the weaker U.S. dollar and volume growth. GE revenues in the Pacific Basin increased 14% in 2003 as most businesses reported improved results. In 2003, Energy and Infrastructure were the primary contributors to a 16% increase in revenues in the Americas and Energy more than accounted for the 10% decrease in U.S. exports.

GECS global revenues were $29.4 billion, $27.8 billion and $24.4 billion in 2004, 2003 and 2002, respectively. GECS revenues in the Americas increased 47% in 2004, primarily as a result of the acquisition of the commercial lending business of Transamerica Finance Corporation at Commercial Finance. Revenues increased 31% in "Other global" as a result of growth at Commercial Finance and the gain on the sale of a majority interest in Gecis. Revenues in the Pacific Basin decreased 13% primarily as a result of the 2003 divestiture of Edison Life at Insurance. This decrease was partially offset by the effects of the weaker U.S. dollar, acquisitions, primarily GC Card at Consumer Finance, and core growth at Consumer Finance and Commercial Finance.

Global operating profit was $12.2 billion in 2004, an increase of 39% over 2003, which was 35% higher than in 2002. Operating profit in 2004 rose 45% in Europe reflecting core growth and acquisitions at Consumer Finance and Commercial Finance, the Amersham acquisition at Healthcare and the combination of NBC and VUE. Operating profit also rose 42% to $2.2 billion in the Americas and 22% to $2.9 billion in the Pacific Basin and 46% to $1.3 billion in "Other global."

2004 CONSOLIDATED GLOBAL ASSETS BY REGION



Total assets of global operations were $323.7 billion in 2004 (43% of consolidated assets), an increase of $64.8 billion, or 25%, over 2003. GECS global assets grew 24% from $232.0 billion at the end of 2003 to $287.7 billion at the end of 2004. GECS assets increased 18% in Europe as a result of the effects of the weaker U.S. dollar ($13.7 billion), acquisitions ($9.2 billion), primarily at Commercial Finance and Consumer Finance, and growth at Consumer Finance. GECS assets increased 46% in the Pacific Basin, primarily as a result of acquisitions at Consumer Finance.

Financial results of our global activities reported in U.S. dollars are affected by currency exchange. We use a number of techniques to manage the effects of currency exchange, including selective borrowings in local currencies and selective hedging of significant cross-currency transactions. Such principal currencies are the British pound sterling, the euro, the Japanese yen and the Canadian dollar.

Environmental Matters

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

We are 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 $0.1 billion in each of the last two years. We presently expect that such remediation actions will require average annual expenditures in the range of $0.1 billion to $0.2 billion over the next two years.

The U.S. Environmental Protection Agency (EPA) ruled in February 2002 that approximately 150,000 pounds of polychlorinated biphenyls (PCBs) must be dredged from a 40-mile stretch of the upper Hudson River in New York State. We have submitted what is known as a "Good Faith Offer" under the Superfund law and continue to cooperate and negotiate with the EPA in the implementation of this ruling. Pursuant to negotiated agreements, we have conducted extensive sampling of the project area to determine the location of PCBs that may be dredged and have agreed to undertake the design and engineering of the remedy. The agreements also provide for the reimbursement of certain EPA costs expended in the past and which would be expended in the future. The remedial design and engineering activities are scheduled to be completed during 2006. Negotiations continue concerning performance of the remedial work. Our Statement of Financial Position as of December 31, 2004 and 2003, included liabilities for the estimated costs of this remediation.

Financial Resources and Liquidity

This discussion of financial resources and liquidity addresses the Statement of Financial Position (pages 74–75), Statement of Changes in Shareowners' Equity (page 72) and the Statement of Cash Flows (pages 76–77).

Only a small portion of GECS business is directly related to other GE operations. 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.

Overview of Financial Position

Major changes in our financial position resulted from the following:

- During 2004, we completed the acquisition of Amersham by Healthcare and the combination of NBC and VUE. GECS completed acquisitions of the commercial lending business of Transamerica Finance Corporation; Sophia S.A., a real estate company in France; the U.S. leasing business of IKON Office Solutions; and Benchmark Group PLC, a U.K.-listed real estate property company at Commercial Finance. Consumer Finance completed acquisitions of AFIG and WMC. At their respective acquisition dates, these financial services transactions resulted in a combined increase in total assets of $32.1 billion, of which $23.0 billion was financing receivables before allowance for losses, and a combined increase in total liabilities of approximately $20.5 billion, of which $18.9 billion was debt.
- Minority interest in equity of consolidated affiliates increased $10.2 billion during 2004. In connection with the combination of NBC and VUE, NBC Universal issued 20% of its shares to a subsidiary of Vivendi Universal. This is the principal reason GE's minority interest increased $6.6 billion. GECS minority interest increased $3.6 billion, primarily because of our sale of approximately 30% of the common shares of Genworth, our formerly wholly-owned subsidiary that conducts most of our consumer insurance business, including life and mortgage insurance operations.
- We adopted Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46R, *Consolidation of Variable Interest Entities (Revised)*, on January 1, 2004, adding $2.6 billion of assets and $2.1 billion of liabilities to our consolidated balance sheet as of that date, primarily relating to Penske.

Statement of Financial Position (pages 74–75)

Because GE and GECS share certain significant elements of their Statements of Financial Position — property, plant and equipment, and borrowings, for example — the following discussion addresses significant captions in the "consolidated" statement. Within the following discussions, however, we distinguish between GE and GECS activities in order to permit meaningful analysis of each individual statement.

INVESTMENT SECURITIES comprise mainly available-for-sale investment-grade debt securities held by Insurance in support of obligations to annuitants and policyholders, and debt and equity securities designated as trading and associated with certain non-U.S. separate accounts for which contractholders retain the related risks and rewards, except in the event of our bankruptcy or liquidation. Investment securities were $135.5 billion at the end of 2004, compared with $129.3 billion at the end of 2003. The increase of $6.2 billion was primarily the net result of investing premiums received, reinvesting investment income, improvements in debt markets and the effects of the weaker U.S. dollar.

We regularly review investment securities for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issuer. Of available-for-sale securities with unrealized losses at December 31, 2004, approximately $0.1 billion was at risk of being charged to earnings in the next 12 months; almost two-thirds of this amount related to commercial airlines.

Impairment losses for 2004 totaled $0.2 billion compared with $0.5 billion in 2003. We recognized impairments in both periods for issuers in a variety of industries; we do not believe that any of the impairments indicate likely future impairments in the remaining portfolio.

Gross unrealized gains and losses were $5.3 billion and $0.8 billion, respectively, at December 31, 2004, compared with $4.7 billion and $1.2 billion, respectively, at December 31, 2003, primarily reflecting an increase in the estimated fair value of debt securities as interest rates declined. We estimate that available gains, net of estimated impairment of insurance intangible assets, could be as much as $2.2 billion at December 31, 2004. The market values we used in determining unrealized gains and losses are those defined by relevant accounting standards and should not be viewed as a forecast of future gains or losses. See note 9.

At December 31, 2004, unrealized losses with a duration of 12 months or more related to investment securities collateralized by commercial aircraft were $0.3 billion. The aggregate amortized cost of these available-for-sale securities was $1.2 billion. We believe that our securities, which are current on all payment terms, are in an unrealized loss position because of ongoing negative market reaction to difficulties in the commercial airline industry. For these securities, we do not anticipate changes in the timing and amount of estimated cash flows, and expect full recovery of our amortized cost. Further, should our cash flow expectation prove to be incorrect, the current aggregate market values of aircraft collateral, based on information from independent appraisers, exceeded totals of both the market values and the amortized cost of our securities at December 31, 2004. See additional discussion of our positions in the commercial aviation industry on page 65.

WORKING CAPITAL, representing GE inventories and receivables from customers, less trade payables and progress collections, increased to $8.3 billion at the end of 2004 from $5.3 billion at the end of 2003. The increase was a result of the Amersham acquisition at Healthcare, the combination of NBC and VUE and the effect of the weaker U.S. dollar.

We discuss current receivables and inventories, two important elements of working capital, in the following paragraphs.

CURRENT RECEIVABLES for GE were $14.5 billion at the end of 2004 and $11.0 billion at the end of 2003, and included $10.2 billion due from customers at the end of 2004, compared with $6.7 billion at the end of 2003. This $3.5 billion increase reflected higher receivables at NBC Universal resulting from the combination of NBC and VUE and the acquisition of Amersham by Healthcare. Turnover of customer receivables from sales of goods and services was 9.4 in 2004, compared with 10.4 in 2003. Other current receivables are primarily amounts that did not originate from sales of GE goods or services, such as advances to suppliers in connection with large contracts. See note 10.

INVENTORIES for GE were $9.6 billion at December 31, 2004, up $1.0 billion from the end of 2003. This increase reflected higher inventories at Healthcare resulting from the acquisition of Amersham. GE inventory turnover was 8.4 in 2004, an increase from 7.4 in 2003, as a result of increased sales at Transportation while inventory remained relatively flat. See note 11.

FINANCING RECEIVABLES is our largest category of assets and represents one of our primary sources of revenues. The portfolio of financing receivables, before allowance for losses, increased to $288.1 billion at December 31, 2004, from $254.2 billion at the end of 2003, as discussed in the following paragraphs. The related allowance for losses at the end of 2004 amounted to $5.6 billion compared with $6.3 billion at December 31, 2003, representing our best estimate of probable losses inherent in the portfolio.

A discussion of the quality of certain elements of the financing receivables portfolio follows. For purposes of that discussion, "delinquent" receivables are those that are 30 days or more past due; "nonearning" receivables are those that are 90 days or more past due (or for which collection has otherwise become doubtful); and "reduced-earning" receivables are commercial receivables whose terms have been restructured to a below-market yield.

Commercial Finance financing receivables, before allowance for losses, totaled $145.4 billion at December 31, 2004, compared with $135.7 billion at December 31, 2003, and consisted of loans and leases to the equipment, commercial and industrial, real estate and commercial aircraft industries. This portfolio of receivables increased primarily from core growth ($28.0 billion) and acquisitions ($13.5 billion), partially offset by securitizations and sales ($31.5 billion). Related nonearning and reduced-earning receivables were $1.6 billion (1.1% of outstanding receivables) at December 31, 2004, compared with $1.7 billion (1.3% of outstanding receivables) at year-end 2003. Commercial Finance financing receivables are generally backed by assets and there is a broad spread of geographic and credit risk in the portfolio.

During 2004, Consumer Finance adopted a global policy for uncollectible receivables that accelerated write-offs to follow one consistent basis. We now write off unsecured closed-end installment loans that become 120 days contractually past due and unsecured open-ended revolving loans that become 180 days contractually past due.

Consumer Finance financing receivables, before allowance for losses, were $127.8 billion at December 31, 2004, compared with $94.7 billion at December 31, 2003, and consisted primarily of card receivables, installment loans, auto loans and leases, and residential mortgages. This portfolio of receivables increased as a result of acquisitions ($15.6 billion), core growth ($13.1 billion) and the effects of the weaker U.S. dollar ($7.3 billion). These increases were partially offset by whole loan sales and securitization activity ($2.0 billion) and the standardization of our write-off policy, which resulted in an increase in write-offs ($0.9 billion) but had an inconsequential effect on earnings.

Nonearning consumer receivables were $2.5 billion at December 31, 2004 and 2003, representing 2.0% and 2.6% of outstanding receivables, respectively. The percentage decrease is primarily related to the standardization of our write-off policy and the acquisition of AFIG, which obtains credit insurance for certain receivables, partially offset by higher nonearnings in our European secured financing business.

Equipment & Other Services financing receivables, before allowance for losses, amounted to $14.9 billion and $23.8 billion at December 31, 2004 and 2003, respectively, and consisted primarily of financing receivables in consolidated, liquidating securitization entities. This portfolio of receivables decreased because we have stopped transferring assets to these entities. Nonearning receivables at December 31, 2004, were $0.2 billion (1.2% of outstanding receivables) compared with $0.1 billion (0.6% of outstanding receivables) at December 31, 2003.

Delinquency rates on managed Commercial Finance equipment loans and leases and managed Consumer Finance financing receivables follow.

	2004	2003	2002
Commercial Finance	1.40%	1.38%	1.75%
Consumer Finance	4.85	5.62	5.62

Delinquency rates at Commercial Finance increased slightly from December 31, 2003 to December 31, 2004, reflecting the effect of certain acquired portfolios, partially offset by improvement in the overall core portfolio. The decline from December 31, 2002 to December 31, 2003, reflected improved economic conditions and collection results.

Delinquency rates at Consumer Finance decreased from December 31, 2003 to December 31, 2004, as a result of the standardization of our write-off policy, the acquisition of AFIG, and the U.S. acquisition of WMC, with lower relative delinquencies as a result of whole loan sales, partially offset by higher delinquencies in our European secured financing business. See notes 12 and 13.

OTHER GECS RECEIVABLES totaled $14.1 billion at December 31, 2004, and $12.1 billion at December 31, 2003, and consisted primarily of nonfinancing customer receivables, accrued investment income, amounts due from GE (generally related to certain material procurement programs), amounts due under operating leases, receivables due on sale of securities and various sundry items. Balances at December 31, 2004 and 2003, included securitized, managed GE trade receivables of $3.1 billion and $2.7 billion, respectively.

PROPERTY, PLANT AND EQUIPMENT was $63.3 billion at December 31, 2004, up $9.9 billion from 2003, primarily reflecting the consolidation of Penske effective January 1, 2004, and acquisitions of commercial aircraft at Commercial Finance. GE property, plant and equipment consisted of investments for its own productive use, whereas the largest element for GECS was equipment provided to third parties on operating leases. Details by category of investment are presented in note 15.

GE expenditures for plant and equipment during 2004 totaled $2.4 billion, compared with $2.2 billion in 2003. Total expenditures for the past five years were $12.9 billion, of which 33% was investment for growth through new capacity and product development; 36% was investment in productivity through new equipment and process improvements; and 31% was investment for other purposes such as improvement of research and development facilities and safety and environmental protection.

GECS additions to property, plant and equipment were $10.7 billion and $7.6 billion during 2004 and 2003, respectively, primarily reflecting additions of commercial aircraft and vehicles at Commercial Finance and of vehicles at Equipment & Other Services.

INTANGIBLE ASSETS were $83.2 billion at year-end 2004, up from $55.0 billion at year-end 2003. GE intangibles increased $24.5 billion from $30.2 billion at the end of 2003, principally as a result of goodwill and other intangibles related to the combination of NBC and VUE, the Amersham acquisition by Healthcare, acquisitions by Infrastructure and the effects of the weaker U.S. dollar. GECS intangibles increased $3.7 billion to $28.5 billion, reflecting goodwill associated with acquisitions, goodwill associated with the consolidation of Penske effective January 1, 2004, and the effects of the weaker U.S. dollar. See note 16.

ALL OTHER ASSETS totaled $109.9 billion at year-end 2004, an increase of $17.3 billion. This increase resulted principally from the combination of NBC and VUE, acquisitions affecting real estate and assets held for sale, and additional investments in associated companies, partially offset by the consolidation of Penske, which was previously accounted for using the equity method. See note 17.

CONSOLIDATED BORROWINGS were $370.9 billion at December 31, 2004, compared with $329.7 billion at the end of 2003.

GE total borrowings were $11.0 billion at year-end 2004 ($3.4 billion short term, $7.6 billion long term), about the same as at year-end 2003. GE total debt at the end of 2004 equaled 9.1% of total capital, compared with 12.0% at the end of 2003.

GECS total borrowings were $361.3 billion at December 31, 2004, of which $154.8 billion is due in 2005 and $206.5 billion is due in subsequent years. Comparable amounts at the end of 2003 were $320.3 billion in total, $155.5 billion due within one year and $164.8 billion due thereafter. Included in GECS total borrowings were borrowings of consolidated, liquidating securitization entities amounting to $25.8 billion at December 31, 2004, of which $9.8 billion was asset-backed senior notes of AFIG, and $24.8 billion at December 31, 2003. A large portion of GECS borrowings ($97.4 billion and $102.6 billion at the end of 2004 and 2003, respectively) was issued in active commercial paper markets that we believe will continue to be a reliable source of short-term financing. The average remaining terms and interest rates of General Electric Capital Corporation (GE Capital) commercial paper were 42 days and 2.39% at the end of 2004, compared with 47 days and 1.40% at the end of 2003. The GE Capital ratio of debt to equity was 6.61 to 1 at the end of 2004 and 6.74 to 1 at the end of 2003. See note 18.

INSURANCE LIABILITIES, RESERVES AND ANNUITY BENEFITS of GECS were $140.9 billion at December 31, 2004, $4.5 billion higher than in 2003. The increase is primarily attributable to growth in annuities, long-term care insurance, structured settlements, the effects of the weaker U.S. dollar, increases in loss reserves for policies written in prior years and 2004 U.S. hurricane-related losses. These increases were partially offset by claim settlements and maturities of guaranteed investment contracts (GICs). See note 19.

EXCHANGE RATE AND INTEREST RATE RISKS are managed with a variety of straightforward techniques, including match funding and selective use of derivatives. We use derivatives to mitigate or eliminate certain financial and market risks because we conduct business in diverse markets around the world and local funding is not always efficient. In addition, we use derivatives to adjust the debt we are issuing to match the fixed or floating nature of the assets we are acquiring. We apply strict policies to manage each of these risks, including prohibitions on derivatives trading, derivatives market-making or other speculative activities. Following is an analysis of the potential effects of changes in interest rates and currency exchange rates using so-called "shock" tests that model effects of shifts in rates. These are not forecasts.

- If, on January 1, 2005, interest rates had increased 100 basis points across the yield curve (a "parallel shift" in that curve) and that increase remained in place for 2005, we estimate, based on our year-end 2004 portfolio and holding everything else constant, that our 2005 GE and GECS net earnings would decline pro-forma by $0.1 billion and $0.2 billion, respectively.
- If, on January 1, 2005, currency exchange rates were to decline by 10% against the U.S. dollar and that decline remained in place for 2005, we estimate, based on our year-end 2004 portfolio and holding everything else constant, that the effect on our 2005 GE and GECS net earnings would be insignificant.

Statement of Changes in Shareowners' Equity (page 72)

Shareowners' equity increased $31.1 billion in 2004, $15.5 billion in 2003 and $8.9 billion in 2002. These increases were largely attributable to net earnings but were partially offset by dividends declared of $8.6 billion, $7.8 billion and $7.3 billion in 2004, 2003 and 2002, respectively. We issued 341.7 million shares of stock in connection with the Amersham acquisition, increasing equity by $10.7 billion in 2004. We also issued 119.4 million shares of stock to partially fund the combination of NBC and VUE, increasing equity by $3.8 billion. Currency translation adjustments increased equity by $3.9 billion in 2004, compared with $5.1 billion in 2003. Changes in the currency translation adjustments reflect the effects of changes in currency exchange rates on our net investment in non-U.S. subsidiaries that have functional currencies other than the U.S. dollar. In 2004, the pound sterling, euro and, to a lesser extent, Asian currencies strengthened against the U.S. dollar. In 2003 and 2002, the euro and, to a lesser extent, Asian currencies strengthened against the U.S. dollar. Accumulated currency translation adjustments affect net earnings only when all or a portion of an affiliate is disposed of or substantially liquidated. See note 24.

Overview of Our Cash Flow from 2002 through 2004 (pages 76–77)

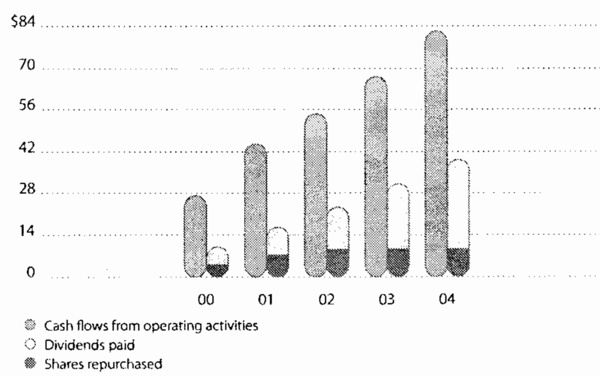
GE cash from operating activities (CFOA) is a useful measure of performance for our non-financial businesses and totaled $15.2 billion in 2004, $12.9 billion in 2003 and $10.1 billion in 2002. Generally, factors that affect our earnings—for example, pricing, volume, costs and productivity—affect CFOA similarly. However, while management of working capital, including timing of collections and payments and levels of inventory, affects operating results only indirectly, the effect of these programs on CFOA can be significant. Excluding progress collections, working capital improvements benefited CFOA by $2.7 billion since 2002, as we applied our inventory Lean Six Sigma and other working capital management tools broadly.

Our GE Statement of Cash Flows on page 76 shows CFOA in the required format. While that display is of some use in analyzing how various assets and liabilities affected our year-end cash positions, we believe it is also useful to supplement that display and to examine in a broader context the business activities that provide and require cash.

December 31 (In billions)	2004	2003	2002
Operating cash collections	$ 81.6	$ 68.4	$ 67.5
Operating cash payments	(69.5)	(58.9)	(59.4)
Cash dividends from GECS	3.1	3.4	2.0
GE cash from operating activities	$ 15.2	$ 12.9	$ 10.1

The most significant source of cash in CFOA is customer-related activities, the largest of which is collecting cash following a product or services sale. GE operating cash collections increased by about $13.2 billion during 2004 and by about $0.9 billion during 2003. These increases are consistent with the changes in comparable GE operating segment revenues, including the 2004 effects of our acquisition of Amersham and the combination of NBC and VUE. Analyses of operating segment revenues on page 52 is the best way of understanding their customer-related CFOA.

GE CUMULATIVE CASH FLOWS SINCE 1999
(In billions)



The most significant operating use of cash is to pay our suppliers, employees, tax authorities and others for the wide range of material and services necessary in a diversified global organization. GE operating cash payments increased in 2004 by about $10.6 billion, primarily because of the effects of our acquisition of Amersham and the combination of NBC and VUE, and decreased in 2003 by about $0.5 billion.

Dividends from GECS represented distribution of a portion of GECS retained earnings, including proceeds from certain business sales, and are distinct from cash from operating activities within the financial services businesses, which increased in 2004 by $4.7 billion to $26.1 billion and decreased in 2003 by $0.1 billion to $21.4 billion. Financial services cash is not necessarily freely available for alternative uses. For example, certain cash generated by our Insurance businesses is restricted by various insurance regulations. See note 23. Further, any reinvestment in financing receivables is shown in cash used for investing, not operating activities. Therefore, maintaining or growing Commercial and Consumer Finance assets requires that we invest much of the cash they generate from operating activities in their earning assets. Also, we have been increasing the equity of our financial services businesses as discussed on page 64. The amount we show in CFOA is the total dividend, including the normal dividend as well as any special dividends such as proceeds from business sales.

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, we believe we are in a sound position to grow dividends, execute on our announced $15 billion share repurchase program and continue making selective investments for long-term growth. With the financial flexibility that comes with excellent credit ratings, we believe that GE and GECS should be well positioned to meet the global needs of its customers for capital and to continue providing our shareowners with good returns.

Contractual Obligations

As defined by reporting regulations, our contractual obligations for future payments as of December 31, 2004, follow:

	Payments due by period				
(In millions)	Total	2005	2006–2007	2008–2009	2010 and thereafter
Borrowings (note 18)	$370,907	$157,746	$85,103	$47,670	$80,388
Interest on borrowings	59,000	11,000	16,000	10,000	22,000
Operating lease obligations (note 4)	7,718	1,383	2,240	1,613	2,482
Purchase obligations(a)(b)	53,000	35,000	11,000	4,000	3,000
Insurance liabilities (note 19)(c)	92,000	14,000	19,000	13,000	46,000
Other liabilities(d)	68,000	18,000	5,000	3,000	42,000

(a) Included all take-or-pay arrangements, capital expenditures, contractual commitments to purchase equipment that will be classified as equipment leased to others, software acquisition/license commitments, contractual minimum programming commitments and contractually required cash payments for acquisitions.

(b) Excluded funding commitments entered into in the ordinary course of business by our financial services businesses. Further information on these commitments is provided in note 30.

(c) Included guaranteed investment contracts, structured settlements and single premium immediate annuities based on scheduled payouts, as well as those contracts with reasonably determinable cash flows such as deferred annuities, universal life, term life, long-term care, whole life and other life insurance contracts as well as workers compensation tabular indemnity loan and long-term liability claims.

(d) Included an estimate of future expected funding requirements related to our pension and postretirement benefit plans. Because their future cash outflows are uncertain, the following non-current liabilities are excluded from the table above: deferred taxes, derivatives, deferred revenue and other sundry items. Refer to notes 21 and 28 for further information on these items.

Off-Balance Sheet Arrangements

We use off-balance sheet arrangements in the ordinary course of business to improve shareowner returns. Beyond improving returns, these securitization transactions serve as funding sources for a variety of diversified lending and securities transactions. Our securitization transactions are similar to those used by many financial institutions. In a typical transaction, assets are sold by the transferor to a special purpose entity (SPE), which purchases the assets with cash raised through issuance of beneficial interests (usually debt instruments) to third-party investors. Investors in the beneficial interests usually have recourse to the assets in the SPEs and often benefit from credit enhancements supporting the assets (such as overcollateralization). The SPE may also hold derivatives, such as interest rate swaps, in order to match the interest rate characteristics of the assets with those of the beneficial interests. An example is an interest rate swap converting fixed rate assets to variable rates to match floating rate debt instruments issued by the SPE.

Historically, we have used both GE-sponsored and third-party entities to execute securitization transactions in the commercial paper and term markets. With our adoption of FIN 46, *Consolidation of Variable Interest Entities*, on July 1, 2003, we consolidated $36.3 billion of assets and $35.8 billion of liabilities in certain sponsored entities and stopped executing new securitization transactions with those entities. We continue to engage in securitization transactions with third-party conduits and through public, market term securitizations. In December 2004, we acquired AFIG which added $9.1 billion of securitized mortgage loans in consolidated, liquidating securitization entities. Without AFIG, assets in consolidated, liquidating securitization entities were $17.4 billion, down $9.0 billion. See note 29.

Assets held by SPEs include: receivables secured by equipment, commercial and residential real estate and other assets; credit card receivables; and trade receivables. Examples of these receivables include loans and leases on manufacturing and transportation equipment, residential mortgages, loans on commercial property, commercial loans, and balances of high credit quality accounts from sales of a broad range of products and services to a diversified customer base. In certain transactions, the credit quality of assets transferred is enhanced by providing credit support. Securitized off-balance sheet assets totaled $34.4 billion and $26.8 billion at December 31, 2004 and 2003, respectively.

We provide financial support related to assets held by certain off-balance sheet SPEs through liquidity agreements, credit support, and guarantee and reimbursement contracts. Net liquidity support amounted to $2.3 billion at December 31, 2004, down from $3.1 billion a year earlier. Credit support, in which we provide recourse for credit losses in off-balance sheet SPEs, was $6.6 billion as of December 31, 2004. Potential credit losses are provided for in our financial statements. Based on management's best estimate of probable losses inherent in the portfolio of assets that remain off-balance sheet, our financial statements included $0.1 billion representing the fair value of recourse obligations at year-end 2004. See note 29.

We periodically enter into guarantees and other similar arrangements as part of transactions in the ordinary course of business. These are described further in note 30.

We have extensive experience in evaluating economic, liquidity and credit risk. In view of this experience, the high quality of assets in these entities, the historically robust quality of commercial paper markets, and the historical reliability of controls applied to both asset servicing and to activities in the credit markets, we believe that, under any reasonable future economic developments, the likelihood is remote that any financial support arrangements could have an adverse economic effect on our financial position or results of operations.

Debt Instruments, Guarantees and Covenants

The major debt rating agencies routinely evaluate the debt of GE, GECS and GE Capital, the major borrowing affiliate of GECS. These agencies have given the highest debt ratings to GE and GE Capital (long-term rating AAA/Aaa; short-term rating A-1+/P-1). One of our strategic objectives is to maintain these ratings as they serve to lower our cost of funds and to facilitate our access to a variety of lenders. We manage our businesses in a fashion that is consistent with maintaining these ratings.

GE, GECS and GE Capital have distinct business characteristics that the major debt rating agencies evaluate both quantitatively and qualitatively.

Quantitative measures include:

- Earnings and profitability, including earnings quality, revenue growth, the breadth and diversity of sources of income and return on assets,
- Asset quality, including delinquency and write-off ratios and reserve coverage,
- Funding and liquidity, including cash generated from operating activities, leverage ratios such as debt-to-capital, market access, back-up liquidity from banks and other sources, composition of total debt and interest coverage, and
- Capital adequacy, including required capital and tangible leverage ratios.

Qualitative measures include:

- Franchise strength, including competitive advantage and market conditions and position,
- Strength of management, including experience, corporate governance and strategic thinking, and
- Financial reporting quality, including clarity, completeness and transparency of all financial performance communications.

GE Capital's ratings are supported contractually by a GE commitment to maintain the ratio of earnings to fixed charges at a specified level as described below.

Before 2003, GE Capital maintained a capital structure that included about $8 of debt for each $1 of equity—a "leverage ratio" of 8:1. For purposes of measuring segment profit, each of our financial services businesses was also assigned debt and interest costs on the basis of that consolidated 8:1 leverage ratio. As of January 1, 2003, we extended a business-specific, market-based leverage to the performance measurement of each of our financial services businesses. As a result, at January 1, 2003, debt of $12.5 billion previously allocated to other financial services segments was allocated to the Equipment & Other Services segment. We refer to this as "parent-supported debt." During 2004, a total of $4.7 billion of such debt was eliminated, compared with $4.6 billion in 2003. The 2004 reduction was the result of the following:

- 22% of operating earnings retained by GECS ($1.8 billion),
- Proceeds from the Genworth initial public offering less dividend payments to GE ($1.6 billion),
- Mortgage Insurance contingent note payment ($0.5 billion),
- Sale of a majority interest of Gecis ($0.5 billion), and
- Rationalization of Insurance and Equipment & Other Services related activities ($0.3 billion).

The remaining $3.2 billion of such debt is expected to be eliminated in 2005.

During 2004, GECS paid $2.3 billion of special dividends to GE, of which $1.3 billion was a portion of proceeds from the Genworth initial public offering, $0.8 billion was surplus equity related to portfolio restructurings in Insurance and run-offs in Equipment & Other Services and $0.2 billion was related to Insurance dispositions.

During 2004, GECS and GECS affiliates issued $57 billion of senior, unsecured long-term debt, including $3 billion issued by Genworth in connection with the initial public equity offering described on page 48. This debt was both fixed and floating rate and was issued to institutional and retail investors in the U.S. and 17 other global markets. Maturities for these issuances ranged from one to 40 years. We used the proceeds primarily for repayment of maturing long-term debt, but also to fund acquisitions and organic growth. We anticipate that we will issue between $50 billion and $60 billion of additional long-term debt during 2005, although the ultimate amount we issue will depend on our needs and on the markets.

Following is the composition of our debt obligations excluding any asset-backed debt obligations, such as debt of consolidated, liquidating securitization entities.

December 31	2004	2003
Senior notes and other long-term debt	58%	55%
Commercial paper	25	27
Current portion of long-term debt	11	13
Other—bank and other retail deposits	6	5
Total	100%	100%

We target a ratio for commercial paper of 25% to 35% of outstanding debt based on the anticipated composition of our assets and the liquidity profile of our debt. GE Capital is the most widely held name in global commercial paper markets.

We believe that alternative sources of liquidity are sufficient to permit an orderly transition from commercial paper in the unlikely event of impaired access to those markets. Funding sources on which we would rely would depend on the nature of such a hypothetical event, but include $57.3 billion of contractually committed lending agreements with 83 highly-rated global banks and investment banks. Total credit lines extending beyond one year increased $10.0 billion to $56.8 billion at December 31, 2004. See note 18.

Beyond contractually committed lending agreements, other sources of liquidity include medium and long-term funding, monetization, asset securitization, cash receipts from our lending and leasing activities, short-term secured funding on global assets, and potential sales of other assets.

PRINCIPAL DEBT CONDITIONS are described below.

The following two conditions relate to GE and GECS:

- Under certain swap, forward and option contracts, if the long-term credit rating of either GE or GECS were to fall below A-/A3, certain remedies are required as discussed in note 28.
- If GE Capital's ratio of earnings to fixed charges, which was 1.87:1 at the end of 2004, were to deteriorate to 1.10:1 or, upon redemption of certain preferred stock, its ratio of debt to equity, which was 6.61:1 at the end of 2004, were to exceed 8:1, GE has committed to contribute capital to GE Capital. GE also has guaranteed subordinated debt of GECS with a face amount of $1.0 billion at December 31, 2004 and 2003.

The following three conditions relate to securitization SPEs that were consolidated upon adoption of FIN 46 on July 1, 2003:

- If the short-term credit rating of GE Capital or certain consolidated SPEs discussed further in note 29 were to fall below A-1/P-1, GE Capital would be required to provide substitute liquidity for those entities or provide funds to retire the outstanding commercial paper. The maximum net amount that GE Capital would be required to provide in the event of such a downgrade is determined by contract, and amounted to $12.8 billion at January 1, 2005. Amounts related to non-consolidated SPEs were $1.4 billion.
- If the long-term credit rating of GE Capital were to fall below AA/Aa2, GE Capital would be required to provide substitute credit support or liquidate the consolidated SPEs. The maximum amount that GE Capital would be required to substitute in the event of such a downgrade is determined by contract, and amounted to $0.9 billion at December 31, 2004.
- For certain transactions, if the long-term credit rating of GE Capital were to fall below A/A2 or BBB+/Baa1 or its short-term credit rating were to fall below A-2/P-2, GE Capital could be required to provide substitute credit support or fund the undrawn commitment. GE Capital could be required to provide up to $2.3 billion in the event of such a downgrade based on terms in effect at December 31, 2004.

One group of consolidated SPEs, the Trinities and GE Funding CMS, hold assets that are reported in "Investment securities" and issue GICs that are reported in "Insurance liabilities, reserves and annuity benefits." If the long-term credit rating of GE Capital were to fall below AA-/Aa3 or its short-term credit rating were to fall below A-1+/P-1, GE Capital could be required to provide up to $0.9 billion of capital to the Trinities. Further, GE Capital could be required to repay up to $3.1 billion of GICs issued by GE Funding CMS.

In our history, we have never violated any of the above conditions either at GE or at GECS. We believe that under any reasonable future economic developments, the likelihood that any such arrangements could have a significant effect on our operations, cash flows or financial position is remote.

COMMERCIAL AVIATION is an industry in which we have a significant ongoing interest. Although some U.S. carriers have been operating under pressure, our interest in this industry is global, and demand in the global markets has been strong. September 11, 2001, was a significant test for this industry. But since that date, 119 carriers around the world have placed 709 of our aircraft into service, 415 of which were Boeing and Airbus narrow-body aircraft. We continue to be confident in the global industry's ongoing prospects.

At December 31, 2004, our global commercial aviation exposure in our Commercial Finance segment amounted to $37.8 billion, principally loans and leases of $33.0 billion. We had 1,342 commercial aircraft on lease, an increase of 106 aircraft from last year reflecting acquired leases and on-time delivery of open 2003 order positions. At the end of 2004 and 2003, an insignificant number of our aircraft were not on lease—2 and 3 aircraft, respectively. At December 31, 2004, we also had $10.2 billion (list price) of multiple-year orders for various Boeing, Airbus and other aircraft, including 56 aircraft ($4.3 billion) scheduled for delivery in 2005, all under agreement to commence operations with commercial airline customers.

Transportation sales of new equipment often include long-term customer financing commitments. Under these commitments, it is our policy to establish a secured position in the aircraft being financed. At December 31, 2004 and 2003, guarantees of $0.4 billion were in place. Further, at December 31, 2004 and 2003, we had committed $0.8 billion and $1.2 billion, respectively, to provide financial assistance on future aircraft sales. See note 30. Our guarantees and commitments are secured by individual aircraft or pools of aircraft engines related to the specific financing arrangement. When particular guarantees exceed the value of the associated security, we consider credit risk of the associated customer and provide for estimated losses. At December 31, 2004, the total estimated fair value of aircraft securing these guarantees exceeded the guaranteed amounts, net of the associated allowance for losses. In addition, at December 31, 2004 and 2003, Transportation had other exposures of $3.8 billion and $3.6 billion, respectively, consisting primarily of deferred charges and trade receivables.

US Airways filed for bankruptcy protection in the third quarter of 2004. In January 2005, US Airways and the Air Transportation Stabilization Board (ATSB) reached an agreement extending the airline's use of cash proceeds from its federally guaranteed loan through June 30, 2005. US Airways' management has stated publicly that this agreement with the ATSB will allow US Airways to continue operations while it completes its restructuring and planned emergence from Chapter 11 in the summer of 2005. US Airways' management also has indicated in its public statements that labor savings will be an important factor affecting the success of that reorganization. At December 31, 2004, our aggregate exposure to US Airways was \$2.9 billion, the largest component of which was \$2.6 billion of loans and leases, substantially secured by various equipment, including 39 regional jet aircraft, 54 Boeing narrow-body aircraft (primarily 737 type), and 57 Airbus narrow-body aircraft. We and the airline have entered into a memorandum of understanding to restructure a number of loans and leases. We also agreed to continue regional jet financing conditioned on the airline successfully emerging from bankruptcy protection and achieving specified financial milestones. We have adjusted our estimates of cash flows and residual values to reflect the current information available to us in this fluid situation. In addition to our loans and leases, we hold \$0.2 billion of available-for-sale investment securities in US Airways that are secured by various other aircraft in the fleet. Our \$0.1 billion of US Airways Transportation exposure is either secured or we have made appropriate reserves for shortfalls. In addition to US Airways, both ATA Holdings Corp. and Aloha Airgroup, Inc. filed for bankruptcy during 2004. UAL Corp. filed for bankruptcy in 2002. At December 31, 2004, our exposure was \$1.4 billion to UAL Corp., \$0.8 billion to ATA Holdings Corp., and \$0.3 billion to Aloha Airgroup, Inc., consisting primarily of loans and leases. Various Boeing and Airbus aircraft secure substantially all of these financial exposures.

Commercial Finance regularly tests the recoverability of its commercial aircraft operating lease portfolio as described on page 69, and recognized impairment losses of \$0.1 billion and \$0.2 billion in 2004 and 2003, respectively. In addition to these impairment charges relating to operating leases, Commercial Finance recorded provisions for losses on financing receivables related to commercial aircraft of \$0.3 billion in 2004, primarily related to US Airways and ATA Holdings Corp.; an insignificant amount was recognized in 2003.

See pages 59–60 and notes 9 and 15 for further information on our commercial aviation positions.

Selected Financial Data

Information summarized on page 67 is divided into three sections: upper portion — consolidated data; middle portion — GE data that reflect various conventional measurements for such enterprises; and lower portion — GECS data that reflect key information pertinent to financial services businesses.

GE'S TOTAL RESEARCH AND DEVELOPMENT expenditures were \$3.1 billion in 2004, compared with \$2.7 billion and \$2.6 billion in 2003 and 2002, respectively. In 2004, expenditures from GE's own funds were \$2.4 billion compared with \$2.1 billion in 2003. Expenditures funded by customers (mainly the U.S. government) were \$0.6 billion in 2004 and 2003.

Expenditures reported above reflect the definition of research and development required by generally accepted accounting principles. For operating and management purposes, we consider amounts spent on product and services technology to include our reported research and development expenditures, but also amounts for improving our existing products and services, and the productivity of our plant, equipment and processes. On this basis, our technology expenditures were about \$5 billion.

In 2004, we directed our research and development efforts to technologies that will differentiate GE products and services in the eyes of our customers. Environmental impact is a key theme. Our researchers and engineers continue to search for novel solutions to challenging issues: meeting the world's rising energy demands while reducing greenhouse gases and emissions of power generation technologies; reducing emissions while raising fuel efficiency in air and rail transportation; and increasing energy efficiency of appliances and lighting, while meeting the need for performance and capabilities.

Emerging sciences such as nanotechnology are a significant area of our research. Nanotechnology has potential applications across the entire GE industrial portfolio. Our scientists view nanotechnology as the ultimate materials science, one that could change the materials and manufacturing processes for a wide variety of our products. We are exploring specific applications in nano-metals for jet engines, nano-ceramics as coatings for power turbines and nano-particles for use in targeted contrast agents for medical imaging.

Security was also a key area of technology research in 2004. Cargo and port security, intelligent video surveillance and chemical and biological detection are areas in which we are able to leverage core technologies among different businesses to bring innovative ideas to market.

In the Healthcare segment, we continue our quest for personalized healthcare, ramping up research in the biotechnology field. Combining our previous research with the work done by scientists at Amersham has opened new fields as we explore technologies that will enable a "predict and prevent" model for medical diagnostics.

Selected Financial Data

(In millions; per-share amounts in dollars)	2004	2003	2002	2001	2000
GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES					
Revenues	$152,363	$134,187	$132,210	$126,416	$130,385
Earnings before accounting changes	16,593	15,589	15,133	14,128	12,735
Cumulative effect of accounting changes	—	(587)	(1,015)	(444)	—
Net earnings	16,593	15,002	14,118	13,684	12,735
Dividends declared	8,594	7,759	7,266	6,555	5,647
Return on average shareowners' equity excluding the effect of accounting changes	17.4%	22.1%	25.8%	27.1%	27.5%
Per share					
Earnings before accounting changes—diluted	$ 1.59	$ 1.55	$ 1.51	$ 1.41	$ 1.27
Cumulative effect of accounting changes—diluted	—	(0.06)	(0.10)	(0.04)	—
Earnings—diluted	1.59	1.49	1.41	1.37	1.27
Earnings before accounting changes—basic	1.60	1.56	1.52	1.42	1.29
Cumulative effect of accounting changes—basic	—	(0.06)	(0.10)	(0.04)	—
Earnings—basic	1.60	1.50	1.42	1.38	1.29
Dividends declared	0.82	0.77	0.73	0.66	0.57
Stock price range	37.75–28.88	32.42–21.30	41.84–21.40	52.90–28.25	60.50–41.67
Year-end closing stock price	36.50	30.98	24.35	40.08	47.94
Total assets	750,330	647,483	575,244	495,023	437,006
Long-term borrowings	213,161	172,314	140,632	79,806	82,132
Shares outstanding—average (in thousands)	10,399,629	10,018,587	9,947,113	9,932,245	9,897,110
Shareowner accounts—average	658,000	670,000	655,000	625,000	597,000
GE DATA					
Short-term borrowings	$ 3,409	$ 2,555	$ 8,786	$ 1,722	$ 940
Long-term borrowings	7,625	8,388	970	787	841
Minority interest	7,701	1,079	1,028	948	968
Shareowners' equity	110,284	79,180	63,706	54,824	50,492
Total capital invested	$129,019	$ 91,202	$ 74,490	$ 58,281	$ 53,241
Return on average total capital invested excluding effect of accounting changes	15.9%	19.9%	24.5%	27.0%	27.4%
Borrowings as a percentage of total capital invested	9.1%	12.0%	13.1%	4.3%	3.3%
Working capital[(a)]	$ 8,328	$ 5,282	$ 3,821	$ (2,398)	$ 799
Additions to property, plant and equipment	2,427	2,158	2,386	2,876	2,536
Employees at year end					
United States	129,000	122,000	125,000	125,000	131,000
Other countries	98,000	96,000	94,000	94,000	92,000
Total employees	227,000	218,000	219,000	219,000	223,000
GECS DATA					
Revenues	$ 70,776	$ 64,279	$ 58,699	$ 58,856	$ 66,709
Earnings before accounting changes	8,161	7,754	4,626	5,586	5,192
Cumulative effect of accounting changes	—	(339)	(1,015)	(169)	—
Net earnings	8,161	7,415	3,611	5,417	5,192
Shareowner's equity	53,755	45,308	36,929	28,590	23,022
Minority interest	8,682	5,115	4,445	4,267	3,968
Total borrowings	361,342	320,318	270,962	239,935	205,371
Ratio of debt to equity at GE Capital	6.61:1	6.74:1	6.58:1	7.31:1	7.53:1
Total assets	$618,327	$554,688	$489,828	$425,484	$370,636
Insurance premiums written	15,250	18,602	16,999	15,843	16,461
Employees at year end					
United States	36,000	33,000	36,000	33,000	37,000
Other countries	44,000	54,000	60,000	58,000	53,000
Total employees	80,000	87,000	96,000	91,000	90,000

Transactions between GE and GECS have been eliminated from the consolidated information.

(a) Working capital is defined as the sum of receivables from the sales of goods and services, plus inventories, less trade accounts payable and progress collections.

GE'S TOTAL BACKLOG of firm unfilled orders at the end of 2004 was $34.1 billion, an increase of 9% from year-end 2003, reflecting increased demand for wind turbines, locomotives and product services, partially offset by softening demand for large gas turbines. Of the total backlog, $22.7 billion related to products, of which 72% was scheduled for delivery in 2005. Product services orders, included in this reported backlog for only the succeeding 12 months, were $11.4 billion at the end of 2004. Orders constituting this backlog may be canceled or deferred by customers, subject in certain cases to penalties. See Segment Operations beginning on page 52 for further information.

Critical Accounting Estimates

Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties. For all of these estimates, we caution that future events rarely develop exactly as forecast, and the best estimates routinely require adjustment. Also see note 1, Summary of Significant Accounting Policies, which discusses accounting policies that we have selected from acceptable alternatives.

LOSSES ON FINANCING RECEIVABLES are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. Such estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values, and the present and expected future levels of interest rates. Our risk management process, which includes standards and policies for reviewing major risk exposures and concentrations, ensures that relevant data are identified and considered either for individual loans or leases, or on a portfolio basis, as appropriate.

Our lending and leasing experience and the extensive data we accumulate and analyze facilitate estimates that have been reliable over time. Our actual loss experience was in line with expectations for 2004 (adjusting for the effects of Consumer Finance's standardization of its write-off policy), 2003 and 2002. While losses depend to a large degree on future economic conditions, we do not anticipate significant adverse credit development in 2005. Further information is provided in the financing receivables section on page 60, and in notes 1, 12 and 13.

REVENUE RECOGNITION ON LONG-TERM AGREEMENTS to provide product services (product services agreements) requires estimates of profits over the multiple-year terms of such agreements, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate and cost changes. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook. Revisions that affect a product services agreement's total estimated profitability will also result in an immediate adjustment of earnings. We provide for probable losses. We also regularly assess customer credit risk inherent in the carrying amounts of contract costs and estimated earnings. We gain insight into future utilization and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and the close interaction with our customers that comes with supplying critical services and parts over extended periods. Carrying amounts for product services agreements in progress at December 31, 2004 and 2003, were $3.7 billion and $3.2 billion, respectively, and are included in the line, "Contract costs and estimated earnings" in note 17. Adjustments to earnings resulting from revisions to estimates on product services agreements have been insignificant for each of the years in the three-year period ended December 31, 2004.

Further information is provided in note 1.

ASSET IMPAIRMENT assessment involves various estimates and assumptions as follows:

INVESTMENTS. We regularly review investment securities for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issuer. We perform comprehensive market research and analysis and monitor market conditions to identify potential impairments. Further information about actual and potential impairment losses is provided on page 60 and in notes 1 and 9.

LONG-LIVED ASSETS. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We use internal discounted cash flow estimates, quoted market prices when available and independent appraisals as appropriate to determine fair value. We derive the required cash flow estimates from our historical experience and our internal business plans and apply an appropriate discount rate.

Commercial aircraft are a significant concentration of assets in our Commercial Finance business, and are particularly subject to market fluctuations. Therefore, we test recoverability of each aircraft in our operating lease portfolio at least annually. Additionally, we perform quarterly evaluations in circumstances such as when aircraft are re-leased, current lease terms have changed or a specific lessee's credit standing changes. Future rentals and residual values are based on historical experience and information received routinely from independent appraisers. Estimated cash flows from future leases are reduced for expected downtime between leases and for estimated technical costs required to prepare aircraft to be redeployed. Fair value used to measure impairment is based on current market values from independent appraisers. Further information on impairment losses and our overall exposure to the commercial aviation industry is provided on pages 65–66 and in notes 9 and 15.

GOODWILL AND OTHER IDENTIFIED INTANGIBLE ASSETS. We test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of a reporting unit. Determining whether an impairment has occurred requires valuation of the respective reporting unit, which we estimate using a discounted cash flow method. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. In applying this methodology, we rely on a number of factors, including actual operating results, future business plans, economic projections and market data.

If this analysis indicates goodwill is impaired, measuring the impairment requires a fair value estimate of each identified tangible and intangible asset. In this case we supplement the cash flow approach discussed above with independent appraisals, as appropriate.

We test other identified intangible assets with defined useful lives and subject to amortization by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows.

Further information is provided on page 61 and in notes 1 and 16.

INSURANCE LIABILITIES AND RESERVES differ for short- and long-duration insurance contracts. Short-duration contracts such as property and casualty policies are accounted for based on actuarial estimates of losses inherent in that period's claims, including losses for which claims have not yet been reported. Short-duration contract loss estimates rely on actuarial observations of ultimate loss experience for similar historical events. Measurement of long-duration insurance liabilities (such as guaranteed renewable term, whole life and long-term care insurance policies) also is based on approved actuarial methods that include assumptions about expenses, mortality, morbidity, lapse rates and future yield on related investments. Historical insurance industry experience indicates that a greater degree of inherent variability exists in assessing the ultimate amount of losses under short-duration property and casualty contracts than exists for long-duration mortality exposures. This inherent variability is particularly significant for liability-related exposures, including latent claims issues (such as asbestos and environmental related coverage disputes), because of the extended period of time—often many years—that transpires between when a given claim event occurs and the ultimate full settlement of such claim. This situation is then further exacerbated for reinsurance entities (as opposed to primary insurers) because of coverage often being provided on an "excess-of-loss" basis and the resulting lags in receiving current claims data.

We continually evaluate the potential for changes in loss estimates with the support of qualified reserving actuaries and use the results of these evaluations both to adjust recorded reserves and to proactively modify underwriting criteria and product offerings. For actuarial analysis purposes, reported and paid claims activity is segregated into several hundred reserving segments, each having differing historical settlement trends. A variety of actuarial methods are then applied to the underlying data for each of these reserving segments in arriving at an estimated range of "reasonably possible" loss scenarios. Factors such as line of business, length of historical settlement pattern, recent changes in underwriting standards and unusual trends in reported claims activity will generally affect which actuarial methods are given more weight for purposes of determining the "best estimate" of ultimate losses in a particular reserving segment. As discussed on pages 56 and 57 and in note 19, in recent years, reported claims activity at GE Insurance Solutions related to prior-year loss events, particularly for liability-related exposures underwritten in 1997 through 2001, have continued to develop adversely to previous expectations. This trend was considered in the actuarial reserve study completed in the fourth quarter of 2002, resulting in a significant increase in recorded reserves. In 2003, we continued to monitor our reported claims activity compared with our revised expected loss levels. While for the majority of our lines of business, reported claims activity in 2003 was reasonably close to expected amounts, for certain lines the reported claims volumes exceeded our revised loss expectations. In response to these new data, we further increased our loss reserves in 2003. In 2004, as part of our comprehensive annual assessment of recorded claim-related liabilities, we observed that reported claims activity in certain product lines, substantially related to the 1997 through 2001 underwriting years, continued to exceed previous established expectations and we again increased our loss reserves.

PENSION ASSUMPTIONS are significant inputs to actuarial models that measure pension benefit obligations and related effects on operations. Two critical assumptions—discount rate and expected return on assets—are important elements of plan expense and asset/liability measurement. We evaluate these critical assumptions at least annually on a plan and country-specific basis. Other assumptions involving demographic factors such as retirement age, mortality and turnover are evaluated periodically and are updated to reflect our experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

The discount rate enables us to state expected future cash flows at a present value on the measurement date. This rate is the yield on high-quality fixed income investments at the measurement date. A lower discount rate increases the present value of benefit obligations and increases pension expense.

To determine the expected long-term rate of return on pension plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. As of December 31, 2004, one-year returns on assets in our principal pension plans were 11.7%; five-year returns were 3.2%; 10-year returns were 11.4% and 25-year returns were 12.2%. We believe these results, in connection with our current and expected asset allocations, support our assumed long-term return of 8.5% on those assets.

To reflect market interest rate conditions, we reduced our discount rate for principal pension plans at December 31, 2004, from 6.0% to 5.75% and at December 31, 2003, from 6.75% to 6.0%. We assumed that long-term returns on the assets of our principal pension plans were 8.5% in 2004, the same as our assumptions for 2003 and 2002.

Sensitivity to changes in key assumptions for our principal pension plans follows:

- Discount rate—A 25 basis point reduction in discount rate would increase pension expense in 2005 by $0.1 billion.
- Expected return on assets—A 50 basis point increase in the expected return on assets would decrease pension expense in 2005 by $0.3 billion.

Further information on our postretirement benefit plans is provided on page 50 and in notes 5 and 6.

OTHER LOSS CONTINGENCIES are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis of multiple forecasts that often depend on judgments about potential actions by third parties such as regulators. Further information is provided in notes 20 and 30.

Other Information

New Accounting Standard

In December 2004, the FASB issued Statement of Financial Accounting Standards (SFAS) 123 (revised 2004), *Share-Based Payment* (SFAS 123R). Among other things, SFAS 123R requires expensing the fair value of stock options, previously optional accounting that we adopted in 2002. For transition, upon adoption on July 1, 2005, SFAS 123R will require us to expense the unvested portion of options granted in 2000 and 2001, reducing net earnings by approximately $30 million in 2005 and by a similar amount in 2006. SFAS 123R also will require us to change the classification of certain tax benefits from options deductions to financing rather than operating cash flows. While the effects of these future tax deductions will depend on several variables, had SFAS 123R been in effect, approximately $0.3 billion would have been required to be classified as cash from financing, not operating, activities in 2004; the related 2003 amount would have been approximately $0.2 billion.

Financial Measures that Supplement Generally Accepted Accounting Principles

We sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under SEC rules. Specifically, we have referred, in various sections of this Annual Report, to:

- Organic revenue growth in 2004,
- Earnings growth, excluding Insurance dispositions, in 2004,
- Growth in Industrial CFOA in 2004,
- GE earnings before income taxes and accounting changes excluding GECS earnings, and the corresponding effective tax rate, for the three years ended December 31, 2004,
- Net revenues (revenues from services less interest) of the Commercial Finance and Consumer Finance segments for the three years ended December 31, 2004, and
- Delinquency rates on financing receivables of the Commercial Finance and Consumer Finance segments for 2004, 2003 and 2002.

The reasons we use these non-GAAP financial measures and their reconciliation to their most directly comparable GAAP financial measures follow.

ORGANIC REVENUE GROWTH

(In millions)	2004	2003	% change
Revenues as reported	$152,363	$134,187	
Less:			
Effects of acquisitions, dispositions and currency exchange rates	19,244	1,289	
Insurance	23,070	26,194	
Energy	17,348	19,082	
Revenues excluding the effects of acquisitions, dispositions and currency exchange rates, Insurance and Energy (organic revenues)	$ 92,701	$ 87,622	6%

EARNINGS GROWTH, EXCLUDING INSURANCE DISPOSITIONS

(In millions)	2004	2003	% change
Earnings before accounting changes as reported	$16,593	$15,589	
Less effect of Insurance dispositions	(721)	728	
Earnings, excluding Insurance dispositions	$17,314	$14,861	17%

GROWTH IN INDUSTRIAL CFOA

(In millions)	2004	2003	% change
Cash from GE's operating activities as reported	$15,204	$12,975	
Less GECS dividends	3,105	3,435	
Cash from GE's operating activities excluding dividends from GECS (Industrial CFOA)	$12,099	$ 9,540	27%

GE TAX RATE, EXCLUDING GECS EARNINGS

(In millions)	2004	2003	2002
GE earnings before income taxes and accounting changes	$18,566	$18,446	$18,970
Less GECS earnings	8,161	7,754	4,626
Total	$10,405	$10,692	$14,344
Provision for income taxes	$ 1,973	$ 2,857	$ 3,837
Effective tax rate	19.0%	26.7%	26.7%

We believe that meaningful analysis of our financial performance requires an understanding of the factors underlying that performance and our judgments about the likelihood that particular factors will repeat. In some cases, short-term patterns and long-term trends may be obscured by large factors or events. For example, events or trends in a particular segment may be so significant as to obscure patterns and trends of our industrial or financial services businesses in total. For this reason, we believe that investors may find it useful to see our 2004 revenue growth without the effect of acquisitions, dispositions and currency exchange rates, and without the effects of two businesses, Insurance and Energy, whose revenues were adversely affected by their changing economic environments and other factors; and 2004 earnings without the effect of Insurance dispositions. Similarly, we believe that investors would find it useful to compare our 2004 operating cash flow against our 2003 operating cash flow without the impact of GECS dividends.

NET REVENUES

We provided reconciliations of net revenues to reported revenues for these segments on page 54. Because net revenues is a common industry measure of margin, these disclosures enable investors to compare the results of our financial services businesses with results of others in the same industry.

DELINQUENCY RATES ON FINANCING RECEIVABLES

Delinquency rates on financing receivables follow.

COMMERCIAL FINANCE

December 31	2004	2003	2002
Managed	1.40%	1.38%	1.75%
Off-book	0.90	1.27	0.09
On-book	1.58	1.41	2.16

CONSUMER FINANCE

December 31	2004	2003	2002
Managed	4.85%	5.62%	5.62%
Off-book	5.09	5.04	4.84
On-book	4.84	5.67	5.76

We believe that delinquency rates on managed financing receivables provide a useful perspective of our portfolio quality and are key indicators of financial performance. Further, investors use such information, including the results of both the on-book and securitized portfolios, which are relevant to our overall performance.

Statement of Earnings

For the years ended December 31 (In millions; per-share amounts in dollars)	General Electric Company and consolidated affiliates 2004	2003	2002
REVENUES			
Sales of goods	$ 55,005	$ 49,963	$ 55,096
Sales of services	29,700	22,391	21,138
Other income (note 2)	1,064	602	1,013
Earnings of GECS before accounting changes	—	—	—
GECS revenues from services (note 3)	66,594	61,231	54,963
Total revenues	152,363	134,187	132,210
COSTS AND EXPENSES (note 4)			
Cost of goods sold	42,645	37,189	38,833
Cost of services sold	19,114	14,017	14,023
Interest and other financial charges	11,907	10,825	10,216
Insurance losses and policyholder and annuity benefits	15,627	16,369	17,608
Provision for losses on financing receivables (note 13)	3,888	3,752	3,084
Other costs and expenses	38,148	31,821	29,229
Minority interest in net earnings of consolidated affiliates	928	310	326
Total costs and expenses	132,257	114,283	113,319
EARNINGS BEFORE INCOME TAXES AND ACCOUNTING CHANGES	20,106	19,904	18,891
Provision for income taxes (note 7)	(3,513)	(4,315)	(3,758)
EARNINGS BEFORE ACCOUNTING CHANGES	16,593	15,589	15,133
Cumulative effect of accounting changes (note 1)	—	(587)	(1,015)
NET EARNINGS	$ 16,593	$ 15,002	$ 14,118
Per-share amounts (note 8)			
Per-share amounts before accounting changes			
Diluted earnings per share	$ 1.59	$ 1.55	$ 1.51
Basic earnings per share	1.60	1.56	1.52
Per-share amounts after accounting changes			
Diluted earnings per share	1.59	1.49	1.41
Basic earnings per share	1.60	1.50	1.42
DIVIDENDS DECLARED PER SHARE	$ 0.82	$ 0.77	$ 0.73

Consolidated Statement of Changes in Shareowners' Equity

(In millions)	2004	2003	2002
CHANGES IN SHAREOWNERS' EQUITY (note 24)			
Balance at January 1	$ 79,180	$ 63,706	$ 54,824
Dividends and other transactions with shareowners	10,009	(5,520)	(6,382)
Changes other than transactions with shareowners			
Increase attributable to net earnings	16,593	15,002	14,118
Investment securities—net	412	710	1,378
Currency translation adjustments—net	3,942	5,123	1,000
Cash flow hedges—net	569	320	(1,157)
Minimum pension liabilities—net	(421)	(161)	(75)
Total changes other than transactions with shareowners	21,095	20,994	15,264
Balance at December 31	$110,284	$ 79,180	$ 63,706

The notes to consolidated financial statements on pages 78–111 are an integral part of these statements.

GE			GECS		
2004	2003	2002	2004	2003	2002
$52,260	$47,767	$51,957	$ 2,840	$ 2,228	$ 3,296
29,954	22,675	21,360	—	—	—
1,076	645	1,106	—	—	—
8,161	7,754	4,626	—	—	—
—	—	—	67,936	62,051	55,403
91,451	78,841	79,049	70,776	64,279	58,699
39,999	35,102	35,951	2,741	2,119	3,039
19,368	14,301	14,245	—	—	—
979	941	569	11,372	10,262	9,935
—	—	—	15,844	16,369	17,608
—	—	—	3,888	3,752	3,084
12,001	9,870	9,131	26,840	22,436	20,343
538	181	183	390	129	143
72,885	60,395	60,079	61,075	55,067	54,152
18,566	18,446	18,970	9,701	9,212	4,547
(1,973)	(2,857)	(3,837)	(1,540)	(1,458)	79
16,593	15,589	15,133	8,161	7,754	4,626
—	(587)	(1,015)	—	(339)	(1,015)
$16,593	$15,002	$14,118	$ 8,161	$ 7,415	$ 3,611

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 72.

Statement of Financial Position

	General Electric Company and consolidated affiliates	
At December 31 (In millions)	2004	2003
ASSETS		
Cash and equivalents	$ 15,328	$ 12,664
Investment securities (note 9)	135,536	129,269
Current receivables (note 10)	14,233	10,732
Inventories (note 11)	9,778	8,752
Financing receivables—net (notes 12 and 13)	282,467	247,906
Insurance receivables—net (note 14)	25,709	27,541
Other GECS receivables	10,771	9,747
Property, plant and equipment—net (note 15)	63,334	53,388
Investment in GECS	—	—
Intangible assets—net (note 16)	83,240	55,025
All other assets (note 17)	109,934	92,621
Total assets	$750,330	$647,645
LIABILITIES AND EQUITY		
Short-term borrowings (note 18)	$157,746	$157,397
Accounts payable, principally trade accounts	24,729	19,950
Progress collections and price adjustments accrued	3,937	4,433
Dividends payable	2,329	2,013
All other current costs and expenses accrued	17,539	15,343
Long-term borrowings (note 18)	213,161	172,314
Insurance liabilities, reserves and annuity benefits (note 19)	140,585	136,428
All other liabilities (note 20)	49,223	41,746
Deferred income taxes (note 21)	14,414	12,647
Total liabilities	623,663	562,271
Minority interest in equity of consolidated affiliates (note 22)	16,383	6,194
Common stock (10,586,358,000 and 10,063,120,000 shares outstanding at year-end 2004 and 2003, respectively)	669	669
Accumulated gains (losses)—net		
Investment securities	2,268	1,856
Currency translation adjustments	6,929	2,987
Cash flow hedges	(1,223)	(1,792)
Minimum pension liabilities	(657)	(236)
Other capital	24,265	17,497
Retained earnings	90,795	82,796
Less common stock held in treasury	(12,762)	(24,597)
Total shareowners' equity (notes 24 and 25)	110,284	79,180
Total liabilities and equity	$750,330	$647,645

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and minimum pension liabilities constitutes "Accumulated nonowner changes other than earnings," as shown in note 24, and was $7,317 million and $2,815 million at year-end 2004 and 2003, respectively.

The notes to consolidated financial statements on pages 78–111 are an integral part of this statement.

GE 2004	GE 2003	GECS 2004	GECS 2003
$ 3,155	$ 1,670	$ 12,367	$ 11,273
413	380	135,152	128,889
14,533	10,973	—	—
9,589	8,555	189	197
—	—	282,467	247,906
—	—	25,971	27,541
—	—	14,134	12,103
16,756	14,566	46,578	38,822
53,755	45,308	—	—
54,720	30,204	28,520	24,821
38,123	30,448	72,949	63,136
$191,044	$142,104	$618,327	$554,688
$ 3,409	$ 2,555	$154,843	$155,468
11,013	8,753	17,104	13,566
3,937	4,433	—	—
2,329	2,013	—	—
17,569	15,343	—	—
7,625	8,388	206,499	164,850
—	—	140,902	136,428
23,561	18,449	25,744	23,217
3,616	1,911	10,798	10,736
73,059	61,845	555,890	504,265
7,701	1,079	8,682	5,115
669	669	1	1
2,268	1,856	2,345	1,864
6,929	2,987	5,183	2,639
(1,223)	(1,792)	(1,354)	(1,727)
(657)	(236)	(150)	(41)
24,265	17,497	12,370	12,268
90,795	82,796	35,360	30,304
(12,762)	(24,597)	—	—
110,284	79,180	53,755	45,308
$191,044	$142,104	$618,327	$554,688

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 74.

Statement of Cash Flows

	General Electric Company and consolidated affiliates		
For the years ended December 31 (In millions)	2004	2003	2002
CASH FLOWS—OPERATING ACTIVITIES			
Net earnings	$ 16,593	$ 15,002	$ 14,118
Adjustments to reconcile net earnings to cash provided from operating activities			
Cumulative effect of accounting changes	—	587	1,015
Depreciation and amortization of property, plant and equipment	8,385	6,956	6,511
Earnings (before accounting changes) retained by GECS	—	—	—
Deferred income taxes	(1,702)	1,127	2,414
Decrease (increase) in GE current receivables	(849)	534	(409)
Decrease (increase) in inventories	(468)	874	(87)
Increase (decrease) in accounts payable	5,370	802	227
Decrease in GE progress collections	(464)	(2,268)	(5,062)
Increase in insurance liabilities and reserves	4,961	1,679	9,454
Provision for losses on financing receivables	3,888	3,752	3,084
All other operating activities	770	184	(2,499)
CASH FROM OPERATING ACTIVITIES	36,484	29,229	28,766
CASH FLOWS—INVESTING ACTIVITIES			
Additions to property, plant and equipment	(13,118)	(9,779)	(14,056)
Dispositions of property, plant and equipment	5,845	4,952	6,357
Net increase in GECS financing receivables	(15,280)	(4,687)	(18,082)
Payments for principal businesses purchased	(18,703)	(14,407)	(21,570)
Investment in GECS	—	—	—
All other investing activities	2,842	2,078	(13,876)
CASH USED FOR INVESTING ACTIVITIES	(38,414)	(21,843)	(61,227)
CASH FLOWS—FINANCING ACTIVITIES			
Net increase (decrease) in borrowings (maturities of 90 days or less)	(2,729)	(20,544)	(17,347)
Newly issued debt (maturities longer than 90 days)	61,659	67,545	95,008
Repayments and other reductions (maturities longer than 90 days)	(47,106)	(43,479)	(40,454)
Net dispositions (purchases) of GE shares for treasury	3,993	726	(985)
Dividends paid to shareowners	(8,278)	(7,643)	(7,157)
All other financing activities	(2,945)	(237)	3,873
CASH FROM (USED FOR) FINANCING ACTIVITIES	4,594	(3,632)	32,938
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING YEAR	2,664	3,754	477
Cash and equivalents at beginning of year	12,664	8,910	8,433
Cash and equivalents at end of year	$ 15,328	$ 12,664	$ 8,910
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash paid during the year for interest	$(11,907)	$(10,910)	$ (9,654)
Cash recovered (paid) during the year for income taxes	(1,339)	(1,539)	(948)

The notes to consolidated financial statements on pages 78–111 are an integral part of this statement.

GE			GECS		
2004	2003	2002	2004	2003	2002
$16,593	$15,002	$14,118	$ 8,161	$ 7,415	$ 3,611
—	587	1,015	—	339	1,015
2,533	2,277	2,199	5,852	4,679	4,312
(5,056)	(4,319)	(2,661)	—	—	—
(175)	389	1,005	(1,527)	738	1,409
(908)	585	(486)	—	—	—
(459)	909	(149)	(9)	(35)	62
1,888	676	708	4,207	666	(880)
(464)	(2,268)	(5,062)	—	—	—
—	—	—	4,961	1,679	9,454
—	—	—	3,888	3,752	3,084
1,252	(913)	(590)	594	2,215	(556)
15,204	12,925	10,097	26,127	21,448	21,511
(2,427)	(2,158)	(2,386)	(10,691)	(7,621)	(11,670)
—	—	—	5,845	4,952	6,357
—	—	—	(15,280)	(4,687)	(18,082)
(4,815)	(3,870)	(8,952)	(13,888)	(10,537)	(12,618)
—	—	(6,300)	—	—	—
632	236	203	443	207	(15,234)
(6,610)	(5,792)	(17,435)	(33,571)	(17,686)	(51,247)
(1,690)	(6,704)	7,924	(1,138)	(13,472)	(34,687)
434	7,356	66	61,264	59,939	96,044
(1,568)	(277)	(1,229)	(45,538)	(43,202)	(39,225)
3,993	726	(985)	—	—	—
(8,278)	(7,643)	(7,157)	(3,105)	(3,435)	(1,965)
—	—	—	(2,945)	(237)	10,173
(7,109)	(6,542)	(1,381)	8,538	(407)	30,340
1,485	591	(8,719)	1,094	3,355	604
1,670	1,079	9,798	11,273	7,918	7,314
$ 3,155	$ 1,670	$ 1,079	$ 12,367	$ 11,273	$ 7,918
$ (603)	$ (248)	$ (155)	$(11,304)	$(10,662)	$ (9,499)
(2,261)	(2,685)	(2,331)	922	1,146	1,383

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 76.

Note 1

Summary of Significant Accounting Policies

Accounting principles

Our financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP).

Consolidation

Our financial statements consolidate all of our affiliates—companies that we control and in which we hold a majority voting interest. Associated companies are companies that we do not control but over which we have significant influence, most often because we hold a shareholder voting position of 20% to 50%. Results of associated companies are presented on a one-line basis.

In 2004 and 2003, as we describe on page 81, we consolidated certain non-affiliates, including certain special purpose entities (SPEs) and investments previously considered associated companies, because of new accounting requirements that became effective in each of those years.

Financial statement presentation

We have reclassified certain prior-year amounts to conform to the current year's 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 operations are presented on a one-line basis.
- GECS This affiliate owns all of the common stock of General Electric Capital Corporation (GE Capital) and GE Insurance Solutions Corporation (GE Insurance Solutions), the parent of Employers Reinsurance Corporation (ERC). GE Capital, GE Insurance Solutions and their respective affiliates are consolidated in the GECS columns and constitute its business.
- CONSOLIDATED This represents the adding together of GE and GECS.

Effects of transactions between related companies are eliminated. Transactions between GE and GECS are immaterial and consist primarily of GECS services for material procurement and trade receivables management, medical equipment manufactured by GE that is leased by GECS to others, aircraft engines manufactured by GE that are installed on aircraft purchased by GECS from third-party producers for operating lease to others, buildings and equipment leased by GE from GECS, and GE investments in GECS commercial paper.

Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

Sales of goods and services

We record sales of goods when a firm sales agreement is in place, delivery has occurred and collectibility of the fixed or determinable sales price is reasonably assured. If customer acceptance of products is not assured, sales are recorded only upon formal customer acceptance.

Sales of goods in the Consumer & Industrial, Advanced Materials and Infrastructure businesses typically do not include multiple product and/or service elements, in contrast with sales in certain of the businesses referred to below. Consumer lighting products, home videos and computer hardware and software products are often sold with a right of return. Accumulated experience is used to estimate and provide for such returns when we record the sale.

Sales of goods in the Transportation, Healthcare, Energy and certain Infrastructure businesses sometimes include multiple components and sometimes include services such as installation. In such contracts, amounts assigned to each component are based on that component's objectively determined fair value, such as the sales price for the component when it is sold separately or competitor prices for similar components. Sales are recognized individually for delivered components only if they have value to the customer on a standalone basis, and the undelivered components have objectively determined fair values and are not essential to the functionality of the delivered components. When undelivered components are inconsequential or perfunctory and not essential to the functionality of the delivered components (like certain training commitments), we recognize sales on the total contract and make provision for the cost of the incomplete components.

We record sales of product services, certain power generation equipment and certain military aircraft engines in accordance with contracts. For long-term product services agreements, we use estimated contract profit rates to record sales as work is performed. For certain power generation equipment and certain military aircraft engines, we use estimated contract profit rates to record sales as major components are completed and delivered to customers. Estimates are subject to revisions; revisions that affect an agreement's total estimated profitability result in an immediate adjustment of earnings. We provide for any loss when that loss is probable. We expense costs to acquire or originate sales agreements as incurred.

We record broadcast and cable television advertising sales when advertisements are aired, net of provision for any viewer shortfalls (make goods). We record sales from theatrical distribution of films as the films are exhibited; sales of home videos, net of a return provision, when the videos are shipped and available for sale by retailers; fees from cable and satellite operators when services are provided, and licensing of film and television programming when we make the material available for airing.

GECS revenues from services (earned income)

We use the interest method to recognize income on all loans. Interest on time sales and loans includes origination, commitment and other non-refundable fees related to funding (recorded in earned income on the interest method). We stop accruing interest at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due. We recognize interest income on nonearning loans either as cash is collected or on a cost-recovery basis as conditions warrant. We resume accruing interest on nonearning, non-restructured Commercial Finance loans only when (a) payments are brought current according to the loan's original terms and (b) future payments are reasonably assured. When we agree to restructured terms with the borrower, we resume accruing interest only when reasonably assured that we will recover full contractual payments, and such loans pass underwriting reviews equivalent to those applied to new loans. We resume accruing interest on nonearning Consumer Finance loans upon receipt of the third consecutive minimum monthly payment or the equivalent. Specific limits for each type of loan restrict the number of times any particular delinquent loan may be categorized as non-delinquent and interest accrual resumed.

We record financing lease income on the interest method to produce a level yield on funds not yet recovered. Estimated unguaranteed residual values of leased assets are based primarily on periodic independent appraisals of the values of leased assets remaining at expiration of the lease terms. Significant assumptions we use in estimating residual values include estimated net cash flows over the remaining lease term, results of future remarketing, and future component part and scrap metal prices, discounted at an appropriate rate.

We recognize operating lease income on a straight-line basis over the terms of underlying leases.

Fees include commitment fees related to loans that we do not expect to fund and line-of-credit fees. We record these fees in earned income on a straight-line basis over the period to which they relate. We record syndication fees in earned income at the time related services are performed unless significant contingencies exist.

See page 80 for a discussion of income from investment and insurance activities.

Depreciation and amortization

The cost of GE manufacturing plant and equipment is depreciated over its estimated economic life. U.S. assets are depreciated using an accelerated method based on a sum-of-the-years digits formula; non-U.S. assets are depreciated on a straight-line basis.

The cost of GECS equipment leased to others on operating leases is amortized on a straight-line basis to estimated residual value over the lease term or over the estimated economic life of the equipment. See note 15.

Film and television costs

We defer film and television production costs, including direct costs, production overhead, development costs and interest. We do not defer costs of exploitation, which principally comprise costs of film and television program marketing and distribution. We amortize deferred film and television production costs, as well as associated participation and residual costs, on an individual production basis using the ratio of the current period's gross revenues to estimated total remaining gross revenues from all sources; we state such costs at the lower of amortized cost or fair value. We defer the costs of acquired broadcast material, including rights to material for use on NBC Universal's broadcast and cable networks, at the earlier of acquisition or when the license period begins and the material is available for use. We amortize acquired broadcast material and rights when we broadcast the associated programs; we state such costs at the lower of amortized cost or net realizable value.

Losses on financing receivables

Our allowance for losses on financing receivables represents our best estimate of probable losses inherent in the portfolio. Our method of calculating estimated losses depends on the size, type and risk characteristics of the related receivables. Write-offs are deducted from the allowance for losses and subsequent recoveries are added. Impaired financing receivables are written down to the extent that principal is judged to be uncollectible.

Our consumer loan portfolio consists of smaller balance, homogeneous loans including card receivables, installment loans, auto loans and leases and residential mortgages. Each portfolio is collectively evaluated for impairment. The allowance for losses on these receivables is established through a process that estimates the probable losses inherent in the portfolio, based upon statistical analyses of portfolio data. These include migration analysis, in which historical delinquency and credit loss experience is applied to the current aging of the portfolio, together with analyses that reflect current trends and conditions. We also consider overall portfolio indicators including nonearning loans, trends in loan volume and lending terms, credit policies and other observable environmental factors.

During 2004, Consumer Finance adopted a global policy for uncollectible receivables that accelerated write-offs to follow one consistent basis. We now write off unsecured closed-end installment loans that become 120 days contractually past due and unsecured open-ended revolving loans that become 180 days contractually past due. Loans secured with non-real-estate collateral are written down to the estimated value of the collateral, less costs to sell, at 120 days contractually past due. Real estate secured loans (both revolving and closed-end) are written down to a percentage of the estimated fair value of the property, less costs to sell, no later than 360 days past due.

The first step in establishing our quarterly allowances for losses on larger balance non-homogenous commercial and equipment loans and leases is to survey the entire portfolio for potential specific credit or collection issues indicating an impairment. This survey first considers the financial status, payment history, collateral value, industry conditions and guarantor support related to specific customers. Any delinquencies or bankruptcies are indications of potential impairment requiring further assessment of collectibility. Our risk function routinely receives financial as well as rating agency reports on our customers, and we elevate for further attention those customers whose operations we judge to be marginal or deteriorating. We also elevate customers for further attention when we observe a decline in collateral values for asset-based loans. While collateral values are not always available, when we observe such a decline, we evaluate relevant markets to assess recovery alternatives—for example, for real estate loans, relevant markets are local; for aircraft loans, relevant markets are global. Our risk function reports to senior management its evaluation of any balances that it has identified as impaired, and we make allowances based on our evaluation of all available information, including expected future cash flows, fair value of collateral net of disposal costs and the secondary market value of the financing receivables. After providing for specific incurred losses, we then determine an allowance for losses that have been incurred in the balance of the portfolio but cannot yet be identified to a specific loan or lease. This estimate is prepared by each line of business every quarter and reviewed by senior management.

Within each business unit, portfolio level modeling is applied where deemed appropriate, for example, by collateral type. As a result, several different statistical analyses requiring judgment are employed as part of this process. These analyses include consideration of historical and projected default rate and loss severity.

Portfolios of smaller balance homogenous commercial and equipment loans which are not individually evaluated for impairment are evaluated collectively for impairment. This evaluation is based upon various statistical analyses which consider historical losses and the current aging of the portfolio.

For homogeneous loans and leases, delinquencies are an important indication of a developing loss, and we monitor delinquency rates closely in all of our portfolios.

Experience is not available with new products; therefore, while we are developing that experience, we set loss allowances based on our experience with the most closely analogous products in our portfolio.

When we repossess collateral in satisfaction of a commercial loan, we write the receivable down against the allowance for losses. Repossessed collateral is included in "All other assets" in the Statement of Financial Position and carried at the lower of cost or estimated fair value less costs to sell.

The underlying assumptions, estimates and assessments we use are continually updated to reflect our view of current conditions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible to experience credit losses that are different from our current estimates.

Cash and equivalents

Debt securities with original maturities of three months or less are included in cash equivalents unless designated as available-for-sale and classified as investment securities.

Investment securities

We report investments in debt and marketable equity securities, and equity securities at our insurance affiliates, at fair value based on quoted market prices or, if quoted prices are not available, discounted expected cash flows using market rates commensurate with credit quality and maturity of the investment. Unrealized gains and losses on available-for-sale investment securities are included in shareowners' equity, net of applicable taxes and other adjustments. We regularly review investment securities for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issuer. Unrealized losses that are other than temporary are recognized in earnings. For investment securities designated as trading, unrealized gains and losses are recognized currently in earnings. Realized gains and losses are accounted for on the specific identification method.

Inventories

All inventories are stated at the lower of cost or realizable values. Cost for substantially all of GE's U.S. inventories is determined on a last-in, first-out (LIFO) basis. Cost of other GE inventories is determined on a first-in, first-out (FIFO) basis. GECS inventories consist of finished products held for sale, and cost is determined on a FIFO basis.

Intangible assets

We do not amortize goodwill, but test it annually for impairment using a fair value approach at the "reporting unit" level. A reporting unit is the operating segment, or a business one level below that operating segment (the "component" level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. We recognize an impairment charge for any amount by which the carrying amount of a reporting unit's goodwill exceeds its fair value. We use discounted cash flows to establish fair values. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. When a business within a reporting unit is disposed of, goodwill is allocated to the gain or loss on disposition using the relative fair value method.

We amortize the cost of other intangibles over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

GECS insurance accounting policies

Accounting policies for GECS insurance businesses follow.

PREMIUM INCOME. We report insurance premiums as earned income as follows:

- For short-duration insurance contracts (including property and casualty, and accident and health insurance), we report premiums as earned income, generally on a pro-rata basis, over the terms of the related agreements. For retrospectively rated reinsurance contracts, we record premium adjustments based on estimated losses and loss expenses, taking into consideration both case and incurred-but-not-reported (IBNR) reserves.
- For traditional long-duration insurance contracts (including term and whole life contracts and annuities payable for the life of the annuitant), we report premiums as earned income when due.
- For investment contracts and universal life contracts, we report premiums received as liabilities, not as revenues. Universal life contracts are long-duration insurance contracts with terms that are not fixed and guaranteed; for these contracts, we recognize revenues for assessments against the policyholder's account, mostly for mortality, contract initiation, administration and surrender. Investment contracts are contracts that have neither significant mortality nor significant morbidity risk, including annuities payable for a determined period; for these contracts, we recognize revenues on the associated investments, and amounts credited to policyholder accounts are charged to expense.

LIABILITIES FOR UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES represent our best estimate of the ultimate obligations for reported claims plus those IBNR and the related estimated claim settlement expenses for all claims incurred through December 31 of each year. Specific reserves—also referred to as case reserves—are established for reported claims using case-basis evaluations of the underlying claim data and are updated as further information becomes known. IBNR reserves are determined using generally accepted actuarial reserving methods that take into account historical loss experience data and, as appropriate, certain qualitative factors. IBNR reserves are adjusted to take into account certain additional factors that can be expected to affect the liability for claims over time, such as changes in the volume and mix of business written, revisions to contract terms and conditions, changes in legal precedents or developed case law, trends in healthcare and medical costs, and general inflation levels. Settlement of complex claims routinely involves threatened or pending litigation to resolve disputes as to coverage, interpretation of contract terms and conditions or fair compensation for damages suffered. These disputes are settled through negotiation, arbitration or actual litigation. Recorded reserves incorporate our best estimate of the effect that ultimate resolution of such disputes has on both claims payments and related settlement expenses. Liabilities for unpaid claims and claims adjustment expenses are continually reviewed and adjusted; such adjustments are included in current operations and accounted for as changes in estimates.

DEFERRED ACQUISITION COSTS. Costs that vary with and are directly related to the acquisition of new and renewal insurance and investment contracts are deferred and amortized as follows:

- Short-duration contracts—Acquisition costs consist of commissions, brokerage expenses and premium taxes and are amortized ratably over the contract periods in which the related premiums are earned.
- Long-duration contracts—Acquisition costs consist of first-year commissions in excess of recurring renewal commissions, certain variable sales expenses and certain support costs such as underwriting and policy issue expenses. For traditional long-duration insurance contracts, we amortize these costs over the respective contract periods in proportion to either anticipated premium income, or, in the case of limited-payment contracts, estimated benefit payments. For investment contracts and universal life contracts, amortization of these costs is based on estimated gross profits and is adjusted as those estimates are revised.

We review deferred acquisition costs periodically for recoverability considering anticipated investment income.

PRESENT VALUE OF FUTURE PROFITS. The actuarially determined present value of anticipated net cash flows to be realized from insurance, annuity and investment contracts in force at the date of acquisition of life insurance policies is recorded as the present value of future profits and is amortized over the respective policy terms in a manner similar to deferred acquisition costs. We adjust unamortized balances to reflect experience and impairment, if any.

Accounting changes

We adopted Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46R, *Consolidation of Variable Interest Entities (Revised)*, on January 1, 2004, adding $2.6 billion of GECS assets and $2.1 billion of GECS liabilities to our consolidated balance sheet as of that date. The most significant entity consolidated was Penske Truck Leasing Co., L.P. (Penske), which was previously accounted for using the equity method. Penske provides full-service commercial truck leasing, truck rental and logistics services, primarily in North America. This accounting change did not require an adjustment to earnings and will not affect future earnings or cash flows.

We adopted FIN 46, *Consolidation of Variable Interest Entities*, on July 1, 2003, and for the first time consolidated certain special purpose entities. In total, transition resulted in a $372 million ($0.04 per share) after-tax accounting charge to our third quarter 2003 net earnings, which is reported in the caption "Cumulative effect of accounting changes."

- FIN 46 required that, if practicable, we consolidate assets and liabilities of FIN 46 entities based on their carrying amounts. For us, such transition losses were primarily associated with interest rate swaps that did not qualify for hedge accounting before transition. Additional transition losses arose from recording carrying amounts of assets and liabilities as we eliminated certain previously recognized gains.
- When it was impracticable to determine carrying amounts, as defined, FIN 46 required assets and liabilities to be consolidated at their July 1, 2003, fair values. We recognized a loss on consolidation of certain of these entities because the fair value of associated liabilities, including the fair values of interest rate swaps, exceeded independently appraised fair values of their related assets.
- For assets that had been securitized using qualifying special purpose entities (QSPEs), transition carrying amounts were based on hypothetical repurchase of the assets at fair value. Transition effects associated with consolidation of these assets and liabilities were insignificant, as were transition effects of consolidating assets and liabilities associated with issuance of guaranteed investment contracts (GICs).

Further information about these entities is provided in note 29.

Statement of Financial Accounting Standards (SFAS) 143, *Accounting for Asset Retirement Obligations*, became effective for us on January 1, 2003. Under SFAS 143, obligations associated with the retirement of long-lived assets are recorded when there is a legal obligation to incur such costs. This amount is accounted for like an additional element of cost, and, like other cost elements, is depreciated over the corresponding asset's useful life. On January 1, 2003, we recorded a one-time, non-cash transition charge of $330 million ($215 million after tax, or $0.02 per share), which is reported in the caption "Cumulative effect of accounting changes."

SFAS 143 primarily affects our accounting for costs associated with the future retirement of facilities used for storage and production of nuclear fuel and, with our acquisition of Amersham plc (Amersham) in April 2004, radio-pharmaceuticals and special radio-labeled chemicals. See note 20.

In 2002, we adopted SFAS 142, *Goodwill and Other Intangible Assets,* under which goodwill is no longer amortized but is tested for impairment using a fair value method. Using the required reporting unit basis, we tested all of our goodwill for impairment as of January 1, 2002, and recorded a non-cash charge of $1.204 billion ($1.015 billion after tax, or $0.10 per share). All of the charge related to Equipment & Other Services. Factors contributing to the impairment charge were the difficult economic environment in the information technology sector and heightened price competition in the auto insurance industry. No impairment charge had been required under our previous goodwill impairment policy, which was based on undiscounted cash flows.

Also in 2002, we adopted on a prospective basis the stock option expense provisions of SFAS 123, *Accounting for Stock-Based Compensation.* A comparison of reported and pro-forma net earnings, including effects of expensing stock options, follows.

(In millions; per-share amounts in dollars)	2004	2003	2002
Net earnings, as reported	$16,593	$15,002	$14,118
Earnings per share, as reported			
Diluted	1.59	1.49	1.41
Basic	1.60	1.50	1.42
Stock option expense included in net earnings	93	81	27
Total stock option expense[(a)]	245	315	330
PRO-FORMA EFFECTS			
Net earnings, on pro-forma basis	16,441	14,768	13,815
Earnings per share, on pro-forma basis			
Diluted	1.57	1.47	1.38
Basic	1.58	1.47	1.39

(a) As if we had applied SFAS 123 to expense stock options in all periods. Included amounts we actually recognized in earnings.

Note 2

GE Other Income

(In millions)	2004	2003	2002
Gain on dispositions of businesses, net[(a)]	$ 464	$110	$ 506
Associated companies	191	118	(170)
Licensing and royalty income	145	135	103
Marketable securities and bank deposits	92	75	31
Other items[(b)]	184	207	636
Total	$1,076	$645	$1,106

(a) Included $141 million gain on sale of our motors business in 2004 and $488 million gain on the 2002 disposition of Global eXchange Services.

(b) Included $571 million gain related to the 2002 Bravo exchange.

Note 3

GECS Revenues from Services

(In millions)	2004	2003	2002
Interest on time sales and loans	$18,956	$17,196	$14,068
Premiums earned by insurance businesses	16,126	18,661	16,484
Operating lease rentals	10,744[(a)]	7,199	6,879
Investment income	6,764	6,489	5,570
Financing leases	4,160	4,206	4,441
Fees	3,860	3,162	2,943
Other income	7,326[(b)]	5,138	5,018
Total[(c)]	$67,936	$62,051	$55,403

(a) Included $2,593 million relating to the consolidation of Penske.

(b) Included other operating revenue of Penske of $977 million and gain on sale of Gecis of $396 million, partially offset by the loss on Genworth Financial, Inc. (Genworth) initial public offering of $388 million.

(c) Included $1,002 million in 2004 and $695 million in 2003 related to consolidated, liquidating securitization entities.

For insurance businesses, the effects of reinsurance on premiums written and premiums earned were as follows:

(In millions)	2004	2003	2002
PREMIUMS WRITTEN			
Direct	$ 9,463	$11,640	$11,659
Assumed	8,666	9,616	9,409
Ceded	(2,879)	(2,654)	(4,069)
Total	$15,250	$18,602	$16,999
PREMIUMS EARNED			
Direct	$10,235	$11,448	$10,922
Assumed	8,455	9,964	9,569
Ceded	(2,564)	(2,751)	(4,007)
Total	$16,126	$18,661	$16,484

Note 4

Supplemental Cost Information

Total expenditures for research and development were $3,091 million, $2,656 million and $2,631 million in 2004, 2003 and 2002, respectively. The portion we funded was $2,443 million in 2004, $2,103 million in 2003 and $2,215 million in 2002.

Rental expense under operating leases is shown below.

(In millions)	2004	2003	2002
GE	$874	$733	$773
GECS	997	893	977

At December 31, 2004, minimum rental commitments under noncancelable operating leases aggregated $2,880 million and $4,838 million for GE and GECS, respectively. Amounts payable over the next five years follow.

(In millions)	2005	2006	2007	2008	2009
GE	$601	$463	$376	$306	$255
GECS	782	768	633	543	509

GE's selling, general and administrative expenses totaled $12,001 million in 2004, $9,870 million in 2003 and $9,131 million in 2002.

Note 5

Retiree Health and Life Benefits

We sponsor a number of retiree health and life insurance benefit plans (retiree benefit plans). Principal retiree benefit plans are discussed below; other such plans are not significant individually or in the aggregate.

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. See note 6. Retirees share in the cost of healthcare benefits. Certain benefit provisions are subject to collective bargaining. These plans cover approximately 250,000 retirees and dependents.

The effect on operations of principal retiree benefit plans is shown in the following table.

COST OF PRINCIPAL RETIREE BENEFIT PLANS

(In millions)	2004	2003	2002
Expected return on plan assets	$(149)	$ (159)	$(170)
Service cost for benefits earned	210	307	277
Interest cost on benefit obligation	518	535	469
Prior service cost	298	191	96
Net actuarial loss recognized	60	127	78
Retiree benefit plans cost	$ 937	$1,001	$ 750

ACTUARIAL ASSUMPTIONS. The discount rates at December 31 were used to measure the year-end benefit obligations and the earnings effects for the subsequent year. Actuarial assumptions used to determine benefit obligations and earnings effects for principal retiree benefit plans follow.

ACTUARIAL ASSUMPTIONS

December 31	2004	2003	2002	2001
Discount rate[(a)]	5.75%	6.0%	6.75%	7.25%
Compensation increases	5	5	5	5
Expected return on assets	8.5	8.5	8.5	9.5
Initial healthcare trend rate[(b)]	10.3	10.5	13	12

(a) Weighted average discount rates for determination of 2004 and 2003 costs were 5.9% and 6.4%, respectively.

(b) For 2004, gradually declining to 5% for 2013 and thereafter.

To determine the expected long-term rate of return on retiree life plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. We apply our expected rate of return to a market-related value of assets, which stabilizes variability in assets to which we apply that expected return.

We amortize experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over a period no longer than the average future service of employees.

FUNDING POLICY for retiree health benefits is generally to pay covered expenses as they are incurred. We fund retiree life insurance benefits at our discretion.

Changes in the accumulated postretirement benefit obligation for retiree benefit plans follow.

ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO)

(In millions)	2004	2003
Balance at January 1	$9,701	$7,435
Service cost for benefits earned	210	307
Interest cost on benefit obligation	518	535
Participant contributions	37	33
Plan amendments[(a)]	—	2,483
Actuarial gain	(509)	(416)
Benefits paid	(797)	(720)
Other	90	44
Balance at December 31[(b)]	$9,250	$9,701

(a) Related to changes in retiree benefit plans resulting from collective bargaining agreements that extend through June 2007.

(b) The APBO for the retiree health plans was $6,979 million and $7,514 million at year-end 2004 and 2003, respectively.

Increasing or decreasing the healthcare cost trend rates by 1.0 percentage point would have had an insignificant effect on the December 31, 2004, accumulated postretirement benefit obligation and the annual cost of retiree health plans. Our principal retiree benefit plans are collectively bargained and have provisions that limit our per capita costs.

Changes in the fair value of assets for retiree benefit plans follow.

FAIR VALUE OF ASSETS

(In millions)	2004	2003
Balance at January 1	$1,626	$1,426
Actual gain on plan assets	160	309
Employer contributions	626	565
Participant contributions	37	33
Benefits paid	(797)	(720)
Other	—	13
Balance at December 31	$1,652	$1,626

We expect to contribute approximately $710 million in 2005 to cover unfunded healthcare benefits.

Plan assets are held in trust, as follows:

PLAN ASSET ALLOCATION

	2004		2003
December 31	Target allocation	Actual allocation	Actual allocation
Equity securities	62–74%	71%	73%
Debt securities	20–26	19	20
Real estate	1–5	1	1
Other	3–9	9	6
Total		100%	100%

Plan fiduciaries set investment policies and strategies for the trust. Long-term strategic investment objectives include preserving the funded status of the trust and balancing risk and return. The plan fiduciaries oversee the investment allocation process, which includes selecting investment managers, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

Trust assets invested in short-term securities must be invested in securities rated A1/P1 or better. GE common stock represented 6.2% and 5.4% of trust assets at year-end 2004 and 2003, respectively, and is subject to a statutory limit when it reaches 10% of total trust assets.

Our recorded assets and liabilities for retiree benefit plans are as follows:

RETIREE BENEFIT ASSET (LIABILITY)

December 31 (In millions)	2004	2003
Funded status[(a)]	$(7,598)	$(8,075)
Unrecognized prior service cost	2,747	3,045
Unrecognized net actuarial loss	1,004	1,584
Net liability recognized	$(3,847)	$(3,446)
Amounts recorded in the Statement of Financial Position:		
Retiree life plans prepaid asset	$ 38	$ 81
Retiree health plans liability	(3,885)	(3,527)
Net liability recognized	$(3,847)	$(3,446)

(a) Fair value of assets less APBO, as shown in the preceding tables.

Estimated future benefit payments are as follows:

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	2005	2006	2007	2008	2009	2010–2014
	$875	$850	$900	$850	$800	$3,600

Effective April 1, 2004, we included the effects of the U.S. Medicare Prescription Drug, Improvement and Modernization Act of 2003 in our consolidated financial statements, reducing APBO by $583 million without a significant effect on our 2004 operations.

Note 6

Pension Benefits

We sponsor a number of pension plans. Principal pension plans, together with affiliate and certain other pension plans (other pension plans), detailed in this note represent about 99% of our total pension assets.

PRINCIPAL PENSION PLANS are the GE Pension Plan and the GE Supplementary Pension Plan.

The GE Pension Plan provides benefits to certain U.S. employees based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. Certain benefit provisions are subject to collective bargaining.

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

OTHER PENSION PLANS in 2004 included 34 U.S. and non-U.S. pension plans with pension assets or obligations greater than $50 million. These defined benefit plans generally provide benefits to employees based on formulas recognizing length of service and earnings.

PENSION PLAN PARTICIPANTS

(In thousands)	Principal pension plans	Other pension plans
Active employees	141	47
Vested former employees	174	35
Retirees and beneficiaries	205	22
Total	520	104

Details of the cost of our pension plans follow.

COST OF PENSION PLANS

	Total			Principal pension plans			Other pension plans		
(In millions)	2004	2003	2002	2004	2003	2002	2004	2003	2002
Expected return on plan assets	$(4,258)	$(4,245)	$(4,245)	$(3,958)	$(4,072)	$(4,084)	$(300)	$(173)	$(161)
Service cost for benefits earned	1,438	1,375	1,245	1,178	1,213	1,107	260	162	138
Interest cost on benefit obligation	2,516	2,390	2,288	2,199	2,180	2,116	317	210	172
Prior service cost	317	252	221	311	248	217	6	4	4
Net actuarial loss (gain) recognized	242	(544)	(905)	146	(609)	(912)	96	65	7
Total cost	$ 255	$ (772)	$(1,396)	$ (124)	$(1,040)	$(1,556)	$ 379	$ 268	$ 160

ACTUARIAL ASSUMPTIONS are described below. The discount rates at December 31 were used to measure the year-end benefit obligations and the earnings effects for the subsequent year.

ACTUARIAL ASSUMPTIONS

	Principal pension plans				Other pension plans (weighted average)			
December 31	2004	2003	2002	2001	2004	2003	2002	2001
Discount rate	5.75%	6.00%	6.75%	7.25%	5.28%	5.54%	5.87%	6.55%
Compensation increases	5.00	5.00	5.00	5.00	4.02	3.85	3.90	4.27
Expected return on assets	8.50	8.50	8.50	9.50	7.61	7.61	7.62	8.19

To determine the expected long-term rate of return on pension plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. For the principal pension plans, we apply our expected rate of return to a market-related value of assets, which stabilizes variability in assets to which we apply that expected return.

We amortize experience gains and losses and effects of changes in actuarial assumptions and plan provisions over a period no longer than the average future service of employees.

FUNDING POLICY for the GE Pension Plan is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws plus such additional amounts as we may determine to be appropriate. We have not made contributions to the GE Pension Plan since 1987. We will not make any contributions to the GE Pension Plan in 2005; any GE contribution to that plan would require payment of excise taxes and would not be deductible for income tax purposes. In 2005, we expect to pay approximately $115 million for the GE Supplementary Pension Plan benefit payments and administrative expenses ($102 million in 2004), and expect to contribute approximately $340 million to other pension plans ($370 million in 2004).

BENEFIT OBLIGATIONS are described in the following table. Accumulated and projected benefit obligations (ABO and PBO) represent the obligations of a pension plan for past service as of the measurement date. ABO is the present value of benefits earned to date with benefits computed based on current compensation levels. PBO is ABO increased to reflect expected future compensation.

PROJECTED BENEFIT OBLIGATION

	Principal pension plans		Other pension plans	
(In millions)	2004	2003	2004	2003
Balance at January 1	$37,827	$33,266	$4,863	$3,475
Service cost for benefits earned	1,178	1,213	260	162
Interest cost on benefit obligations	2,199	2,180	317	210
Participant contributions	163	169	31	25
Plan amendments	—	654	15	2
Actuarial loss[(a)]	969	2,754	371	164
Benefits paid	(2,367)	(2,409)	(230)	(148)
Acquired plans	—	—	1,169	551
Exchange rate adjustments and other	—	—	448	422
Balance at December 31[(b)]	$39,969	$37,827	$7,244	$4,863

(a) Principally associated with discount rate changes for principal pension plans.

(b) The PBO for the GE Supplementary Pension Plan was $3.3 billion and $2.7 billion at year-end 2004 and 2003, respectively.

ABO balances for our pension plans follow.

ACCUMULATED BENEFIT OBLIGATION

December 31 (In millions)	2004	2003
GE Pension Plan	$35,296	$33,859
GE Supplementary Pension Plan	1,916	1,619
Other pension plans	6,434	4,422

Following is information about our pension plans in which the accumulated benefit obligation exceeds the fair value of plan assets:

PLANS WITH ASSETS LESS THAN ABO

December 31 (In millions)	2004	2003
Funded plans with assets less than ABO:		
Plan assets	$3,943	$2,640
Accumulated benefit obligations	5,075	3,460
Projected benefit obligations	5,825	3,852
Unfunded plans covered by book reserves:(a)		
Accrued pension liability	2,948	2,456
Accumulated benefit obligations	2,628	2,201
Projected benefit obligations	4,001	3,330

(a) Primarily related to the GE Supplementary Pension Plan.

Pension Plan Assets are described below.

FAIR VALUE OF ASSETS

	Principal pension plans		Other pension plans	
(In millions)	2004	2003	2004	2003
Balance at January 1	$43,879	$37,811	$3,035	$2,064
Actual gain on plan assets	4,888	8,203	292	264
Employer contributions	102	105	370	183
Participant contributions	163	169	31	25
Benefits paid	(2,367)	(2,409)	(230)	(148)
Acquired plans	—	—	868	373
Exchange rate adjustments and other	—	—	286	274
Balance at December 31	$46,665	$43,879	$4,652	$3,035

Our pension plan assets are held in trust, as follows:

PLAN ASSET ALLOCATION

	Principal pension plans		
	2004		2003
December 31	Target Allocation	Actual Allocation	Actual Allocation
Equity securities	51–63%	63%	60%
Debt securities	21–27	19	20
Real estate	4–8	6	7
Private equities	5–11	6	7
Other	3–7	6	6
Total		100%	100%

Plan fiduciaries of the GE Pension Plan set investment policies and strategies for the GE Pension Trust. Long-term strategic investment objectives include preserving the funded status of the trust and balancing risk and return. These plan fiduciaries oversee the investment allocation process, which includes selecting investment managers, commissioning periodic asset-liability studies, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

GE Pension Trust assets are invested subject to the following additional guidelines:

- Short-term securities must be rated A1/P1 or better,
- Real estate may not exceed 25% of total assets (6% of trust assets at December 31, 2004),
- Investments in securities not freely tradable may not exceed 20% of total assets (11% of trust assets at December 31, 2004), and
- GE stock is limited by statute when it reaches 10% of total trust assets (7.0% and 6.3% at the end of 2004 and 2003, respectively).

	Other pension plans (weighted average)		
	2004		2003
December 31	Target Allocation	Actual Allocation	Actual Allocation
Equity securities	62%	65%	63%
Debt securities	30	27	32
Real estate	3	3	2
Other	5	5	3
Total		100%	100%

Our recorded assets and liabilities for pension plans are as follows:

PREPAID PENSION ASSET (LIABILITY)

	Principal pension plans		Other pension plans	
December 31 (In millions)	2004	2003	2004	2003
Funded status(a)	$ 6,696	$ 6,052	$(2,592)	$(1,828)
Unrecognized prior service cost	1,260	1,571	45	36
Unrecognized net actuarial loss	7,481	7,588	1,662	1,184
Net amount recognized	$15,437	$15,211	$ (885)	$ (608)
Amounts recorded in the Statement of Financial Position:				
Prepaid pension asset	$17,629	$17,038	$ 158	$ 20
Accrued pension obligation(b)	(2,192)	(1,827)	(2,061)	(1,040)
Intangible assets	—	—	57	49
Accumulated other comprehensive income	—	—	961	363
Net amount recognized	$15,437	$15,211	$ (885)	$ (608)

(a) Fair value of assets less PBO, as shown in the preceding tables.

(b) For principal pension plans, represents the GE Supplementary Pension Plan liability.

Estimated future benefit payments for our pension plans are as follows:

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	Principal pension plans	Other pension plans
2005	$ 2,350	$ 250
2006	2,400	250
2007	2,400	275
2008	2,500	275
2009	2,500	300
2010–2014	13,500	1,600

Note 7

Provision for Income Taxes

(In millions)	2004	2003	2002
GE			
Current tax expense	$ 2,148	$2,468	$ 2,833
Deferred tax expense (benefit) from temporary differences	(175)	389	1,004
	1,973	2,857	3,837
GECS			
Current tax expense (benefit)	3,067	720	(1,488)
Deferred tax expense (benefit) from temporary differences	(1,527)	738	1,409
	1,540	1,458	(79)
CONSOLIDATED			
Current tax expense	5,215	3,188	1,345
Deferred tax expense (benefit) from temporary differences	(1,702)	1,127	2,413
Total	$ 3,513	$4,315	$ 3,758

GE and GECS file a consolidated U.S. federal income tax return. The GECS provision for current tax expense includes its effect on the consolidated return.

Consolidated current tax expense includes amounts applicable to U.S. federal income taxes of $1,839 million, $1,555 million and $137 million in 2004, 2003 and 2002, respectively, and amounts applicable to non-U.S. jurisdictions of $3,135 million, $1,304 million and $1,061 million in 2004, 2003 and 2002, respectively. Consolidated deferred taxes related to U.S. federal income taxes was income of $1,986 million in 2004 compared with expense of $685 million and $2,112 million in 2003 and 2002, respectively.

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases as well as from net operating loss and tax credit carryforwards, and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. We evaluate the recoverability of these future tax deductions by assessing the adequacy of future expected taxable income from all sources, including reversal of temporary differences and forecasted operating earnings. See note 21 for details.

We have not provided U.S. deferred taxes on cumulative earnings of non-U.S. affiliates and associated companies that have been reinvested indefinitely. These earnings relate to ongoing operations and, at December 31, 2004, were approximately $29 billion. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested indefinitely. Deferred taxes are provided for earnings of non-U.S. affiliates and associated companies when we plan to remit those earnings.

The American Jobs Creation Act of 2004 (the Act) allows U.S. companies a one-time opportunity to repatriate non-U.S. earnings through 2005 at a 5.25% rate of tax rather than the normal U.S. tax rate of 35%, provided that certain criteria, including qualified U.S. reinvestment, are met. Available tax credits related to the repatriation would be reduced under provisions of the Act. While GE continues to evaluate the Act, because the vast majority of our permanently reinvested non-U.S. earnings have been deployed in active business operations, and it is therefore unlikely that we will repatriate any material portion of our permanently reinvested non-U.S. earnings, no incremental tax provision effect has been recorded through December 31, 2004. If we were to repatriate up to $3,000 million of indefinitely reinvested earnings in 2005, incremental taxes would be provided at less than a 5% rate.

Consolidated U.S. income before taxes and the cumulative effect of accounting changes was $8.6 billion in 2004, $11.2 billion in 2003 and $12.0 billion in 2002. The corresponding amounts for non-U.S.-based operations were $11.5 billion in 2004, $8.7 billion in 2003 and $6.9 billion in 2002.

A reconciliation of the U.S. federal statutory income tax rate to the actual income tax rate is provided below.

RECONCILIATION OF U.S. FEDERAL STATUTORY INCOME TAX RATE TO ACTUAL INCOME TAX RATE

	Consolidated			GE			GECS		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (reduction) in rate resulting from:									
Inclusion of after-tax earnings of GECS in before-tax earnings of GE	—	—	—	(15.4)	(14.7)	(8.5)	—	—	—
Tax-exempt income	(1.0)	(1.1)	(1.2)	—	—	—	(2.0)	(2.4)	(5.1)
Tax on global activities including exports	(12.4)	(9.0)	(10.6)	(5.8)	(4.3)	(5.2)	(14.6)	(10.8)	(22.5)
IRS settlements of Lockheed Martin tax-free exchange/Puerto Rico subsidiary loss	(3.4)	—	—	(3.7)	—	—	—	—	—
All other — net	(0.7)	(3.2)	(3.3)	0.5	(0.5)	(1.1)	(2.5)	(6.0)	(9.1)
	(17.5)	(13.3)	(15.1)	(24.4)	(19.5)	(14.8)	(19.1)	(19.2)	(36.7)
Actual income tax rate	17.5%	21.7%	19.9%	10.6%	15.5%	20.2%	15.9%	15.8%	(1.7)%

Note 8

Earnings Per Share Information

(In millions, per-share amounts in dollars)	2004 Diluted	2004 Basic	2003 Diluted	2003 Basic	2002 Diluted	2002 Basic
CONSOLIDATED OPERATIONS						
Earnings before accounting changes	$16,593	$16,593	$15,589	$15,589	$15,133	$15,133
Adjustments to earnings before accounting changes[a]	(1)	—	1	—	13	—
Earnings before accounting changes for per-share calculation	16,592	16,593	15,590	15,589	15,146	15,133
Cumulative effect of accounting changes	—	—	(587)	(587)	(1,015)	(1,015)
Net earnings available for per-share calculation	$16,592	$16,593	$15,003	$15,002	$14,131	$14,118
AVERAGE EQUIVALENT SHARES						
Shares of GE common stock outstanding	10,400	10,400	10,019	10,019	9,947	9,947
Employee compensation-related shares, including stock options	45	—	56	—	81	—
Total average equivalent shares	10,445	10,400	10,075	10,019	10,028	9,947
PER-SHARE AMOUNTS						
Earnings before accounting changes	$ 1.59	$ 1.60	$ 1.55	$ 1.56	$ 1.51	$ 1.52
Cumulative effect of accounting changes	—	—	(0.06)	(0.06)	(0.10)	(0.10)
Net earnings per share	$ 1.59	$ 1.60	$ 1.49	$ 1.50	$ 1.41	$ 1.42

(a) Included dividend equivalents and dilutive effects of subsidiary-issued stock-based awards.

Note 9

Investment Securities

December 31 (In millions)	2004 Amortized cost	2004 Gross unrealized gains	2004 Gross unrealized losses	2004 Estimated fair value	2003 Amortized cost	2003 Gross unrealized gains	2003 Gross unrealized losses	2003 Estimated fair value
GE								
Available-for-sale securities								
Debt—U.S. corporate	$ 350	$ —	$ —	$ 350	$ 350	$ —	$ (28)	$ 322
Equity	58	8	(3)	63	42	18	(2)	58
GE securities	408	8	(3)	413	392	18	(30)	380
GECS								
Available-for-sale securities								
Debt:								
U.S. corporate	51,739	2,921	(565)	54,095	52,299	2,558	(684)	54,173
State and municipal	12,779	337	(35)	13,081	12,707	382	(23)	13,066
Mortgage-backed	15,314	235	(75)	15,474	13,441	271	(93)	13,619
Asset-backed	11,584	291	(52)	11,823	12,503	250	(84)	12,669
Corporate—non-U.S.	17,431	788	(45)	18,174	14,720	557	(89)	15,188
Government—non-U.S.	9,722	274	(27)	9,969	8,558	169	(65)	8,662
U.S. government and federal agency	1,448	84	(3)	1,529	1,616	58	(19)	1,655
Equity	2,059	413	(25)	2,447	2,526	393	(117)	2,802
Trading securities	(a)	(a)	(a)	8,560	(a)	(a)	(a)	7,055
GECS securities	122,076	5,343	(827)	135,152[b]	118,370	4,638	(1,174)	128,889[b]
ELIMINATIONS	(17)	(12)	—	(29)	—	—	—	—
Total	$122,467	$5,339	$(830)	$135,536	$118,762	$4,656	$(1,204)	$129,269

(a) Not applicable.

(b) Included $1,147 million in 2004 and $1,566 million in 2003 of debt securities related to consolidated, liquidating securitization entities.

Investment securities included in our general account portfolio above and designated as trading represent actively managed debt and equity securities of certain non-U.S. insurance contractholders who retain the related risks and rewards, except in the event of our bankruptcy or liquidation. Changes in unrealized gains and losses on these securities are recognized currently in earnings. During 2004, the net gain on investment securities classified as trading and included in earnings was $293 million.

A substantial portion of our mortgage-backed securities are collateralized by U.S. residential mortgages.

Following are estimated fair value of, and gross unrealized losses on, our available-for-sale investment securities.

December 31 (In millions)	Less than 12 months Estimated fair value	Less than 12 months Gross unrealized losses	12 months or more Estimated fair value	12 months or more Gross unrealized losses
2004				
Debt:				
U.S. corporate	$ 8,092	$(212)	$2,347	$(353)
State and municipal	3,603	(33)	63	(2)
Mortgage-backed	5,572	(55)	563	(20)
Asset-backed	2,501	(20)	485	(32)
Corporate—non-U.S.	4,235	(26)	822	(19)
Government—non-U.S.	1,370	(10)	1,142	(17)
U.S. government and federal agency	237	(2)	43	(1)
Equity	253	(20)	71	(8)
Total	$25,863	$(378)	$5,536	$(452)
2003				
Debt:				
U.S. corporate	$ 7,915	$(255)	$2,360	$(457)
State and municipal	1,620	(23)	2	—
Mortgage-backed	4,299	(86)	135	(7)
Asset-backed	2,279	(26)	1,523	(58)
Corporate—non-U.S.	2,925	(71)	123	(18)
Government—non-U.S.	3,317	(60)	24	(5)
U.S. government and federal agency	256	(19)	—	—
Equity	402	(81)	105	(38)
Total	$23,013	$(621)	$4,272	$(583)

Securities in an unrealized loss position for 12 months or more at December 31, 2004 and 2003, included investment securities collateralized by commercial aircraft, primarily Enhanced Equipment Trust Certificates, with unrealized losses of $291 million and $355 million, respectively, and estimated fair values of $941 million and $1,072 million, respectively. We review all of our investment securities routinely for other than temporary impairment as described on page 80. In accordance with that policy, we provide for all amounts that we do not expect either to collect in accordance with the contractual terms of the instruments or to recover based on underlying collateral values. For our securities collateralized by commercial aircraft, that review includes our best estimates of the securities' cash flows, underlying collateral values, and assessment of whether the borrower is in compliance with terms and conditions. We believe that our securities, which are current on all payment terms, are in an unrealized loss position because of ongoing negative market reaction to commercial airline industry difficulties. We do not anticipate changes in the timing and amount of estimated cash flows and we expect full recovery of our amortized cost. Should our cash flow expectation prove to be incorrect, the current aggregate market values of aircraft collateral, based on information from independent appraisers, exceeded totals of both the market values and the amortized cost of our securities at December 31, 2004.

CONTRACTUAL MATURITIES OF GECS INVESTMENT IN AVAILABLE-FOR-SALE DEBT SECURITIES (EXCLUDING MORTGAGE-BACKED AND ASSET-BACKED SECURITIES)

(In millions)	Amortized cost	Estimated fair value
Due in		
2005	$ 7,802	$ 7,906
2006–2009	22,305	22,593
2010–2014	26,947	27,639
2015 and later	36,065	38,710

We expect actual maturities to differ from contractual maturities because borrowers have the right to call or prepay certain obligations.

Supplemental information about gross realized gains and losses on available-for-sale investment securities follows.

(In millions)	2004	2003	2002
GE			
Gains	$ 15	$ 3	$ —
Losses, including impairments	—	(38)	(76)
Net	15	(35)	(76)
GECS			
Gains	749	1,322	1,578
Losses, including impairments	(342)	(914)	(1,277)
Net	407	408	301
Total	$ 422	$ 373	$ 225

Proceeds from available-for-sale securities sales amounted to $27,100 million, $36,600 million and $46,400 million in 2004, 2003 and 2002, respectively.

Note 10

GE Current Receivables

December 31 (In millions)	2004	2003
Advanced Materials	$ 875	$ 927
Consumer & Industrial	1,031	1,111
Energy	3,788	3,788
Healthcare	2,862	2,024
Infrastructure	466	400
NBC Universal	4,067	938
Transportation	1,981	1,993
Corporate items and eliminations	201	278
	15,271	11,459
Less allowance for losses	(738)	(486)
Total	$14,533	$10,973

Receivables balances at December 31, 2004 and 2003, before allowance for losses, included $10,182 million and $6,746 million, respectively, from sales of goods and services to customers, and $246 million and $226 million, respectively, from transactions with associated companies.

Current receivables of $435 million and $444 million at December 31, 2004 and 2003, respectively, arose from sales, principally of aircraft engine goods and services, on open account to various agencies of the U.S. government, our largest single customer. About 4% of our sales of goods and services were to the U.S. government in 2004, 2003 and 2002.

Note 11

Inventories

December 31 (In millions)	2004	2003
GE		
Raw materials and work in process	$ 5,042	$4,530
Finished goods	4,806	4,376
Unbilled shipments	402	281
	10,250	9,187
Less revaluation to LIFO	(661)	(632)
	9,589	8,555
GECS		
Finished goods	189	197
Total	$ 9,778	$8,752

As of December 31, 2004, we were obligated to acquire certain raw materials at market prices through the year 2023 under various take-or-pay or similar arrangements. Annual minimum commitments under these arrangements are insignificant.

Note 12

GECS Financing Receivables (investments in time sales, loans and financing leases)

December 31 (In millions)	2004	2003
Time sales and loans, net of deferred income	$220,361	$188,842
Investment in financing leases, net of deferred income	67,754	65,320
	288,115	254,162
Less allowance for losses (note 13)	(5,648)	(6,256)
Financing receivables—net	$282,467	$247,906

Included in the above are the financing receivables of consolidated, liquidating securitization entities as follows:

December 31 (In millions)	2004	2003
Time sales and loans, net of deferred income	$20,496	$18,050
Investment in financing leases, net of deferred income	2,125	3,827
	22,621	21,877
Less allowance for losses	(5)	—
Financing receivables—net	$22,616	$21,877

Details by segment follow.

December 31 (In millions)	2004	2003
COMMERCIAL FINANCE		
Equipment	$ 74,970	$ 68,085
Commercial and industrial	36,443	35,035
Real estate	20,470	20,171
Commercial aircraft	13,562	12,424
	145,445	135,715
CONSUMER FINANCE		
Non-U.S. residential mortgages	42,201	19,593
Non-U.S. installment and revolving credit	33,889	31,954
Non-U.S. auto	23,517	20,729
U.S. installment and revolving credit	21,385	16,545
Other	6,771	5,856
	127,763	94,677
EQUIPMENT & OTHER SERVICES	14,907	23,770
	288,115	254,162
Less allowance for losses	(5,648)	(6,256)
Total	$282,467	$247,906

GECS financing receivables include both time sales and loans and financing leases. Time sales and loans represent 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 carried at gross book value, which includes finance charges.

Investment in financing leases consists of direct financing and leveraged leases of aircraft, railroad rolling stock, autos, other transportation equipment, data processing equipment and medical equipment, as well as other manufacturing, power generation, commercial real estate, 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 is generally entitled to any residual value of leased assets.

Investment in direct financing and leveraged leases represents net unpaid rentals and estimated unguaranteed residual values of leased equipment, less related deferred income. 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. The 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.

NET INVESTMENT IN FINANCING LEASES

	Total financing leases		**Direct financing leases**		**Leveraged leases**	
December 31 (In millions)	2004	2003	2004	2003	2004	2003
Total minimum lease payments receivable	$ 91,840	$ 91,592	$63,733	$62,121	$28,107	$ 29,471
Less principal and interest on third-party nonrecourse debt	(20,992)	(22,144)	—	—	(20,992)	(22,144)
Net rentals receivable	70,848	69,448	63,733	62,121	7,115	7,327
Estimated unguaranteed residual value of leased assets	10,323	9,747	6,898	6,072	3,425	3,675
Less deferred income	(13,417)	(13,875)	(9,966)	(10,099)	(3,451)	(3,776)
Investment in financing leases, net of deferred income	67,754	65,320	60,665	58,094	7,089	7,226
Less amounts to arrive at net investment						
Allowance for losses	(1,090)	(830)	(903)	(734)	(187)	(96)
Deferred taxes	(9,767)	(10,250)	(5,099)	(5,793)	(4,668)	(4,457)
Net investment in financing leases	$ 56,897	$ 54,240	$54,663	$51,567	$ 2,234	$ 2,673

CONTRACTUAL MATURITIES

(In millions)	Total time sales and loans	Net rentals receivable
Due in		
2005	$ 66,085	$17,767
2006	31,394	14,595
2007	25,461	10,900
2008	13,770	7,908
2009	13,796	5,097
2010 and later	69,855	14,581
Total	$220,361	$70,848

We expect actual maturities to differ from contractual maturities.

Individually "impaired" loans are defined by GAAP as larger balance or restructured loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement. An analysis of impaired loans follows.

December 31 (In millions)	2004	2003
Loans requiring allowance for losses	$1,689	$1,062
Loans expected to be fully recoverable	520	1,430
	$2,209	$2,492
Allowance for losses	$ 749	$ 434
Average investment during year	2,403	2,318
Interest income earned while impaired[(a)]	26	33

(a) Recognized principally on cash basis.

Note 13

GECS Allowance for Losses on Financing Receivables

(In millions)	2004	2003	2002
BALANCE AT JANUARY 1			
Commercial Finance	$ 2,244	$ 2,664	$ 2,532
Consumer Finance	3,984	2,782	2,173
Equipment & Other Services	28	54	87
	6,256	5,500	4,792
PROVISION CHARGED TO OPERATIONS			
Commercial Finance	651	887	1,110
Consumer Finance	3,219	2,808	1,950
Equipment & Other Services	18	57	24
	3,888	3,752	3,084
OTHER ADDITIONS (REDUCTIONS)[a]	(74)	679	704
GROSS WRITE-OFFS			
Commercial Finance	(954)	(1,321)	(1,262)
Consumer Finance[b]	(4,423)	(3,114)	(2,383)
Equipment & Other Services	(75)	(88)	(77)
	(5,452)	(4,523)	(3,722)
RECOVERIES			
Commercial Finance	163	126	95
Consumer Finance	846	710	534
Equipment & Other Services	21	12	13
	1,030	848	642
BALANCE AT DECEMBER 31			
Commercial Finance	2,140	2,244	2,664
Consumer Finance	3,473	3,984	2,782
Equipment & Other Services	35	28	54
Balance at December 31	$ 5,648	$ 6,256	$ 5,500

(a) Other additions (reductions) primarily included the effects of acquisitions, securitization activity and the effects of exchange rates. These additions (reductions) included $314 million, $480 million and $487 million related to acquisitions and $(461) million, $(335) million and $(80) million related to securitization activity in 2004, 2003 and 2002, respectively.

(b) Included $889 million in 2004 related to the standardization of our write-off policy.

See note 12 for amounts related to consolidated, liquidating securitization entities.

SELECTED FINANCING RECEIVABLES RATIOS

December 31	2004	2003
ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES AS A PERCENTAGE OF TOTAL FINANCING RECEIVABLES		
Commercial Finance	1.47%	1.65%
Consumer Finance[a]	2.72	4.21
Equipment & Other Services	0.23	0.12
Total	1.96	2.46
NONEARNING AND REDUCED EARNING FINANCING RECEIVABLES AS A PERCENTAGE OF TOTAL FINANCING RECEIVABLES		
Commercial Finance	1.1%	1.3%
Consumer Finance[a]	2.0	2.6
Equipment & Other Services	1.2	0.6
Total	1.5	1.7

(a) The standardization of our write-off policy in 2004 reduced the allowance for losses on financing receivables as a percentage of total financing receivables by 74 basis points, and nonearning and reduced earning financing receivables as a percentage of total financing receivables by 57 basis points.

Note 14

GECS Insurance Receivables

December 31 (In millions)	2004	2003
Reinsurance recoverables	$11,509	$12,067
Commercial mortgage loans	6,993	6,648
Premiums receivable	4,479	4,510
Policy loans	1,378	1,245
Funds on deposit with reinsurers	590	623
Other	1,240	2,669
Allowance for losses	(218)	(221)
Total[a]	$25,971	$27,541

(a) Included $342 million in 2004 and $484 million in 2003 related to consolidated, liquidating securitization entities.

Note 15

Property, Plant and Equipment

December 31 (Dollars in millions)	Estimated useful lives–new (years)	2004	2003
ORIGINAL COST			
GE			
Land and improvements	8[(a)]	$ 1,274	$ 861
Buildings, structures and related equipment	8–40	9,168	8,369
Machinery and equipment	4–20	25,775	24,184
Leasehold costs and manufacturing plant under construction	1–10	2,930	2,228
		39,147	35,642
GECS[(b)]			
Buildings and equipment	1–40	6,167	4,792
Equipment leased to others			
Aircraft	20	26,837	23,069
Vehicles	4–14	23,056	16,600
Railroad rolling stock	9–30	3,390	3,356
Mobile and modular space	12–20	2,965	3,164
Construction and manufacturing	3–25	1,772	1,563
All other	3–33	3,021	3,026
		67,208	55,570
Total		$106,355	$91,212
NET CARRYING VALUE			
GE			
Land and improvements		$ 1,176	$ 814
Buildings, structures and related equipment		3,956	4,332
Machinery and equipment		8,955	7,547
Leasehold costs and manufacturing plant under construction		2,669	1,873
		16,756	14,566
GECS[(b)]			
Buildings and equipment		3,526	2,827
Equipment leased to others			
Aircraft[(c)]		21,991	19,097
Vehicles		14,062	9,745
Railroad rolling stock		2,193	2,220
Mobile and modular space		1,636	1,814
Construction and manufacturing		1,157	1,121
All other		2,013	1,998
		46,578	38,822
Total		$ 63,334	$53,388

(a) Estimated useful lives exclude land.

(b) Included $2.2 billion and $2.1 billion of original cost of assets leased to GE with accumulated amortization of $0.4 billion and $0.3 billion at December 31, 2004 and 2003, respectively.

(c) Commercial Finance recognized impairment losses of $0.1 billion in 2004 and $0.2 billion in 2003 recorded in the caption "Other costs and expenses" in the Statement of Earnings to reflect adjustments to fair value based on current market values from independent appraisers.

Amortization of GECS equipment leased to others was $5,365 million, $4,224 million and $3,919 million in 2004, 2003 and 2002, respectively. Noncancelable future rentals due from customers for equipment on operating leases at December 31, 2004, are due as follows:

(In millions)	
Due in	
2005	$ 7,001
2006	5,537
2007	4,155
2008	2,971
2009	2,056
2010 and later	6,272
Total	$27,992

Note 16

Intangible Assets

December 31 (In millions)	2004	2003
GE		
Goodwill	$45,775	$26,242
Capitalized software	1,894	1,678
Other intangibles	7,051	2,284
	54,720	30,204
GECS		
Goodwill	25,416	21,527
Present value of future profits (PVFP)	1,426	1,562
Capitalized software	758	800
Other intangibles	920	932
	28,520	24,821
Total	$83,240	$55,025

GE intangible assets were net of accumulated amortization of $6,098 million in 2004 and $5,759 million in 2003. GECS intangible assets were net of accumulated amortization of $10,876 million in 2004 and $10,292 million in 2003.

Changes in goodwill balances, net of accumulated amortization, follow.

	2004					2003			
(In millions)	Balance January 1	Acquisitions/ purchase accounting adjustments	Inter-segment transfers	Currency exchange and other	Balance December 31	Balance January 1	Acquisitions/ purchase accounting adjustments	Currency exchange and other	Balance December 31
Advanced Materials	$ 2,810	$ (6)	$ —	$ 46	$ 2,850	$ 2,077	$ 720	$ 13	$ 2,810
Commercial Finance	8,736	938	523	74	10,271	8,469	183	84	8,736
Consumer Finance	7,779	1,275	384	422	9,860	5,562	1,294	923	7,779
Consumer & Industrial	795	—	—	(16)	779	720	15	60	795
Energy	4,212	200	—	144	4,556	3,374	450	388	4,212
Equipment & Other Services	920	(11)	(523)	1,073 [a]	1,459	887	29	4	920
Healthcare	4,766	8,422	—	71	13,259	2,898	1,846	22	4,766
Infrastructure	3,725	633	—	56	4,414	3,192	365	168	3,725
Insurance	4,092	10	(384)	108	3,826	4,176	12	(96)	4,092
NBC Universal	6,730	9,944	—	(2)	16,672	5,223	1,507	—	6,730
Transportation	3,204	53	—	(12)	3,245	2,842	354	8	3,204
Total	$47,769	$21,458	$ —	$1,964	$71,191	$39,420	$6,775	$1,574	$47,769

(a) Included $1,055 million of goodwill associated with the consolidation of Penske effective January 1, 2004.

The amount of goodwill related to new acquisitions during 2004 was $20,958 million, the largest of which were the combination of NBC and Vivendi Universal Entertainment LLLP (VUE) and the acquisitions of Amersham by Healthcare and InVision Technologies, Inc. ($618 million) by Infrastructure.

The amount of goodwill related to purchase accounting adjustments to prior-year acquisitions during 2004 was $500 million, primarily associated with the 2003 acquisition of Instrumentarium at Healthcare and Allbank and First National Bank at Consumer Finance.

The amount of goodwill related to new acquisitions recorded during 2003 was $6,602 million, the largest of which were Instrumentarium ($1,754 million) by Healthcare, Bravo ($1,473 million) by NBC Universal and First National Bank ($680 million) by Consumer Finance.

The amount of goodwill related to purchase accounting adjustments to prior-year acquisitions during 2003 was $173 million, primarily associated with the 2002 acquisitions of several businesses at Infrastructure, Australian Guarantee Corporation at Consumer Finance and Security Capital Group at Commercial Finance.

Upon closing an acquisition, we estimate the fair values of assets and liabilities acquired and consolidate the acquisition as quickly as possible. Given the time it takes to obtain pertinent information to finalize the acquired company's balance sheet (frequently with implications for the price of the acquisition), then to adjust the acquired company's accounting policies, procedures, books and records to our standards, it is often several quarters before we are able to finalize those initial fair value estimates. Accordingly, it is not uncommon for our initial estimates to be subsequently revised.

INTANGIBLE ASSETS SUBJECT TO AMORTIZATION

December 31 (In millions)	Gross carrying amount	Accumulated amortization	Net
2004			
Patents, licenses and other	$ 6,366	$(1,131)	$ 5,235
Capitalized software	5,466	(2,814)	2,652
PVFP	3,382	(1,956)	1,426
Servicing assets and all other	4,739	(4,037)	702
Total	$19,953	$(9,938)	$10,015
2003			
Patents, licenses and other	$ 2,685	$ (806)	$ 1,879
Capitalized software	4,911	(2,433)	2,478
PVFP	3,348	(1,786)	1,562
Servicing assets and all other	4,634	(3,809)	825
Total	$15,578	$(8,834)	$ 6,744

Indefinite-lived intangible assets were $2,034 million and $512 million at December 31, 2004 and 2003, respectively, and principally comprised trademarks, tradenames and U.S. Federal Communications Commission licenses.

Consolidated amortization expense related to intangible assets, subject to amortization, for 2004 and 2003 was $1,656 million and $1,497 million, respectively.

Changes in PVFP balances follow.

(In millions)	2004	2003
Balance at January 1	$1,562	$2,457
Acquisitions	—	46
Dispositions	—	(658)
Accrued interest [a]	90	113
Amortization	(221)	(351)
Other	(5)	(45)
Balance at December 31	$1,426	$1,562

(a) Interest was accrued at a rate of 6.3% and 4.3% for 2004 and 2003, respectively.

Recoverability of PVFP is evaluated periodically by comparing the current estimate of expected future gross profits with the unamortized asset balance. If such comparison indicates that the expected gross profits will not be sufficient to recover PVFP, the difference is charged to expense. No such expense was recorded in 2004 or 2003.

Amortization expense for PVFP in future periods will be affected by acquisitions, realized capital gains/losses or other factors affecting the ultimate amount of gross profits realized from certain lines of business. Similarly, future amortization expense for other intangibles will depend on acquisition activity and other business transactions.

The estimated percentage of the December 31, 2004, net PVFP balance to be amortized over each of the next five years follows.

2005	2006	2007	2008	2009
8.9%	8.3%	7.2%	6.3%	5.3%

SIGNIFICANT ACQUISITIONS AND COMBINATIONS

In April 2004, we acquired all of the outstanding common shares of Amersham plc, a world leader in medical diagnostics and life sciences. The total purchase price of $11,279 million included 341.7 million shares of GE common stock valued at $10,674 million, cash of $150 million and assumed debt of $455 million. Preliminary allocation of the purchase price assigned $8,217 million to goodwill, $2,704 million to identified intangible assets that will be amortized over periods ranging from five to 25 years, $158 million to acquired inventories and $99 million to acquired in-process research and development projects charged to operations in the second quarter of 2004.

In May 2004, we completed the combination of NBC with VUE and certain related assets to create one of the world's leading media companies, NBC Universal, Inc. (NBC Universal). Twenty percent of NBC Universal's shares were issued to a subsidiary of Vivendi Universal (VU) as partial consideration for VU's interest in VUE and the related assets. NBC's acquired interest in VUE and the related assets was valued at $14,429 million, for which we exchanged the NBC Universal shares, paid cash to certain VUE interest holders of $3,650 million and assumed debt of $2,498 million. In March 2004, we issued 119.4 million shares of our common stock for net cash proceeds of $3,765 million, and we used most of those proceeds to fund the $3,650 million we paid in this transaction. The preliminary allocation of our acquired interest assigned $9,944 million to goodwill, $1,516 million to indefinite-lived intangibles and $310 million to identified intangible assets that will be amortized over periods ranging from two to 20 years. As a result of issuing the NBC Universal shares, we essentially disposed of 20% of NBC, and therefore recorded an increase in shareowners' equity of $2,153 million, net of taxes of $1,439 million. The holders of 5.44% of the VUE common interests did not participate in the transaction and remained a minority interest holder of VUE at December 31, 2004. This minority interest holder also owns a $758 million preferred interest in VUE that is mandatorily redeemable for cash in 2022. The present value of that obligation is reported in the caption "All other liabilities" in the Statement of Financial Position, while U.S. Treasury securities held by VUE in approximately the same amount and designated to repay this obligation are included in the caption "All other assets" in the Statement of Financial Position.

Note 17

All Other Assets

December 31 (In millions)	2004	2003
GE		
Investments		
Associated companies[(a)]	$ 1,830	$ 1,348
Other[(b)]	3,974	1,228
	5,804	2,576
Prepaid pension asset—principal plans	17,629	17,038
Contract costs and estimated earnings	4,089	3,634
Film and television costs	3,441	1,582
Long-term receivables, including notes	2,821	1,932
Derivative instruments[(c)]	628	454
Other	3,711	3,232
	38,123	30,448
GECS		
Investments		
Associated companies[(a)]	11,048	13,218
Real estate[(d)]	19,190	15,573
Assets held for sale[(e)]	6,501	1,856
Securities lending transactions	3,202	3,026
Other[(f)]	6,699	6,263
	46,640	39,936
Separate accounts	8,959	8,316
Deferred acquisition costs	8,180	7,879
Derivative instruments[(c)]	3,062	1,913
Other	6,108	5,092
	72,949	63,136
ELIMINATIONS	(1,138)	(963)
Total[(g)]	$109,934	$92,621

(a) Included advances to associated companies, which are non-controlled, non-consolidated equity investments.

(b) Included cost method investments of $1,780 million in 2004, of which the fair value and unrealized loss of those in a continuous loss position for less than 12 months was $373 million and $34 million, respectively. Cost method investments were each evaluated for impairment. Also included available-for-sale securities of $1,200 million in 2004, of which the unrealized loss of those in a continuous unrealized loss position for less than 12 months was $111 million.

(c) Amounts are stated at fair value in accordance with SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. We discuss types of derivative instruments and how we use them in note 28.

(d) GECS investment in real estate consists principally of two categories: real estate held for investment and equity method investments. Both categories contained a wide range of properties including the following at December 31, 2004: office buildings (46%), apartment buildings (16%), self storage facilities (11%), retail facilities (10%), industrial properties (6%), parking facilities (5%), franchise properties (3%) and other (3%). At December 31, 2004, investments were located in Europe (45%), North America (41%) and Asia (14%).

(e) These assets held for sale were accounted for at the lower of carrying amount or each asset's estimated fair value less costs to sell.

(f) Included cost method investments of $2,626 million in 2004, of which the fair value and unrealized loss of those in a continuous loss position for less than 12 months was $111 million and $31 million, respectively. The fair value and unrealized loss of those in a continuous loss position for 12 months or more was $56 million and $42 million, respectively. Cost method investments were each evaluated for impairment.

(g) Included $2,408 million in 2004 and $2,352 million in 2003 related to consolidated, liquidating securitization entities.

Separate accounts represent investments controlled by policyholders and are associated with identical amounts reported as insurance liabilities in note 19.

Note 18

Borrowings

SHORT-TERM BORROWINGS

December 31 (Dollars in millions)	2004 Amount	2004 Average rate[a]	2003 Amount	2003 Average rate[a]
GE				
Commercial paper				
U.S.	$ —	—%	$ 1,149	1.08%
Non-U.S.	131	2.52	340	2.72
Payable to banks, principally non-U.S.	272	3.34	388	4.89
Current portion of long-term debt	2,698	2.33	392	2.58
Other	308		286	
	3,409		2,555	
GECS				
Commercial paper				
U.S.				
Unsecured	62,694	2.24	65,536	1.11
Asset-backed[b]	13,842	2.17	21,998	1.12
Non-U.S.	20,835	2.96	15,062	2.93
Current portion of long-term debt[c]	37,582	4.10	38,367	3.30
Other	19,890		14,505	
	154,843		155,468	
ELIMINATIONS	(506)		(626)	
Total	$157,746		$157,397	

(a) Based on year-end balances and year-end local currency interest rates. Current portion of long-term debt included the effects of interest rate and currency swaps, if any, directly associated with the original debt issuance.

(b) Entirely obligations of consolidated, liquidating securitization entities. See note 29.

(c) Included short-term borrowings by consolidated, liquidating securitization entities of $756 million and $482 million at December 31, 2004 and 2003, respectively.

LONG-TERM BORROWINGS

December 31 (Dollars in millions)	2004 Average rate[a]	Maturities	2004	2003
GE				
Senior notes	5.00%	2013	$ 4,984	$ 7,483
Industrial development/ pollution control bonds	2.28	2006–2027	307	331
Payable to banks, principally U.S.[b]	3.42	2006–2018	1,927	212
Other[c]			407	362
			7,625	8,388
GECS				
Senior notes				
Unsecured	3.74	2006–2055	180,183	149,049
Asset-backed[d]	4.15	2006–2035	10,939	1,948
Extendible notes[e]	2.40	2007–2009	14,258	12,591
Subordinated notes[f]	7.44	2006–2035	1,119	1,262
			206,499	164,850
ELIMINATIONS			(963)	(924)
Total			$213,161	$172,314

(a) Based on year-end balances and year-end local currency interest rates, including the effects of interest rate and currency swaps, if any, directly associated with the original debt issuance.

(b) Included $1,670 million of debt resulting from the VUE transaction.

(c) A variety of obligations having various interest rates and maturities, including certain borrowings by parent operating components and affiliates.

(d) Asset-backed senior notes are all issued by consolidated, liquidating securitization entities as discussed in note 29. The amount related to Australian Financial Investments Group (AFIG), a 2004 acquisition, was $9,769 million.

(e) Included obligations of consolidated, liquidating securitization entities in the amount of $267 million and $362 million at December 31, 2004 and 2003, respectively.

(f) At year-end 2004 and 2003, $1.0 billion of subordinated notes were guaranteed by GE.

Our borrowings are addressed below from the perspectives of liquidity, interest rate and currency risk management. Additional information about borrowings and associated swaps can be found in note 28.

LIQUIDITY is affected by debt maturities and our ability to repay or refinance such debt. Long-term debt maturities over the next five years follow.

(In millions)	2005	2006	2007	2008	2009
GE	$ 2,698	$ 150	$ 1,858	$ 26	$ 20
GECS	37,582[a]	54,012[b]	29,083	20,895	26,729

(a) Floating rate extendible notes of $244 million are due in 2005, but are extendible at the investors' option to a final maturity in 2008. Floating rate notes of $482 million contain put options with exercise dates in 2005, but have final maturity dates greater than 2010.

(b) Floating rate extendible notes of $14.0 billion are due in 2006, but are extendible at the investors' option to a final maturity in 2007 ($12.0 billion) and 2009 ($2.0 billion).

Committed credit lines totaling $57.3 billion had been extended to us by 83 banks at year-end 2004. Included in this amount was $47.4 billion provided directly to GECS and $9.9 billion provided by 21 banks to GE, to which GECS also has access. The GECS lines include $19.2 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. The remaining $38.1 billion are 364-day lines of which $37.6 billion contain a term-out feature that allows GECS to extend the borrowings for one year from the date of expiration of the lending agreement. We pay banks for credit facilities, but compensation amounts were insignificant in each of the past three years.

INTEREST RATE AND CURRENCY RISK is managed through the direct issuance of debt or use of derivatives. We take positions in view of anticipated behavior of assets, including prepayment behavior. We use a variety of instruments, including interest rate and currency swaps and currency forwards, to achieve our interest rate objectives. The following table shows GECS borrowing positions considering the effects of currency and interest rate swaps.

GECS EFFECTIVE BORROWINGS (INCLUDING SWAPS)

	2004		2003
December 31 (Dollars in millions)	Amount	Average rate	Amount
Short-term[a]	$ 91,253	2.52%	$ 88,499
Long-term (including current portion)			
Fixed rate[b]	$148,344	4.57%	$121,677
Floating rate	121,745	3.02	110,142
Total long-term	$270,089		$231,819

(a) Included commercial paper and other short-term debt.

(b) Included fixed-rate borrowings and $23.6 billion ($26.5 billion in 2003) notional long-term interest rate swaps that effectively convert the floating-rate nature of short-term borrowings to fixed rates of interest.

At December 31, 2004, interest rate swap maturities ranged from 2005 to 2048, including swap maturities for hedges of commercial paper that ranged from 2005 to 2024. The use of commercial paper swaps allows us to match our actual asset profile more efficiently and provides more flexibility as it does not depend on investor demand for particular maturities.

Note 19

GECS Insurance Liabilities, Reserves and Annuity Benefits

December 31 (In millions)	2004	2003
Investment contracts and universal life benefits	$ 63,136	$ 63,787
Life insurance benefits[a]	31,660	28,040
Unpaid claims and claims adjustment expenses[b]	30,288	29,176
Unearned premiums	6,859	7,109
Separate accounts (see note 17)	8,959	8,316
Total	$140,902	$136,428

(a) Life insurance benefits are accounted for mainly by a net-level-premium method using estimated yields generally ranging from 2.0% to 8.5% in 2004 and 1.2% to 8.5% in 2003.

(b) Principally property and casualty reserves amounting to $25.0 billion and $24.9 billion at December 31, 2004 and 2003, respectively. Included amounts for both reported and IBNR claims, reduced by anticipated salvage and subrogation recoveries. Estimates of liabilities are reviewed and updated continually, with changes in estimated losses reflected in operations.

When insurance affiliates cede insurance to third parties, they are not relieved of their primary obligation to policyholders. Losses on ceded risks give rise to claims for recovery; we establish allowances for probable losses on such receivables from reinsurers as required.

We recognize reinsurance recoveries as a reduction of the Statement of Earnings caption "Insurance losses and policyholder and annuity benefits." Reinsurance recoveries were $1,369 million, $1,781 million and $2,234 million for the years ended December 31, 2004, 2003 and 2002, respectively.

The insurance liability for unpaid claims and claims adjustment expenses related to policies that may cover environmental and asbestos exposures is based on known facts and an assessment of applicable law and coverage litigation. Liabilities are recognized for both known and unasserted claims (including the cost of related litigation) when sufficient information has been developed to indicate that a claim has been incurred and a range of potential losses can be reasonably estimated. Developed case law and adequate claim history do not exist for certain claims, principally because of significant uncertainties as to both the level of ultimate losses that will occur and what portion, if any, will be deemed to be insured amounts.

A summary of activity affecting unpaid claims and claims adjustment expenses, principally in property and casualty lines, follows.

(In millions)	2004	2003	2002
Balance at January 1—gross	$29,176	$30,571	$27,233
Less reinsurance recoverables	(8,313)	(9,646)	(9,400)
Balance at January 1—net	20,863	20,925	17,833
Claims and expenses incurred			
Current year	8,641	9,002	9,505
Prior years	1,098	740	3,188
Claims and expenses paid			
Current year	(1,985)	(2,565)	(3,173)
Prior years	(6,967)	(7,079)	(6,918)
Other[a]	1,110	(160)	490
Balance at December 31—net	22,760	20,863	20,925
Add reinsurance recoverables	7,528	8,313	9,646
Balance at December 31—gross	$30,288	$29,176	$30,571

(a) Included $633 million in 2004 related to the adoption of FIN 46R.

Claims and expenses incurred—prior years represents additional losses (adverse development) recognized in any year for loss events that occurred before the beginning of that year. Adverse development, which amounted to 5%, 4% and 18% of beginning of year loss reserves in 2004, 2003 and 2002, respectively, was primarily encountered at GE Insurance Solutions.

Reported claims activity at GE Insurance Solutions related to prior-year loss events, particularly for liability-related exposures underwritten in 1997 through 2001, has continued to develop adversely to previous expectations. More specifically, reported claims activity for these underwriting years accelerated dramatically in 2002, affecting much of our liability-related product exposures, including hospital medical malpractice, product liability, professional liability, umbrella liability, workers compensation, individual liability and asbestos. In response to these data, we adjusted our best estimate of ultimate losses to be higher in the range of what were viewed as reasonably possible loss scenarios at that time, increasing recorded reserves by $2.5 billion in the fourth quarter of 2002, for a total of $3.5 billion adverse development at GE Insurance Solutions for the year.

For a majority of our lines of business, reported claims activity in 2003 was reasonably close to expected amounts. However, for certain lines—principally medical malpractice, product liability and certain director and officer related coverage—the reported claims volumes exceeded our revised loss expectations. Accordingly, we increased our loss reserves to the newly-indicated ultimate levels, recording adverse development of $0.9 billion in 2003.

In 2004, as part of our comprehensive annual assessment of recorded claim-related liabilities, we observed that reported claims activity in certain product lines, substantially related to the 1997 through 2001 underwriting years, continued to exceed previously established loss expectations. The more significant lines of business affected were workers compensation, hospital and professional liability, and asbestos and environmental exposures. Incorporating this updated information into our reserving process led to an increase in ultimate loss projections and corresponding reserve levels by $1.1 billion for the year. We will continue to monitor reported claims activity for all lines of business in the future and take necessary reserve actions—either to increase or decrease reserves—as our estimates continue to mature.

Our mortgage insurance business experienced favorable development during the three-year period, primarily reflecting continued strength in certain real estate markets and the success of our loss containment initiatives.

Financial guarantees and credit life risk of insurance affiliates are summarized below.

December 31 (In millions)	2004	2003
Guarantees, principally on municipal bonds	$ 1,190	$ 1,190
Mortgage insurance risk in force	194,600	146,627
Credit life insurance risk in force	29,906	25,728
Less reinsurance	(2,397)	(2,207)
Total	$223,299	$171,338

Certain insurance affiliates offer insurance guaranteeing the timely payment of scheduled principal and interest on municipal bonds. Other insurance affiliates provide insurance to protect residential mortgage lenders from severe financial loss caused by the non-payment of loans and issue credit life insurance designed to pay the balance due on a loan if the borrower dies before the loan is repaid. As part of their overall risk management process, insurance affiliates cede to third parties a portion of their risk associated with these guarantees. In doing so, they are not relieved of their primary obligation to policyholders.

Note 20

All Other Liabilities

This caption includes year-end 2004 and 2003 accruals for non-current compensation and benefits of $12,606 million and $10,380 million, respectively, and asset retirement obligations amounting to $791 million and $374 million, respectively. During 2004, we recorded asset retirement obligations of $381 million as a result of our acquisition of Amersham, accretion expense of $26 million and other adjustments of $10 million. Also included in this caption are amounts for deferred income, derivative instruments, interest on tax liabilities, product warranties, mandatorily redeemable preferred interest in VUE (see note 16), accrued participations and residuals and a variety of sundry items.

We are involved in numerous remediation actions to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs at each site are based on our best estimate of undiscounted future costs, excluding possible insurance recoveries. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low end of such range. Uncertainties about the status of laws, regulations, technology and information related to individual sites make it difficult to develop a meaningful estimate of the reasonably possible aggregate environmental remediation exposure. However, even in the unlikely event that remediation costs amounted to the high end of the range of costs for each site, the resulting additional liability would not be material to our financial position, results of operations or liquidity.

Note 21

Deferred Income Taxes

Aggregate deferred income tax amounts are summarized below.

December 31 (In millions)	2004	2003
ASSETS		
GE	$ 9,464	$ 7,594
GECS	8,507	9,948
	17,971	17,542
LIABILITIES		
GE	13,080	9,505
GECS	19,305	20,684
	32,385	30,189
Net deferred income tax liability	$14,414	$12,647

Principal components of our net liability (asset) representing deferred income tax balances are as follows:

December 31 (In millions)	2004	2003
GE		
Provisions for expenses[a]	$ (5,833)	$ (4,723)
Retiree insurance plans	(1,346)	(1,206)
Prepaid pension asset—principal plans	6,170	5,963
Depreciation	2,029	1,714
Other—net	2,596	163
	3,616	1,911
GECS		
Financing leases	9,767	10,250
Operating leases	3,716	3,523
Deferred acquisition costs	1,567	1,501
Allowance for losses	(2,208)	(2,036)
Insurance reserves	(1,184)	(1,109)
Cash flow hedges	(909)	(1,029)
AMT credit carryforward	(203)	(351)
Other—net	252	(13)
	10,798	10,736
Net deferred income tax liability	$14,414	$12,647

(a) Represents the tax effects of temporary differences related to expense accruals for a wide variety of items, such as employee compensation and benefits, interest on tax liabilities, product warranties and other sundry items that are not currently deductible.

Note 22

Minority Interest in Equity of Consolidated Affiliates

Minority interest in equity of consolidated affiliates includes common shares in consolidated affiliates and preferred stock issued by GE Capital and by affiliates of GE Capital. The balance is summarized as follows:

December 31 (In millions)	2004	2003
Minority interest in consolidated affiliates		
NBC Universal[a]	$ 6,529	$ —
Genworth Financial, Inc.[b]	3,778	—
Others[c]	2,158	1,753
Minority interest in preferred stock[d]		
GE Capital	2,600	2,600
GE Capital affiliates	1,318	1,841
Total	$16,383	$6,194

(a) Resulted from the combination of NBC and VUE. See note 16.

(b) Resulted from the sale of approximately 30% of the common shares of our previously wholly-owned subsidiary.

(c) Included minority interest in consolidated, liquidating securitization entities, partnerships and common shares of consolidated affiliates.

(d) The preferred stock primarily pays cumulative dividends at variable rates. Dividend rates in local currency on the preferred stock ranged from 0.99% to 5.46% during 2004 and 0.91% to 5.65% during 2003.

Our minority interest in VUE reflects $1,582 million for shares of cumulative redeemable preferred interests (VUE preferred) held by IAC/InterActiveCorp (IAC) at December 31, 2004. VUE preferred pays dividends of 5%, with cash of 3.6% and the remaining 1.4% in kind. VUE holds IAC securities, with a fair value of $1,564 million, that may be used to redeem the VUE preferred in 2022. After redemption, any remaining IAC securities are for the exclusive benefit of VU. We have designated this entire position as a hedge of the disposition of the IAC shares.

Note 23

Restricted Net Assets of GECS Affiliates

Certain GECS consolidated affiliates are restricted from remitting certain funds to GECS in the form of dividends or loans by a variety of regulations, the purpose of which is to protect affected insurance policyholders, depositors or investors. At December 31, 2004 and 2003, net assets of regulated GECS affiliates amounted to $60.4 billion and $46.7 billion, respectively, of which $41.4 billion and $37.0 billion, respectively, was restricted.

At December 31, 2004 and 2003, the aggregate statutory capital and surplus of the insurance businesses totaled $19.4 billion and $15.9 billion, respectively. Accounting practices prescribed by statutory authorities are used in preparing statutory statements.

Note 24

Shareowners' Equity

(In millions)	2004	2003	2002
TOTAL EQUITY			
Balance at December 31	$110,284	$79,180	$63,706
COMMON STOCK ISSUED	$ 669	$ 669	$ 669
ACCUMULATED NONOWNER CHANGES OTHER THAN EARNINGS			
Balance at January 1	$ 2,815	$ (3,177)	$ (4,323)
Investment securities—net of deferred taxes of $503, $590 and $847	677	960	1,630
Currency translation adjustments—net of deferred taxes of $(1,318), $(1,447) and $20	3,942	5,119	1,000
Cash flow hedges—net of deferred taxes of $(42), $(448) and $(822)	10	(803)	(2,070)
Minimum pension liabilities—net of deferred taxes of $(184), $(85) and $(42)	(421)	(161)	(75)
Reclassification adjustments			
Investment securities—net of deferred taxes of $(142), $(135) and $(135)	(265)	(250)	(252)
Currency translation adjustments	—	4	—
Cash flow hedges—net of deferred taxes of $318, $643 and $207	559	1,123	913
Balance at December 31	$ 7,317	$ 2,815	$ (3,177)
OTHER CAPITAL			
Balance at January 1	$ 17,497	$17,288	$16,693
Gains on treasury stock dispositions and other[(a)]	4,615	209	595
Issuance of subsidiary shares[(a)(b)]	2,153	—	—
Balance at December 31	$ 24,265	$17,497	$17,288
RETAINED EARNINGS			
Balance at January 1	$ 82,796	$75,553	$68,701
Net earnings	16,593	15,002	14,118
Dividends[(a)]	(8,594)	(7,759)	(7,266)
Balance at December 31	$ 90,795	$82,796	$75,553
COMMON STOCK HELD IN TREASURY			
Balance at January 1	$ 24,597	$26,627	$26,916
Purchases[(a)]	1,892	1,177	2,851
Dispositions[(a)(c)]	(13,727)	(3,207)	(3,140)
Balance at December 31	$ 12,762	$24,597	$26,627

(a) Total dividends and other transactions with shareowners increased equity by $10,009 million in 2004 and reduced equity by $5,520 million and $6,382 million in 2003 and 2002, respectively.

(b) Related to the issuance of 20% of NBC Universal's shares to a subsidiary of Vivendi Universal as part of the transaction described in note 16.

(c) In 2004, included 341.7 million shares valued at $10,674 million issued in the Amersham acquisition, and 119.4 million shares valued at $3,765 million sold to partially fund the NBC and VUE combination.

Under the share repurchase program initiated in 1994, we repurchased 6 million shares for a total of $0.2 billion during 2004. As of December 31, 2004, a total of 1,109 million shares, having an aggregate cost of approximately $23 billion, had been purchased and the program was closed out. In December 2004, our Board of Directors authorized a new three-year (2005–2007), $15 billion share repurchase program.

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

SHARES OF GE COMMON STOCK

December 31 (In thousands)	2004	2003	2002
Issued	11,145,212	11,145,212	11,145,212
In treasury	(558,854)	(1,082,092)	(1,175,318)
Outstanding	10,586,358	10,063,120	9,969,894

GE has 50 million authorized shares of preferred stock ($1.00 par value), but has not issued any such shares as of December 31, 2004.

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 shareowners' equity. Asset and liability accounts are translated at year-end exchange rates, while revenues and expenses are translated at average rates for the period.

Note 25

Other Stock-Related Information

We grant stock options, restricted stock units (RSUs) and performance share units (PSUs) to employees under the 1990 Long-Term Incentive Plan as described in our current Proxy Statement. In addition, we grant options and RSUs in limited circumstances to consultants, advisors and independent contractors (primarily non-employee talent at NBC Universal) under a plan approved by our Board of Directors in 1997 (the consultants' plan). There are outstanding grants under two separate shareowner approved option plans for non-employee directors; the last grant was made in 2002 and no further grants are expected to be made under these plans. Requirements for stock option shares may be met from either unissued or treasury shares. RSUs give the recipients the right to receive shares of our stock upon the lapse of their related restrictions. Restrictions on RSUs lapse in various increments and at various dates, beginning after three years from date of grant through grantee retirement. Although the plan permits us to issue RSUs settleable in cash, we have only issued RSUs settleable in shares of our stock. PSUs give recipients the right to receive shares of our stock upon the achievement of certain performance targets.

We measure the total cost of each stock option grant at the date of grant using a market-based option trading model. We recognize the cost of each stock option, RSU and PSU on a straight-line basis over its vesting period.

Stock options expire 10 years from the date they are granted and vest over service periods that range from one to five years.

All grants of GE options under all plans must be approved by the Management Development and Compensation Committee, which comprises entirely outside directors.

STOCK OPTION ACTIVITY

(Shares in thousands)	Shares subject to option	Average per share: Exercise price	Average per share: Market price
Balance at December 31, 2001	354,453	$25.08	$40.08
Options granted	46,928	27.37	27.37
Options exercised	(29,146)	9.45	31.86
Options terminated	(10,177)	38.14	(a)
Balance at December 31, 2002	362,058	26.26	24.35
Options granted	8,261	31.19	31.19
Options exercised	(43,829)	9.45	27.59
Options terminated	(10,643)	38.98	(a)
Balance at December 31, 2003	315,847	28.30	30.98
Options granted(b)	27,141	32.26	32.26
Options exercised	(43,110)	10.54	32.68
Options terminated	(13,409)	36.91	(a)
Balance at December 31, 2004	286,469	$30.94	$36.50

(a) Not applicable.

(b) Included approximately 3.5 million options that replaced canceled SARs and have identical terms.

STOCK COMPENSATION PLANS

December 31, 2004 (Shares in thousands)	Securities to be issued upon exercise	Weighted average exercise price	Securities available for future issuance
APPROVED BY SHAREOWNERS			
Options	285,152	$30.97	(a)
RSUs	30,715	(b)	(a)
PSUs	700	(b)	(a)
NOT APPROVED BY SHAREOWNERS			
Options	1,317	24.64	(c)
RSUs	3,036	(b)	(c)
Total(d)	320,920	$30.94	130,385

(a) Under the 1990 Long-Term Incentive Plan, 0.95% of 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 awards in that calendar year. Total shares available for future issuance under the 1990 Long-Term Incentive Plan amounted to 105.9 million shares.

(b) Not applicable.

(c) Total shares available for future issuance under the consultants' plan amount to 24.5 million shares.

(d) In connection with various acquisitions, there are an additional 1.8 million options outstanding, with a weighted average exercise price of $19.98.

Outstanding options expire on various dates through December 9, 2014.

The following table summarizes information about stock options outstanding at December 31, 2004.

STOCK OPTIONS OUTSTANDING

(Shares in thousands)	Outstanding			Exercisable	
Exercise price range	Shares	Average life(a)	Average exercise price	Shares	Average exercise price
$ 7.83–14.73	52,457	1.1	$12.11	52,457	$12.11
15.83–27.05	76,738	5.4	25.59	54,171	24.99
27.20–35.48	52,494	8.4	33.05	12,494	34.06
35.79–42.33	56,127	4.8	39.48	55,482	39.50
43.17–57.31	48,653	6.3	47.56	29,045	47.56
Total	286,469	5.2	$30.94	203,649	$29.40

At year-end 2003, options with an average exercise price of $24.63 were exercisable on 214 million shares; at year-end 2002, options with an average exercise price of $18.75 were exercisable on 214 million shares.

(a) Average contractual life remaining in years.

OPTION VALUE INFORMATION(a)

	2004	2003	2002
Fair value per option (in dollars)(b)	$8.33	$9.44	$7.73
Valuation assumptions			
Expected option term (in years)	6.0	6.0	6.0
Expected volatility	27.7%	34.7%	33.7%
Expected dividend yield	2.5	2.5	2.7
Risk-free interest rate	4.0	3.5	3.5

(a) Weighted averages of option grants during each period.

(b) Estimated using Black-Scholes option pricing model.

Note 26

Supplemental Cash Flows Information

Changes in operating assets and liabilities are net of acquisitions and dispositions of principal 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 primarily of adjustments to current and noncurrent accruals and deferrals of costs and expenses, adjustments for gains and losses on assets, increases and decreases in assets held for sale and adjustments to assets.

Non-cash transactions include the following: in 2004, the issuance of GE common stock valued at $10,674 million in connection with the acquisition of Amersham and the issuance of NBC Universal shares valued at $5,845 million in connection with the combination of NBC and VUE; in 2003, the acquisition of Osmonics, Inc. for GE common stock valued at $240 million; and in 2002, the acquisition of Interlogix, Inc. for GE common stock valued at $395 million and the acquisition of Bravo for GE common stock and other investment securities valued at $335 million and $886 million, respectively.

Certain supplemental information related to GE and GECS cash flows is shown below.

For the years ended December 31 (In millions)	2004	2003	2002
GE			
NET DISPOSITIONS (PURCHASES) OF GE SHARES FOR TREASURY			
Open market purchases under share repurchase program	$ (203)	$ (340)	$ (1,981)
Other purchases	(1,689)	(837)	(870)
Dispositions	5,885	1,903	1,866
	$ 3,993	$ 726	$ (985)
GECS			
ALL OTHER OPERATING ACTIVITIES			
Proceeds from assets held for sale	$ 84	$ 1,168	$ 25
Amortization of intangible assets	800	947	1,558
Realized gains on sale of investment securities	(407)	(408)	(301)
Other	117	508	(1,838)
	$ 594	$ 2,215	$ (556)
NET INCREASE IN GECS FINANCING RECEIVABLES			
Increase in loans to customers	$(342,357)	$(263,815)	$(209,431)
Principal collections from customers—loans	305,846	238,518	185,329
Investment in equipment for financing leases	(22,649)	(22,825)	(19,828)
Principal collections from customers—financing leases	19,715	18,909	15,305
Net change in credit card receivables	(7,322)	(11,483)	(19,108)
Sales of financing receivables	31,487	36,009	29,651
	$ (15,280)	$ (4,687)	$ (18,082)
ALL OTHER INVESTING ACTIVITIES			
Purchases of securities by insurance and annuity businesses	$ (34,164)	$ (50,127)	$ (64,721)
Dispositions and maturities of securities by insurance and annuity businesses	32,668	43,720	54,423
Proceeds from principal business dispositions	472	3,337	—
Other	1,467	3,277	(4,936)
	$ 443	$ 207	$ (15,234)
NEWLY ISSUED DEBT HAVING MATURITIES LONGER THAN 90 DAYS			
Short-term (91 to 365 days)	$ 1,504	$ 1,576	$ 1,796
Long-term (longer than one year)	59,198	57,572	93,026
Proceeds—nonrecourse, leveraged lease	562	791	1,222
	$ 61,264	$ 59,939	$ 96,044
REPAYMENTS AND OTHER REDUCTIONS OF DEBT HAVING MATURITIES LONGER THAN 90 DAYS			
Short-term (91 to 365 days)	$ (41,443)	$ (38,756)	$ (32,950)
Long-term (longer than one year)	(3,443)	(3,664)	(5,936)
Principal payments—nonrecourse, leveraged lease	(652)	(782)	(339)
	$ (45,538)	$ (43,202)	$ (39,225)
ALL OTHER FINANCING ACTIVITIES			
Proceeds from sales of investment contracts	$ 18,103	$ 9,319	$ 7,894
Redemption of investment contracts	(21,048)	(9,556)	(6,834)
Capital contributions from GE	—	—	6,300
Cash received upon assumption of insurance liabilities	—	—	2,813
	$ (2,945)	$ (237)	$ 10,173

Note 27
Operating Segments

REVENUES

	Total revenues			Intersegment revenues			External revenues		
(In millions)	2004	2003	2002	2004	2003	2002	2004	2003	2002
Advanced Materials	$ 8,290	$ 7,078	$ 6,963	$ 45	$ 31	$ 25	$ 8,245	$ 7,047	$ 6,938
Commercial Finance	23,489	20,813	19,592	279	195	128	23,210	20,618	19,464
Consumer Finance	15,734	12,845	10,266	33	23	12	15,701	12,822	10,254
Consumer & Industrial	13,767	12,843	12,887	476	290	347	13,291	12,553	12,540
Energy	17,348	19,082	23,633	191	213	287	17,157	18,869	23,346
Equipment & Other Services	8,483	4,427	5,545	(354)	(241)	(142)	8,837	4,668	5,687
Healthcare	13,456	10,198	8,955	—	2	2	13,456	10,196	8,953
Infrastructure	3,447	3,078	1,901	95	85	84	3,352	2,993	1,817
Insurance	23,070	26,194	23,296	42	23	2	23,028	26,171	23,294
NBC Universal	12,886	6,871	7,149	—	—	—	12,886	6,871	7,149
Transportation	15,562	13,515	13,685	692	772	1,044	14,870	12,743	12,641
Corporate items and eliminations	(3,169)	(2,757)	(1,662)	(1,499)	(1,393)	(1,789)	(1,670)	(1,364)	127
Total	$152,363	$134,187	$132,210	$ —	$ —	$ —	$152,363	$134,187	$132,210

Revenues of GE businesses include income from sales of goods and services to customers and other income.

Sales from one component to another generally are priced at equivalent commercial selling prices.

Revenues originating from operations based in the United States were $95,467 million, $84,795 million and $90,954 million in 2004, 2003 and 2002, respectively. Revenues originating from operations based outside the United States were $56,896 million, $49,392 million and $41,256 million in 2004, 2003 and 2002, respectively.

	Assets			Property, plant and equipment additions[a]			Depreciation and amortization		
	At December 31			For the years ended December 31			For the years ended December 31		
(In millions)	2004	2003	2002	2004	2003	2002	2004	2003	2002
Advanced Materials	$ 12,318	$ 12,359	$ 11,372	$ 638	$ 797	$ 703	$ 774	$ 655	$ 632
Commercial Finance	232,123	214,125	202,571	7,582	7,405	8,999	3,827	3,466	3,133
Consumer Finance	151,255	106,530	76,965	217	191	221	334	276	232
Consumer & Industrial	6,945	7,526	8,387	267	318	449	512	560	516
Energy	18,264	17,121	16,372	402	514	734	573	555	517
Equipment & Other Services	55,744	63,989	27,995	3,215	1,148	2,417	1,995	1,126	1,034
Healthcare	24,871	10,816	7,573	1,590	289	170	565	278	247
Infrastructure	7,155	5,977	4,998	127	177	388	168	120	113
Insurance	179,205	170,044	182,297	23	35	71	411	583	469
NBC Universal	34,206	11,619	10,401	1,189	121	252	273	117	109
Transportation	13,676	13,285	12,599	436	595	348	435	412	377
Corporate items and eliminations	14,568	14,254	13,714	152	179	121	93	126	165
Total	$750,330	$647,645	$575,244	$15,838	$11,769	$14,873	$9,960	$8,274	$7,544

(a) Additions to property, plant and equipment include amounts relating to principal businesses purchased.

Property, plant and equipment associated with operations based in the United States were $25,452 million, $20,828 million and $19,808 million at year-end 2004, 2003 and 2002, respectively. Property, plant and equipment associated with operations based outside the United States were $37,882 million, $32,560 million and $29,265 million at year-end 2004, 2003 and 2002, respectively.

Basis for presentation

Our operating businesses are organized based on the nature of products and services provided. Segment accounting policies are the same as described in note 1.

A description of our operating segments can be found on pages 110–111 and details of segment profit by operating segment can be found on page 53 of this report.

Note 28

Derivatives and Other Financial Instruments

Derivatives and hedging

Exchange rate and interest rate risks are managed with a variety of straightforward techniques, including match funding and selective use of derivatives. We use derivatives to mitigate or eliminate certain financial and market risks because we conduct business in diverse markets around the world and local funding is not always efficient. In addition, we use derivatives to adjust the debt we are issuing to match the fixed or floating nature of the assets we are acquiring. We apply strict policies to manage each of these risks, including prohibitions on derivatives trading, derivatives market-making or other speculative activities.

To qualify for hedge accounting, the details of the hedging relationship must be formally documented at inception of the arrangement, including the risk management objective, hedging strategy, hedged item, specific risks that are being hedged, the derivative instrument and how effectiveness is being assessed. The derivative must be highly effective in offsetting either changes in fair value or cash flows, as appropriate, for the risk being hedged. Effectiveness is evaluated on a retrospective and prospective basis. If a hedge relationship becomes ineffective, it no longer qualifies as a hedge. Any excess gains or losses attributable to such ineffectiveness, as well as subsequent changes in the fair value of the derivative, are recognized in earnings.

Cash flow hedges

Cash flow hedges are hedges that use simple derivatives to offset the variability of expected future cash flows. Variability can appear in floating rate assets, floating rate liabilities or from certain types of forecasted transactions, and can arise from changes in interest rates or currency exchange rates. For example, GECS often borrows at a variable rate of interest to fund our financial services businesses. If Commercial Finance needs the funds to make a floating rate loan, there is no exposure to interest rate changes, and no hedge is necessary. However, upon making a fixed rate loan, we will contractually commit to pay a fixed rate of interest to a counterparty who will pay us a variable rate of interest (an "interest rate swap"). We then designate this swap as a cash flow hedge of the associated variable-rate borrowing. If, as expected, the derivative is perfectly effective in offsetting variable interest in the borrowing, we record changes in its fair value in a separate component in equity, then release those changes to earnings contemporaneously with the earnings effects of the hedged item. Further information about hedge effectiveness is provided on page 105.

We use currency forwards and options to manage exposures to changes in currency exchange rates associated with commercial purchase and sale transactions. These instruments permit us to eliminate the cash flow variability, in local currency, of costs or selling prices denominated in currencies other than the functional currency. In addition, we use these instruments, along with interest rate and currency swaps, to convert borrowings into the currency of the local market in which we do business.

At December 31, 2004, amounts related to derivatives qualifying as cash flow hedges amounted to a reduction of equity of $1,223 million, of which we expect to transfer $453 million to earnings in 2005 along with the earnings effects of the related forecasted transactions. At December 31, 2004, the amount of unrecognized losses related to cash flow hedges of short-term borrowings was $1,823 million. In 2004, there were no forecasted transactions that failed to occur. At December 31, 2004, the maximum term of derivative instruments that hedge forecasted transactions was 23 years and related to hedges of anticipated bond purchases in the Insurance business.

Fair value hedges

Fair value hedges are hedges that eliminate the risk of changes in the fair values of assets, liabilities and certain types of firm commitments. For example, we will use an interest rate swap in which we receive a fixed rate of interest and pay a variable rate of interest to change the cash flow profile of a fixed-rate borrowing to match the variable rate financial asset that it is funding. We record changes in fair value of derivatives designated and effective as fair value hedges in earnings, offset by corresponding changes in the fair value of the hedged item.

We use interest rate swaps, currency swaps and interest rate and currency forwards to hedge the effects of interest rate and currency exchange rate changes on local and nonfunctional currency denominated fixed-rate borrowings and certain types of fixed rate assets. Fair value adjustments increased the carrying amount of debt outstanding at December 31, 2004, by $2,282 million. We use equity options to hedge price changes in investment securities.

Net investment hedges

Net investment hedges are hedges that use derivative contracts or cash instruments to hedge the foreign currency exposure of a net investment in a foreign operation. We manage currency exposures that result from net investments in affiliates principally by funding assets denominated in local currency with debt denominated in that same currency. In certain circumstances, we manage such exposures with currency forwards and currency swaps.

Derivatives not designated as hedges

We must meet specific criteria in order to apply any of the three forms of hedge accounting. For example, hedge accounting is not permitted for hedged items that are marked to market through earnings. We use derivatives to hedge exposures when it makes economic sense to do so, including circumstances in which the hedging relationship does not qualify for hedge accounting as described in the following paragraph. We also will occasionally receive derivatives, such as equity warrants, in the ordinary course of business. Derivatives that do not qualify for hedge accounting are marked to market through earnings.

We use swaps and option contracts, including caps, floors and collars, as an economic hedge of changes in interest rates, currency exchange rates and equity prices on certain types of assets and liabilities. We occasionally obtain equity warrants as part of sourcing or financing transactions. Although these instruments are considered to be derivatives, their economic risk is similar to, and managed on the same basis as, other equity instruments we hold.

Earnings effects of derivatives

The table that follows provides additional information about the earnings effects of derivatives. In the context of hedging relationships, "effectiveness" refers to the degree to which fair value changes in the hedging instrument offset the corresponding expected earnings effects of the hedged item. Certain elements of hedge positions cannot qualify for hedge accounting under SFAS 133 whether effective or not, and must therefore be marked to market through earnings. Time value of purchased options is the most common example of such elements in instruments we use. Pre-tax earnings effects of such items are shown in the following table as "Amounts excluded from the measure of effectiveness."

December 31 (In millions)	2004	2003
CASH FLOW HEDGES		
Ineffectiveness	$ 2	$(19)
Amounts excluded from the measure of effectiveness	25	—
FAIR VALUE HEDGES		
Ineffectiveness	11	—
Amounts excluded from the measure of effectiveness	3	—

In 2004, Energy recognized a loss of $30 million, after tax and before cancelation penalties, for terminating a forward euro contract when our customer canceled its hedged, firm order for equipment and services.

Counterparty credit risk

The risk that counterparties to derivative contracts will default and not make payments to us according to the terms of the agreements is counterparty credit risk. We manage counterparty credit risk on an individual counterparty basis, which means that we net exposures on transactions by counterparty where legal right of offset exists to determine the amount of exposure to each counterparty. When a counterparty exceeds credit exposure limits (see table below), as measured by current market value of the derivative contract, no additional transactions are permitted to be executed until the exposure with that counterparty is reduced to an amount that is within the established limits.

Swaps are required to be executed under master 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-.

To further mitigate credit risk, in certain cases we have entered into collateral arrangements that provide us with the right to hold collateral when the current market value of derivative contracts exceeds an exposure threshold. Under these arrangements, we may receive U.S. Treasury and other highly-rated securities or cash to secure our exposure to counterparties; such collateral is available to us in the event that a counterparty defaults. From an economic standpoint, we evaluate credit risk exposures and compliance with credit exposure limits net of such collateral. If the downgrade provisions had been triggered at December 31, 2004, we could have been required to disburse up to $5.4 billion and could have claimed $4.7 billion from counterparties, including $3.0 billion of collateral that has been pledged to us.

Fair values of our derivative assets and liabilities represent the replacement value of existing derivatives at market prices and can change significantly from period to period based on, among other factors, market movements and changes in our positions. At December 31, 2004 and 2003, gross fair value gains amounted to $6.5 billion and $5.5 billion, respectively. At December 31, 2004 and 2003, gross fair value losses amounted to $7.2 billion and $6.9 billion, respectively.

The following tables illustrate our policy relating to exposure limits to counterparties.

COUNTERPARTY CREDIT CRITERIA

	Credit rating	
	Moody's	S&P
Foreign exchange forwards and other derivatives less than one year	P-1	A-1
All derivatives between one and five years	Aa3[a]	AA-[a]
All derivatives greater than five years	Aaa[a]	AAA[a]

(a) Counterparties that have an obligation to provide collateral to cover credit exposure in accordance with a credit support agreement must have a minimum A3/A- rating.

EXPOSURE LIMITS

	Exposure		
		Greater than one year	
(In millions)	Less than one year	With collateral	Without collateral
Minimum rating			
Aaa/AAA	$150	$100	$75
Aa3/AA-	150	50	50
A3/A-	150	5	Not allowed

FINANCIAL INSTRUMENTS

	2004			2003		
		Assets (liabilities)			Assets (liabilities)	
December 31 (In millions)	Notional amount	Carrying amount (net)	Estimated fair value	Notional amount	Carrying amount (net)	Estimated fair value
GE						
Assets						
Investments and notes receivable	$ (a)	$ 3,465	$ 3,545	$ (a)	$ 645	$ 645
Liabilities						
Borrowings[b][c]	(a)	(11,034)	(11,144)	(a)	(10,943)	(10,991)
Other financial instruments	(a)	(758)	(855)	(a)	—	—
GECS						
Assets						
Time sales and loans	(a)	215,803	216,923	(a)	183,416	182,961
Other commercial and residential mortgages	(a)	11,213	11,402	(a)	8,759	9,085
Other financial instruments	(a)	3,206	3,420	(a)	2,701	2,701
Liabilities						
Borrowings[b][c]	(a)	(361,342)	(370,641)	(a)	(320,318)	(331,381)
Investment contract benefits	(a)	(35,312)	(35,337)	(a)	(34,224)	(34,035)
Insurance—financial guarantees and credit life[d]	223,299	(3,582)	(3,582)	171,338	(3,935)	(3,935)
Other firm commitments						
Ordinary course of business lending commitments						
Fixed rate	2,503	—	—	2,158	—	—
Variable rate	8,156	—	—	8,923	—	—
Unused revolving credit lines[e]						
Commercial						
Fixed rate	1,210	—	—	896	—	—
Variable rate	21,411	—	—	15,953	—	—
Consumer—principally credit cards						
Fixed rate	141,965	—	—	107,892	—	—
Variable rate	200,219	—	—	131,106	—	—

(a) These financial instruments do not have notional amounts.

(b) Included effects of interest rate swaps and cross currency swaps.

(c) See note 18.

(d) See note 19.

(e) Excluded inventory financing arrangements, which may be withdrawn at our option, of $8.9 billion and $4.2 billion as of December 31, 2004 and 2003, respectively.

Assets and liabilities that are reflected in the accompanying financial statements at fair value are not included in the above disclosures; such items include cash and equivalents, investment securities, separate accounts and derivative financial instruments. Other assets and liabilities—those not carried at fair value—are discussed below. Apart from certain of our borrowings and certain marketable securities, few of the instruments discussed below are actively traded and their fair values must often be determined using models. Although we have made every effort to represent accurate estimated fair values in this section, there is no assurance that such estimates could actually have been realized at December 31, 2004 or 2003.

A description of how we estimate fair values follows.

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.

Borrowings

Based on discounted future cash flows using current market rates which are comparable to market quotes.

Investment contract benefits

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

All other instruments

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

Note 29

Securitization Entities

We securitize financial assets in the ordinary course of business to improve shareowner returns. The securitization transactions we engage in are similar to those used by many financial institutions. Beyond improving returns, these securitization transactions serve as funding sources for a variety of diversified lending and securities transactions. Historically, we have used both GE-supported and third-party entities to execute securitization transactions funded in the commercial paper and term bond markets.

Securitized assets that are on-balance sheet include assets consolidated on July 1, 2003, upon adoption of FIN 46. Although we do not control these entities, consolidation was required because we provided a majority of the credit and liquidity support for their activities. A majority of these entities were established to issue asset-backed securities, using assets that were sold by us and by third parties. These entities differ from others included in our consolidated financial statements because the assets they hold are legally isolated and are unavailable to us under any circumstances. Repayment of their liabilities depends primarily on cash flows generated by their assets. Because we have ceased transferring assets to these entities, balances will decrease as the assets repay. We refer to these entities as "consolidated, liquidating securitization entities."

In December 2004, we acquired AFIG. Securitization entities used by AFIG before our acquisition to transfer its assets, residential real estate mortgages, are required by U.S. accounting standards to be consolidated. These entities have characteristics similar to those we consolidated when we adopted FIN 46, and we intend to run off their assets. Therefore, we refer to them as consolidated, liquidating securitization entities.

The following table represents assets in securitization entities, both consolidated and off-balance sheet.

December 31 (In millions)	2004	2003
Receivables secured by:		
Equipment	$13,918	$15,616
Commercial real estate	15,538	16,713
Residential real estate—AFIG	9,094	—
Other assets	11,723	9,114
Credit card receivables	7,075	8,581
GE trade receivables	3,582	3,249
Total securitized assets	$60,930	$53,273

December 31 (In millions)	2004	2003
Off-balance sheet[(a)(b)]	$34,417	$26,810
On-balance sheet—AFIG	9,094	—
On-balance sheet—other[(c)]	17,419	26,463
Total securitized assets	$60,930	$53,273

(a) At December 31, 2004 and 2003, liquidity support amounted to $2,300 million and $3,100 million, respectively. These amounts are net of $4,300 million and $2,400 million, respectively, participated or deferred beyond one year. Credit support amounted to $6,600 million and $5,500 million at December 31, 2004 and 2003, respectively.

(b) Liabilities for recourse obligations related to off-balance sheet assets were $0.1 billion at both December 31, 2004 and 2003.

(c) At December 31, 2004 and 2003, liquidity support amounted to $14,400 million and $18,400 million, respectively. These amounts are net of $1,200 million and $5,300 million, respectively, participated or deferred beyond one year. Credit support amounted to $6,900 million and $8,600 million at December 31, 2004 and 2003, respectively.

The portfolio of financing receivables consisted of loans and financing lease receivables secured by equipment, commercial and residential real estate and other assets; credit card receivables; and trade receivables. Examples of these assets include loans and leases on manufacturing and transportation equipment, loans on commercial property, commercial loans, and balances of high credit quality accounts from sales of a broad range of products and services to a diversified customer base.

Assets in consolidated, liquidating securitization entities are shown in the following captions in the Statement of Financial Position.

December 31 (In millions)	2004	2003
Investment securities	$ 1,147	$ 1,566
Financing receivables—net (note 12)[(a)]	22,616	21,877
Other assets	2,408	2,352
Other, principally insurance receivables	342	668
Total	$26,513	$26,463

(a) Included $9,094 million related to AFIG.

Off-balance sheet arrangements

We continue to engage in off-balance sheet securitization transactions with third-party entities and to use public market term securitizations. As discussed above, assets in off-balance sheet securitization entities amounted to $34.4 billion and $26.8 billion at December 31, 2004 and 2003, respectively. Gross securitization gains amounted to $1,195 million in 2004 compared with $1,394 million in 2003 and $1,796 million in 2002.

Amounts recognized in our financial statements related to sales to off-balance sheet securitization entities are as follows:

December 31 (In millions)	2004	2003
Retained interests	$3,637	$2,663
Servicing assets[(a)]	33	150
Recourse liability	(64)	(75)
Total	$3,606	$2,738

(a) 2003 included $115 million of mortgage servicing rights sold in 2004.

- RETAINED INTERESTS. When we securitize receivables, we determine fair value based on discounted cash flow models that incorporate, among other things, assumptions including loan pool credit losses, prepayment speeds and discount rates. These assumptions are based on our experience, market trends and anticipated performance related to the particular assets securitized. Subsequent to recording retained interests, we review recorded values quarterly in the same manner and using current assumptions. We recognize impairments when carrying amounts exceed current fair values.
- SERVICING ASSETS. Following a securitization transaction, we retain responsibility for servicing the receivables, and are therefore entitled to an ongoing fee based on the outstanding principal balances of the receivables. Servicing assets are primarily associated with residential mortgage loans. Their value is subject to credit, prepayment and interest rate risk.
- RECOURSE LIABILITY. Certain transactions require credit support agreements. As a result, we provide for expected credit losses under these agreements and such amounts approximate fair value.

The following table summarizes data related to securitization sales that we completed during 2004 and 2003.

(Dollars in millions)	Equipment	Commercial real estate	Other assets	Credit card receivables
2004				
Cash proceeds from securitization	$5,367	$4,578	$ —	$ 8,121
Proceeds from collections reinvested in new receivables	—	—	21,389	5,208
Cash received on retained interest	107	70	128	1,788
Weighted average lives (in months)	37	68	—	7
ASSUMPTIONS AS OF SALE DATE[(a)]				
Discount rate	8.2%	13.0%	—	12.2%
Prepayment rate	9.1%	11.2%	—	14.9%
Estimate of credit losses	1.9%	1.1%	—	8.9%
2003				
Cash proceeds from securitization	$5,416	$3,082	$ 2,009	$ —
Proceeds from collections reinvested in new receivables	—	—	14,047	11,453
Weighted average lives (in months)	29	72	106	7
ASSUMPTIONS AS OF SALE DATE[(a)]				
Discount rate	6.6%	11.5%	6.4%	11.2%
Prepayment rate	10.1%	10.8%	4.6%	15.0%
Estimate of credit losses	1.6%	1.6%	0.2%	10.8%

Cash receipts related to servicing and other sources were less than $300 million in 2004.

(a) Based on weighted averages.

Key assumptions used in measuring the fair value of retained interests in securitizations and the sensitivity of the current fair value of residual cash flows to changes in those assumptions are noted in the following table. These assumptions may differ from those in the previous table as these related to all outstanding retained interests as of December 31, 2004.

(Dollars in millions)	Equipment	Commercial real estate	Other assets	Credit card receivables
DISCOUNT RATE[(a)]	7.3%	8.6%	6.7%	11.3%
Effect of:				
10% Adverse change	$(10)	$ (13)	$(19)	$ (9)
20% Adverse change	(20)	(26)	(37)	(17)
PREPAYMENT RATE[(a)]	9.4%	3.2%	1.1%	12.2%
Effect of:				
10% Adverse change	$ (6)	$ (4)	$ (9)	$ (35)
20% Adverse change	(12)	(9)	(19)	(65)
ESTIMATE OF CREDIT LOSSES[(a)]	1.8%	0.4%	0.5%	8.0%
Effect of:				
10% Adverse change	$(11)	$ (8)	$ —	$ (34)
20% Adverse change	(23)	(17)	(2)	(67)
Remaining weighted average lives (in months)	35	101	62	8
Net credit losses	$ 54	$ 7	$ 25	$465
Delinquencies	78	38	10	256

(a) Based on weighted averages.

GUARANTEE AND REIMBURSEMENT CONTRACTS. We provide protection to certain counterparties of interest rate swaps entered into by securitization-related entities related to changes in the relationship between commercial paper interest rates and the timing and amount of the payment streams. These arrangements provide protection for the life of the assets held by the SPE but generally amortize in proportion to the decline in underlying asset principal balances. At December 31, 2004, the notional amount of such support was $1.8 billion and related assets and liabilities were insignificant.

Note 30

Commitments and Guarantees

Commitments, including guarantees

In our Transportation business, we have committed to provide financial assistance on future sales of aircraft equipped with our engines, totaling $818 million at December 31, 2004. In addition, our Commercial Finance business had placed multiple-year orders for various Boeing, Airbus and other aircraft with list prices approximating $10.2 billion at December 31, 2004.

At December 31, 2004, we were committed under the following guarantee arrangements beyond those provided on behalf of SPEs. See note 29.

- LIQUIDITY SUPPORT. Liquidity support provided to holders of certain variable rate bonds issued by municipalities amounted to $3,612 million at December 31, 2004. If holders elect to sell supported bonds that cannot be remarketed, we are obligated to repurchase them at par. If called upon, our position would be secured by the repurchased bonds. While we hold any such bonds, we would receive interest payments from the municipalities at a rate that is in excess of the stated rate on the bond. To date, we have not been required to perform under such arrangements. In addition, we are currently not providing any new liquidity facilities.
- CREDIT SUPPORT. We have provided $6,868 million of credit support on behalf of certain customers or associated companies, predominantly joint ventures and partnerships, using arrangements such as standby letters of credit and performance guarantees. These arrangements enable our customers and associated companies to execute transactions or obtain desired financing arrangements with third parties. Should the customer or associated company fail to perform under the terms of the transaction or financing arrangement, we would be required to perform on their behalf. Under most such arrangements, our guarantee is secured, usually by the asset being purchased or financed but possibly by certain other assets of the customer or associated company. The length of these credit support arrangements parallels the length of the related financing arrangements or transactions. The liability for such credit support was $95 million at December 31, 2004.

- INDEMNIFICATION AGREEMENTS. These are agreements that require us to fund up to $837 million under residual value guarantees on a variety of leased equipment and $194 million of other indemnification commitments arising from sales of businesses or assets. Under most of our residual value guarantees, our commitment is secured by the leased asset at termination of the lease. The liability for these indemnification agreements was $85 million at December 31, 2004.
- CONTINGENT CONSIDERATION. These are agreements to provide additional consideration in a business combination to the seller if contractually specified conditions related to the acquired entity are achieved. At December 31, 2004, we had recognized liabilities for estimated payments amounting to $56 million of our total exposure of $444 million.

At year-end 2004, NBC Universal had $7,598 million of commitments to acquire film and broadcast material and the rights to broadcast television programs, including U.S. television rights to future Olympic Games, contractual commitments under various creative talent arrangements and commitments under long-term television station affiliation agreements that require payments through 2014.

Our guarantees are provided in the ordinary course of business. We underwrite these guarantees considering economic, liquidity and credit risk of the counterparty. We believe that the likelihood is remote that any such arrangements could have a significant adverse effect on our financial position, results of operations or liquidity. We record liabilities for guarantees at estimated fair value, generally the amount of the premium received, or if we do not receive a premium, the amount based on appraisal, observed market values or discounted cash flows. Any associated recoveries from third parties are recorded as other receivables; not netted against the liabilities.

Product warranties

We provide for estimated product warranty expenses when we sell the related products. Because warranty estimates are forecasts that are based on the best available information—mostly historical claims experience—claims costs may differ from amounts provided. An analysis of changes in the liability for product warranties follows.

(In millions)	2004	2003	2002
Balance at January 1	$1,437	$1,304	$ 968
Current year provisions	720	751	918
Expenditures[a]	(838)	(749)	(694)
Other changes	7	131	112
Balance at December 31	$1,326	$1,437	$1,304

(a) Primarily related to Energy.

Note 31

Quarterly Information (Unaudited)

	First quarter		Second quarter		Third quarter		Fourth quarter	
(In millions; per-share amounts in dollars)	2004	2003	2004	2003	2004	2003	2004	2003
CONSOLIDATED OPERATIONS								
Earnings before accounting changes	$ 3,240	$ 3,214	$ 3,924	$ 3,794	$ 4,051	$ 4,021	$ 5,378	$ 4,560
Cumulative effect of accounting changes	—	(215)	—	—	—	(372)	—	—
Net earnings	$ 3,240	$ 2,999	$ 3,924	$ 3,794	$ 4,051	$ 3,649	$ 5,378	$ 4,560
Per-share amounts before accounting changes								
Diluted earnings per share	$ 0.32	$ 0.32	$ 0.38	$ 0.38	$ 0.38	$ 0.40	$ 0.51	$ 0.45
Basic earnings per share	0.32	0.32	0.38	0.38	0.38	0.40	0.51	0.45
Per-share amounts after accounting changes								
Diluted earnings per share	0.32	0.30	0.38	0.38	0.38	0.36	0.51	0.45
Basic earnings per share	0.32	0.30	0.38	0.38	0.38	0.36	0.51	0.45
SELECTED DATA								
GE								
Sales of goods and services	$16,680	$15,758	$19,995	$17,640	$20,967	$16,463	$24,572	$20,581
Gross profit from sales	4,467	4,836	5,503	5,590	5,648	4,568	7,229	6,045
GECS								
Total revenues	16,943	14,867	17,133	15,887	17,549	17,007	19,151	16,518
Earnings before accounting changes	1,845	1,670	1,696	1,602	2,233	2,207	2,387	2,275

For GE, gross profit from sales is sales of goods and services less costs of goods and services sold.

Earnings-per-share amounts for each quarter are required to be computed independently. As a result, their sum does not equal the total year basic earnings per share after accounting changes in 2004 and 2003.

Our Businesses

A description of operating segments for General Electric Company and consolidated affiliates as of December 31, 2004, and the basis for presentation in this report, follows.

Advanced Materials

High-performance engineered plastics used in a variety of applications such as automotive parts, computer enclosures, telecommunications equipment and construction materials. Products also include structured products, silicones and high-purity quartzware. Products and services are sold worldwide to a diverse customer base consisting mainly of manufacturers.

Commercial Finance

Loans, leases and other financial services to customers, including manufacturers, distributors and end-users for a variety of equipment and major capital assets. These assets include industrial and energy-related facilities and equipment; commercial and residential real estate; vehicles; aircraft; and equipment used in many industries, including the construction, manufacturing, telecommunications and healthcare industries.

Consumer Finance

Private-label credit cards; personal loans; bank cards; auto loans; leases and inventory financing; residential mortgages; corporate travel and purchasing cards; debt consolidation loans; home equity loans; and credit and other insurance products for customers on a global basis.

Consumer & Industrial

Major appliances and related services for products such as refrigerators, freezers, electric and gas ranges, cooktops, dishwashers, clothes washers and dryers, microwave ovens, room air conditioners and residential water system products. Distributed to both retail outlets and direct to consumers, mainly for the replacement market, and to building contractors and distributors for new installations. Lighting products include a wide variety of lamps and lighting fixtures. Electrical distribution and control equipment includes power delivery and control products such as transformers, meters and relays. Also includes GE Supply, a network of electrical supply houses. Products and services are sold in North America and in global markets under various GE and private-label brands.

Energy

Power plant products and services, including design, installation, operation and maintenance services sold into global markets. Gas, steam and aeroderivative turbines, generators, combined cycle systems, controls and related services, including total asset optimization solutions, equipment upgrades and contractual services, are sold to power generation and other industrial customers. Renewable energy solutions including wind turbines and hydro turbines and generators. Advanced turbomachinery products and related services for the oil and gas market, including total pipeline integrity solutions. Substation automation, network solutions and power equipment sold to power transmission and distribution customers. Also includes portable and rental power plants, nuclear reactors, fuel and nuclear support services.

Equipment & Other Services

Rentals, leases, sales, asset management services and loans for portfolios of commercial and transportation equipment, including tractors, trailers, railroad rolling stock, modular space units, intermodal shipping containers and marine containers. Also included in the segment are activities and businesses that are not measured within one of the other financial services segments—for example, corporate financial services expenses, liquidating businesses and other non-segment aligned operations.

Healthcare

Medical imaging systems such as magnetic resonance (MR) and computed tomography (CT) scanners, x-ray, nuclear imaging and ultrasound, as well as diagnostic cardiology and patient monitoring devices; related services, including equipment monitoring and repair, computerized data management and customer productivity services. Diagnostic imaging agents used in medical scanning procedures, protein separations products including chromotography purification systems used in the manufacture of biopharmaceuticals, and high-throughput systems for applications in genomics, proteomics and bioassays. Products and services are sold worldwide to hospitals, medical facilities, pharmaceutical and biotechnology companies and to the life science research market.

Infrastructure

Chemical water treatment program services and equipment; measurement and sensing equipment (products and subsystems for sensing temperature flow rates, humidity and pressure); security equipment and systems (including card access systems, video and sensor monitoring equipment, integrated facility monitoring systems and explosive detection systems); a broad range of automation hardware and software. Markets are extremely diverse. Products and services are sold to commercial and industrial end-users, including utilities; original equipment manufacturers; electrical distributors; retail outlets; airports; railways; and transit authorities. Increasingly, products and services are developed for and sold in global markets.

Insurance

U.S. and international multiple-line property and casualty reinsurance, certain directly written specialty insurance and life reinsurance, consumer investment, insurance and retirement services, and private mortgage insurance.

NBC Universal

Principal businesses are the furnishing of U.S. network television services to more than 230 affiliated stations, production of television programs, the production and distribution of motion pictures, operation of 29 VHF and UHF television broadcasting stations, operation of cable/satellite networks around the world, operation of theme parks, and investment and programming activities in multimedia and the Internet.

Transportation

Jet engines and replacement parts and repair and maintenance services for all categories of commercial aircraft (short/medium, intermediate and long-range); for a wide variety of military aircraft, including fighters, bombers, tankers and helicopters; and for executive and regional aircraft. Products and services are sold worldwide to airframe manufacturers, airlines and government agencies. Also includes aircraft engine derivatives used as marine propulsion and industrial power sources; the latter is also reported in Energy. Rail systems products and maintenance services including diesel electric locomotives, transit propulsion equipment, motorized wheels for off-highway vehicles, and railway signaling communications systems.

ADVERSE OR FAVORABLE DEVELOPMENT An adjustment to increase (adverse development) or reduce (favorable development) the provision for estimated ultimate insurance losses in a year following the year in which the loss event occurred.

BACKLOG Unfilled customer orders for products and product services (12 months for product services).

BORROWING Financial liability (short or long-term) that obliges us to repay cash or another financial asset to another entity.

BORROWINGS AS A PERCENTAGE OF TOTAL CAPITAL INVESTED For GE, the sum of borrowings and mandatorily redeemable preferred stock, divided by the sum of borrowings, mandatorily redeemable preferred stock, minority interest and total shareowners' equity.

CASH EQUIVALENTS Highly liquid debt instruments with original maturities of less than three months, such as commercial paper. Typically included with cash for reporting purposes, unless designated as available-for-sale and included with investment securities.

CASH FLOW HEDGES Qualifying derivative instruments that we use to protect ourselves against exposure to volatility in future cash flows. The exposure may be associated with an existing asset or liability, or with a forecasted transaction. See "Hedge."

CASH GENERATORS Our Advanced Materials, Consumer & Industrial, Insurance and Equipment & Other Services segments, businesses that provide consistently strong cash flow and grow earnings in an expanding economy.

COMMERCIAL PAPER Unsecured, unregistered promise to repay borrowed funds in a specified period ranging from overnight to 270 days.

CUSTOMER SERVICE AGREEMENTS (also referred to as "product services agreements") Contractual commitments, with multiple-year terms, to provide specified services for products in our industrial installed base—for example, monitoring, maintenance, overhaul and spare parts for a gas turbine/generator set installed in a customer's power plant.

DERIVATIVE INSTRUMENT A financial instrument or contract with another party (counterparty) that is structured to meet any of a variety of financial objectives, including those related to fluctuations in interest rates, currency exchange rates and commodity prices. Options, forwards and swaps are the most common derivative instruments we employ. See "Hedge."

DIRECT WRITTEN PREMIUMS Amounts charged to insureds in exchange for coverages provided in accordance with the terms of an insurance/reinsurance contract.

EARNED PREMIUMS Portion of the premium, net of any amount ceded, pertaining to the segment of the policy period for which insurance coverage has been provided.

EFFECTIVE TAX RATE Provision for income taxes as a percentage of earnings before income taxes and accounting changes. Does not represent cash paid for income taxes in the current accounting period.

EQUIPMENT LEASED TO OTHERS Rental equipment we own that is available to rent and is stated at cost less accumulated depreciation.

FAIR VALUE HEDGE Qualifying derivative instruments that we use to eliminate the risk of changes in the fair value of assets, liabilities or certain types of firm commitments. Changes in the fair values of derivative instruments that are designated and effective as fair value hedges are recorded in earnings, but are offset by corresponding changes in the fair values of the hedged items. See "Hedge."

FINANCIAL LEVERAGE The relationship of debt to equity. Expressed for financial services businesses as borrowings divided by equity. Expressed for industrial businesses as borrowings divided by total capital.

FINANCING RECEIVABLES Investment in contractual loans and leases due from customers (not investment securities).

FORWARD CONTRACT Fixed price contract for purchase or sale of a specified quantity of a commodity, security, currency or other financial instrument with delivery and settlement at a specified future date. Commonly used as a hedging tool. See "Hedge."

GOODWILL The premium paid for acquisition of a business. Calculated as the purchase price less the fair value of net assets acquired (net assets are identified tangible and intangible assets, less liabilities assumed).

GROWTH ENGINES Our Commercial Finance, Consumer Finance, Energy, Healthcare, Infrastructure, NBC Universal and Transportation segments, businesses that are market leaders with strengths in technology, cost, services, global distribution and capital efficiency.

GUARANTEED INVESTMENT CONTRACTS (GICS) Deposit-type products that guarantee a minimum rate of return, which may be fixed or floating.

HEDGE A technique designed to eliminate risk. Often refers to the use of derivative financial instruments to offset changes in interest rates, currency exchange rates or commodity prices, although many business positions are "naturally hedged"—for example, funding a U.S. fixed-rate investment with U.S. fixed-rate borrowings is a natural interest rate hedge.

INSURANCE RECEIVABLES Receivables of our insurance businesses associated with (1) reinsurance agreements in which those businesses legally transferred (ceded) insurance losses (and related premiums) to reinsurers and are entitled to recovery of those insurance losses; (2) premiums on insurance and reinsurance contracts; (3) policy loans to policyholders of certain life insurance contracts; and (4) premium funds on deposit with reinsurance customers as collateral for our obligations as a reinsurer.

INTANGIBLE ASSET A non-financial asset lacking physical substance, such as goodwill, patents, trademarks and licenses. Also includes present value of future profits, which are anticipated net discounted cash flows to be realized from certain in-force insurance, annuity and investment contracts at the date we acquire a life insurance business.

INTEREST RATE SWAP Agreement under which two counterparties agree to exchange one type of interest rate cash flow for another. In a typical arrangement, one party periodically will pay a fixed amount of interest, in exchange for which that party will receive variable payments computed using a published index. See "Hedge."

INVESTMENT SECURITIES Generally, an instrument that provides an ownership position in a corporation (a stock), a creditor relationship with a corporation or governmental body (a bond), or rights to ownership such as those represented by options, subscription rights and subscription warrants.

MANAGED RECEIVABLES Total receivable amounts on which we continue to perform billing and collection activities, including receivables that have been sold with and without credit recourse and are no longer reported on our balance sheet.

MATCH FUNDING A risk control policy that provides funds for a particular financial asset having the same currency, maturity and interest rate characteristics as that asset. Match funding ensures that we maintain initial financing spreads or margins for the life of a financial asset, and is executed directly, by issuing debt, or synthetically, through a combination of debt and derivative financial instruments. For example, when we lend at a fixed interest rate in the U.S., we can borrow those U.S. dollars either at a fixed rate of interest or at a floating rate executed concurrently with a pay-fixed interest rate swap. See "Hedge."

MONETIZATION Sale of financial assets to a third party for cash. For example, we sell certain loans, credit card receivables and trade receivables to third-party financial buyers, typically providing at least some credit protection and often agreeing to provide collection and processing services for a fee. Monetization normally results in gains on interest-bearing assets and losses on non-interest bearing assets. See "Securitization" and "Variable Interest Entity."

NET REVENUES For our lending and leasing businesses, revenues from services, less interest and other financial charges.

OPERATING PROFIT Earnings before interest and other financial charges, income taxes and effects of accounting changes.

OPTION The right, not the obligation, to execute a transaction at a designated price, generally involving equity interests, interest rates, currencies or commodities. See "Hedge."

PREMIUM Rate that is charged under insurance/reinsurance contracts.

PRESENT VALUE OF FUTURE PROFITS See "Intangible Asset."

PRODUCT SERVICES For purposes of the financial statement display of sales and costs of sales on pages 72 and 73, "goods" is required by U.S. Securities and Exchange Commission regulations to include all sales of tangible products, and "services" must include all other sales, including broadcasting and other services activities. In our Management's Discussion and Analysis of Operations we refer to sales of both spare parts (goods) and related services as sales of "product services," which is an important part of our operations.

PRODUCT SERVICES AGREEMENTS See "Customer Service Agreements."

PRODUCTIVITY The rate of increased output for a given level of input, with both output and input measured in constant currency. A decline in output for a given level of input is "negative" productivity.

PROGRESS COLLECTIONS Payments received from customers as deposits before the associated work is performed or product is delivered.

REINSURANCE A form of insurance that insurance companies buy for their own protection.

RETROCESSION AGREEMENT Contract to acquire third-party insurance protection for reinsurance policies written. Retrocession is a risk mitigation technique.

RETURN ON AVERAGE SHAREOWNERS' EQUITY Earnings before accounting changes divided by average total equity (on an annual basis, calculated using a five-point average).

RETURN ON AVERAGE TOTAL CAPITAL INVESTED EXCLUDING EFFECT OF ACCOUNTING CHANGES For GE, earnings before accounting changes plus the sum of after-tax interest and other financial charges and minority interest, divided by the sum of total shareowners' equity, borrowings, mandatorily redeemable preferred stock and minority interest (on an annual basis, calculated using a five-point average).

SECURITIZATION A process whereby loans or other receivables are packaged, underwritten and sold to investors. In a typical transaction, assets are sold to a special purpose entity (SPE), which purchases the assets with cash raised through issuance of beneficial interests (usually debt instruments) to third party investors. Whether or not credit risk associated with the securitized assets is retained by the seller depends on the structure of the securitization. See "Monetization" and "Variable Interest Entity."

SEPARATE ACCOUNT Investments controlled by policyholders and associated with identical amounts reported as insurance liabilities.

TURNOVER Broadly based on the number of times that working capital is replaced during a year. Accounts receivable turnover is total sales divided by the five-point average balance of customer receivables from sales of goods and services (trade receivables). Inventory turnover is total sales divided by a five-point average balance of inventories. See "Working Capital."

UNEARNED PREMIUMS Portion of the premium received, net of any amount ceded, that relates to future coverage periods.

UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES Claims reserves for events that have occurred, including both reported and incurred-but-not-reported (IBNR) reserves, and the expenses of settling such claims.

VARIABLE INTEREST ENTITY Entity defined by Financial Accounting Standards Board Interpretation No. 46 (as amended), and that must be consolidated by its primary beneficiary. A variable interest entity has one or both of the following characteristics:
(1) its equity at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, or (2) as a group, the equity investors lack one or more of the following characteristics: (a) direct/indirect ability to make decisions, (b) obligation to absorb expected losses, or (c) right to receive expected residual returns.

WORKING CAPITAL Sum of receivables from the sales of goods and services, plus inventories, less trade accounts payables and progress collections.

Exhibit 21

SUBSIDIARIES OF REGISTRANT

General Electric's principal affiliates as of December 31, 2004, are listed below. All other affiliates, if considered in the aggregate as a single affiliate, would not constitute a significant affiliate.

AFFILIATES OF REGISTRANT INCLUDED IN REGISTRANT'S FINANCIAL STATEMENTS

	Percentage of voting securities directly or indirectly owned by registrant (1)	State or Country of incorporation or organization
American Silicones, Inc.	100	Indiana
Amersham Biosciences Holding AB	100	United Kingdom & Northern Ireland; Sweden
Amersham plc	100	United Kingdom & Northern Ireland; Sweden
Bently Nevada, LLC	100	Delaware
Cardinal Cogen, Inc.	100	Delaware
Caribe GE International of Puerto Rico, Inc.	100	Puerto Rico
Datex-Ohmeda, Inc.	100	Delaware
GE Aviation Service Operation Pte Ltd	100	Singapore
GE Caledonian Limited	100	United Kingdom & Northern Ireland
GE Canada Company	100	Canada
GE Drives & Controls, Inc.	100	Delaware
GE Druck Holdings Limited	100	United Kingdom & Northern Ireland
GE Energy Europe B.V.	100	Netherlands
GE Energy Parts, Inc.	100	Delaware
GE Energy Products France SNC	100	France
GE Energy Services, Inc.	100	Delaware
GE Engine Services - Dallas, LP	100	Delaware
GE Engine Services Distribution, LLC	100	Delaware
GE Engine Services UNC Holding I, Inc.	100	Delaware
GE Engine Services, Inc.	100	Delaware
GE Fanuc Automation Corporation	50	Delaware
GE Gas Turbines (Greenville) L.L.C.	100	Delaware
GE Healthcare Finland Oy	100	Finland
GE Hungary Co. Ltd.	100	Hungary
GE Infrastructure, Inc.	100	Delaware
GE Keppel Energy Services Pte. Ltd.	50	Singapore

	Percentage of voting securities directly or indirectly owned by registrant (1)	State or Country of incorporation or organization
GE Lighting/Plastics Austria GmbH & Co KG	100	Austria
GE Medical Systems Global Technology Company, LLC	100	Delaware
GE Medical Systems Information Technologies, Inc.	100	Wisconsin
GE Medical Systems, Inc.	100	Delaware
GE Medical Systems, LLC	100	Delaware
GE Medical Systems, Ultrasound & Primary Care Diagnostics LLC	100	Delaware
GE Military Systems	100	Delaware
GE Noryl, LLC	100	New York
GE Osmonics, Inc.	100	Minnesota
GE Pacific Pte Ltd	100	Singapore
GE Packaged Power, L.P.	100	Delaware
GE Petrochemicals, Inc.	100	Delaware
GE Plastics Espana ScpA	100	Spain & Canary Islands, Baleric Island
GE Plastics Finishing, Inc.	100	Delaware
GE Plastics Mt. Vernon, Inc.	100	Delaware
GE Polymerland, Inc.	100	Delaware
GE Quartz, Inc.	100	Delaware
GE Security, Inc.	100	Delaware
GE Toshiba Silicones Co., Limited	51	Japan, Ryukyu Islands
GE Transportation Parts, LLC	100	Delaware
GE Transportation Systems Global Signaling, LLC	100	Delaware
GE Wind Energy, LLC	100	Delaware
GE Yokogawa Medical Systems Ltd.	100	Japan, Ryukyu Islands
GEA Products LP	100	Delaware
GEAE Technology, Inc.	100	Delaware
General Electric (Bermuda) Ltd.	100	Bermuda
General Electric CGR Europe SARL	100	France
General Electric International (Benelux) BV	100	Netherlands
General Electric International, Inc.	100	Delaware
General Electric Plastics BV	100	Netherlands
General Electric Plastics Italia SRL	100	Italy
Granite Services, Inc.	100	Delaware
MRA Systems International, Inc.	100	Delaware
NBC Universal, Inc.	80	Delaware
Nuclear Fuel Holding Co., Inc.	100	Delaware
Nuovo Pignone Holding, S.p.A.	98	Italy
OEC Medical Systems, Inc.	100	Delaware
PII Limited	100	United Kingdom & Northern Ireland

	Percentage of voting securities directly or indirectly owned by registrant (1)	State or Country of incorporation or organization
Reuter-Stokes, Inc.	100	Delaware
Viceroy, Inc.	100	Delaware
General Electric Capital Services, Inc.	100	Delaware
General Electric Capital Corporation	100	Delaware
GE Insurance Solutions Corporation	100	Missouri

Exhibit (23)

Consent of Independent Registered Public Accounting Firm

The Board of Directors
General Electric Company:

We consent to the incorporation by reference in the registration statements on Form S-3 (Registration Nos. 33-50639, 33-39596, 33-39596-01, 33-29024, 333-59671, 333-120155, 333-72566, 333-104526, and 333-110771), on Form S-4 (Registration No. 333-107556), and on Form S-8 (Registration Nos. 333-01953, 333-42695, 333-74415, 333-83164, 333-98877, 333-94101, 333-65781, 333-88233, 333-117855, 333-99671 and 333-102111) of General Electric Company of our report dated February 11, 2005, with respect to the statement of financial position of General Electric Company and consolidated affiliates as of December 31, 2004 and 2003, and the related statements of earnings, changes in shareowners' equity and cash flows for each of the years in the three-year period ended December 31, 2004, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 and the effectiveness of internal control over financial reporting as of December 31, 2004, which report appears in the December 31, 2004 annual report on Form 10-K of General Electric Company. Our report refers to a change in the method of accounting for variable interest entities in 2004 and 2003, a change in the method of accounting for asset retirement obligations in 2003 and changes in the methods of accounting for goodwill and other intangible assets and for stock-based compensation in 2002.

/s/ KPMG LLP

Stamford, Connecticut
February 28, 2005

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned, being a director or officer of General Electric Company, a New York corporation (the "Company"), hereby constitutes and appoints Jeffrey R. Immelt, Benjamin W. Heineman, Jr., Keith S. Sherin, Philip D. Ameen, Michael R. McAlevey, and Thomas J. Kim, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead in any and all capacities, to sign one or more Annual Reports for the Company's fiscal year ended December 31, 2004, on Form 10-K under the Securities Exchange Act of 1934, as amended, or such other form as any such attorney-in-fact may deem necessary or desirable, any amendments thereto, and all additional amendments thereto, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done so that such Annual Report shall comply with the Securities Exchange Act of 1934, as amended, and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their substitute or resubstitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his or her hand this 1st day of March, 2005.

/s/ Jeffrey R. Immelt
Jeffrey R. Immelt
Chairman of the Board
(Principal Executive
Officer and Director)

/s/ Keith S. Sherin
Keith S. Sherin
Senior Vice President-Finance
(Principal Financial Officer)

/s/ Philip D. Ameen
Philip D. Ameen
Vice President and Comptroller
(Principal Accounting Officer)

/s/ James I. Cash, Jr.
James I. Cash, Jr.
Director

/s/ Sir William Castell
Sir William Castell
Director

/s/ Dennis D. Dammerman
Dennis D. Dammerman
Director

/s/ Ann M. Fudge
Ann M. Fudge
Director

/s/ Claudio X. Gonzalez
Claudio X. Gonzalez
Director

/s/ Andrea Jung
Andrea Jung
Director

/s/ Alan G. Lafley
Alan G. Lafley
Director

Kenneth G. Langone
Director

/s/ Ralph S. Larsen
Ralph S. Larsen
Director

/s/ Rochelle B. Lazarus
Rochelle B. Lazarus
Director

/s/ Sam Nunn
Sam Nunn
Director

Roger S. Penske
Director

/s/ Robert J. Swieringa
Robert J. Swieringa
Director

/s/ Douglas A. Warner III
Douglas A. Warner III
Director

/s/ Robert C. Wright
Robert C. Wright
Director

A MAJORITY OF THE BOARD OF DIRECTORS

Exhibit 31(a)

CERTIFICATION PURSUANT TO
RULES 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Jeffrey R. Immelt, certify that:

1. I have reviewed this annual report on Form 10-K of General Electric Company;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2005

JRImmelt

Jeffrey R. Immelt
Chief Executive Officer

Exhibit 31(b)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Keith S. Sherin, certify that:

1. I have reviewed this annual report on Form 10-K of General Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2005

Keith S. Sherin

Keith S. Sherin
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report of General Electric Company (the "registrant") on Form 10-K for the year ending December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "report"), we, Jeffrey R. Immelt and Keith S. Sherin, Chief Executive Officer and Chief Financial Officer, respectively, of the registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

(1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

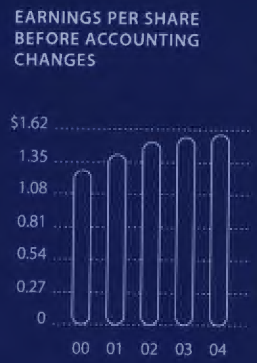
March 1, 2005

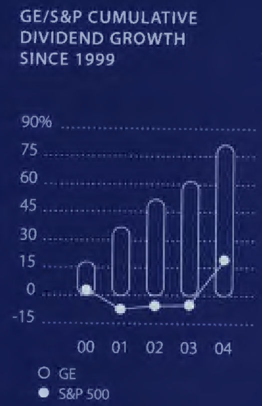
Jeffrey R. Immelt
Chief Executive Officer

Keith S. Sherin
Chief Financial Officer

Our Time

GE 2004 Annual Report





Contents

Performance Summary

Throughout economic cycles, GE's long-term financial goals are: 8% annual organic revenue growth (revenue growth excluding the effects of acquisitions, dispositions and currency exchange rates); 10%-plus annual earnings growth; operating cash flow growth exceeding earnings growth; and a return on average total capital exceeding 20%.

Here is how GE performed in 2004:

- Revenues increased 14% to $152.4 billion, with growth at eight of GE's 11 businesses exceeding 10%. Organic revenue growth was 6%.
- Earnings grew 6% to $16.6 billion, with growth at nine of 11 businesses exceeding 10%. Excluding Insurance dispositions, earnings grew 17%.
- Cash flow from operating activities (CFOA) was $15.2 billion, up 18%. Industrial CFOA grew 27%. Return on average total capital was 15.9%.
- The Board of Directors increased the dividend 10% for GE's 29th consecutive annual increase and announced a share repurchase program of up to $15 billion between 2005 and 2007. At year-end, GE's yield was 2.4%, a 37% premium to the S&P 500. GE returned $8.5 billion to investors in 2004, primarily through dividends.
- GE remained one of only six "Triple-A"-rated U.S. industrial companies. The Company continued to reduce "parent-supported" debt at GE's financial services businesses, with total reductions since November 2002 of approximately $14 billion. Commercial paper as a percentage of total debt remained below 30%.
- Total return for GE shareowners (stock price appreciation assuming reinvested dividends) was 21% versus the S&P 500's total return of 11%. At year-end, GE traded at a forward price/earnings ratio (P/E) of 20, a 17% premium to the S&P 500.
- GE continued to earn the respect of the business world. For the seventh consecutive year, GE was named "The World's Most Respected Company" in the *Financial Times'* annual global survey of CEOs. GE was ranked first for corporate governance. GE was also named to the Dow Jones Sustainability World Index as one of the world's leaders in environmental, social and economic programs.
- GE invested $13 billion in its intellectual foundation. This investment included approximately $5 billion in product and service technology; $3 billion in marketing, brand development and information technology; $4 billion in media programming; and $1 billion in training and executive development. GE filed 2,122 patents in 2004.

Companies that endure are able to reinvent themselves to stay aligned with customers and markets as they evolve.

GE has spent the last few years undergoing such a transformation.

It has been a time of anticipation as we have prepared to make our own growth in a slow-growth, more volatile world.

This is a great time for your Company.

Dear Fellow Stakeholders:

I spent much of my youth playing sports, primarily football. I happened to be an offensive lineman in college, not a bad preparation for a CEO. One season, I dislocated my shoulder. The injury hurt enough to impair the quality of my play, but was not bad enough to keep me out of the action. I did the best I could, tried hard not to let down my teammates, and went to the training room to get better. Eventually, I felt twice as strong and enjoyed every game. From this experience, I learned that sometimes you just have to do your best without making excuses.

GE has "played hurt" for the past few years. The end of the "bubble" stock market, the recession and the 9/11 tragedy depressed the markets for our energy and transportation businesses. Our expansion into difficult insurance markets had left us with underperforming businesses and excess leverage. Pension earnings, which were a tailwind in the '90s, declined sharply and became a headwind.

We never offered excuses. Our performance was acceptable by any standard but our own. Our earnings should be 50% higher in 2005 than they were in 2000, and our dividend has expanded by more than 50%. But sometimes companies, like people, must go through tough periods to get better.

So we went to the "training room." These difficult years triggered a critical review of our capabilities by the Board of Directors and the leadership team, and as a result we initiated an exciting transformation. We invested more than $60 billion to create a faster-growing Company. We committed to divest $15 billion of slow-growth assets. We built new capabilities, launched new products, expanded globally and invested in the GE brand. Now the Company has begun an era of strong financial performance, starting in the fourth quarter of 2004 when our earnings grew 18%.

Throughout this period, we have benefited from your willingness to take a long-term view. We relied on your trust to implement this transformation. We asked you to wait patiently for 2005, when we expected to restore our historic performance. We issued more than 450 million shares in 2004 to improve the Company for the future. From time to time, CEOs complain about their investors' short-term view. Not this CEO. I am indebted to your commitment.

And you will be rewarded. Because of our work and your faith in us, this is the best GE ever. We have created a high-tech, services and financial enterprise that can grow faster with expanding returns, build leadership in fast-growth markets and return cash to you. Moreover, we can sustain this performance in the slow-growth environment we see today. We're back at full strength. *This is our time.*

(left to right)

JEFFREY R. IMMELT
Chairman of the Board and Chief Executive Officer

ROBERT C. WRIGHT
Vice Chairman of the Board and Executive Officer

DENNIS D. DAMMERMAN
Vice Chairman of the Board and Executive Officer

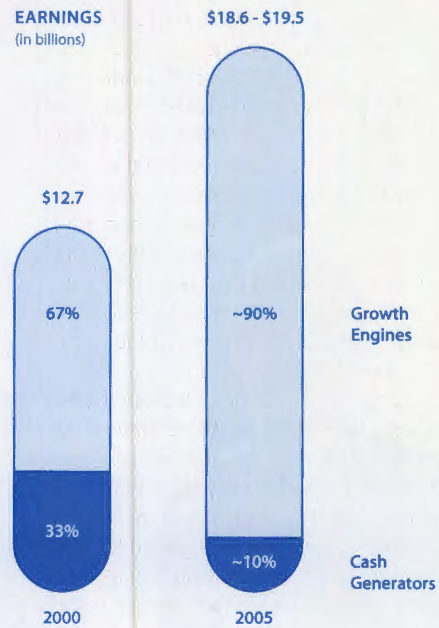
SIR WILLIAM M. CASTELL
Vice Chairman of the Board and Executive Officer

Portfolio Transformation

GE has added more than a dozen new capabilities to its seven Growth Engines, which should generate approximately 90% of GE's earnings in 2005, substantially more than five years ago. The Growth Engines—Transportation, Energy, Healthcare, NBC Universal, Infrastructure, Commercial Finance and Consumer Finance—are robust, capital-efficient businesses with leadership positions in their industries and prospects for sustained double-digit earnings and cash flow growth.

New Growth Capabilities

Biosciences
Film + DVD
Healthcare Information Technology
Renewable Energy *(Wind, Solar, Biomass)*
Coal Gasification
Water
Security
Hispanic Television
Oil & Gas Exploration Technology
Services *(Asset Optimization, Environmental Services, Non-Destructive Testing)*
"Verticals" Financing
Full Supply-Chain Financing
Real Estate Operations
Global Mortgage



The Future is Now

GE has a vibrant business model. By business model, I mean the imperatives we drive to sustain excellent performance over time. They include:

- A portfolio of strong businesses
- Processes that generate cash and achieve low cost
- Capability to achieve 8% organic revenue growth

We believe that our consistent focus on these imperatives, backed by strong execution, is the key to excellent long-term performance.

A Portfolio of Strong Businesses

Our portfolio is set to deliver double-digit earnings growth in 2005. To achieve this, we invested in fast-growth businesses such as healthcare and entertainment that can accelerate our industrial growth rate. We built new platforms in fast-growth industries like oil and gas, security and water. We exited lower-return insurance businesses and redeployed assets into higher-returning GE Commercial Finance and GE Consumer Finance.

Even during this substantial portfolio reshaping, our performance was exceptional. Nine of our 11 businesses grew earnings by double digits in 2004. We have great momentum as we head into 2005, based on the following factors.

GE TRANSPORTATION AND GE ENERGY should both achieve consistent double-digit earnings growth. Transportation rebounded from the post-9/11 aviation cycle with revenue growth of 15% and earnings growth of 21% in 2004. Aviation services grew revenues 16% and now has a backlog of contractual services agreements totaling $28 billion. The Rail business had a spectacular year, with revenue growth of 18%. Transportation's technical leadership expanded in 2004. The GEnx™ engine was chosen for both the Boeing 787 and the Airbus A350, and the business has orders for more than 1,200 GE Evolution™ locomotives. This team, led by Dave Calhoun, won our Chairman's Leadership Award for the best overall performance.

Energy's earnings dropped 31% in 2004, as its shipments of gas turbines declined as expected. However, the turbine business has stabilized in the U.S. and is expanding globally, so shipments should grow more than 20% in 2005. The balance of Energy performed well in 2004, with services revenues up 11% and Oil & Gas revenues exceeding $3 billion, up 10%. As turbine shipments rebound, services expand and Oil & Gas continues to grow, Energy is poised for a sustained period of double-digit earnings growth. John Rice and his team have exceeded every commitment we made to investors.

These two businesses, representing about 30% of GE's earnings, are expanding simultaneously for the first time since 2000. Because of their technical leadership and strong service capabilities, we expect them to grow earnings 10–15% in 2005 and beyond.

GE HEALTHCARE, NBC UNIVERSAL AND GE INFRASTRUCTURE have integrated substantial acquisitions and are positioned to grow earnings at least 20% in 2005. Healthcare grew earnings 34% in 2004. We completed the Amersham acquisition and it is performing ahead of plan. Sir William Castell and his team have all of the pieces of "personalized healthcare" and will be able to move down clinical pathways with leadership technology that can predict, diagnose, inform patients and treat disease. We have created a $15 billion growth engine, a leader in diagnostics, that is well positioned for the major trends of healthcare.

NBC Universal had earnings growth of 28% in 2004, including a great performance from Universal. Under the leadership of Bob Wright, the cultures have blended well and the teams are working together creatively. When we decided to pursue Universal, our primary interest was to diversify NBC's revenue stream. Beyond this, the combination has benefited both NBC and Universal strategically by giving them new ways to market and distribute each other's content. This has already resulted in improved earnings from their cable properties. In addition, Universal has brought NBC a worldwide distribution channel. We have created a $15 billion content leader positioned for long-term growth.

Infrastructure's 2004 earnings increased 22% and we continued to strengthen its businesses. We committed $3.4 billion to enhance our capabilities in security and water. We acquired InVision to build a leadership position in homeland defense, and we agreed to acquire Edwards Systems Technology to establish a strong position in fire and integrated building management. These deals will create a $2 billion security franchise, making it an industry leader. For Water, we agreed to acquire Ionics, a global leader in desalination, filtration systems and services. We are building a $2 billion water business and making GE an industry leader.

These businesses represent about 25% of our earnings and are positioned for many years of rapid growth.

COMMERCIAL FINANCE AND CONSUMER FINANCE should continue their strong performance, with earnings growth exceeding 15% in 2005. These well-positioned financial franchises grew combined earnings 15% in 2004 and expanded assets 20%. Commercial Finance acquired consolidating platforms such as Transamerica Financial Services and today has 8,000 salespeople to drive organic growth. Mike Neal and his team are well positioned for sustained growth. Meanwhile, Consumer Finance, already our most global business, is expanding with new investments in Australia and Russia and with specialty mortgages in the U.S. Dave Nissen leads a marketing-driven team that had organic asset growth of 13% in 2004.

These market-leading financial franchises represent about 33% of our earnings. They have sustained double-digit growth for many years, and we have every reason to expect them to continue.

GE ADVANCED MATERIALS, GE CONSUMER & INDUSTRIAL AND GE EQUIPMENT & OTHER SERVICES are seeing excellent growth in an expanding economy. Their combined earnings more than doubled in 2004 (excluding gains), with double-digit growth expected in 2005. These economically sensitive businesses are executing consistent strategies of investing in technology and reducing structural cost. As a result, they are seeing substantial margin enhancement as the economy has strengthened. The momentum in these businesses, representing about 9% of GE earnings, should continue.

GE INSURANCE will continue its strategic repositioning. Dispositions, increased loss reserves and catastrophes reduced Insurance earnings more than 70% in 2004. We sold approximately 30% of Genworth Financial, our primary life and mortgage insurance businesses, in an IPO. Genworth is executing well and its investors are happy. We expect to sell down the balance of our position in Genworth over the next two years. Meanwhile, GE Insurance Solutions, our reinsurance business, continued its focused strategy to exit unprofitable product lines and improve pricing and underwriting. Insurance Solutions' net property and casualty reserves now total $17.4 billion, up nearly 40% from 2001. Insurance generated only about 3% of our earnings in 2004, and we will continue to reduce our exposure in this industry.

We are always looking for ways to improve the Company, but this period of heavy transaction activity will subside. We like the way the Company looks. Last year, I told you that we defined GE in two groups, Growth Engines and Cash Generators. Our aspiration was to increase the Growth Engines. These are highly competitive businesses with multiple ways to grow. Since 1999, earnings growth from these businesses has averaged 15% annually. In 2005, we expect approximately 90% of GE's earnings to come from the Growth Engines.

We never shy away from investing in your Company because we are pretty good at it. The fact is that there are very few "great" deals ever done, that is, deals that enrich investors on the day they are complete. But there are a lot of good deals that become great, where you pay a fair price and then generate excellent returns through smart integration and strong execution. We have been disciplined with your money and are committed to generating great returns for you.

We have created a more valuable Company. We can consistently grow our industrial earnings faster than our financial services earnings for the first time in 20 years. The returns of our financial services businesses have expanded so they will be able to dividend 40% of their earnings to GE and maintain their growth rate. This portfolio is poised to begin a prolonged period of double-digit growth, with expanding returns.

Cash Generation and Low Cost

We run this portfolio with intensity. In 2004, our cash flow from operating activities (CFOA) grew 18%, powered by a 27% expansion in industrial cash flow. CFOA growth and other actions helped keep our balance sheet strong and maintain our "Triple-A" ratings. Since November 2002, we have improved our financial flexibility by reducing "parent-supported" debt of the financial services businesses by about $14 billion. Our pension plans in total continue to have a surplus of more than $4 billion, and we expect to meet our obligations to pensioners with no significant increase in funding for the foreseeable future.

GE is filled with "capital-efficient" and "high-intellect" businesses. In other words, we get growth without building factories and we allocate capital to maximize returns. We run these businesses with a clear focus on reducing working capital and improving return on equity.

We have a new area of focus that we call **Lean Six Sigma**. We have leveraged Lean manufacturing's classic tools for reducing cycle time with the problem-solving capability of Six Sigma. In the last two years, Transportation improved inventory turns from seven to nine, and Advanced Materials improved receivables by six turns. We achieved $2.7 billion of improvements in working capital in 2003–04 and intend to continue this progress. The same focus on capital efficiency exists in our financial services businesses. Commercial Finance has expanded its returns through a "Lean Six Sigma"-like focus on margin expansion, risk management and lower cost.

In 2005–07, GE expects to generate more than $60 billion of CFOA. Remember, CFOA is what is left over *after* we have made substantial investments in the Company. In our case, this is $60-plus billion after investing $15 billion in technology, $10 billion in media programming, and $12 billion in marketing and information technology (IT), as well as funding more than $100 billion of financial services asset growth. Simply put, we generate a lot more cash than we need to grow your Company.

This gives GE substantial financial flexibility. We plan to return about 75% of this cash to you in the form of consistent dividend growth and up to $15 billion in stock buybacks through 2007. With the remainder, we can invest $3–5 billion in industrial acquisitions each year. These activities strengthen our earnings growth rate while expanding returns.

At the same time, we remain committed to reducing cost by generating $4 billion of productivity each year. We want to achieve this target without compromising our investments in growth. This requires new ways to run the Company.

We have a broad operating initiative called **Simplification**. We are targeting a reduction in "non-growth cost" of $3 billion over three years. We are measuring reductions in legal entities, headquarters, "rooftops," computer systems ... anything that is not directly linked with customer satisfaction and growth. We are creating "Centers of Excellence" to share best practices and reduce cost. We are outsourcing common systems. The fact is that complexity is the enemy of growth and we want to eliminate it.

The results are significant. Commercial Finance is consolidating its $232 billion-asset business into three customer service/operations centers. This will save $300 million over the next three years while adding more than 1,000 salespeople. Consumer & Industrial consolidated three headquarters into one. This saved more than $100 million in structural cost, two-thirds of which was redeployed into new products. Energy organized its separate technologies into one global product company. In addition, Transportation and Energy are sharing some IT and operational assets. These moves will allow Energy to reduce structural cost by $300 million annually and increase the number of new product launches.

We have built a fast-growth portfolio. We run our businesses with intensity, creating low-cost operations and generating excess cash. On this foundation we are building a dynamic growth process that will transform GE.

Increasing Organic Revenue Growth

For more than 20 years, I have wondered what GE would do when we applied our operating disciplines to generating growth. I was convinced that the combination of operating excellence with an exciting growth culture could propel GE to new levels of valuation.

GE's historic organic revenue growth rate has been 5% per year. This is a respectable number, above the growth of the broader economy. But I realized from my first day as CEO that investors wanted to see a faster-growing GE. The changes we have made in our portfolio will boost our growth, but achieving our potential will require us to treat growth as a process.

For many years, GE's process disciplines, like Six Sigma and digitization, were operationally based. Today we are bringing these GE strengths to bear on organic growth. We have invested in broad capability in technology and services. We have enhanced our approach to customers around the world through commercial excellence. We have built a Company-wide process for innovation called Imagination Breakthroughs. Each of these process steps leverages the totality of GE to accelerate results.

Based on this, we are increasing our aspirations for organic revenue growth to 8% per year. We are aiming to hit this rate in 2005.

Capability in Technology and Services

Technology is the foundation of GE's growth. Today we invest considerably more in technology than we did in 2000. We have a rich pipeline of new products, based on key market trends, that can win.

GE leads in energy efficiency through more economical power-producing systems, including those that use renewable resources. In 2004, we and Bechtel began feasibility studies with Cinergy Corp. and American Electric Power for coal gasification power plants. This "Cleaner Coal" technology will generate power in a cost-effective way using abundant coal resources, with dramatically fewer emissions than traditional coal plants.

GE leads in personalized healthcare through a technical focus on prediction, diagnosis and information linked to treatment. In our product pipeline today are advanced technologies capable of extremely early detection of cancer, heart disease and Alzheimer's disease.

GE leads in advanced water technology. With Ionics, we will have a broad array of filtration systems and membranes. We are taking this in two directions: toward the sea with desalination projects and into the home with advanced filtration systems.

GE leads in advanced security systems. We are the only company that can combine digital surveillance, advanced detection and bioscience. We have been awarded funding by the U.S. Transportation Security Administration for the next generation of security systems, which will combine material and explosives detection.

Our technical leadership is supported by four Global Research Centers where we can spread ideas across the GE businesses. Good examples are the transfer of our leading medical imaging technology to new uses in homeland defense and the leveraging of our materials technologies across our locomotives, aircraft engines and turbines. Global Research filed for more than 450 patents in 2004, including 25 for nanotechnology.

Each of these new products will add to our installed base, which has more than doubled since 2000.

Built on this high-tech installed base, our services revenues totaled $26 billion in 2004, growing 12%. Services represent about 30% of our industrial sales and have the potential to grow

Growth Process Culture and Rhythm

at double-digit rates for the foreseeable future. Services are a powerful growth engine because our technology is long-lived and we focus on making the customer more profitable.

Services drive energy efficiency. Transportation now offers upgrade programs that save up to 10% on fuel. Energy's service packages can improve the efficiency of the installed base by up to 10%.

The most exciting services growth opportunities we are driving today focus on our customers' workflow. We expect about $1 billion of orders in healthcare clinical workflow, energy grid decongestion, aircraft engine control technology and railroad movement planning. A good example is our work with Indiana Heart Hospital. This all-digital hospital has used our technology extensively to improve its clinical workflow. We are sharing our knowledge across our businesses so that our customers can realize considerable productivity gains.

Commercial Excellence Around the World

We match our capabilities with great teams that can create value for customers. Over the last four years I have spent more time with our sales and marketing teams than with any other group in GE.

CEOs cannot delegate growth or customer satisfaction. I try to spend at least five days each month with customers or being otherwise involved in the selling process. I get involved with important new growth activities, such as the partnership we formed with Dillard's on its consumer credit card. And twice each month I do "town hall meetings" with several hundred customers to share ideas on the direction of GE and listen to their thoughts on what we can do better.

One of the more enjoyable parts of my job is holding "dreaming sessions" with key customer groups, trying to think about where our businesses will be in five or ten years. Charlene Begley and I recently spent an afternoon with the CEOs of the North American rail industry. The purpose was to apply GE solutions to the issue of rail network capacity. GE can bring an entire array of solutions to our rail customers, from more reliable locomotives to information that improves network velocity to intelligent yard systems to financial capacity.

Another way I try to stay in the middle of the action is by leading the Commercial Council that we have had in place since 2002. It is composed of our best sales and marketing leaders. Our mission is to drive the functional excellence in sales and marketing that we need to hit our growth goals.

For the first time, we have Company-wide commercial leadership programs where we take college recruits and experienced new hires and put them on a sales or marketing career path as we've done for years with other functions like finance or engineering. We have also added more than 1,000 marketing professionals across the Company, making marketing a critical "line function" to drive growth.

We have used the Council to bring customers into the center of our strategies. Every business now has a value equation that links growth initiatives with customer profitability. For the first time, customer satisfaction will impact how leaders are compensated.

We are using the Council to create cross-Company capability for driving growth. We now have "vertical" teams in Healthcare, Energy, Water and Rail. Through enterprise selling, we can create far-reaching collaborations with customers and better serve them as "one GE."

Mike Neal at Commercial Finance is a thought leader in this activity. Mike has GE's largest marketing and sales team. He has 11 commercial experiments under way, all testing new ways to structure sales forces to satisfy our customers and grow faster. For example, he has unified his lending and leasing sales forces in Chicago so they can offer customers complete solutions.

The breadth of GE has helped us accelerate our globalization. Global revenues grew 18% and reached $72 billion in 2004. The most exciting global opportunities for GE are in the developing world, where our 2004 revenues were $21 billion, a 37% increase.

We believe that 60% of our growth will come from developing countries in the next decade versus about 20% for the past 10 years. It is important for us to understand future customers, suppliers and competitors in these regions, where we believe GE has a meaningful competitive advantage.

China remains important, and revenues there should exceed $5 billion in 2005, another year of strong double-digit growth. We have won more than 70% of commitments for turbines in China over the past two years. Advanced Materials grew revenues 40% in 2004 and is the second-largest GE business in China today. Last year we won a commitment from the East-West Rail line for almost 80 locomotives and control equipment. The Beijing 2008 Olympic Games are a great multi-business opportunity for GE.

Our opportunities also stretch into Russia, India, eastern Europe, southeast Asia, the Middle East and South America. GE is a great infrastructure company, virtually alone in the breadth of

(left to right)

BEN HEINEMAN
Senior Vice President,
Law ond Public Affairs

BETH COMSTOCK
Vice President and
Chief Morketing Officer

KEITH SHERIN
Senior Vice President,
Finance ond
Chief Financial Officer

BILL CONATY
Senior Vice President,
Human Resources

GARY REINER
Senior Vice President and
Chief Information Officer

BRACKETT DENNISTON
Vice President and
Generol Counsel

PAM DALEY
Vice President,
Corporote Business
Development

world-class technology in energy, transportation, healthcare, water and security that we can offer. Beyond that, we bring the capabilities that help these regions develop, including financing, compliance structure and leadership development. We have changed our approach to look at countries as customers.

Qatar is a great example. GE has landed portions of Qatar's liquid natural gas projects. We are pursuing a major order from Qatar Airways. We plan to help develop desalination capability in the country. We will invest in service technology and people development there. Under the leadership of Nabil Habayeb, our new president and CEO for the Middle East and Africa, we will develop a "company-to-country" relationship that generates growth over the long term.

Funding Innovation

We have launched a process for innovation called Imagination Breakthroughs. Each Imagination Breakthrough (IB) project has the potential for at least $100 million of incremental growth. Today, we have 80 IBs in four categories: technical innovations; ideas that create value for customers and GE; opportunities to expand markets; and projects that make great ideas commercial products. They are funded and supported by great teams. Some will happen this year and others may take 10 years to reach full commercialization. Some just may not fly. Over the next four years, we plan to invest about $5 billion in Imagination Breakthroughs, and they could deliver $25 billion of incremental revenue growth in that time.

All of the Breakthroughs represent unique GE solutions. The Dual Card was launched in 2004 and combines store cards with consumer credit. It is a win for retailers and their consumers. The portable ultrasound, Vivid™ *i*, also was launched in 2004. It combines advanced imaging technology with ease of use. Vivid *i* could be the next stethoscope, improving healthcare globally with advanced diagnostics. The Hybrid Locomotive could save up to 15% over our Evolution locomotive's fuel consumption, and we are working toward achieving a commercial partnership in 2006.

You can see examples of our Imagination Breakthroughs throughout this report. They are bringing GE discipline to the innovation process as a way to accelerate growth.

New Benchmarks for Growth

There are pure "numerologists" in the world who say that a company like GE is too big to grow. Our job is to turn this around and prove that size will spur GE's growth. We have used our financial strength to build a fast-growth portfolio. Now we are using our breadth and depth to create unique GE solutions in technology, services, commercial excellence and globalization. We are using our process skills to make innovation more reliable. Our 11 businesses will grow one customer at a time.

Is 8% too lofty an aspiration? We are in markets that are growing faster than the overall economy. We have robust initiatives in services and globalization that represent a substantial portion of the Company's future revenues. Our technical pipeline and our approach to customers have great momentum. We have a series of innovative breakthroughs that are fully funded and that leverage GE process rigor. We can do this.

Most importantly, we have developed a new generation of growth leaders who are passionate about making this aspiration a reality.

Developing a Generation of Growth Leaders

Last year, I spoke about developing "growth leaders." Since every Company initiative begins with people and metrics, we recognized that our leadership development had to change. It had to match our growth aspirations.

We studied great growth businesses at GE and in the world to develop and train leaders with new, growth-oriented leadership traits. Our leaders are now trained and evaluated against five capabilities. They must:

- Create an external focus that defines success in market terms.
- Be clear thinkers who can simplify strategy into specific actions, make decisions and communicate priorities.
- Have imagination and courage to take risks on people and ideas.
- Energize teams through inclusiveness and connection with people, building both loyalty and commitment.
- Develop expertise in a function or domain, using depth as a source of confidence to drive change.

In addition, we are changing the GE culture by changing career expectations. We expect our people to spend more time in a business or on a job. Our teams are both excited and apprehensive about these changes.

Here's how I see it. In a big company, people can be seduced by breadth. You can imagine a career where you could do, literally, everything. But then you end up accomplishing nothing.

We owe it to our talent to teach them how to lead and grow businesses. This requires knowledge and time. In each business, we are creating 20 to 30 "pillar" jobs. These are key customer-facing or change-oriented assignments where the duration should be at least four to five years. With this time horizon, a leader can make his or her own bets and live with the consequences.

We know that pillar jobs work. They have been critical in the development of our best growth businesses and leaders. If you want to run a business in GE in the future, you will have done a pillar job.

Dave Nissen, CEO of Consumer Finance, is at the top of the list of GE growth leaders. Dave took Consumer Finance global in 1993; today it has $151 billion in assets, $121 billion of them outside the U.S. Dave has strong external focus and is a step ahead of trends and the competition. He is a clear thinker, with simple priorities shared across a diverse global enterprise. He has imagination, and Consumer Finance is the Company's leader in marketing. He is inclusive, with more than 70% of his employees outside the U.S. And Dave knows the domain. He has had the same job for 11 years, been promoted four times as the business has grown, and is still leading and having fun.

We also learned the value of growth traits from several newcomers to GE. With Amersham, we "acquired" Sir William Castell. We made Bill the leader of our healthcare business and he has had a massive impact. Bill hit our financial targets and adopted the process skills that are part of GE. But he has taught us about setting technical priorities and creating value in the healthcare industry. Because of Bill, we are creating a more customer-focused Company.

With Universal, we "acquired" Ron Meyer and Stacey Snider. This team knows how to make hard decisions on "soft" ideas. They are keeping the best of Universal's culture and adding GE capability to make the entire NBC Universal team more effective. As a result, the synergies between Universal and NBC are broader and deeper than we had imagined.

I am proud of the GE team. They have courage, passion and determination. They embrace change. It is the honor of my life to lead them.

Our Commitment to Investors

The board, the management team and I remain committed to performance with integrity. In other words, we believe that you can get great financial performance with the highest standards of governance and compliance. These concepts are compatible and mutually reinforcing.

Since 2002, we have stayed on a path that includes: a strong and independent board with a presiding director; increased transparency in financial reports and investor meetings; and alignment of CEO and executive compensation with investor interests. Our work has been recognized. The *Financial Times'* annual global survey of CEOs named GE the world's most respected company for the seventh consecutive year and placed us first for corporate governance. The Dow Jones Sustainability World Index also named us to their list for our environmental, social and economic programs.

I like and respect our Board of Directors. Its presence is felt throughout the Company. Ralph Larsen, our presiding director, is an excellent sounding board for me and has strong input into the board's agenda. The board interacts with our leaders in formal and informal settings. Roger Penske attended Commercial Finance's annual kickoff meeting; Claudio Gonzalez meets regularly with our Latin America team; Sandy Warner regularly attends Corporate Audit Staff and Controllership Council meetings; and Shelly Lazarus gives us great insights on our marketing campaigns. Our directors do a great job on the technical "rules of governance." But they also "feel" the culture because they know the people.

The financial report accompanying this letter is historic in that it is our first one covered by Section 404 of The Sarbanes-Oxley Act of 2002 (SOX). Thanks to Keith Sherin, our excellent CFO, our 380-person Corporate Audit Staff and our team of global business controllers, we are compliant from day one. Our Audit Committee, led by Sandy Warner, has been at the center of this process for the last two years. I appreciate all of their hard work.

But what does it mean to you? Is it a "check-the-box" bureaucracy based on an overreaction to the market scandals of yesterday? None of us likes more regulation, but I actually think SOX 404 is helpful. It takes the process control discipline we use in our factories and applies it to our financial statements. Implementing SOX 404 cost GE $33 million in 2004. But we think it is a good investment.

Frequently, I get asked whether new regulations and intensified scrutiny have taken the fun out of being a CEO. Sometimes I read about members of the business community fighting to reduce standards and return things to the way they were.

Investors should demand high standards of governance and great performance. Some managers failed investors in the late '90s. Companies were destroyed, value was lost, and billions are being paid because of fraud. This happened. SOX 404 is by no means perfect, but it is a price we are willing to pay to restore investor trust.

To me it is clear: I work for you. We live in a new day. High standards are good. At GE we embed governance and integrity in the operating culture. It starts with Ralph Larsen, our presiding director, and touches every member of the Company. Your management team is spending all of its time growing the Company with the highest integrity. We will not spend any time or resources defending the standards of yesterday.

High standards facilitate growth. They are not a burden. They are good for all of us.

Our Time

Over the last four years I have learned a little humility. Every time I saw the word "anemic" next to our growth rate, I wanted to scream, "Yeah, but ..." Then I remembered those old offensive line days, what it felt like to "play hurt."

Now we feel better. Because our team got better. We are a little more confident and a little less arrogant. We invested in the Company to create a faster-growth portfolio. We built consistent growth capability with technology, services, globalization and commercial excellence. We changed the culture, developing a generation of growth leaders. We played offense while others played defense. We performed.

We are greatly indebted to you, our long-term investors. You have trusted us and you believed in us. And you patiently waited for 2005, when GE would fire on all cylinders.

The future is now. GE is better positioned than ever. This is our time.

JEFFREY R. IMMELT
Chairman of the Board
and Chief Executive Officer

DENNIS D. DAMMERMAN
Vice Chairman of the Board
and Executive Officer

ROBERT C. WRIGHT
Vice Chairman of the Board
and Executive Officer

SIR WILLIAM M. CASTELL
Vice Chairman of the Board
and Executive Officer

February 11, 2005

GE has the right businesses in the right markets.

Now GE people are using the Company's storied operating skills to realize their new portfolio's potential.

We're developing Imagination Breakthroughs through a process for innovation that applies GE rigor to the creation of products and services that benefit customers.

And that fuel growth.

Today, tomorrow and in our time to come.

Real Time

Driving growth today

Every day, more than 300,000 people are making growth happen at GE.

Real growth, in real time.

Growth in 100 countries, across 11 businesses.
Growth in a $100 million box office smash.
Growth in the speed and portability of healthcare.
Growth in a new global brand that says "yes."

Growth that is all around us, even in a slow-growth world.

Growth. Right now.

(left to right)

ERIC DUCHARME
GE Transportation

TIM SCHWEIKERT
GE Transportation

GE Evolution Locomotive

GE TRANSPORTATION

GE's Evolution locomotive redefines efficiency. The Evolution generates 16 cylinders' worth of horsepower with only 12, cuts key emissions by up to 40% and is the first locomotive to meet new EPA emissions standards — all while delivering as much as 10% lower lifecycle costs to customers. Collaborating with customers, GE tested 50 pre-production models for the equivalent of 45 years of testing in 21 months. ▶ **The outcome? An evolution in performance and growth, with orders placed for more than 1,200 units.**

Growth is in the cards.

Dual Card
GE CONSUMER FINANCE

GE's Dual Card combines the best features of a private-label credit card with the utility and global acceptance of a bank credit card. Consumers benefit from enhanced loyalty programs, no annual fees, larger credit lines and the ability to use the card both in and out of GE's retail partners' stores. Retailers benefit from consumers' dramatically increased use of a Dual Card. And increased use of the card benefits GE. ▶ **By turning single cards into Dual Cards, Consumer Finance has added an incremental $1 billion in assets.**

JEFF MANCHESTER
GE Consumer Finance

Digital Content

NBC UNIVERSAL

The combination of NBC and Vivendi Universal Entertainment has created one of the world's leading producers, developers and marketers of media content for a new age. ▶ **With broadband proliferation a reality, NBC Universal is ready to deliver news, information and entertainment to the digital device of the consumer's choice**—be it a mobile phone, high-definition DVD or the Internet—or even a television set, as is now possible through NBC Weather Plus, the nation's first all-digital broadcast network.

(left to right)

NBC WEATHER PLUS

NBC Nightly News with Brian Williams

Late Night with Conan O'Brien

UNIVERSAL PICTURES' *Ray*

Making the world safer, one particle at a time.

Biodetection

GE INFRASTRUCTURE

It takes 16 to 72 hours on average to respond fully to a potential biological threat, with much of that time spent identifying what has been encountered. And yet every second counts in treating those who are exposed. ▶ **GE's new suite of biodetection products includes an innovative, nanotechnology-based sampler and analyzer that decreases the average response time to minutes while minimizing false alarms.** Such speed can accelerate treatment and help limit a threat's ability to spread. In 2005, GE plans to add these biodetection capabilities to GE StreetLab®, a portable device that detects both drugs and explosives. Biodetection is an estimated $500 million segment of the security industry that is growing at more than 10% annually.

BILL MCGANN
GE Infrastructure

Mobile Water

GE INFRASTRUCTURE

To get help quickly to where it's needed most, GE has put water on wheels. Water is essential for hundreds of manufacturing processes, and a disruption of the water supplies involved could devastate a business. ▶ **Mobile Water is a trailer-mounted system that delivers high-purity water 24/7.** Its round-the-clock availability and flexibility help customers avoid productivity losses due to outages planned or unplanned; in some cases, it provides a longer-term solution free of costly investment. With the acquisition of Ionics, GE will increase its fleet of mobile water systems to more than 600.

(left to right)

KERRY MURPHY
GE Infrastructure

RENGARAJAN RAMESH
GE Infrastructure

European Corporate Finance

GE COMMERCIAL FINANCE

With nearly $10 billion of European assets, GE Commercial Finance is poised to translate its role as a leading provider of leveraged lending in the U.S. into an increased presence in Europe. ▶ **With a wealth of U.S. experience using tools such as Six Sigma and At the Customer, For the Customer in financial services, GE can bring them into a European context to meet customers' distinct needs.** In 2004, Commercial Finance quadrupled European financing volumes and doubled earnings as it increased its activity as a lead arranger.

RICH LAXER
GE Commercial Finance

Growth formula: Less = More.

Cleaner Coal

GE ENERGY

Coal is the world's most abundant fossil fuel, with nearly 200 years of recoverable reserves compared with about 40 years of oil and 70 of natural gas. GE's innovative Cleaner Coal process uses breakthrough technology to convert coal into a gas that can fuel a gas turbine. By removing undesirable compounds such as mercury, particulates and sulfur before the fuel is burned—and by reducing the production of nitrogen oxides—the process is significantly cleaner than traditional coal plants. GE and Bechtel have begun feasibility studies for the construction of cleaner coal plants with American Electric Power and Cinergy Corp.
▶ **The technology has the potential for annual sales of $200 million in the next few years and $1 billion by the end of the decade.**

Vivid *i*

GE HEALTHCARE

Vivid *i*, a compact cardiovascular ultrasound system, is being hailed as the "visual stethoscope of the future."
▶ **GE engineers miniaturized the components of a sophisticated ultrasound system weighing more than 400 pounds to produce a portable, wireless system weighing only 10 pounds.** With Vivid *i* ultrasound, physicians can conduct diagnostic heart scans virtually anywhere, from a patient's bedside to the operating room to a mobile outpatient clinic, and then call up previous exams or send images to other physicians for real-time consultations. GE estimates the potential market for Vivid *i* ultrasound is more than $100 million over the next three years.

(left to right)

ED LOWE
GE Energy

OMAR ISHRAK
GE Healthcare

GE Money™

GE CONSUMER FINANCE

Behold the power of branding: GE has unified its 250 separate consumer finance brands around the world under one easily recognized banner, GE Money. By combining the speed and efficiency of a finance company with the trustworthiness of a bank, ▶ **GE Money—fast, flexible, and all about "yes"—is helping customers worldwide receive the financing they need quickly and easily.** That kind of responsiveness resonates around the world. GE Money-branded banks, kiosks and ATMs are open in 17 countries, with plans to re-brand more than 3,000 locations around the world.

ULRIKE GUIGUI
GE Consumer Finance

(left to right)

BRIAN DUCHINSKY
GE Healthcare

BOB ARMSTRONG
GE Healthcare

Life (signs) in the fast lane.

LightSpeed® VCT
GE HEALTHCARE

▶ **In the time it takes for you to be amazed at what you're seeing, the LightSpeed VCT scanner can scan the heart (in 5 beats)—and by the time you catch your breath, it can scan you head to toe.** GE's breakthrough VCT (volume computed tomography) technology obtains not just "slices" but volumes of data about the life-threatening causes of your chest pain—coronary artery disease, pulmonary embolism or aortic dissection—in one short breathhold. As a result, it helps doctors make fast, accurate and noninvasive diagnoses of cardiovascular conditions. GE has already received more than $150 million of orders for the new device.

Prime Time

Driving growth tomorrow

Growth is gaining momentum.

And GE leaders are ready to win, helping their customers become more profitable and getting traction in emerging markets.

Growth is harnessing the ocean wind and building a presence in the Middle East. It's increasing precision in diagnostic imaging and quenching consumers' thirst for cleaner water.

Growth is accelerating. GE leaders are driving.

U.S. Large-Cap Lending

GE COMMERCIAL FINANCE

As a leading provider of loans to mid-market companies, GE Commercial Finance saw a natural opportunity to grow into the adjacent market for "large-cap" lending (loans of $150 million or more). A disciplined market analysis led to a deeper appreciation of the unique customer requirements and competitive dynamics of this new segment. ▶ **GE Commercial Finance developed a distinct business model with dedicated sales teams, a broader product offering, improved syndication and streamlined loan approvals.** The success of such dramatic changes is usually measured in years, but after only six months, Commercial Finance is already making progress toward its goal of $100 million of large-cap net income growth by 2007.

STUART ARONSON
GE Commercial Finance

Whole Home Water

GE CONSUMER & INDUSTRIAL

Increasing concern about the quality of water is leading more consumers to purchase point-of-use water treatment devices for their homes. GE is planning to enter this $1 billion market by offering consumers a simple alternative to these complicated partial systems: ▶ **an all-in-one system serving every faucet in the home that will filter sand, dirt and rust, reduce lead and mercury, treat for taste and odor, kill bacteria and viruses, and soften water.** This advanced system is one of several breakthrough home products coming from GE, including new innovations in lighting, laundry and cooking.

CYNTHIA FANNING
GE Consumer & Industrial

Growth. Engine.

GEnx

GE TRANSPORTATION

GE continues to pioneer the world of flight by making it more energy-efficient and quieter. GE's latest engine, the GEnx, uses advanced compression and combustion technology to achieve dramatic gains in fuel efficiency and durability while delivering fewer emissions. ▶ **The GEnx engine has been selected by Boeing for its new 787 Dreamliner and by Airbus for its new A350 aircraft,** both of which are expected to provide substantially improved operating economics over today's comparable aircraft. GE expects to begin testing the full GEnx engine in 2006, with entry into commercial service in 2008. The industry estimate for aircraft in this category is approximately 3,000 over the next 20 years.

Growth is just off the coast.

Offshore Wind

GE ENERGY

Some of GE's biggest developments are literally plucked out of thin air. By capturing the abundant winds at sea, an offshore wind turbine can generate more power than its land-based counterpart. ▶ **To harness these free and renewable winds, GE is developing a family of large wind turbines featuring a robust, high-efficiency design and advanced electronics.** With blade rotors as long as a football field, and towers as high as a 30-story building, these wind turbines can be developed in large-scale "farms" like the one shown here off the coast of Arklow, Ireland, to provide power for coastal cities where available land area is limited. Offshore wind projects announced or in active development could generate a total of more than 30 gigawatts, enough to power more than 12 million homes.

The Middle East

The Middle East is one of the world's fastest-growing regions. Today it produces more than half of the world's desalinated water, and over the next decade it will require an estimated 30 gigawatts of new power generation capacity. ▶ **GE's world-class infrastructure technology and its expertise in financing and management make it uniquely qualified to help build the region's energy, transportation, water and healthcare capabilities and establish a foundation for lasting economic growth.** GE's experience in developing countries has led to the insight that "globalization" means localization, and the Company's Middle East team includes members from virtually every country in the region.

(left to right)

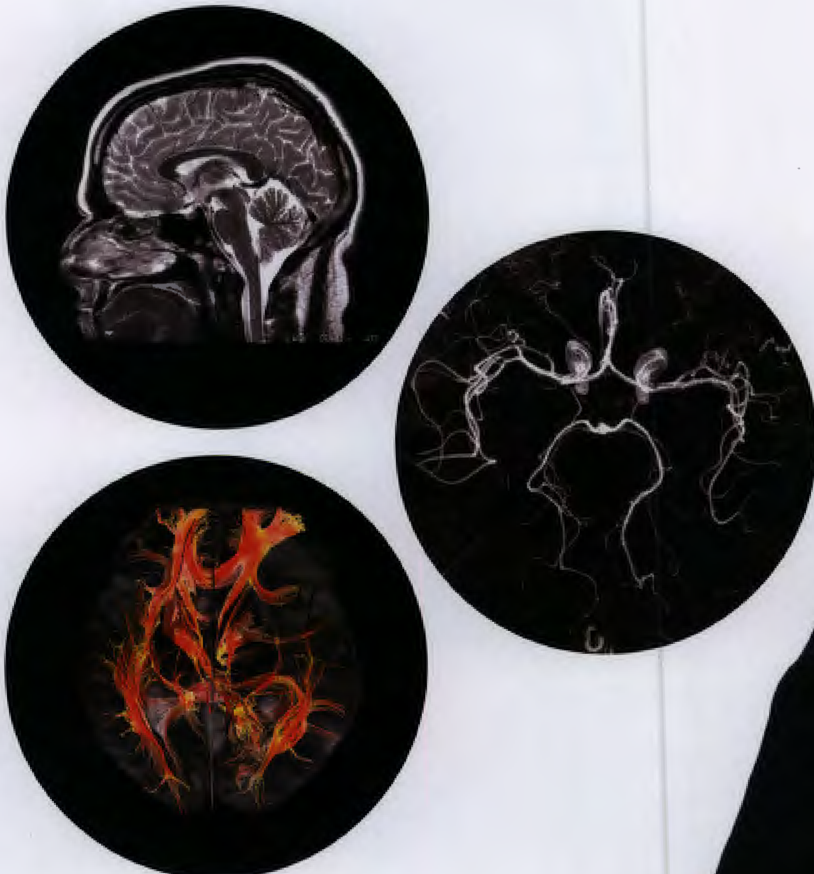
ALI HAKAMI
ISAM MOURSY
NABIL HABAYEB
RANA NAWAS
YIBRAH TESFAZGHI
GE Middle East and Africa

TODD HOFF
GE Advanced Materials

Growth on display.

Display Films
GE ADVANCED MATERIALS

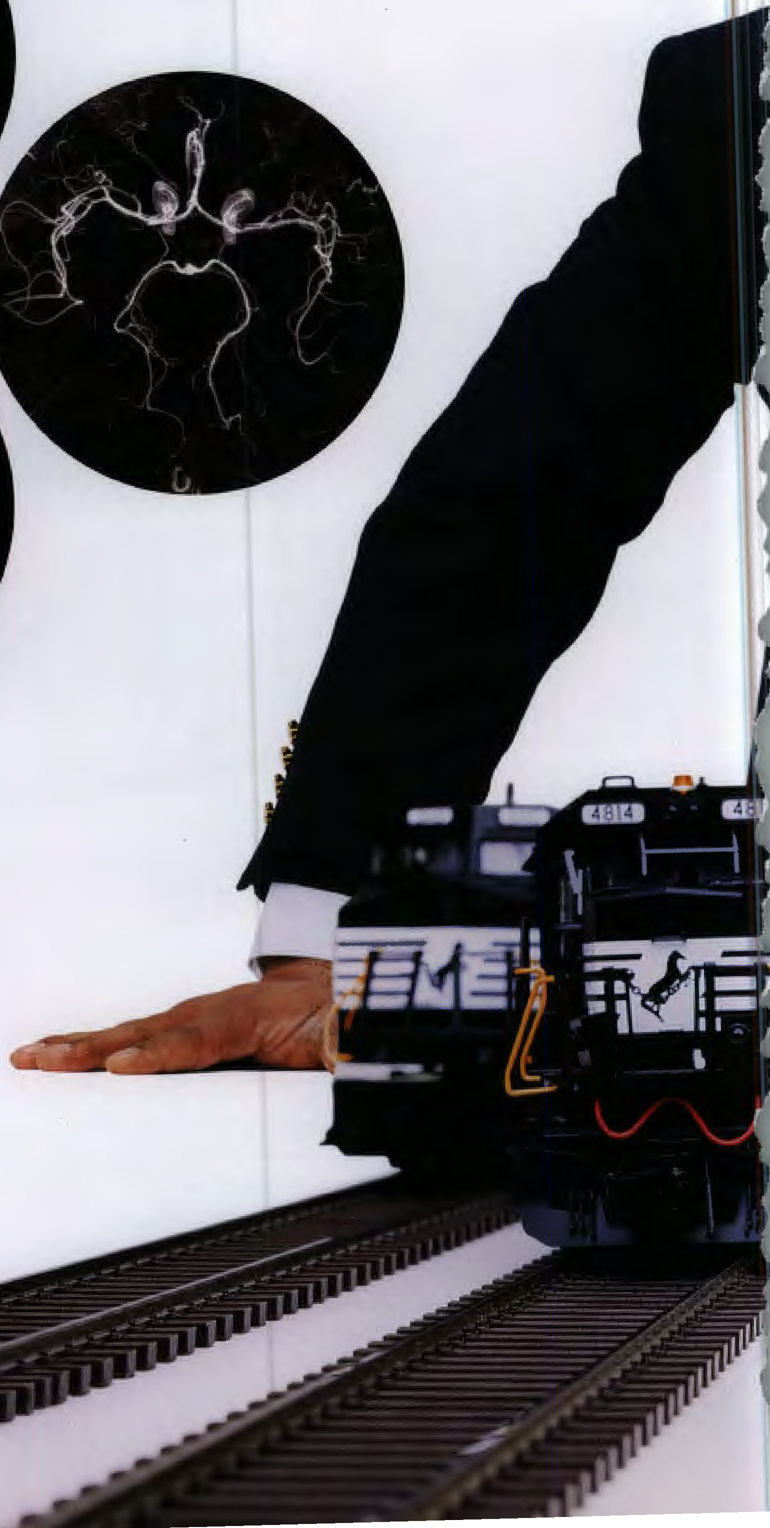
Combine GE's LEXAN® optical resins, clean room manufacturing and optical science, and you have entirely new materials for use in liquid crystal displays. By embedding new, proprietary technology directly into its ILLUMINEX™ display films, GE avoids the flaking and deterioration of competing products—an improvement that may help customers increase their yields and enable more reliable, higher-quality displays. ▶ **GE is distinguishing itself in a growing $1.5 billion segment** with clear benefits for monitor manufacturers and users alike.

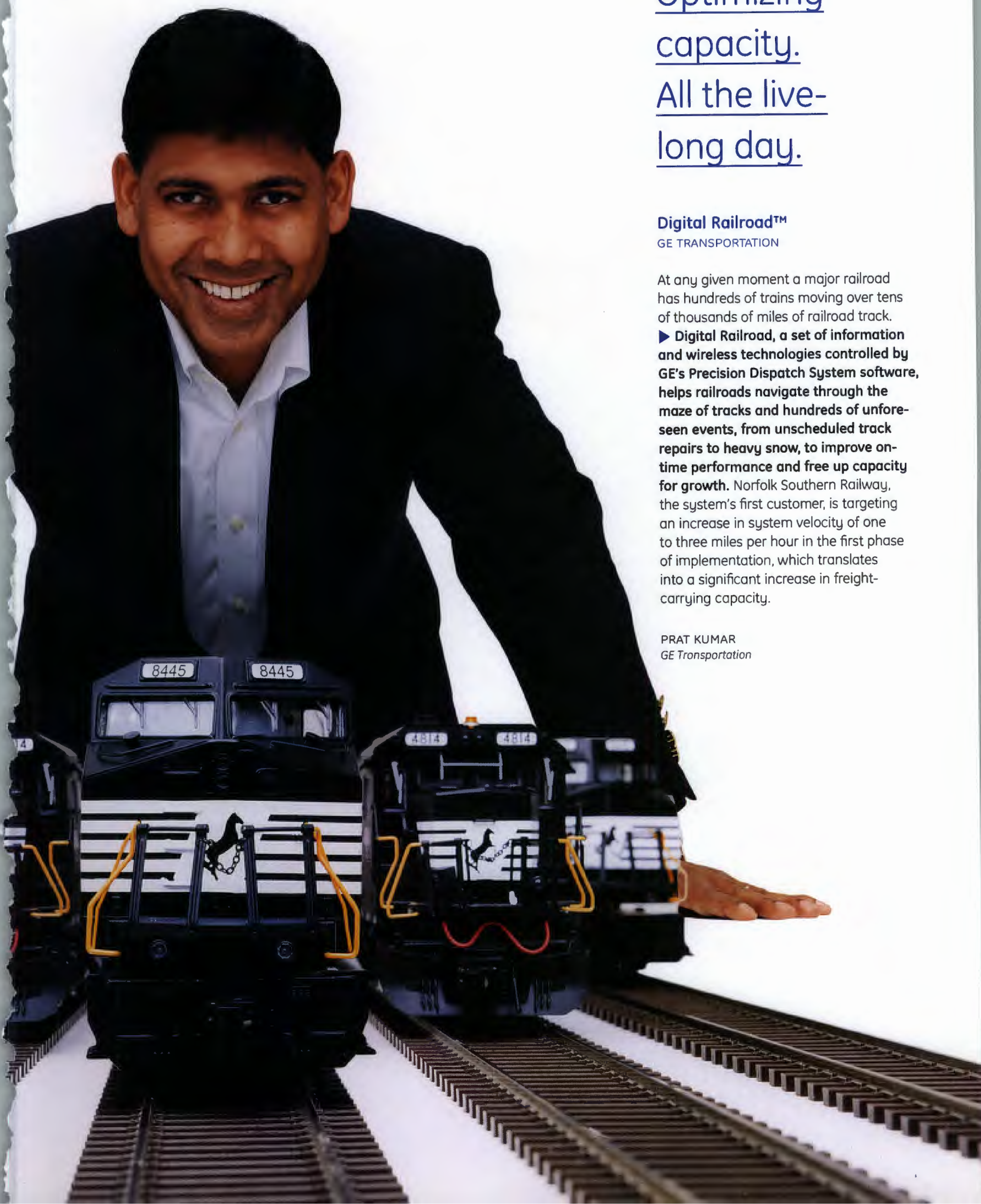


3T MR

GE HEALTHCARE

At the heart of GE's 3T MR system is a powerful and compact 3 Tesla-strength magnet that enables the capture of images ▶ **not only of the anatomy of the brain, but of the brain's actual function and "wiring" of white matter tracts.** This breakthrough in MR (magnetic resonance) technology can help surgeons perform pre-surgical planning that allows them to avoid key areas of the brain during surgery, including those that control critical functions such as speech and motor skills. The global market for MR imaging devices is growing at 35% per year.





Optimizing capacity. All the live-long day.

Digital Railroad™
GE TRANSPORTATION

At any given moment a major railroad has hundreds of trains moving over tens of thousands of miles of railroad track. ▶ **Digital Railroad, a set of information and wireless technologies controlled by GE's Precision Dispatch System software, helps railroads navigate through the maze of tracks and hundreds of unforeseen events, from unscheduled track repairs to heavy snow, to improve on-time performance and free up capacity for growth.** Norfolk Southern Railway, the system's first customer, is targeting an increase in system velocity of one to three miles per hour in the first phase of implementation, which translates into a significant increase in freight-carrying capacity.

PRAT KUMAR
GE Transportation

In Time

Driving growth in the future

Growth is on the horizon.

It's growth that's not yet taken final, commercial form — but hovers as an idea, a concept, a "what-if?"

It's the reverberations we'll feel as an entire generation of baby-boomers ages. It's the salt we won't taste in seawater. It's the "over already?" feel of a short-hop flight, and an ornate pattern of opportunity in China.

It's the vision and diligence of GE people watching markets, anticipating customers' needs, and imagining the future as better, more convenient, more valuable.

It's growth that is a long way off. But it's coming.

GE people will bring it home.

Desalination

GE INFRASTRUCTURE

By 2025, nearly 50% of the world's population will live in water-stressed areas, according to the World Meteorological Organization, and conservation and reuse alone will not solve global water scarcity. ▶ **Desalination removes saline from brackish or sea water and creates fresh water for drinking, irrigation and industrial use.** GE's unique total system approach helps decrease both the capital investment required and the cost of water production, and it also optimizes energy efficiency. GE is combating today a significant problem of tomorrow: the global market for desalination is projected to be $4.5 billion in 2005, escalating to $10 billion by 2014 and then doubling or even tripling by 2025.

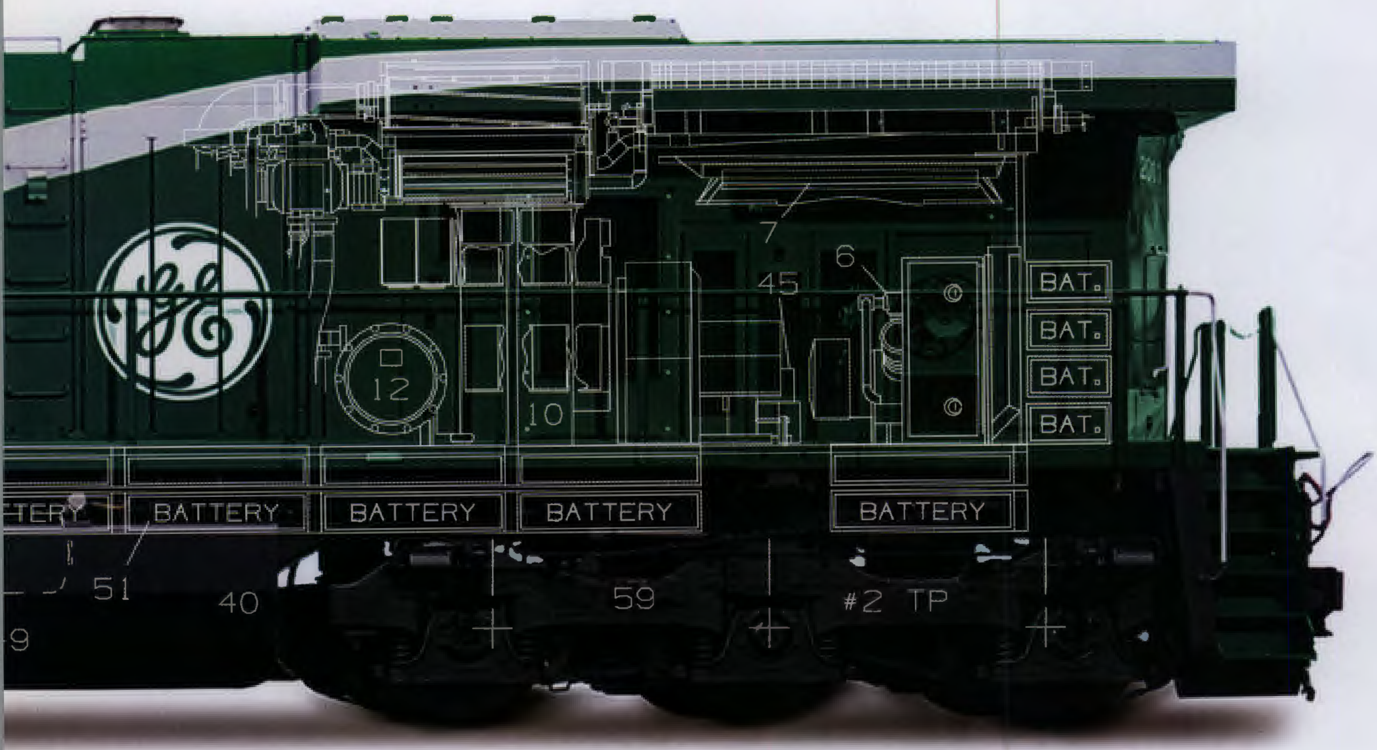
LYNNE ROWLAND
GE Infrastructure

Stop. Store. Grow.

Hybrid Locomotive

GE TRANSPORTATION

The energy dissipated in braking a 207-ton locomotive is enough to power 150 households. ▶ **According to GE engineers, a locomotive that could capture all that dynamic energy and store it in batteries for later use could generate a 2,000-horsepower boost and use up to 15% less fuel than the industry-leading GE Evolution—and reduce emissions another 10%.** In addition to environmental advantages, a hybrid would operate more efficiently in higher altitudes and up steep inclines. GE is working to unleash this potential to drive future performance and growth.



China Consumer Finance

GE CONSUMER FINANCE

The sheer scale of growth in China staggers the imagination, as the world's most populous nation builds the physical infrastructure required to support the economic development of more than one billion people. Long-term projections estimate that, by 2020, China could have a GDP of $5 trillion, demand for 900 gigawatts of power, 100 airports with 2,500 aircraft, 16 million vehicles in the world's largest car market, and water requirements three times those of the U.S.

▶ **China's financial infrastructure will evolve as well, and by 2020 the country could have 500 million active consumers requiring credit cards, auto loans, mortgages and personal financing products.** GE Consumer Finance is there today laying the groundwork to help those consumers build their dreams tomorrow.

MICHAEL BARRETT
GE Consumer Finance

Very Light Jet
GE TRANSPORTATION

Eighty-five percent of business travel is by car—for now. ▶ **A new class of jet engine being commercialized by a GE-Honda joint venture could enable travelers to make 300- to 500-mile trips three times faster than by car or commercial airline.** The engine (shown here with the GE90™-115B, the world's largest jet engine) could create a new "on demand" market, which by 2020 could include as many as 2,000 small jet aircraft flying four to eight passengers among the vast number of small airports not served by major airlines.

GARY LEONARD
GE Transportation

APRIL DORCAS
GE Healthcare

Saving a million tomorrows.

Holistic Breast Cancer Management
GE HEALTHCARE

This year, more than one million women will be diagnosed with breast cancer. Early diagnosis can give them a dramatically higher chance of survival and make the disease significantly less expensive to manage. ▶ **GE's Imagination Breakthrough will address breast cancer comprehensively, using GE's advanced healthcare technologies** to identify high-risk individuals before the disease appears, diagnose them earlier and ensure the best possible therapies throughout the course of treatment.

Lead Time

It's our time because...

"We're leaner, faster and smarter than we were a year ago when our business was created with the merger of GE Consumer Products and GE Industrial Systems. We've streamlined our structure, simplified our processes, and generated significant savings that we're reinvesting in new products such as Entellisys™ intelligent switchgear, the GE front-load washer and dryer, and long-life discharge headlamps that will help us lead in our industries. All this adds up to our being more focused and better able to serve our customers than ever before. It's going to be a great year. We have a world of opportunities to grow better together in 2005 and beyond."

Lloyd Trotter and Jim Campbell

Our Businesses

(this page, left to right)

LLOYD TROTTER
GE Consumer & Industrial

MIKE NEAL
GE Commercial Finance

RANDY FALCO
NBC Universal

RON MEYER
NBC Universal

"This year, we see more opportunities than ever in almost every aspect of business lending, leasing and financing. By organizing around industries through 'verticals,' we're tailoring Commercial Finance to customer needs. You can expect more from us globally in 2005 as well. Europe represents enormous opportunity, and our European Corporate Finance effort, an Imagination Breakthrough, is a shining example. We're also simpler today, with more efficient, consistent and cost-effective results for us and for our customers. We're easier to do business with, and that's good for customers and for GE. In 2005, Commercial Finance's time will prove more productive—and exciting—than any in our history."

Mike Neal

"We're succeeding in high-growth global markets, including Brazil, eastern Europe and India as well as China. We've invested in proprietary technology and developed dozens of innovative high-performance resin, silicone and quartz products. We're more than offsetting high raw materials prices with productivity, product mix and price. We feel very good about the future."

John Krenicki

"We've taken the actions necessary for better performance. We have increased underwriting discipline, strengthened investment management, renewed our focus on customer service and built the right team to complete a challenging turnaround. Our customers feel it, our associates thirst for it and our investors deserve it."

Ron Pressman

"Our new product pipeline is full of cutting-edge technology, recent acquisitions provide a full range of world-class capabilities in Water and Security, and our plans for simplifying our businesses' organizations and reaching customers in new ways will pay off both in efficiency and growth."

Bill Woodburn

"We are introducing our new global brand, GE Money, into consumer finance markets with huge growth potential. We are harnessing the power of our global financial services business, which we've grown to more than $150 billion in assets while levering the incredible power of the GE brand. We've been averaging more than 100 new product introductions per year across our businesses in 41 countries, and GE Money gives us a powerful new way to deepen and extend our relationship with consumers."

Dave Nissen

(this page, left to right)

DAVE NISSEN
GE Consumer Finance

CHARLENE BEGLEY
GE Transportation

JOHN KRENICKI
GE Advanced Materials

BILL WOODBURN
GE Infrastructure

RON PRESSMAN
GE Insurance

"We're focused on the demands of a new century for more efficient and cleaner ways of producing energy. We have developed the most advanced power turbine technologies available, as exemplified by our H System™ combined-cycle turbine. We have invested in coal gasification technology and diversified our portfolio to include renewable offerings, including wind, solar and biomass. We are providing advanced products and services for the oil and gas industry and have developed innovative services to help all of our customers get the most out of their assets. We're dedicated to meeting the world's energy requirements with solutions that help protect and preserve our environment."

John Rice

"Our strategy is working and building momentum. We have the right people. We are right-sizing the quantity and quality of our assets and aligning them with customer demand. More importantly, we are driving strategic growth and penetrating new markets like eastern Europe, Mexico and China. We're also developing new products like our VeriWise™ trailer-tracking product, an Imagination Breakthrough that's enabling customers to improve productivity as well as cargo security."

Art Harper

"We've got a great slate of films, new venues in which to promote them, and new resources we can use to continue to build our business."

Stacey Snider

"We've got owners who are in it for the long haul and who bring terrific television assets to our film and theme park assets."

Ron Meyer

"We've got a dynamite TV production team and I've got superb colleagues in Stacey, Ron and Randy."

Jeff Zucker

"We've got twice the entertainment assets to market, talented new marketing and sales people, and much more diversified revenues."

Randy Falco

"We've got the best content in the media business, great positioning for the digital media of the future, and I've got Randy Falco, Ron Meyer, Stacey Snider and Jeff Zucker."

Bob Wright

"The world's economies need infrastructure to enable and support growth, particularly in the developing world, where the pace of economic growth is fastest today. GE is uniquely positioned to bring multi-business solutions to some of the world's biggest challenges. And consumers everywhere want access to the same goods and services, whether they are in Paris, Dubai, Moscow or Nairobi. As a truly global company, with employees in many countries around the globe, we can talk to our customers in their own language and with a full understanding of local needs."

Nani Beccalli-Falco

"We are at the epicenter of GE's technological innovations. We have 2,500 scientists and engineers at four research centers around the world researching emerging technologies such as biotechnology, sustainable energy and nanotechnology. We have the opportunity to develop these exciting new technologies and successfully translate them into commercial successes through close interaction with our business marketing and technology teams. It makes us uniquely capable of bringing novel solutions to the marketplace. Our ability to transfer core technologies from one business to another—a breakthrough in imaging helps not only Healthcare but also our security and inspections businesses—is a real competitive advantage. Our passion is innovation; our focus is bringing technology to the marketplace where it can change peoples' lives. That's our heritage and it's why we are thriving today."

Scott Donnelly

"We've emerged from the toughest period in our industry with half a dozen new aircraft engines, a breakthrough locomotive, 30,000 installed engines and locomotives to maintain and upgrade, potential new customers around the globe, and new ways for our customers to get more out of their assets. GE has never blinked in supporting aviation and rail customers worldwide with innovation and services that make them more profitable. We're going to do that with new composites for our aircraft engine blades and new inspection, signaling and control technologies for rail and aviation customers. Merging our aircraft engines and rail operations into a single GE business over the past year has been a complete success. It's hard to imagine a time when our prospects have looked brighter."

Dave Calhoun and Charlene Begley

"As the world's leading diagnostic healthcare company, we are working to transform healthcare and make it safer, more effective and patient-centered. We are combining our expertise in diagnostic and information technologies with our knowledge of genetics to better understand disease and provide doctors with more information to guide their decisions. Our products will enable doctors to predict and diagnose disease earlier and identify the best treatments for each patient."

Bill Castell, Joe Hogan and Peter Loescher

(previous page, left to right)

JOHN RICE
GE Energy

STACEY SNIDER
NBC Universal

ART HARPER
GE Equipment Services

NANI BECCALLI-FALCO
GE International

JEFF ZUCKER
NBC Universal

DAVE CALHOUN
GE Transportation

(this page, left to right)

SCOTT DONNELLY
GE Global Research

JOE HOGAN
GE Healthcare

PETER LOESCHER
GE Healthcare

JIM CAMPBELL
GE Consumer & Industrial

The primary role of GE's Board of Directors is clear: to oversee how management serves the interests of shareowners and other stakeholders. To do this, GE's directors have adopted corporate governance principles aimed at ensuring that the board is independent and is fully informed on the key strategic issues facing GE. GE's goal is to have two-thirds of its board be independent under a strict definition of independence. Today, 11 of GE's 16 directors meet that standard.

Governance

In November 2004, the *Financial Times'* annual survey of 1,100 CEOs from around the world recognized the board's commitment by rating the Company number one in corporate governance. As part of its oversight of management, in 2004, our outside board members made 30 visits to GE businesses. The board also received special briefings on a variety of strategic issues, including: financial structure, controllership and financial risk, technology, security, the competitive strategy of each business, compliance and corporate social responsibility. The board and each of its committees conducted a thorough self-evaluation as part of its normal governance cycle. Each of the committees recommended changes to its key practices and the board updated GE's governance principles. Each of these documents is published in the Governance section of the GE Web site at www.ge.com/governance.

The GE board held 10 meetings in 2004. In December, the board voted to increase GE's quarterly dividend for the 29th consecutive year. The Audit Committee, composed entirely of independent directors, held 10 meetings to review the activities and independence of GE's external auditors and the activities of GE's internal audit staff. It also reviewed our progress in implementing the internal control requirements of Section 404 of The Sarbanes-Oxley Act of 2002 and compliance with key GE policies and applicable laws. The Management Development and Compensation Committee, composed entirely of independent directors, in nine meetings approved all executive compensation actions for our executive officers and reviewed all executive compensation plans, policies and practices, changes in executive assignments and responsibilities, and key succession plans. The Nominating and Corporate Governance Committee, composed entirely of independent directors, met four times to consider GE's response to corporate governance trends and to nominate directors. The Public Responsibilities Committee, in three meetings, reviewed GE's litigation matters, policy issues relating to security, and GE's policy on charitable contributions.

Finally, we are grateful for the energetic, insightful and constructive service given to GE by Ken Langone, who has decided not to stand for re-election to the board.

EXTERNAL DIRECTORS
(previous page, left to right)

Claudio X. Gonzalez [1, 2, 3]
Chairman of the Board and Chief Executive Officer, Kimberly-Clark de Mexico, S.A. de C.V., Mexico City, and Director, Kimberly-Clark Corporation, consumer products. Director since 1993.

Ann M. Fudge [4]
Chairman and Chief Executive Officer, Young & Rubicam Inc., advertising and media services, New York, N.Y. Director since 1999.

Robert J. Swieringa [1]
Anne and Elmer Lindseth Dean and Professor of Accounting, S.C. Johnson Graduate School of Management, Cornell University, Ithaca, N.Y. Director since 2002.

Roger S. Penske [4]
Chairman of the Board, Penske Corporation, Penske Truck Leasing Corporation and United Auto Group, Inc., transportation and automotive services, Detroit, Mich. Director since 1994.

Sam Nunn [2, 4]
Co-Chairman and CEO, Nuclear Threat Initiative, Washington, D.C. Director since 1997.

James I. Cash, Jr. [1, 4]
Retired James E. Robison Professor of Business Administration, Harvard Graduate School of Business, Boston, Mass. Director since 1997.

A.G. Lafley [3]
Chairman, President and Chief Executive, The Procter & Gamble Company, personal and household products, Cincinnati, Ohio. Director since 2002.

Andrea Jung [2, 3]
Chairman of the Board and Chief Executive Officer, Avon Products, Inc., cosmetics, New York, N.Y. Director since 1998.

Kenneth G. Langone [1, 3]
Chairman, President and Chief Executive Officer, Invemed Associates, LLC, investment banking and brokerage, New York, N.Y. Director since 1999.

Douglas A. Warner III [1, 2, 3]
Former Chairman of the Board, J.P. Morgan Chase & Co., The Chase Manhattan Bank, and Morgan Guaranty Trust Company of New York, investment banking, New York, N.Y. Director since 1992.

Ralph S. Larsen [2, 3, 5]
Former Chairman and CEO, Johnson & Johnson, pharmaceutical, medical and consumer products, New Brunswick, N.J. Director since 2002.

Rochelle B. Lazarus [3, 4]
Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide, advertising, New York, N.Y. Director since 2000.

INTERNAL DIRECTORS
(pictured on page 3)

Jeffrey R. Immelt [4]
Chairman of the Board and Chief Executive Officer, General Electric Company. Director since 2000.

Sir William M. Castell [4]
Vice Chairman of the Board and Executive Officer, General Electric Company, and President and Chief Executive Officer, GE Healthcare. Director since 2004.

Dennis D. Dammerman [4]
Vice Chairman of the Board and Executive Officer, General Electric Company, and Chairman, General Electric Capital Services, Inc. Director since 1994.

Robert C. Wright [4]
Vice Chairman of the Board and Executive Officer, General Electric Company, and Chairman and Chief Executive Officer, NBC Universal, Inc. Director since 2000.

1 Audit Committee

2 Management Development and Compensation Committee

3 Nominating and Corporate Governance Committee

4 Public Responsibilities Committee

5 Presiding Director

GE EMPLOYEES AND LOCAL WORKERS INSTALL A 45-CUBIC METER STORAGE TANK FOR DRINKING WATER IN BANDA ACEH, INDONESIA

Photo Credit: Ernest Goh/U.S. Newswire/WpN

Citizenship

Your Company has a long history of supporting the communities where we work and live through GE's unique combination of resources, equipment, and employees' and retirees' heart and soul. Today our responsibility extends to communities around the world. The GE family reacted quickly to respond to the needs of thousands of survivors after the tsunami tragedy in South Asia.

GE employees around the world donated a total of $3.8 million to the Red Cross/Red Crescent and UNICEF for tsunami relief efforts, which was matched by the GE Foundation and augmented by an additional $1.1 million in grants. GE donated more than $10 million in equipment and services, including two water purification systems to Indonesia that have the capacity to provide potable water for tens of thousands of people daily. Two telethons hosted by NBC Universal on its television stations and its broadcast and cable platforms raised approximately $32 million. In total, the GE family donated more than $19 million and helped raise millions more.

The GE family continued its strategic philanthropic efforts as well. We completed the first year of a five-year, $20 million project to improve the infrastructure of hospitals and clinics in Africa with donations of healthcare and power generation equipment, water filtration systems, appliances and lighting.

The GE Foundation invested in improving the equity and quality of and access to education with a total of $52 million in grants worldwide. Many of those efforts were bolstered by the work of GE volunteers.

In 2004, contributions from the GE Foundation, GE businesses, and employees and retirees totaled over $150 million and more than one million volunteer hours for key community initiatives.

GE was honored to receive broad recognition for our citizenship initiatives. GE received the Catalyst Award for excellence in developing and promoting women, and the Executive Leadership Council Award for excellence in our work with African-American employees. And GE was added to the Dow Jones Sustainability Index, joining a highly selective group of companies representing the top 10% in 60 industry groups across 34 countries chosen for their environmental, social and economic programs.

Contents

We also present our financial information electronically at **www.ge.com/investor**. This award-winning site is interactive and informative.

Management's Discussion of Financial Responsibility

We believe that great companies are built on a foundation of reliable financial information and compliance with the spirit and letter of the law. For GE, that foundation includes rigorous management oversight of, and an unyielding dedication to, controllership. The financial disclosures in this report are one product of our commitment to high quality financial reporting. In addition, we make every effort to adopt appropriate accounting policies, we devote our full resources to ensuring that those policies are applied properly and consistently and we do our best to fairly present our financial results in a manner that is complete and understandable. While we take pride in our financial reporting, we tirelessly seek improvements, and we welcome your suggestions.

RIGOROUS MANAGEMENT OVERSIGHT

Members of our corporate leadership team review each of our businesses routinely on matters that range from overall strategy and financial performance to staffing and compliance. Our business leaders monitor financial and operating systems, enabling us to identify potential opportunities and concerns at an early stage and positioning us to respond rapidly. Our Board of Directors oversees management's business conduct, and our Audit Committee, which consists entirely of independent directors, oversees our system of internal controls and procedures.
We continually examine our governance practices in an effort to enhance investor trust and improve the Board's overall effectiveness. The Board and its committees annually conduct a performance self-evaluation and recommend improvements. Our Presiding Director led three meetings of non-employee directors this year, helping us sharpen our full Board meetings to better cover significant topics. Compensation policies for our executives are aligned with the long-term interests of GE investors. For example, payout of CEO equity grants are contingent on our Company meeting key performance metrics.

DEDICATION TO CONTROLLERSHIP

We maintain a dynamic system of internal controls and procedures—including internal control over financial reporting—designed to ensure reliable financial record-keeping, transparent financial reporting and disclosure, and protection of physical and intellectual property. We recruit, develop and retain a world-class financial team. Our internal audit function, 530 auditors, including 380 members of our Corporate Audit Staff, conducts thousands of financial, compliance and process improvement audits each year, in every geographic area, at every GE business. We recognized the contributions of our controllers and these auditors with a Chairman's Leadership Award in 2005. The Audit Committee oversees the scope and evaluates the overall results of these reviews. Our global integrity policies—the "Spirit & Letter"—require compliance with law and policy, and pertain to such vital issues as upholding financial integrity and avoiding conflicts of interest. These integrity policies are available in 27 languages, and we have provided them to every one of GE's more than 300,000 global employees, holding each of these individuals—from our top management down—personally accountable for compliance. Our integrity policies serve to reinforce key employee responsibilities around the world, and we inquire extensively about compliance. Our strong compliance culture reinforces these efforts by requiring employees to raise any compliance concerns and by prohibiting retribution for doing so. To facilitate open and candid communication, we have designated ombudspersons throughout the Company to act as independent resources for reporting integrity or compliance concerns. We hold our consultants, agents and independent contractors to the same integrity standards.

VISIBILITY TO INVESTORS

We are keenly aware of the importance of full and open presentation of our financial position and operating results and rely for this purpose on our disclosure controls and procedures, including our Disclosure Committee, which comprises senior executives with detailed knowledge of our businesses and the related needs of our investors. We ask this committee to evaluate the fairness of our financial and non-financial disclosures, and to report their findings to us and to the Audit Committee. We further ensure strong disclosure by holding more than 250 analyst and investor meetings every year. Recognizing the effectiveness of our disclosure policies, investors surveyed annually by *Investor Relations* magazine have given us 24 awards in the last nine years, including Best Overall Investor Relations Program by a mega-cap company for six of those years. We are in regular contact with representatives of the major rating agencies, and our debt continues to receive their highest ratings. We welcome the strong oversight of our financial reporting activities by our independent registered public accounting firm, KPMG LLP, who are engaged by and report directly to the Audit Committee. Beginning this year, U.S. legislation requires management to report on internal control over financial reporting and for auditors to render an opinion on such controls. Our report and the KPMG LLP report for 2004 appear on page 47.

A GREAT COMPANY

GE continues to earn the admiration of the business world. We were named "The World's Most Respected Company" for the seventh consecutive year in the *Financial Times/* PricewaterhouseCoopers annual CEO survey, and again ranked first in corporate governance.

We present our financial information proudly, with the expectation that those who use it will understand our Company, recognize our commitment to performance with integrity, and share our confidence in GE's future.

Jeff Immelt

JEFFREY R. IMMELT
Chairman of the Board and
Chief Executive Officer

Keith S. Sherin

KEITH S. SHERIN
Senior Vice President, Finance
and Chief Financial Officer

February 11, 2005

Management's Annual Report on Internal Control Over Financial Reporting

The management of General Electric Company is responsible for establishing and maintaining adequate internal control over financial reporting for the company. With the participation of the Chief Executive Officer and the Chief Financial Officer, our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2004.

General Electric Company's independent auditor, KPMG LLP, a registered public accounting firm, has issued an audit report on our management's assessment of our internal control over financial reporting. This audit report appears below.

Jeff Immelt Keith S. Sherin

JEFFREY R. IMMELT
Chairman of the Board and
Chief Executive Officer

KEITH S. SHERIN
Senior Vice President, Finance
and Chief Financial Officer

February 11, 2005

Report of Independent Registered Public Accounting Firm

To Shareowners and Board of Directors of General Electric Company

We have audited the accompanying statement of financial position of General Electric Company and consolidated affiliates ("GE") as of December 31, 2004 and 2003, and the related statements of earnings, changes in shareowners' equity and cash flows for each of the years in the three-year period ended December 31, 2004. We also have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that GE maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). GE management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on these consolidated financial statements, an opinion on management's assessment, and an opinion on the effectiveness of GE's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements appearing on pages 72, 74, 76, 53 and 78–111 present fairly, in all material respects, the financial position of GE as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, management's assessment that GE maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in *Internal Control—Integrated Framework* issued by COSO. Furthermore, in our opinion, GE maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

As discussed in note 1 to the consolidated financial statements, GE in 2004 and 2003 changed its method of accounting for variable interest entities, in 2003 changed its method of accounting for asset retirement obligations and in 2002 changed its methods of accounting for goodwill and other intangible assets and for stock-based compensation.

Our audits of GE's consolidated financial statements were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating information appearing on pages 73, 75 and 77 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

KPMG LLP
Stamford, Connecticut

February 11, 2005

Operations

Our consolidated financial statements combine the industrial manufacturing, services and media businesses of General Electric Company (GE) with the financial services businesses of General Electric Capital Services, Inc. (GECS or financial services).

We present Management's Discussion of Operations in five parts: Overview of Our Earnings from 2002 through 2004, Global Risk Management, Segment Operations, Global Operations and Environmental Matters.

In the accompanying analysis of financial information, we sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission (SEC) rules; those rules require the supplemental explanations and reconciliations provided on page 70.

2004 WAS A YEAR OF PORTFOLIO TRANSITION. As described in our report last year, we simplified our organization on January 1, 2004, by realigning certain businesses within our segment structure. Certain prior-period amounts in this financial section have been reclassified to reflect this reorganization.

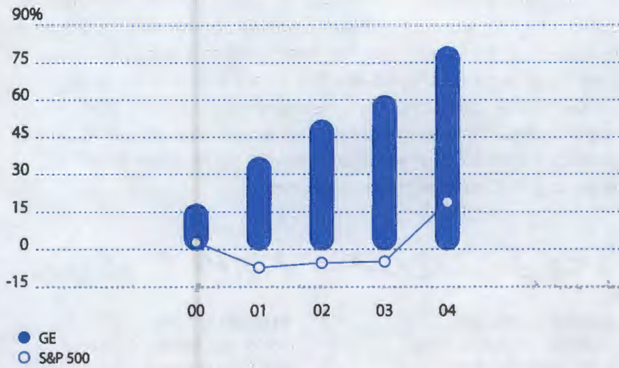
We continued making progress toward our objectives through strategic acquisitions, mergers and dispositions.

- In April 2004, we acquired Amersham plc (Amersham), a world leader in medical diagnostics and life sciences, to complement our existing Healthcare business.
- In May 2004, we combined NBC with Vivendi Universal Entertainment LLLP (VUE) to create one of the world's leading media companies, NBC Universal.
- In May 2004, we also completed an initial public offering of Genworth Financial, Inc. (Genworth), our formerly wholly-owned subsidiary that conducts most of our consumer insurance business, including life and mortgage insurance operations. We sold approximately 30% of the common shares of Genworth to the public, and we expect (subject to market conditions) to reduce our ownership over the next two years as Genworth transitions to full independence. This transaction resulted in a second quarter pre-tax loss of $0.6 billion ($0.3 billion after tax), recognized in the Insurance segment.
- In December 2004, we sold a majority interest in Gecis, our global business processing operation, to two leading private investment firms. We received cash proceeds of $0.6 billion and retained a 40% investment in Gecis. This transaction resulted in a fourth quarter pre-tax gain of $0.4 billion ($0.3 billion after tax), recognized in the Equipment & Other Services segment.

WE DECLARED $8.6 BILLION IN DIVIDENDS IN 2004. Per-share dividends of $0.82 were up 6% from 2003, following a 5% increase from the preceding year. In December 2004, our Board of Directors raised our quarterly dividend 10% to $0.22 per share. We have rewarded our shareowners with over 100 consecutive years of dividends, with 29 consecutive years of dividend growth, and our dividend growth for the past five years has significantly outpaced that of companies in the Standard & Poor's 500 stock index.

Except as otherwise noted, the analysis in the remainder of this section presents the results of GE (with GECS included on a one-line basis) and GECS. See the Segment Operations section on page 52 for a more detailed discussion of the businesses within GE and GECS.

GE/S&P CUMULATIVE DIVIDEND GROWTH SINCE 1999



Overview of Our Earnings from 2002 through 2004

The global economic environment must be considered when evaluating our results over the last several years. Important factors for us included slow global economic growth, a weakening U.S. dollar, lower global interest rates, a mild U.S. recession that did not cause significantly higher credit losses, developments in three industries—power generation, property and casualty insurance and commercial aviation—that are significant to us, and escalating raw material prices. As the following pages show in detail, our diversification and risk management strategies enabled us to continue to grow during this challenging time.

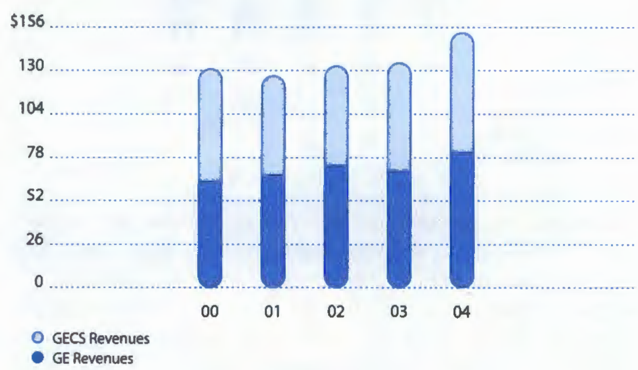
Three segments whose operations have a significant effect on our consolidated results and reflect their changing economic environments are Energy, Insurance and Transportation.

- Energy (14% and 22% of consolidated three-year revenues and total segment profit, respectively) participated in the period of unprecedented U.S. power industry demand that peaked in 2002, a period often referred to as the "U.S. power bubble." The return to normal demand levels is reflected in lower shipments of large heavy-duty gas turbines. In 2004, we sold 122 such units, compared with 175 in 2003 and 323 in 2002. We accurately foresaw the end of the bubble and took action to reduce the effect, right-sizing the business and growing and investing in other lines of the power generation business such as product services and wind energy. We believe the Energy segment is well positioned for its markets in 2005 and beyond.
- Insurance (17% and 4% of consolidated three-year revenues and total segment profit, respectively) was much like most of the property and casualty reinsurance industry, facing volatility throughout the period. In 2002, we recognized losses on our 1997–2001 business, increasing related reserves by $3.5 billion before tax. In 2003, our turnaround efforts started to pay off and we realized benefits from improved operations as earnings increased by $2.3 billion to a profit of $0.5 billion at GE Insurance Solutions. In 2004, improved core performance at

GE Insurance Solutions reflecting the favorable pricing environment was more than offset by U.S. hurricane-related losses and continued adverse loss development, essentially all related to the 1997 through 2001 underwriting years.

- Transportation (10% and 14% of consolidated three-year revenues and total segment profit, respectively) continued to invest in market-leading technology and services. While the commercial aviation industry continues to face challenges and financial pressures that affect our commercial aviation business, our business model succeeds by diversification. Product services, the military engines business and our rail equipment and services business continued to be strong. Overall, Transportation reported segment profit that grew $0.6 billion in 2004 and $0.2 billion in 2003.

CONSOLIDATED REVENUES
(In billions)



Results at two major segments, Healthcare and NBC Universal, reflected continued investment and growth over the last three years.

- Healthcare (8% and 9% of consolidated three-year revenues and total segment profit, respectively) continued to show strong growth as 2004 revenues and segment profit both rose about 50% since 2002. Our acquisitions of Amersham in 2004 and Instrumentarium in 2003 contributed $3.2 billion and $0.6 billion to Healthcare revenues and segment profit, respectively, in 2004. These acquisitions also expanded the breadth of our product and services offerings to the healthcare industry, positioning us well for continued growth.
- NBC Universal (6% and 10% of consolidated three-year revenues and total segment profit, respectively) also contributed a strong performance during the last three years as we continued to invest through acquisitions. Through the combination of NBC and VUE in 2004, and successful acquisitions of Telemundo and Bravo in 2002, we have created a diversified world-class media company. Earnings from the segment increased $0.6 billion in 2004 following a $0.3 billion increase in 2003.

Most of our other operations achieved operating results in line with our expectations in the 2002 to 2004 economic environment.

- Commercial and Consumer Finance (in total, 25% and 31% of consolidated three-year revenues and total segment profit, respectively) are large, profitable growth businesses in which we continue to invest with confidence. In a challenging economic environment, these businesses grew earnings by $0.9 billion and $1.0 billion in 2004 and 2003, respectively. Solid core growth, disciplined risk management and successful acquisitions have delivered these strong results.
- Infrastructure (2% of consolidated three-year revenues and total segment profit), with growth platforms such as security and water treatment, continued to grow significantly through acquisitions. We foresee dramatic revenue and earnings growth in these platforms through integration of these acquisitions, expanded distribution and new product introductions.
- Advanced Materials, Consumer & Industrial and Equipment & Other Services (in total, 19% and 7% of consolidated three-year revenues and total segment profit, respectively) are particularly sensitive to economic conditions and consequently were affected adversely by the U.S. recession in 2002 and by slow global growth in developed countries. Higher capacity, in combination with declining or weak volume growth in many of these industries, resulted in fierce competitive price pressures. Advanced Materials was hit particularly hard because of additional pressures from significant inflation in certain raw materials such as benzene and natural gas.

As the preceding comments about Healthcare, Insurance and NBC Universal illustrate, acquisitions and dispositions played an important role in our growth strategy. We integrate acquisitions as quickly as possible and only revenues and earnings from the date we complete the acquisition through the end of the fourth following quarter are attributed to such businesses. Acquisitions contributed $12.3 billion, $5.4 billion and $7.2 billion to consolidated revenues in 2004, 2003 and 2002, respectively. Our consolidated net earnings in 2004, 2003 and 2002 included approximately $1.2 billion, $0.5 billion and $0.6 billion, respectively, from acquired businesses. Dispositions affected our operations through lower revenues and earnings in 2004 of $3.4 billion and $1.2 billion, respectively, and in 2003 through lower revenues of $2.3 billion and higher earnings of $0.2 billion.

Significant matters relating to our Statement of Earnings, which appears on pages 72 and 73, are explained below.

GE SALES OF PRODUCT SERVICES were $25.8 billion in 2004, a 12% increase over 2003. Increases in product services in 2004 and 2003 were widespread, led by continued strong growth at Transportation, Healthcare, Infrastructure and Energy. Operating profit from product services was approximately $6.4 billion in 2004, up 21% from 2003, reflecting ongoing improvements at Transportation, Energy and Healthcare.

POSTRETIREMENT BENEFIT PLANS reduced pre-tax earnings by $1.2 billion and $0.2 billion in 2004 and 2003, respectively, after contributing $0.6 billion to pre-tax earnings in 2002. Costs of our principal pension plans increased in 2004 and 2003 primarily because of the effects of:

- Prior years investment losses (reducing pre-tax earnings by $0.6 billion in 2004 and $0.4 billion in 2003), and
- Lowering pension discount rates used to calculate 2004 and 2003 pension costs from 6.75% to 6.0% and 7.25% to 6.75%, respectively. Pre-tax earnings in 2004 and 2003 were $0.4 billion and $0.2 billion lower, respectively, because of these discount rate reductions.

Benefit costs for these plans in 2003 also increased as compared with 2002 because of plan changes resulting from union negotiations as well as increases in retiree medical and drug costs.

Considering current and expected asset allocations, as well as historical and expected returns on various categories of assets in which our plans are invested, we have assumed that long-term returns on our principal pension plan assets would be 8.5% throughout this period and in 2005. U.S. accounting principles provide for recognition of differences between assumed and actual returns over the average future service life of employees.

We believe our postretirement benefit costs will increase again in 2005 for a number of reasons, including further reduction in discount rates at December 31, 2004, continued recognition of prior years investment losses relating to our principal pension plans, and increases in retiree healthcare costs.

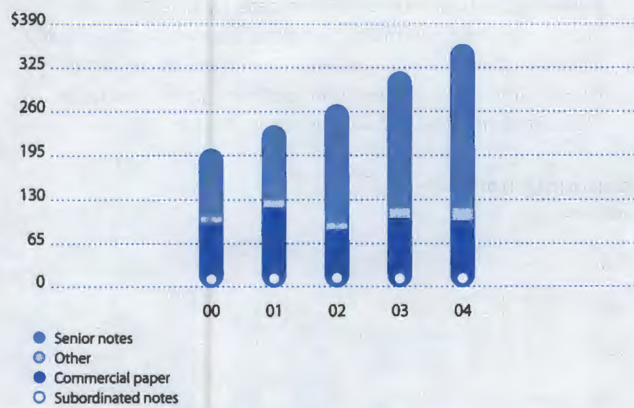
Our principal pension plans had a surplus of $6.7 billion at December 31, 2004. We will not make any contributions to the GE Pension Plan in 2005. To the best of our ability to forecast the next five years, we do not anticipate making contributions to that plan so long as expected investment returns are achieved. At December 31, 2004, the fair value of assets for our affiliate and other pension plans was $2.6 billion less than their respective projected benefit obligations. In 2004, we contributed $0.4 billion to such plans and expect to contribute $0.3 billion to these plans in 2005.

The funding status of our postretirement benefit plans and future effects on operating results depend on economic conditions and investment performance. See notes 5 and 6 for additional information about funding status, components of earnings effects and actuarial assumptions. See page 70 for discussion of pension assumptions.

GE OTHER COSTS AND EXPENSES are selling, general and administrative expenses, which increased 22% to $12.0 billion in 2004, following an 8% increase in 2003, substantially the result of acquisitions.

INTEREST ON BORROWINGS AND OTHER FINANCIAL CHARGES amounted to $11.9 billion, $10.8 billion and $10.2 billion in 2004, 2003 and 2002, respectively. Substantially all of our borrowings are done through GECS, where interest expense was $11.4 billion, $10.3 billion and $9.9 billion in 2004, 2003 and 2002, respectively. Changes over the three-year period reflected increased average borrowings, partially offset by the effects of lower interest rates. GECS average borrowings were $322.6 billion, $309.0 billion and $250.1 billion in 2004, 2003 and 2002, respectively. GECS average composite effective interest rate was 3.6% in 2004, compared with 3.3% in 2003 and 4.1% in 2002. Proceeds of these borrowings were used in part to finance asset growth and acquisitions. In 2004, GECS average assets of $577.3 billion were 11% higher than in 2003, which in turn were 15% higher than in 2002. See page 62 for a discussion of interest rate risk management.

GECS BORROWINGS
(In billions)



INCOME TAXES are a significant cost. As a global commercial enterprise, our tax rates are strongly affected by many factors, including our global mix of earnings, legislation, acquisitions, dispositions and tax characteristics of our income. Our tax returns are routinely audited and settlements of issues raised in these audits sometimes affect our tax provisions. Because of the number of variables affecting our reported tax results, we have prepared this section to facilitate an understanding of our income tax rates.

Income taxes on consolidated earnings before accounting changes were 17.5%, compared with 21.7% in 2003 and 19.9% in 2002. Our consolidated income tax rate was 4.2 percentage points lower in 2004 than 2003 because the 2004 tax benefits from favorable U.S. Internal Revenue Service (IRS) settlements, the NBC Universal transaction, a partial reorganization of our aircraft leasing business and the sale of a majority interest in Gecis were greater than the tax benefits from certain business dispositions in 2003. Our consolidated income tax rate increased by 1.8 percentage points in 2003 because our tax benefits from 2003 business dispositions were less than our 2002 tax benefits from settlements with the IRS. Income tax rates for all three years were lower because of the increasing share of earnings from lower taxed global operations. A more detailed analysis of differences between the U.S. federal statutory rate and the consolidated rate, as well as other information about our income tax provisions, is provided in note 7. The nature of business activities and associated income taxes differ for GE and for GECS, and a separate analysis of each is presented in the paragraphs that follow.

Because GE tax expense does not include taxes on GECS earnings, the GE effective tax rate is best analyzed in relation to GE earnings excluding GECS. GE's pre-tax earnings excluding GECS were $10.4 billion, $10.7 billion and $14.3 billion for 2004, 2003 and 2002, respectively. On this basis, GE's effective tax rate was 19.0% in 2004, lower by 7.7 percentage points than the 26.7% rate in 2003 and 2002. The 2004 reduction was primarily a result of two items which decreased the 2004 GE tax rate by 7.2 percentage points—settling several issues with the IRS for the years 1985 through 1999 and tax benefits associated with the NBC Universal transaction. As part of the IRS settlements, we closed two significant issues: the 1997 tax-free exchange of the Lockheed Martin convertible preferred stock we received on the disposition of our Aerospace business in 1993, and a 1998 tax loss on the sale of a Puerto Rican subsidiary. The tax portion of these settlements is included in the line "IRS settlements of Lockheed Martin tax-free exchange/Puerto Rico subsidiary loss" in note 7. The tax benefits associated with the NBC Universal transaction are included in the line "All other—net" in note 7. The 2004 GE effective tax rate also reflects lower pre-tax income, primarily because of lower earnings at Energy and higher costs related to our principal pension plans. Partially offsetting these changes was the nonrecurrence of the 2003 tax benefit, discussed below, on the disposition of GE Superabrasives U.S., Inc.

The 2003 GE rate was reduced by 1.7 percentage points because certain reductions in pre-tax earnings—specifically, lower earnings at Energy and higher costs related to our principal pension plans—affected income taxed at higher than our average rate. The 2003 GE rate was also reduced by 1.0 percentage point (after adjusting for the effect of the lower earnings at Energy and higher costs related to our principal pension plans) from a tax benefit on the disposition of shares of GE Superabrasives U.S., Inc., included in the line "All other—net" in note 7. In 2002, GE entered into settlements with the IRS concerning certain export tax benefits. The effect of these settlements, the tax portion of which is included in the line "Tax on global activities including exports" in note 7, was a reduction of the GE tax rate of 2.7 percentage points. Also in 2002, GE entered into a tax-advantaged transaction to exchange certain assets for the cable network Bravo. The related reduction of 1.0 percentage point in the GE effective tax rate is reflected in the line "All other—net" in note 7.

GECS effective tax rate increased to 15.9% in 2004 from 15.8% in 2003 and negative 1.7% in 2002. The 2004 GECS rate reflects the net benefits, discussed below, of legislation and a partial reorganization of our aircraft leasing operation, which decreased the effective tax rate 1.6 percentage points and is included in the line "Tax on global activities including exports" in note 7; tax benefits from favorable IRS settlements, which decreased the effective tax rate 1.2 percentage points and are included in the line "All other—net" in note 7; and the low-taxed disposition of a majority interest in Gecis which decreased the effective tax rate 0.9 percentage points, and is included in the line "Tax on global activities including exports" in note 7. Offsetting these benefits was the nonrecurrence of the 2003 tax benefit on the disposition of shares of ERC Life Reinsurance Corporation (ERC Life).

As a result of the repeal of the extraterritorial income (ETI) taxing regime as part of the American Jobs Creation Act of 2004 (the Act), the aircraft leasing operations of Commercial Finance no longer qualify for a reduced U.S. tax rate. However, the Act also extended to foreign aircraft leasing, the U.S. tax deferral benefits that were already available to GE's other active foreign operations. As stated above, these legislative changes, coupled with a partial reorganization of our aircraft leasing business and a favorable Irish tax ruling, decreased GECS effective tax rate 1.6 percentage points.

The increase in the effective tax rate from 2002 to 2003 reflects the nonrecurrence of the 2002 losses at GE Insurance Solutions and GE Equity as well as certain 2002 IRS settlements discussed below, partially offset by a 2.7 percentage point decrease because of the 2003 tax benefit on the disposition of shares of ERC Life.

GECS 2002 effective tax rate reflects the effects of pre-tax losses at GE Insurance Solutions and GE Equity, which reduced the effective tax rate of GECS by 16.7 percentage points, the effects of lower taxed earnings from global operations and favorable tax settlements with the IRS. The benefits of these settlements, which reduced the GECS rate 4.0 percentage points (excluding the GE Insurance Solutions and GE Equity losses), are included in the line "All other—net" in note 7.

Global Risk Management

A disciplined approach to risks is important in a diversified organization such as ours in order to ensure that we are executing according to our strategic objectives and that we only accept risks for which we are adequately compensated. It is necessary for us to manage risk at the individual transaction level, and to consider aggregate risk at the customer, industry, geography and collateral-type levels, where appropriate.

GE's Board of Directors oversees the risk management process through clearly established delegation of authority. Board meeting agendas are jointly developed with management to cover the same risk topics as our Corporate Risk Committee reviews, including environmental, compliance, liquidity, credit, market and event risks.

GECS Board of Directors oversees the risk management process for financial services, including the approval of all significant acquisitions and dispositions and the establishment of borrowing and investment approval limits delegated to the Investment Committee of the Board, the Chairman, the Chief Financial Officer and the Chief Risk Officer. All participants in the risk management process must comply with these approval limits.

The GECS Chief Risk Officer is responsible, through the Corporate Risk Function, for establishing standards for the measurement, reporting and limiting of risk; for managing and evaluating risk managers; for approving risk management policies and for reviewing major risk exposures and concentrations across the organization. The GECS Corporate Risk Function analyzes certain business risks and assesses them in relation to aggregate risk appetite and approval limits set by the GECS Board of Directors.

Threshold responsibility for identifying, quantifying and mitigating risks is assigned to our individual businesses. Because the risks and their interdependencies are complex, we apply a Six Sigma-based analytical approach to each major product line that monitors performance against external benchmarks, proactively manages changing circumstances, provides early warning detection of risk and facilitates communication to all levels of authority. Other corporate functions such as Financial Planning and Analysis, Treasury, Legal and our Corporate Audit Staff support business-level risk management. Businesses that, for example, hedge risk with derivative financial instruments must do so using our centrally-managed Treasury function, providing assurance that the business strategy complies with our corporate policies and achieves economies of scale. We review risks periodically with business-level risk managers, senior management and our Board of Directors.

GECS employs about 10,000 dedicated risk professionals, including 2,700 involved in collection activities and 1,400 specialized asset managers who evaluate leased asset residuals and remarket off-lease equipment.

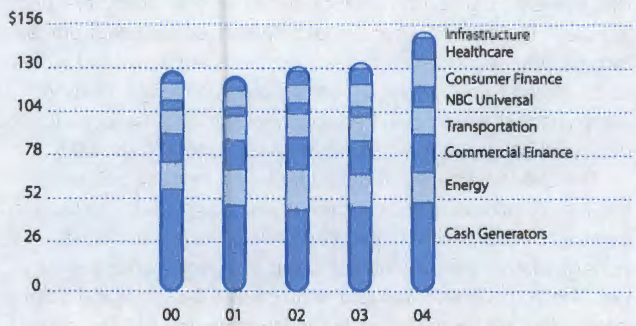
GE and GECS manage a variety of risks including liquidity, credit, market and event risks.

- Liquidity risk is the risk of being unable to accommodate liability maturities, fund asset growth and meet contractual obligations through access to funding at reasonable market rates. Additional information about our liquidity and how we manage this risk can be found on page 59 and in notes 18 and 28.
- Credit risk is the risk of financial loss arising from a customer or counterparty's failure to meet its contractual obligations. We face credit risk in our lending and leasing activities (see pages 59 and 68 and notes 1, 12, 13 and 30) and derivative financial instruments activities (see note 28).
- Market risk is the potential loss in value of investment and other asset and liability portfolios, including financial instruments, caused by changes in market variables, such as interest and currency exchange rates and equity and commodity prices. We are exposed to market risk in the normal course of our business operations as a result of our ongoing investing and funding activities. We attempt to mitigate the risks to our various portfolios arising from changes in interest and currency exchange rates in a variety of ways that often include offsetting positions in local currencies or use of derivatives. Additional information about how we mitigate the risks to our various portfolios from changes in interest and currency exchange rates can be found on page 62 and in note 28.
- Event risk is that body of risk beyond liquidity, credit and market risk. Event risk includes the possibility of adverse occurrences both within and beyond our control. Examples of event risk include natural disasters, availability of necessary materials, guarantees of product performance and business interruption. This type of risk is often insurable, and success in managing this risk is ultimately determined by the balance between the level of risk retained or assumed and the cost of transferring the risk to others. The decision as to the appropriate level of event risk to retain or cede is evaluated in the framework of business decisions. Additional information about how we mitigate event risk can be found in note 30.

Segment Operations

Revenues and segment profit for operating segments are shown on page 53. Effective January 1, 2004, we made changes to the way we report our segments. We have reclassified certain prior-period amounts to conform to the current period's presentation. For additional information, including a description of the products and services included in each segment, see pages 110 and 111.

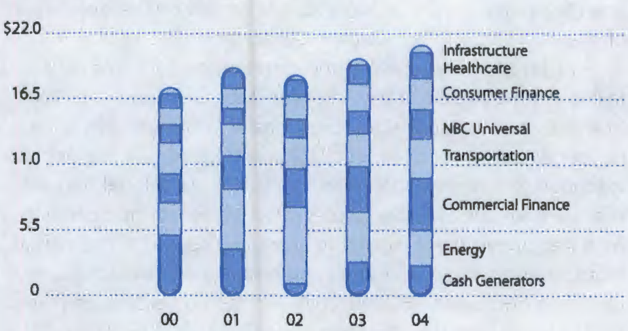
SEGMENT REVENUES
(In billions)



Segment profit is determined based on internal performance measures used by the Chief Executive Officer to assess the performance of each business in a given period. In connection with that assessment, the Chief Executive Officer may exclude matters such as charges for restructuring; rationalization and other similar expenses; in-process research and development and certain other acquisition-related charges; certain gains and losses from dispositions; and litigation settlements or other charges, responsibility for which precedes the current management team.

Segment profit always excludes the effects of principal pension plans and accounting changes. Segment profit excludes or includes interest and other financial charges and segment income taxes according to how a particular segment's management is measured—excluded in determining operating profit for Advanced Materials, Consumer & Industrial, Energy, Healthcare, Infrastructure, NBC Universal and Transportation; included in determining segment profit, which we refer to as "segment net earnings," for Commercial Finance, Consumer Finance, Equipment & Other Services and Insurance.

SEGMENT PROFITS
(In billions)



Summary of Operating Segments

	General Electric Company and consolidated affiliates				
For the years ended December 31 (In millions)	2004	2003	2002	2001	2000
REVENUES					
Advanced Materials	$ 8,290	$ 7,078	$ 6,963	$ 7,069	$ 8,020
Commercial Finance	23,489	20,813	19,592	17,723	17,549
Consumer Finance	15,734	12,845	10,266	9,508	9,320
Consumer & Industrial	13,767	12,843	12,887	13,063	13,406
Energy	17,348	19,082	23,633	21,030	15,703
Equipment & Other Services	8,483	4,427	5,545	7,735	15,074
Healthcare	13,456	10,198	8,955	8,409	7,275
Infrastructure	3,447	3,078	1,901	392	486
Insurance	23,070	26,194	23,296	23,890	24,766
NBC Universal	12,886	6,871	7,149	5,769	6,797
Transportation	15,562	13,515	13,685	13,885	13,285
Corporate items and eliminations	(3,169)	(2,757)	(1,662)	(2,057)	(1,296)
CONSOLIDATED REVENUES	$152,363	$134,187	$132,210	$126,416	$130,385
SEGMENT PROFIT					
Advanced Materials	$ 710	$ 616	$ 1,000	$ 1,433	$ 1,864
Commercial Finance	4,465	3,910	3,310	2,879	2,528
Consumer Finance	2,520	2,161	1,799	1,602	1,295
Consumer & Industrial	716	577	567	894	1,270
Energy	2,845	4,109	6,294	4,897	2,598
Equipment & Other Services	607	(419)	(388)	(222)	(212)
Healthcare	2,286	1,701	1,546	1,498	1,321
Infrastructure	563	462	297	26	45
Insurance	569	2,102	(95)	1,879	2,201
NBC Universal	2,558	1,998	1,658	1,408	1,609
Transportation	3,213	2,661	2,510	2,577	2,511
Total segment profit	21,052	19,878	18,498	18,871	17,030
GECS goodwill amortization	—	—	—	(552)	(620)
GE corporate items and eliminations	(1,507)	(491)	1,041	819	935
GE interest and other financial charges	(979)	(941)	(569)	(817)	(811)
GE provision for income taxes	(1,973)	(2,857)	(3,837)	(4,193)	(3,799)
Earnings before accounting changes	16,593	15,589	15,133	14,128	12,735
Cumulative effect of accounting changes	—	(587)	(1,015)	(444)	—
CONSOLIDATED NET EARNINGS	$ 16,593	$ 15,002	$ 14,118	$ 13,684	$ 12,735

The notes to consolidated financial statements on pages 78–111 are an integral part of this summary.

ADVANCED MATERIALS revenues in 2004 were up 17% to $8.3 billion reflecting higher volume ($0.7 billion), higher prices ($0.4 billion) and the effects of the weaker U.S. dollar ($0.2 billion). Volume increases resulted from the OSi acquisition ($0.4 billion) and higher demand for plastic resins and quartz products. Operating profit of $0.7 billion was 15% higher than in 2003 as productivity ($0.4 billion) and higher prices ($0.4 billion) more than offset the effect of higher material costs ($0.6 billion), primarily from commodities such as benzene and natural gas.

Advanced Materials revenues in 2003 were up 2% to $7.1 billion as the effects of the weaker U.S. dollar ($0.3 billion) and the OSi acquisition ($0.1 billion) more than offset lower core volume ($0.2 billion). Operating profit of $0.6 billion in 2003 was 38% lower than in 2002, reflecting higher material costs ($0.2 billion), primarily benzene, and lower productivity ($0.2 billion), partially offset by effects of dispositions and the OSi acquisition.

See GE Corporate Items and Eliminations on page 57 for a discussion of items not allocated to this segment.

COMMERCIAL FINANCE

(In millions)	2004	2003	2002
REVENUES	$23,489	$20,813	$19,592
NET REVENUES			
Total revenues	$23,489	$20,813	$19,592
Interest expense	6,083	5,789	5,979
Total net revenues	$17,406	$15,024	$13,613
NET EARNINGS	$ 4,465	$ 3,910	$ 3,310

December 31 (In millions)	2004	2003
TOTAL ASSETS	$232,123	$214,125

(In millions)	2004	2003	2002
Real Estate[(a)]			
Revenues	$2,519	$2,386	$2,124
Net earnings	957	834	650
Aviation Services[(a)]			
Revenues	3,159	2,881	2,694
Net earnings	520	506	454

December 31 (In millions)	2004	2003
Real Estate[(a)]		
Total assets	$33,497	$27,767
Aviation Services[(a)]		
Total assets	37,384	33,271

(a) We provide additional information on two of our segment product lines, Real Estate (commercial real estate financing) and Aviation Services (commercial aircraft financing). Each of these product lines finances a single form of collateral, and each has understandable concentrations of risk and opportunities.

Commercial Finance revenues and net earnings increased 13% and 14%, respectively, compared with 2003. The increase in revenues resulted primarily from acquisitions ($2.3 billion), the effects of the weaker U.S. dollar ($0.6 billion) and core growth ($0.1 billion), partially offset by lower securitization activity ($0.2 billion) and lower investment gains ($0.1 billion). The increase in net earnings resulted primarily from acquisitions ($0.4 billion), core growth ($0.3 billion) and the effects of the weaker U.S. dollar ($0.1 billion), partially offset by lower securitization activity ($0.1 billion).

The most significant acquisitions affecting Commercial Finance results in 2004 were the U.S. leasing business of IKON Office Solutions, acquired during the second quarter of 2004; the commercial lending business of Transamerica Finance Corporation, and Sophia S.A., a real estate company in France, both acquired during the first quarter of 2004; and the assets of CitiCapital Fleet Services, acquired during the fourth quarter of 2003. These acquisitions contributed $1.9 billion and $0.3 billion to 2004 revenues and net earnings, respectively.

The 2003 increase in revenues of 6% resulted primarily from acquisitions across substantially all businesses ($1.1 billion), higher investment gains at Real Estate ($0.1 billion) and core growth, partially offset by lower securitization activity ($0.1 billion). The 2003 increase in net earnings of 18% resulted primarily from core growth, acquisitions across substantially all businesses ($0.2 billion), higher investment gains at Real Estate as a result of the sale of properties and our investments in Regency Centers and Prologis ($0.1 billion), lower credit losses ($0.1 billion) resulting from continued improvement in overall portfolio credit quality as reflected by lower delinquencies and nonearning receivables, and growth in lower taxed earnings from global operations ($0.1 billion).

The most significant acquisitions affecting Commercial Finance 2003 results were the commercial inventory financing business of Deutsche Financial Services and the structured finance business of ABB, both of which were acquired during the fourth quarter of 2002. These two acquisitions contributed $0.5 billion and $0.1 billion to 2003 revenues and net earnings, respectively.

CONSUMER FINANCE

(In millions)	2004	2003	2002
REVENUES	$15,734	$12,845	$10,266
NET REVENUES			
Total revenues	$15,734	$12,845	$10,266
Interest expense	3,564	2,696	2,143
Total net revenues	$12,170	$10,149	$ 8,123
NET EARNINGS	$ 2,520	$ 2,161	$ 1,799

December 31 (In millions)	2004	2003
TOTAL ASSETS	$151,255	$106,530

Consumer Finance revenues and net earnings increased 22% and 17%, respectively, from 2003. The increase in revenues resulted primarily from core growth ($1.8 billion), as a result of continued global expansion, acquisitions ($1.0 billion), the effects of the weaker U.S. dollar ($0.8 billion) and higher securitization activity ($0.1 billion), partially offset by the absence of The Home Depot private-label credit card receivables that were sold for a gain in 2003 ($0.9 billion). The increase in net earnings resulted from core growth, including growth in lower taxed earnings from global operations ($0.6 billion), acquisitions ($0.1 billion), and the effects of the weaker U.S. dollar ($0.1 billion), partially offset by the effects of The Home Depot private-label credit card receivables ($0.4 billion) and increased costs to launch new products and promote brand awareness in 2004 ($0.1 billion).

The most significant acquisitions affecting Consumer Finance results in 2004 were WMC Finance Co. (WMC), a U.S. wholesale mortgage lender, acquired during the second quarter of 2004; GC Corporation (GC Card), which provides credit card and sales finance products in Japan, acquired during the third quarter of 2003; and First National Bank, which provides mortgage and sales finance products in the United Kingdom, and the U.S. retail sales finance unit of Conseco Finance Corp. (Conseco), both acquired during the second quarter of 2003. These acquisitions contributed \$0.7 billion and \$0.1 billion to 2004 revenues and net earnings, respectively.

In December 2004, we acquired Australian Financial Investments Group (AFIG), a residential mortgage lender in Australia, with \$13.2 billion in assets and an insignificant effect on 2004 revenues and earnings. We expect this acquisition to be accretive to earnings in 2005.

Revenues increased 25% in 2003 as a result of acquisitions (\$1.1 billion), the effects of the weaker U.S. dollar (\$0.7 billion), core growth as a result of continued global expansion and the premium on the sale of The Home Depot private-label credit card receivables (\$0.1 billion). Net earnings increased 20% in 2003 as a result of core growth, growth in lower taxed earnings from global operations, the premium on the sale of The Home Depot private-label credit card receivables (\$0.1 billion) and acquisitions. These increases were partially offset by lower securitization activity (\$0.2 billion) and lower earnings in Japan, principally as a result of increased personal bankruptcies.

The most significant acquisitions affecting Consumer Finance 2003 results were First National Bank and Conseco, both of which were acquired during the second quarter of 2003. These acquisitions contributed \$0.7 billion and \$0.1 billion to 2003 revenues and net earnings, respectively.

CONSUMER & INDUSTRIAL revenues rose 7% to \$13.8 billion in 2004 as higher volume (\$1.0 billion) and the effects of the weaker U.S. dollar (\$0.2 billion) more than offset lower prices (\$0.3 billion). Operating profit increased 24% to \$0.7 billion as the negative effects of lower prices (\$0.3 billion) and higher labor and indirect costs (\$0.2 billion) were more than offset by productivity (\$0.5 billion) and lower material costs (\$0.1 billion).

In 2003, Consumer & Industrial revenues decreased slightly to \$12.8 billion as lower prices (\$0.3 billion), primarily of home appliances and consumer lighting products, were partially offset by the effects of the weaker U.S. dollar (\$0.2 billion). Operating profit rose slightly in 2003 as productivity (\$0.3 billion), primarily achieved by combining the lighting and appliance businesses, the mix of higher-margin appliances and an investment gain were partially offset by lower prices (\$0.3 billion).

See GE Corporate Items and Eliminations on page 57 for a discussion of items not allocated to this segment.

ENERGY revenues declined 9% to \$17.3 billion as lower volume (\$1.6 billion) and lower prices (\$0.6 billion) were only partially offset by growth in the energy services businesses and the effects of the weaker U.S. dollar (\$0.5 billion). Energy sold 122 large heavy-duty gas turbines in 2004, compared with 175 in 2003. Operating profit in 2004 fell 31% to \$2.8 billion, reflecting lower productivity (\$0.8 billion), primarily from the anticipated decline in higher margin gas turbine sales and a decrease in customer contract termination fees, lower prices (\$0.6 billion) and lower volume (\$0.3 billion), partially offset by lower material costs (\$0.4 billion). Customer contract termination fees, net of associated costs, were \$0.1 billion in 2004 compared with \$0.6 billion in 2003.

Energy revenues fell 19% to \$19.1 billion in 2003 as growth in the energy services and wind businesses was more than offset by lower volume (\$4.8 billion), reflecting the continued effects of the decline in sales of large, heavy-duty gas turbines (down 46% from 323 units in 2002) and industrial aero-derivative products, partially offset by the net effects of the weaker U.S. dollar (\$0.7 billion). Operating profit dropped 35% to \$4.1 billion in 2003, principally reflecting the combined effects of lower volume (\$1.3 billion), lower productivity (\$0.8 billion) and lower prices (\$0.5 billion). Customer contract termination fees, net of associated costs, were \$0.6 billion in 2003 and \$0.9 billion in 2002, reflecting the decline in demand for new power generation equipment that began in 2002, with such fees primarily occurring in that year and the first half of 2003.

Energy orders were \$18.7 billion in 2004, compared with \$16.0 billion in 2003, reflecting strong demand for wind turbines, services, and oil and gas turbomachinery. The \$14.4 billion total backlog at year-end 2004 comprised unfilled product orders of \$8.9 billion (of which 73% was scheduled for delivery in 2005) and product services orders of \$5.5 billion scheduled for 2005 delivery. Comparable December 31, 2003, total backlog was \$12.5 billion, of which \$7.9 billion was for unfilled product orders and \$4.6 billion for product services.

EQUIPMENT & OTHER SERVICES

(In millions)	2004	2003	2002
REVENUES	\$8,483	\$4,427	\$5,545
NET EARNINGS	\$ 607	\$ (419)	\$ (388)

Equipment & Other Services revenues and net earnings increased \$4.1 billion and \$1.0 billion, respectively, from 2003. Adoption of a January 1, 2004, required accounting change caused revenues to increase \$3.2 billion, as a result of consolidating operating lease rentals (\$2.6 billion) and other income (\$0.6 billion). See note 1. The most significant entity consolidated as a result of this change was Penske Truck Leasing Co., L.P. (Penske), which was previously accounted for using the equity method. Revenue also increased reflecting the sale of a majority interest in Gecis (\$0.4 billion), improved investment returns at GE Equity (\$0.4 billion), the results of consolidated, liquidating securitization entities (\$0.3 billion) and the effects of the weaker U.S. dollar (\$0.1 billion). These increases were partially offset by the absence of the U.S. Auto and Home business that was disposed of in 2003 (\$0.4 billion). Contributing to the increase in net earnings were improved investment returns at GE Equity (\$0.3 billion), the gain on sale of a majority interest in Gecis (\$0.3 billion), improved operating performance at Equipment Services (\$0.2 billion), and the results of consolidated, liquidating securitization entities (\$0.1 billion).

Equipment & Other Services revenues and net earnings in 2003 decreased 20% and 8%, respectively, compared with 2002. More specifically, revenues decreased as a result of the following:

- The exit of certain European operations at IT Solutions (\$1.3 billion) in response to intense competition and transition of the computer equipment market to a direct distribution model,

- Continued poor market conditions and ongoing dispositions and run-offs of IT Solutions and the Auto Financial Services business ($0.3 billion), and
- Lower asset utilization and price ($0.2 billion), an effect of industry-wide excess equipment capacity reflective of the then current conditions in the road and rail transportation sector.

These decreases were partially offset by the overall improvement in equity markets and lower level of investment losses in 2003 at GE Equity ($0.2 billion) and the consolidation of certain securitization entities in our financial statements ($0.7 billion) as a result of our July 1, 2003, required accounting change. See notes 1 and 29. The decrease in net earnings resulted primarily from lower asset utilization and price ($0.1 billion) and the absence of a 2002 tax settlement related to Kidder Peabody ($0.2 billion), offset by improved performance in 2003 at GE Equity ($0.2 billion) and the tax benefit related to the sale of ERC Life ($0.1 billion).

HEALTHCARE revenues increased 32% to $13.5 billion in 2004 as higher volume ($3.3 billion), primarily from acquisitions including Amersham ($2.2 billion) and Instrumentarium ($1.0 billion), and the effects of the weaker U.S. dollar ($0.4 billion), more than offset lower prices ($0.4 billion). Operating profit of $2.3 billion in 2004 was 34% higher than in 2003 as the effects of higher volume ($0.5 billion) and productivity ($0.5 billion) more than offset the effects of lower prices ($0.4 billion).

Healthcare revenues increased 14% to $10.2 billion in 2003 reflecting $0.5 billion of sales from recently acquired businesses, primarily Instrumentarium, and other volume growth ($0.7 billion) that more than offset lower prices ($0.4 billion). Operating profit of $1.7 billion in 2003 rose 10% as productivity ($0.3 billion) and higher volume ($0.2 billion) more than offset the $0.4 billion effects of lower prices.

See GE Corporate Items and Eliminations on page 57 for a discussion of items not allocated to this segment.

Orders received by Healthcare in 2004 were $13.8 billion, compared with $10.5 billion in 2003. The $4.7 billion total backlog at year-end 2004 comprised unfilled product orders of $2.9 billion (of which 92% was scheduled for delivery in 2005) and product services orders of $1.9 billion scheduled for 2005 delivery. Comparable December 31, 2003, total backlog was $4.6 billion, of which $2.8 billion was for unfilled product orders and $1.8 billion for product services orders.

INFRASTRUCTURE revenues increased 12% to $3.4 billion in 2004 on higher volume ($0.3 billion), primarily within our water and security businesses, and the effects of the weaker U.S. dollar ($0.1 billion). Operating profit rose 22% to $0.6 billion in 2004 as higher volume and productivity more than offset lower prices.

Infrastructure reported a sharp increase in 2003 revenues, to $3.1 billion, on higher volume ($1.0 billion), primarily from acquisitions. The largest of these acquisitions were Betz-Dearborn and Osmonics which contributed $0.5 billion of revenues in 2003. Operating profit also rose sharply to $0.5 billion in 2003 on higher volume ($0.2 billion), primarily from acquisitions.

INSURANCE

(In millions)	2004	2003	2002
REVENUES	$23,070	$26,194	$23,296
NET EARNINGS	$ 569	$ 2,102	$ (95)
GE Insurance Solutions[a]			
Revenues	$10,005	$11,600	$ 9,432
Net earnings	36	481	(1,794)

(a) Formerly GE Global Insurance Holding Corporation, the parent of Employers Reinsurance Corporation (ERC).

Insurance revenues and net earnings decreased 12% and 73%, respectively, from 2003. The decrease in revenues resulted primarily from the 2003 dispositions ($2.5 billion), including GE Edison Life Insurance Company (Edison Life), Financial Guaranty Insurance Company (FGIC) and ERC Life; net declines in volume resulting from strategic exits of certain business channels, primarily at GE Insurance Solutions ($1.3 billion) and the effects of the Genworth initial public offering ($0.4 billion). These decreases were partially offset by the effects of the weaker U.S. dollar ($0.6 billion). Net earnings decreased primarily from the full-year after-tax earnings effects of the Genworth initial public offering ($0.7 billion), the 2003 dispositions ($0.5 billion) and the 2004 U.S. hurricane-related losses ($0.3 billion) at GE Insurance Solutions. Also contributing to the net earnings decrease were reserve actions taken at GE Insurance Solutions related to continued adverse development on liability-related exposures underwritten in 1997–2001 (discussed below). These decreases in net earnings were partially offset by improved core performance at GE Insurance Solutions reflecting the continued favorable premium pricing environment.

Revenues in 2003 increased $2.9 billion (12%) on increased premium revenues ($2.2 billion), a gain of $0.6 billion on the sale of Edison Life, higher investment income ($0.4 billion) and the effects of the weaker U.S. dollar ($0.7 billion). The premium revenue increase reflected continued favorable pricing at GE Insurance Solutions ($0.5 billion), net volume growth at GE Insurance Solutions and certain other insurance businesses ($0.8 billion), absence of prior year loss adjustments ($0.4 billion), adjustment of current year premium accruals to actual ($0.3 billion) and lower levels of ceded premiums resulting from a decline in prior-year loss events ($0.1 billion). Partial revenue offsets resulted from the absence of revenues following the sale of Edison Life ($0.7 billion) and a $0.2 billion loss on the disposition of FGIC at the end of 2003.

Net earnings in 2003 increased $2.2 billion, primarily from the substantial improvement in current operating results at GE Insurance Solutions ($2.3 billion) reflecting improved underwriting, lower adverse development (discussed below) and generally favorable industry pricing conditions during the year. Net earnings also benefited from the gain on the sale of Edison Life ($0.3 billion). These increases were partially offset by the absence of a current year counterpart to the favorable tax settlement with the IRS in 2002 ($0.2 billion) and the loss on the sale of FGIC ($0.1 billion after tax).

As described on page 69 under the caption "Insurance Liabilities and Reserves," we routinely update our insurance loss provisions to reflect our best estimates of losses. At year-end 2004, our best estimate of outstanding net property and casualty claim-related liabilities at GE Insurance Solutions was $17.4 billion.

Few losses in an underwriting year are known exactly at the end of that year; an insurer cannot know a year's exact losses before customers have submitted claims and those claims have been evaluated, adjudicated and settled. This process routinely spans years, and sometimes decades. Like much of the property and casualty insurance industry, GE Insurance Solution's recent operating results have absorbed charges from updates to loss estimates associated with policies written in prior years. This adverse loss development has been most pronounced for certain liability-related risk policies underwritten from 1997 through 2001, principally hospital and professional liability, workers compensation, product liability and asbestos and environmental exposures. Adverse development on prior-years claims and expenses for the three years ended December 31, 2004, amounted to $5.5 billion. Business that we subsequently exited accounted for 84% of the most recent adverse development. Although we do not anticipate further provisions related to this risk, we observe that the associated losses have not yet fully matured.

In 2002, in light of our adverse loss development, we modified our underwriting processes, rejecting both risks that failed to meet our standards of price, terms or conditions as well as risks for which sufficient historical data did not exist to permit us to make a satisfactory pricing evaluation. Consequently, we curtailed and exited business in particular property and casualty business channels. Higher underwriting standards have yielded substantial improvement in operating results in more recent underwriting years, improvement that is most clearly indicated by our "combined ratio"—the ratio, expressed as a percentage, of claims-related losses and related underwriting expenses to earned premiums. In 2004, GE Insurance Solutions' property and casualty combined ratio was 120%, that is, $1.20 of costs and losses for each $1.00 of earned premium. However, as an early indication of the effectiveness of our revised underwriting standards, the combined ratio for the 2004 underwriting year was 100%, even with extensive 2004 natural catastrophe losses—breakeven underwriting even before the contribution of investment income.

NBC UNIVERSAL 2004 revenues were up sharply to $12.9 billion and operating profit was up 28% to $2.6 billion. Operations were significantly affected by the May combination of NBC and VUE which increased revenues by $4.7 billion and, net of effects of the 20% minority interest, operating profit by $0.6 billion. Other significant 2004 factors affecting results were the Athens Olympic Games ($0.9 billion higher revenues), price increases ($0.2 billion of revenues and operating profit), volume ($0.3 billion of revenues and $0.1 billion of operating profit) and $0.3 billion higher NBC Universal operating costs.

NBC Universal revenues decreased 4% to $6.9 billion in 2003 while operating profit rose 21% to $2.0 billion. Results and comparability were affected by several events in 2003 and 2002. Higher prices and network sales increased revenues $0.5 billion in 2003, but were partially offset by advertising reductions because of coverage of the Iraq war ($0.1 billion). The Salt Lake City Olympic Games and the final year of NBA coverage contributed $0.7 billion and $0.3 billion, respectively, to 2002 revenues, but the NBA contract resulted in a loss that exceeded profit from the Olympics. Telemundo and Bravo, both acquired in 2002, together added $0.7 billion and $0.1 billion to 2003 revenues and operating profit, respectively. The 2002 exchange of certain assets for Bravo resulted in $0.6 billion of gain, $0.2 billion of which was attributed to NBC Universal's segment results, an amount equal to $0.2 billion of other charges for impairments in 2002. The remainder was included in GE Corporate Items and Eliminations as discussed below.

TRANSPORTATION revenues rose 15% to $15.6 billion in 2004 on higher volume ($1.9 billion), including sales in commercial services and of locomotives and military engines. Operating profit increased 21% to $3.2 billion as higher volume ($0.4 billion) and productivity ($0.2 billion) more than offset the effect of inflation ($0.1 billion).

In 2003, Transportation revenues decreased slightly to $13.5 billion reflecting lower volume ($0.2 billion) primarily related to commercial aircraft and industrial aero-derivative engines, partially offset by higher locomotive sales, higher military spare parts volume and growth in our rail global signaling business. Operating profit rose 6% to $2.7 billion in 2003 as productivity ($0.2 billion) largely from workforce efficiency, and lower research and development spending upon completion of certain development programs more than offset the effect of lower volume.

In 2004, Transportation revenues from sales to the U.S. government were $3.0 billion, compared with $2.4 billion and $2.2 billion in 2003 and 2002, respectively.

See GE Corporate Items and Eliminations below for a discussion of items not allocated to this segment.

Transportation received orders of $14.9 billion in 2004, up from $13.3 billion in 2003 primarily from strong locomotive and product services demand. The $13.4 billion total backlog at year-end 2004 comprised unfilled product orders of $9.3 billion (of which 59% was scheduled for delivery in 2005) and product services orders of $4.1 billion scheduled for 2005 delivery. Comparable December 31, 2003, total backlog was $12.9 billion, of which $9.3 billion was for unfilled product orders and $3.6 billion for product services orders.

GE CORPORATE ITEMS AND ELIMINATIONS

(In millions)	2004	2003	2002
REVENUES			
Eliminations	$(3,169)	$(2,757)	$(1,662)
OPERATING PROFIT			
Principal pension plans	$ 124	$ 1,040	$ 1,556
Eliminations	(438)	(504)	(558)
Underabsorbed corporate overhead	(777)	(582)	(367)
Not allocated	(548)	(354)	(11)
Other	132	(91)	421
Total	$(1,507)	$ (491)	$ 1,041

GE Corporate Items and Eliminations include the effects of eliminating transactions between operating segments; cost reductions from our principal pension plans, which have declined sharply over the three-year period; liquidating businesses; underabsorbed corporate overhead; certain non-allocated amounts described below; and a variety of sundry items. Corporate overhead is allocated to GE operating segments based on a ratio of segment net cost of operations, excluding direct materials or their equivalent, to total company cost of operations. This caption also includes internal allocated costs for segment funds on deposit.

Certain amounts are not allocated to GE operating segments because they are excluded from the measurement of their operating performance for internal purposes. In 2004, these comprised $0.4 billion of Healthcare charges, principally related to the write off of in-process research and development projects and other transitional costs associated with Amersham, and a $0.1 billion charge at Consumer & Industrial as the gain on sale of the motors business was more than offset by costs for inventory obsolescence and other charges. In 2003 and 2002, amounts not allocated to GE operating segments included charges of $0.2 billion in each year for settlement of litigation, restructuring and other charges at Healthcare; and in 2002, a portion of NBC Universal's gain from the Bravo exchange and $0.1 billion for restructuring and other charges at Transportation and Advanced Materials.

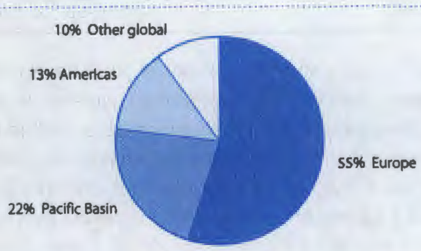
Other includes a $0.5 billion gain from the sale of 90% of Global eXchange Services in 2002.

Global Operations

Our global activities span all geographic regions and primarily encompass manufacturing for local and export markets, import and sale of products produced in other regions, leasing of aircraft, sourcing for our plants domiciled in other global regions and provision of financial services within these regional economies. Thus, when countries or regions experience currency and/or economic stress, we often have increased exposure to certain risks, but also often have new profit opportunities. Potential increased risks include, among other things, higher receivable delinquencies and bad debts, delays or cancelations of sales and orders principally related to power and aircraft equipment, higher local currency financing costs and slowdown in established financial services activities. New profit opportunities include, among other things, more opportunities for lower cost outsourcing, expansion of industrial and financial services activities through purchases of companies or assets at reduced prices and lower U.S. debt financing costs.

Estimated results of global activities include the results of our operations located outside the United States plus all U.S. exports. We classify certain GECS operations that cannot meaningfully be associated with specific geographic areas as "Other global" for this purpose.

2004 CONSOLIDATED GLOBAL REVENUES BY REGION
(Including exports from the U.S.)



Global revenues rose 18% to $71.8 billion in 2004 compared with $60.8 billion and $53.4 billion in 2003 and 2002, respectively. Global revenues to external customers as a percentage of consolidated revenues were 43% in 2004, compared with 42% and 37% in 2003 and 2002, respectively. The effects of exchange rates on reported results were to increase revenues by $3.5 billion, $3.8 billion and $0.4 billion in 2004, 2003 and 2002, respectively; and increase earnings by $0.1 billion in both 2004 and 2003 and decrease earnings by $0.1 billion in 2002.

CONSOLIDATED GLOBAL REVENUES

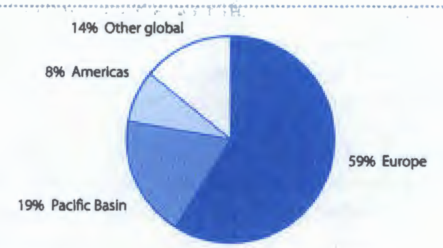
(In millions)	2004	2003	2002
Europe	$37,000	$30,500	$24,800
Pacific Basin	13,100	13,100	12,000
Americas	7,200	5,900	5,200
Other global	5,400	4,600	3,900
	62,700	54,100	45,900
Exports from the U.S. to external customers	9,100	6,700	7,500
Total	$71,800	$60,800	$53,400

GE global revenues were $42.4 billion, $33.0 billion and $29.0 billion in 2004, 2003 and 2002, respectively. The increase in 2004 related to both increased operations outside the U.S. and U.S. exports. GE revenues in Europe rose 40% led by Healthcare and NBC Universal reflecting the Amersham acquisition and the combination of NBC and VUE. GE revenues in the Pacific Basin increased 13% led by Advanced Materials, Infrastructure and Energy. U.S. exports rose 35% on strong growth at Energy and Transportation. The increase in 2003 related to increased operations outside the U.S., partially offset by lower U.S. exports. In 2003, GE revenues in Europe rose 25%, led by Energy, Healthcare and Infrastructure, reflecting the effects of the weaker U.S. dollar and volume growth. GE revenues in the Pacific Basin increased 14% in 2003 as most businesses reported improved results. In 2003, Energy and Infrastructure were the primary contributors to a 16% increase in revenues in the Americas and Energy more than accounted for the 10% decrease in U.S. exports.

GECS global revenues were $29.4 billion, $27.8 billion and $24.4 billion in 2004, 2003 and 2002, respectively. GECS revenues in the Americas increased 47% in 2004, primarily as a result of the acquisition of the commercial lending business of Transamerica Finance Corporation at Commercial Finance. Revenues increased 31% in "Other global" as a result of growth at Commercial Finance and the gain on the sale of a majority interest in Gecis. Revenues in the Pacific Basin decreased 13% primarily as a result of the 2003 divestiture of Edison Life at Insurance. This decrease was partially offset by the effects of the weaker U.S. dollar, acquisitions, primarily GC Card at Consumer Finance, and core growth at Consumer Finance and Commercial Finance.

Global operating profit was $12.2 billion in 2004, an increase of 39% over 2003, which was 35% higher than in 2002. Operating profit in 2004 rose 45% in Europe reflecting core growth and acquisitions at Consumer Finance and Commercial Finance, the Amersham acquisition at Healthcare and the combination of NBC and VUE. Operating profit also rose 42% to $2.2 billion in the Americas and 22% to $2.9 billion in the Pacific Basin and 46% to $1.3 billion in "Other global."

2004 CONSOLIDATED GLOBAL ASSETS BY REGION



Total assets of global operations were $323.7 billion in 2004 (43% of consolidated assets), an increase of $64.8 billion, or 25%, over 2003. GECS global assets grew 24% from $232.0 billion at the end of 2003 to $287.7 billion at the end of 2004. GECS assets increased 18% in Europe as a result of the effects of the weaker U.S. dollar ($13.7 billion), acquisitions ($9.2 billion), primarily at Commercial Finance and Consumer Finance, and growth at Consumer Finance. GECS assets increased 46% in the Pacific Basin, primarily as a result of acquisitions at Consumer Finance.

Financial results of our global activities reported in U.S. dollars are affected by currency exchange. We use a number of techniques to manage the effects of currency exchange, including selective borrowings in local currencies and selective hedging of significant cross-currency transactions. Such principal currencies are the British pound sterling, the euro, the Japanese yen and the Canadian dollar.

Environmental Matters

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

We are 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 $0.1 billion in each of the last two years. We presently expect that such remediation actions will require average annual expenditures in the range of $0.1 billion to $0.2 billion over the next two years.

The U.S. Environmental Protection Agency (EPA) ruled in February 2002 that approximately 150,000 pounds of polychlorinated biphenyls (PCBs) must be dredged from a 40-mile stretch of the upper Hudson River in New York State. We have submitted what is known as a "Good Faith Offer" under the Superfund law and continue to cooperate and negotiate with the EPA in the implementation of this ruling. Pursuant to negotiated agreements, we have conducted extensive sampling of the project area to determine the location of PCBs that may be dredged and have agreed to undertake the design and engineering of the remedy. The agreements also provide for the reimbursement of certain EPA costs expended in the past and which would be expended in the future. The remedial design and engineering activities are scheduled to be completed during 2006. Negotiations continue concerning performance of the remedial work. Our Statement of Financial Position as of December 31, 2004 and 2003, included liabilities for the estimated costs of this remediation.

Financial Resources and Liquidity

This discussion of financial resources and liquidity addresses the Statement of Financial Position (pages 74–75), Statement of Changes in Shareowners' Equity (page 72) and the Statement of Cash Flows (pages 76–77).

Only a small portion of GECS business is directly related to other GE operations. 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.

Overview of Financial Position

Major changes in our financial position resulted from the following:

- During 2004, we completed the acquisition of Amersham by Healthcare and the combination of NBC and VUE. GECS completed acquisitions of the commercial lending business of Transamerica Finance Corporation; Sophia S.A., a real estate company in France; the U.S. leasing business of IKON Office Solutions; and Benchmark Group PLC, a U.K.-listed real estate property company at Commercial Finance. Consumer Finance completed acquisitions of AFIG and WMC. At their respective acquisition dates, these financial services transactions resulted in a combined increase in total assets of $32.1 billion, of which $23.0 billion was financing receivables before allowance for losses, and a combined increase in total liabilities of approximately $20.5 billion, of which $18.9 billion was debt.
- Minority interest in equity of consolidated affiliates increased $10.2 billion during 2004. In connection with the combination of NBC and VUE, NBC Universal issued 20% of its shares to a subsidiary of Vivendi Universal. This is the principal reason GE's minority interest increased $6.6 billion. GECS minority interest increased $3.6 billion, primarily because of our sale of approximately 30% of the common shares of Genworth, our formerly wholly-owned subsidiary that conducts most of our consumer insurance business, including life and mortgage insurance operations.
- We adopted Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46R, *Consolidation of Variable Interest Entities (Revised)*, on January 1, 2004, adding $2.6 billion of assets and $2.1 billion of liabilities to our consolidated balance sheet as of that date, primarily relating to Penske.

Statement of Financial Position (pages 74–75)

Because GE and GECS share certain significant elements of their Statements of Financial Position—property, plant and equipment, and borrowings, for example—the following discussion addresses significant captions in the "consolidated" statement. Within the following discussions, however, we distinguish between GE and GECS activities in order to permit meaningful analysis of each individual statement.

INVESTMENT SECURITIES comprise mainly available-for-sale investment-grade debt securities held by Insurance in support of obligations to annuitants and policyholders, and debt and equity securities designated as trading and associated with certain non-U.S. separate accounts for which contractholders retain the related risks and rewards, except in the event of our bankruptcy or liquidation. Investment securities were $135.5 billion at the end of 2004, compared with $129.3 billion at the end of 2003. The increase of $6.2 billion was primarily the net result of investing premiums received, reinvesting investment income, improvements in debt markets and the effects of the weaker U.S. dollar.

We regularly review investment securities for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issuer. Of available-for-sale securities with unrealized losses at December 31, 2004, approximately $0.1 billion was at risk of being charged to earnings in the next 12 months; almost two-thirds of this amount related to commercial airlines.

Impairment losses for 2004 totaled $0.2 billion compared with $0.5 billion in 2003. We recognized impairments in both periods for issuers in a variety of industries; we do not believe that any of the impairments indicate likely future impairments in the remaining portfolio.

Gross unrealized gains and losses were $5.3 billion and $0.8 billion, respectively, at December 31, 2004, compared with $4.7 billion and $1.2 billion, respectively, at December 31, 2003, primarily reflecting an increase in the estimated fair value of debt securities as interest rates declined. We estimate that available gains, net of estimated impairment of insurance intangible assets, could be as much as $2.2 billion at December 31, 2004. The market values we used in determining unrealized gains and losses are those defined by relevant accounting standards and should not be viewed as a forecast of future gains or losses. See note 9.

At December 31, 2004, unrealized losses with a duration of 12 months or more related to investment securities collateralized by commercial aircraft were $0.3 billion. The aggregate amortized cost of these available-for-sale securities was $1.2 billion. We believe that our securities, which are current on all payment terms, are in an unrealized loss position because of ongoing negative market reaction to difficulties in the commercial airline industry. For these securities, we do not anticipate changes in the timing and amount of estimated cash flows, and expect full recovery of our amortized cost. Further, should our cash flow expectation prove to be incorrect, the current aggregate market values of aircraft collateral, based on information from independent appraisers, exceeded totals of both the market values and the amortized cost of our securities at December 31, 2004. See additional discussion of our positions in the commercial aviation industry on page 65.

WORKING CAPITAL, representing GE inventories and receivables from customers, less trade payables and progress collections, increased to $8.3 billion at the end of 2004 from $5.3 billion at the end of 2003. The increase was a result of the Amersham acquisition at Healthcare, the combination of NBC and VUE and the effect of the weaker U.S. dollar.

We discuss current receivables and inventories, two important elements of working capital, in the following paragraphs.

CURRENT RECEIVABLES for GE were $14.5 billion at the end of 2004 and $11.0 billion at the end of 2003, and included $10.2 billion due from customers at the end of 2004, compared with $6.7 billion at the end of 2003. This $3.5 billion increase reflected higher receivables at NBC Universal resulting from the combination of NBC and VUE and the acquisition of Amersham by Healthcare. Turnover of customer receivables from sales of goods and services was 9.4 in 2004, compared with 10.4 in 2003. Other current receivables are primarily amounts that did not originate from sales of GE goods or services, such as advances to suppliers in connection with large contracts. See note 10.

INVENTORIES for GE were $9.6 billion at December 31, 2004, up $1.0 billion from the end of 2003. This increase reflected higher inventories at Healthcare resulting from the acquisition of Amersham. GE inventory turnover was 8.4 in 2004, an increase from 7.4 in 2003, as a result of increased sales at Transportation while inventory remained relatively flat. See note 11.

FINANCING RECEIVABLES is our largest category of assets and represents one of our primary sources of revenues. The portfolio of financing receivables, before allowance for losses, increased to $288.1 billion at December 31, 2004, from $254.2 billion at the end of 2003, as discussed in the following paragraphs. The related allowance for losses at the end of 2004 amounted to $5.6 billion compared with $6.3 billion at December 31, 2003, representing our best estimate of probable losses inherent in the portfolio.

A discussion of the quality of certain elements of the financing receivables portfolio follows. For purposes of that discussion, "delinquent" receivables are those that are 30 days or more past due; "nonearning" receivables are those that are 90 days or more past due (or for which collection has otherwise become doubtful); and "reduced-earning" receivables are commercial receivables whose terms have been restructured to a below-market yield.

Commercial Finance financing receivables, before allowance for losses, totaled $145.4 billion at December 31, 2004, compared with $135.7 billion at December 31, 2003, and consisted of loans and leases to the equipment, commercial and industrial, real estate and commercial aircraft industries. This portfolio of receivables increased primarily from core growth ($28.0 billion) and acquisitions ($13.5 billion), partially offset by securitizations and sales ($31.5 billion). Related nonearning and reduced-earning receivables were $1.6 billion (1.1% of outstanding receivables) at December 31, 2004, compared with $1.7 billion (1.3% of outstanding receivables) at year-end 2003. Commercial Finance financing receivables are generally backed by assets and there is a broad spread of geographic and credit risk in the portfolio.

During 2004, Consumer Finance adopted a global policy for uncollectible receivables that accelerated write-offs to follow one consistent basis. We now write off unsecured closed-end installment loans that become 120 days contractually past due and unsecured open-ended revolving loans that become 180 days contractually past due.

Consumer Finance financing receivables, before allowance for losses, were $127.8 billion at December 31, 2004, compared with $94.7 billion at December 31, 2003, and consisted primarily of card receivables, installment loans, auto loans and leases, and residential mortgages. This portfolio of receivables increased as a result of acquisitions ($15.6 billion), core growth ($13.1 billion) and the effects of the weaker U.S. dollar ($7.3 billion). These increases were partially offset by whole loan sales and securitization activity ($2.0 billion) and the standardization of our write-off policy, which resulted in an increase in write-offs ($0.9 billion) but had an inconsequential effect on earnings.

Nonearning consumer receivables were $2.5 billion at December 31, 2004 and 2003, representing 2.0% and 2.6% of outstanding receivables, respectively. The percentage decrease is primarily related to the standardization of our write-off policy and the acquisition of AFIG, which obtains credit insurance for certain receivables, partially offset by higher nonearnings in our European secured financing business.

Equipment & Other Services financing receivables, before allowance for losses, amounted to $14.9 billion and $23.8 billion at December 31, 2004 and 2003, respectively, and consisted primarily of financing receivables in consolidated, liquidating securitization entities. This portfolio of receivables decreased because we have stopped transferring assets to these entities. Nonearning receivables at December 31, 2004, were $0.2 billion (1.2% of outstanding receivables) compared with $0.1 billion (0.6% of outstanding receivables) at December 31, 2003.

Delinquency rates on managed Commercial Finance equipment loans and leases and managed Consumer Finance financing receivables follow.

	2004	2003	2002
Commercial Finance	1.40%	1.38%	1.75%
Consumer Finance	4.85	5.62	5.62

Delinquency rates at Commercial Finance increased slightly from December 31, 2003 to December 31, 2004, reflecting the effect of certain acquired portfolios, partially offset by improvement in the overall core portfolio. The decline from December 31, 2002 to December 31, 2003, reflected improved economic conditions and collection results.

Delinquency rates at Consumer Finance decreased from December 31, 2003 to December 31, 2004, as a result of the standardization of our write-off policy, the acquisition of AFIG, and the U.S. acquisition of WMC, with lower relative delinquencies as a result of whole loan sales, partially offset by higher delinquencies in our European secured financing business. See notes 12 and 13.

OTHER GECS RECEIVABLES totaled $14.1 billion at December 31, 2004, and $12.1 billion at December 31, 2003, and consisted primarily of nonfinancing customer receivables, accrued investment income, amounts due from GE (generally related to certain material procurement programs), amounts due under operating leases, receivables due on sale of securities and various sundry items. Balances at December 31, 2004 and 2003, included securitized, managed GE trade receivables of $3.1 billion and $2.7 billion, respectively.

PROPERTY, PLANT AND EQUIPMENT was $63.3 billion at December 31, 2004, up $9.9 billion from 2003, primarily reflecting the consolidation of Penske effective January 1, 2004, and acquisitions of commercial aircraft at Commercial Finance. GE property, plant and equipment consisted of investments for its own productive use, whereas the largest element for GECS was equipment provided to third parties on operating leases. Details by category of investment are presented in note 15.

GE expenditures for plant and equipment during 2004 totaled $2.4 billion, compared with $2.2 billion in 2003. Total expenditures for the past five years were $12.9 billion, of which 33% was investment for growth through new capacity and product development; 36% was investment in productivity through new equipment and process improvements; and 31% was investment for other purposes such as improvement of research and development facilities and safety and environmental protection.

GECS additions to property, plant and equipment were $10.7 billion and $7.6 billion during 2004 and 2003, respectively, primarily reflecting additions of commercial aircraft and vehicles at Commercial Finance and of vehicles at Equipment & Other Services.

INTANGIBLE ASSETS were $83.2 billion at year-end 2004, up from $55.0 billion at year-end 2003. GE intangibles increased $24.5 billion from $30.2 billion at the end of 2003, principally as a result of goodwill and other intangibles related to the combination of NBC and VUE, the Amersham acquisition by Healthcare, acquisitions by Infrastructure and the effects of the weaker U.S. dollar. GECS intangibles increased $3.7 billion to $28.5 billion, reflecting goodwill associated with acquisitions, goodwill associated with the consolidation of Penske effective January 1, 2004, and the effects of the weaker U.S. dollar. See note 16.

ALL OTHER ASSETS totaled $109.9 billion at year-end 2004, an increase of $17.3 billion. This increase resulted principally from the combination of NBC and VUE, acquisitions affecting real estate and assets held for sale, and additional investments in associated companies, partially offset by the consolidation of Penske, which was previously accounted for using the equity method. See note 17.

CONSOLIDATED BORROWINGS were $370.9 billion at December 31, 2004, compared with $329.7 billion at the end of 2003.

GE total borrowings were $11.0 billion at year-end 2004 ($3.4 billion short term, $7.6 billion long term), about the same as at year-end 2003. GE total debt at the end of 2004 equaled 9.1% of total capital, compared with 12.0% at the end of 2003.

GECS total borrowings were $361.3 billion at December 31, 2004, of which $154.8 billion is due in 2005 and $206.5 billion is due in subsequent years. Comparable amounts at the end of 2003 were $320.3 billion in total, $155.5 billion due within one year and $164.8 billion due thereafter. Included in GECS total borrowings were borrowings of consolidated, liquidating securitization entities amounting to $25.8 billion at December 31, 2004, of which $9.8 billion was asset-backed senior notes of AFIG, and $24.8 billion at December 31, 2003. A large portion of GECS borrowings ($97.4 billion and $102.6 billion at the end of 2004 and 2003, respectively) was issued in active commercial paper markets that we believe will continue to be a reliable source of short-term financing. The average remaining terms and interest rates of General Electric Capital Corporation (GE Capital) commercial paper were 42 days and 2.39% at the end of 2004, compared with 47 days and 1.40% at the end of 2003. The GE Capital ratio of debt to equity was 6.61 to 1 at the end of 2004 and 6.74 to 1 at the end of 2003. See note 18.

INSURANCE LIABILITIES, RESERVES AND ANNUITY BENEFITS of GECS were $140.9 billion at December 31, 2004, $4.5 billion higher than in 2003. The increase is primarily attributable to growth in annuities, long-term care insurance, structured settlements, the effects of the weaker U.S. dollar, increases in loss reserves for policies written in prior years and 2004 U.S. hurricane-related losses. These increases were partially offset by claim settlements and maturities of guaranteed investment contracts (GICs). See note 19.

EXCHANGE RATE AND INTEREST RATE RISKS are managed with a variety of straightforward techniques, including match funding and selective use of derivatives. We use derivatives to mitigate or eliminate certain financial and market risks because we conduct business in diverse markets around the world and local funding is not always efficient. In addition, we use derivatives to adjust the debt we are issuing to match the fixed or floating nature of the assets we are acquiring. We apply strict policies to manage each of these risks, including prohibitions on derivatives trading, derivatives market-making or other speculative activities. Following is an analysis of the potential effects of changes in interest rates and currency exchange rates using so-called "shock" tests that model effects of shifts in rates. These are not forecasts.

- If, on January 1, 2005, interest rates had increased 100 basis points across the yield curve (a "parallel shift" in that curve) and that increase remained in place for 2005, we estimate, based on our year-end 2004 portfolio and holding everything else constant, that our 2005 GE and GECS net earnings would decline pro-forma by $0.1 billion and $0.2 billion, respectively.
- If, on January 1, 2005, currency exchange rates were to decline by 10% against the U.S. dollar and that decline remained in place for 2005, we estimate, based on our year-end 2004 portfolio and holding everything else constant, that the effect on our 2005 GE and GECS net earnings would be insignificant.

Statement of Changes in Shareowners' Equity (page 72)
Shareowners' equity increased $31.1 billion in 2004, $15.5 billion in 2003 and $8.9 billion in 2002. These increases were largely attributable to net earnings but were partially offset by dividends declared of $8.6 billion, $7.8 billion and $7.3 billion in 2004, 2003 and 2002, respectively. We issued 341.7 million shares of stock in connection with the Amersham acquisition, increasing equity by $10.7 billion in 2004. We also issued 119.4 million shares of stock to partially fund the combination of NBC and VUE, increasing equity by $3.8 billion. Currency translation adjustments increased equity by $3.9 billion in 2004, compared with $5.1 billion in 2003. Changes in the currency translation adjustments reflect the effects of changes in currency exchange rates on our net investment in non-U.S. subsidiaries that have functional currencies other than the U.S. dollar. In 2004, the pound sterling, euro and, to a lesser extent, Asian currencies strengthened against the U.S. dollar. In 2003 and 2002, the euro and, to a lesser extent, Asian currencies strengthened against the U.S. dollar. Accumulated currency translation adjustments affect net earnings only when all or a portion of an affiliate is disposed of or substantially liquidated. See note 24.

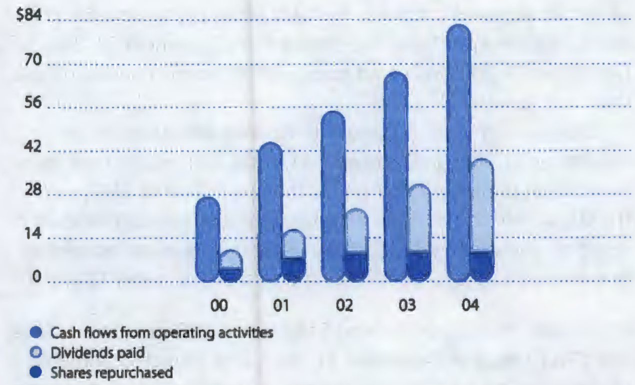
Overview of Our Cash Flow from 2002 through 2004 (pages 76–77)
GE cash from operating activities (CFOA) is a useful measure of performance for our non-financial businesses and totaled $15.2 billion in 2004, $12.9 billion in 2003 and $10.1 billion in 2002. Generally, factors that affect our earnings—for example, pricing, volume, costs and productivity—affect CFOA similarly. However, while management of working capital, including timing of collections and payments and levels of inventory, affects operating results only indirectly, the effect of these programs on CFOA can be significant. Excluding progress collections, working capital improvements benefited CFOA by $2.7 billion since 2002, as we applied our inventory Lean Six Sigma and other working capital management tools broadly.

Our GE Statement of Cash Flows on page 76 shows CFOA in the required format. While that display is of some use in analyzing how various assets and liabilities affected our year-end cash positions, we believe it is also useful to supplement that display and to examine in a broader context the business activities that provide and require cash.

December 31 (In billions)	2004	2003	2002
Operating cash collections	$ 81.6	$ 68.4	$ 67.5
Operating cash payments	(69.5)	(58.9)	(59.4)
Cash dividends from GECS	3.1	3.4	2.0
GE cash from operating activities	$ 15.2	$ 12.9	$ 10.1

The most significant source of cash in CFOA is customer-related activities, the largest of which is collecting cash following a product or services sale. GE operating cash collections increased by about $13.2 billion during 2004 and by about $0.9 billion during 2003. These increases are consistent with the changes in comparable GE operating segment revenues, including the 2004 effects of our acquisition of Amersham and the combination of NBC and VUE. Analyses of operating segment revenues on page 52 is the best way of understanding their customer-related CFOA.

GE CUMULATIVE CASH FLOWS SINCE 1999
(In billions)



The most significant operating use of cash is to pay our suppliers, employees, tax authorities and others for the wide range of material and services necessary in a diversified global organization. GE operating cash payments increased in 2004 by about $10.6 billion, primarily because of the effects of our acquisition of Amersham and the combination of NBC and VUE, and decreased in 2003 by about $0.5 billion.

Dividends from GECS represented distribution of a portion of GECS retained earnings, including proceeds from certain business sales, and are distinct from cash from operating activities within the financial services businesses, which increased in 2004 by $4.7 billion to $26.1 billion and decreased in 2003 by $0.1 billion to $21.4 billion. Financial services cash is not necessarily freely available for alternative uses. For example, certain cash generated by our Insurance businesses is restricted by various insurance regulations. See note 23. Further, any reinvestment in financing receivables is shown in cash used for investing, not operating activities. Therefore, maintaining or growing Commercial and Consumer Finance assets requires that we invest much of the cash they generate from operating activities in their earning assets. Also, we have been increasing the equity of our financial services businesses as discussed on page 64. The amount we show in CFOA is the total dividend, including the normal dividend as well as any special dividends such as proceeds from business sales.

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, we believe we are in a sound position to grow dividends, execute on our announced $15 billion share repurchase program and continue making selective investments for long-term growth. With the financial flexibility that comes with excellent credit ratings, we believe that GE and GECS should be well positioned to meet the global needs of its customers for capital and to continue providing our shareowners with good returns.

Contractual Obligations

As defined by reporting regulations, our contractual obligations for future payments as of December 31, 2004, follow:

	Payments due by period				
(In millions)	Total	2005	2006–2007	2008–2009	2010 and thereafter
Borrowings (note 18)	$370,907	$157,746	$85,103	$47,670	$80,388
Interest on borrowings	59,000	11,000	16,000	10,000	22,000
Operating lease obligations (note 4)	7,718	1,383	2,240	1,613	2,482
Purchase obligations[(a)(b)]	53,000	35,000	11,000	4,000	3,000
Insurance liabilities (note 19)[(c)]	92,000	14,000	19,000	13,000	46,000
Other liabilities[(d)]	68,000	18,000	5,000	3,000	42,000

(a) Included all take-or-pay arrangements, capital expenditures, contractual commitments to purchase equipment that will be classified as equipment leased to others, software acquisition/license commitments, contractual minimum programming commitments and contractually required cash payments for acquisitions.

(b) Excluded funding commitments entered into in the ordinary course of business by our financial services businesses. Further information on these commitments is provided in note 30.

(c) Included guaranteed investment contracts, structured settlements and single premium immediate annuities based on scheduled payouts, as well as those contracts with reasonably determinable cash flows such as deferred annuities, universal life, term life, long-term care, whole life and other life insurance contracts as well as workers compensation tabular indemnity loan and long-term liability claims.

(d) Included an estimate of future expected funding requirements related to our pension and postretirement benefit plans. Because their future cash outflows are uncertain, the following non-current liabilities are excluded from the table above: deferred taxes, derivatives, deferred revenue and other sundry items. Refer to notes 21 and 28 for further information on these items.

Off-Balance Sheet Arrangements

We use off-balance sheet arrangements in the ordinary course of business to improve shareowner returns. Beyond improving returns, these securitization transactions serve as funding sources for a variety of diversified lending and securities transactions. Our securitization transactions are similar to those used by many financial institutions. In a typical transaction, assets are sold by the transferor to a special purpose entity (SPE), which purchases the assets with cash raised through issuance of beneficial interests (usually debt instruments) to third-party investors. Investors in the beneficial interests usually have recourse to the assets in the SPEs and often benefit from credit enhancements supporting the assets (such as overcollateralization). The SPE may also hold derivatives, such as interest rate swaps, in order to match the interest rate characteristics of the assets with those of the beneficial interests. An example is an interest rate swap converting fixed rate assets to variable rates to match floating rate debt instruments issued by the SPE.

Historically, we have used both GE-sponsored and third-party entities to execute securitization transactions in the commercial paper and term markets. With our adoption of FIN 46, *Consolidation of Variable Interest Entities*, on July 1, 2003, we consolidated $36.3 billion of assets and $35.8 billion of liabilities in certain sponsored entities and stopped executing new securitization transactions with those entities. We continue to engage in securitization transactions with third-party conduits and through public, market term securitizations. In December 2004, we acquired AFIG which added $9.1 billion of securitized mortgage loans in consolidated, liquidating securitization entities. Without AFIG, assets in consolidated, liquidating securitization entities were $17.4 billion, down $9.0 billion. See note 29.

Assets held by SPEs include: receivables secured by equipment, commercial and residential real estate and other assets; credit card receivables; and trade receivables. Examples of these receivables include loans and leases on manufacturing and transportation equipment, residential mortgages, loans on commercial property, commercial loans, and balances of high credit quality accounts from sales of a broad range of products and services to a diversified customer base. In certain transactions, the credit quality of assets transferred is enhanced by providing credit support. Securitized off-balance sheet assets totaled $34.4 billion and $26.8 billion at December 31, 2004 and 2003, respectively.

We provide financial support related to assets held by certain off-balance sheet SPEs through liquidity agreements, credit support, and guarantee and reimbursement contracts. Net liquidity support amounted to $2.3 billion at December 31, 2004, down from $3.1 billion a year earlier. Credit support, in which we provide recourse for credit losses in off-balance sheet SPEs, was $6.6 billion as of December 31, 2004. Potential credit losses are provided for in our financial statements. Based on management's best estimate of probable losses inherent in the portfolio of assets that remain off-balance sheet, our financial statements included $0.1 billion representing the fair value of recourse obligations at year-end 2004. See note 29.

We periodically enter into guarantees and other similar arrangements as part of transactions in the ordinary course of business. These are described further in note 30.

We have extensive experience in evaluating economic, liquidity and credit risk. In view of this experience, the high quality of assets in these entities, the historically robust quality of commercial paper markets, and the historical reliability of controls applied to both asset servicing and to activities in the credit markets, we believe that, under any reasonable future economic developments, the likelihood is remote that any financial support arrangements could have an adverse economic effect on our financial position or results of operations.

Debt Instruments, Guarantees and Covenants

The major debt rating agencies routinely evaluate the debt of GE, GECS and GE Capital, the major borrowing affiliate of GECS. These agencies have given the highest debt ratings to GE and GE Capital (long-term rating AAA/Aaa; short-term rating A-1+/P-1). One of our strategic objectives is to maintain these ratings as they serve to lower our cost of funds and to facilitate our access to a variety of lenders. We manage our businesses in a fashion that is consistent with maintaining these ratings.

GE, GECS and GE Capital have distinct business characteristics that the major debt rating agencies evaluate both quantitatively and qualitatively.

Quantitative measures include:

- Earnings and profitability, including earnings quality, revenue growth, the breadth and diversity of sources of income and return on assets,
- Asset quality, including delinquency and write-off ratios and reserve coverage,
- Funding and liquidity, including cash generated from operating activities, leverage ratios such as debt-to-capital, market access, back-up liquidity from banks and other sources, composition of total debt and interest coverage, and
- Capital adequacy, including required capital and tangible leverage ratios.

Qualitative measures include:

- Franchise strength, including competitive advantage and market conditions and position,
- Strength of management, including experience, corporate governance and strategic thinking, and
- Financial reporting quality, including clarity, completeness and transparency of all financial performance communications.

GE Capital's ratings are supported contractually by a GE commitment to maintain the ratio of earnings to fixed charges at a specified level as described below.

Before 2003, GE Capital maintained a capital structure that included about $8 of debt for each $1 of equity—a "leverage ratio" of 8:1. For purposes of measuring segment profit, each of our financial services businesses was also assigned debt and interest costs on the basis of that consolidated 8:1 leverage ratio. As of January 1, 2003, we extended a business-specific, market-based leverage to the performance measurement of each of our financial services businesses. As a result, at January 1, 2003, debt of $12.5 billion previously allocated to other financial services segments was allocated to the Equipment & Other Services segment. We refer to this as "parent-supported debt." During 2004, a total of $4.7 billion of such debt was eliminated, compared with $4.6 billion in 2003. The 2004 reduction was the result of the following:

- 22% of operating earnings retained by GECS ($1.8 billion),
- Proceeds from the Genworth initial public offering less dividend payments to GE ($1.6 billion),
- Mortgage Insurance contingent note payment ($0.5 billion),
- Sale of a majority interest of Gecis ($0.5 billion), and
- Rationalization of Insurance and Equipment & Other Services related activities ($0.3 billion).

The remaining $3.2 billion of such debt is expected to be eliminated in 2005.

During 2004, GECS paid $2.3 billion of special dividends to GE, of which $1.3 billion was a portion of proceeds from the Genworth initial public offering, $0.8 billion was surplus equity related to portfolio restructurings in Insurance and run-offs in Equipment & Other Services and $0.2 billion was related to Insurance dispositions.

During 2004, GECS and GECS affiliates issued $57 billion of senior, unsecured long-term debt, including $3 billion issued by Genworth in connection with the initial public equity offering described on page 48. This debt was both fixed and floating rate and was issued to institutional and retail investors in the U.S. and 17 other global markets. Maturities for these issuances ranged from one to 40 years. We used the proceeds primarily for repayment of maturing long-term debt, but also to fund acquisitions and organic growth. We anticipate that we will issue between $50 billion and $60 billion of additional long-term debt during 2005, although the ultimate amount we issue will depend on our needs and on the markets.

Following is the composition of our debt obligations excluding any asset-backed debt obligations, such as debt of consolidated, liquidating securitization entities.

December 31	2004	2003
Senior notes and other long-term debt	58%	55%
Commercial paper	25	27
Current portion of long-term debt	11	13
Other—bank and other retail deposits	6	5
Total	100%	100%

We target a ratio for commercial paper of 25% to 35% of outstanding debt based on the anticipated composition of our assets and the liquidity profile of our debt. GE Capital is the most widely held name in global commercial paper markets.

We believe that alternative sources of liquidity are sufficient to permit an orderly transition from commercial paper in the unlikely event of impaired access to those markets. Funding sources on which we would rely would depend on the nature of such a hypothetical event, but include $57.3 billion of contractually committed lending agreements with 83 highly-rated global banks and investment banks. Total credit lines extending beyond one year increased $10.0 billion to $56.8 billion at December 31, 2004. See note 18.

Beyond contractually committed lending agreements, other sources of liquidity include medium and long-term funding, monetization, asset securitization, cash receipts from our lending and leasing activities, short-term secured funding on global assets, and potential sales of other assets.

PRINCIPAL DEBT CONDITIONS are described below.

The following two conditions relate to GE and GECS:

- Under certain swap, forward and option contracts, if the long-term credit rating of either GE or GECS were to fall below A-/A3, certain remedies are required as discussed in note 28.
- If GE Capital's ratio of earnings to fixed charges, which was 1.87:1 at the end of 2004, were to deteriorate to 1.10:1 or, upon redemption of certain preferred stock, its ratio of debt to equity, which was 6.61:1 at the end of 2004, were to exceed 8:1, GE has committed to contribute capital to GE Capital. GE also has guaranteed subordinated debt of GECS with a face amount of $1.0 billion at December 31, 2004 and 2003.

The following three conditions relate to securitization SPEs that were consolidated upon adoption of FIN 46 on July 1, 2003:

- If the short-term credit rating of GE Capital or certain consolidated SPEs discussed further in note 29 were to fall below A-1/P-1, GE Capital would be required to provide substitute liquidity for those entities or provide funds to retire the outstanding commercial paper. The maximum net amount that GE Capital would be required to provide in the event of such a downgrade is determined by contract, and amounted to $12.8 billion at January 1, 2005. Amounts related to non-consolidated SPEs were $1.4 billion.
- If the long-term credit rating of GE Capital were to fall below AA/Aa2, GE Capital would be required to provide substitute credit support or liquidate the consolidated SPEs. The maximum amount that GE Capital would be required to substitute in the event of such a downgrade is determined by contract, and amounted to $0.9 billion at December 31, 2004.
- For certain transactions, if the long-term credit rating of GE Capital were to fall below A/A2 or BBB+/Baa1 or its short-term credit rating were to fall below A-2/P-2, GE Capital could be required to provide substitute credit support or fund the undrawn commitment. GE Capital could be required to provide up to $2.3 billion in the event of such a downgrade based on terms in effect at December 31, 2004.

One group of consolidated SPEs, the Trinities and GE Funding CMS, hold assets that are reported in "Investment securities" and issue GICs that are reported in "Insurance liabilities, reserves and annuity benefits." If the long-term credit rating of GE Capital were to fall below AA-/Aa3 or its short-term credit rating were to fall below A-1+/P-1, GE Capital could be required to provide up to $0.9 billion of capital to the Trinities. Further, GE Capital could be required to repay up to $3.1 billion of GICs issued by GE Funding CMS.

In our history, we have never violated any of the above conditions either at GE or at GECS. We believe that under any reasonable future economic developments, the likelihood that any such arrangements could have a significant effect on our operations, cash flows or financial position is remote.

COMMERCIAL AVIATION is an industry in which we have a significant ongoing interest. Although some U.S. carriers have been operating under pressure, our interest in this industry is global, and demand in the global markets has been strong. September 11, 2001, was a significant test for this industry. But since that date, 119 carriers around the world have placed 709 of our aircraft into service, 415 of which were Boeing and Airbus narrow-body aircraft. We continue to be confident in the global industry's ongoing prospects.

At December 31, 2004, our global commercial aviation exposure in our Commercial Finance segment amounted to $37.8 billion, principally loans and leases of $33.0 billion. We had 1,342 commercial aircraft on lease, an increase of 106 aircraft from last year reflecting acquired leases and on-time delivery of open 2003 order positions. At the end of 2004 and 2003, an insignificant number of our aircraft were not on lease—2 and 3 aircraft, respectively. At December 31, 2004, we also had $10.2 billion (list price) of multiple-year orders for various Boeing, Airbus and other aircraft, including 56 aircraft ($4.3 billion) scheduled for delivery in 2005, all under agreement to commence operations with commercial airline customers.

Transportation sales of new equipment often include long-term customer financing commitments. Under these commitments, it is our policy to establish a secured position in the aircraft being financed. At December 31, 2004 and 2003, guarantees of $0.4 billion were in place. Further, at December 31, 2004 and 2003, we had committed $0.8 billion and $1.2 billion, respectively, to provide financial assistance on future aircraft sales. See note 30. Our guarantees and commitments are secured by individual aircraft or pools of aircraft engines related to the specific financing arrangement. When particular guarantees exceed the value of the associated security, we consider credit risk of the associated customer and provide for estimated losses. At December 31, 2004, the total estimated fair value of aircraft securing these guarantees exceeded the guaranteed amounts, net of the associated allowance for losses. In addition, at December 31, 2004 and 2003, Transportation had other exposures of $3.8 billion and $3.6 billion, respectively, consisting primarily of deferred charges and trade receivables.

US Airways filed for bankruptcy protection in the third quarter of 2004. In January 2005, US Airways and the Air Transportation Stabilization Board (ATSB) reached an agreement extending the airline's use of cash proceeds from its federally guaranteed loan through June 30, 2005. US Airways' management has stated publicly that this agreement with the ATSB will allow US Airways to continue operations while it completes its restructuring and planned emergence from Chapter 11 in the summer of 2005. US Airways' management also has indicated in its public statements that labor savings will be an important factor affecting the success of that reorganization. At December 31, 2004, our aggregate exposure to US Airways was $2.9 billion, the largest component of which was $2.6 billion of loans and leases, substantially secured by various equipment, including 39 regional jet aircraft, 54 Boeing narrow-body aircraft (primarily 737 type), and 57 Airbus narrow-body aircraft. We and the airline have entered into a memorandum of understanding to restructure a number of loans and leases. We also agreed to continue regional jet financing conditioned on the airline successfully emerging from bankruptcy protection and achieving specified financial milestones. We have adjusted our estimates of cash flows and residual values to reflect the current information available to us in this fluid situation. In addition to our loans and leases, we hold $0.2 billion of available-for-sale investment securities in US Airways that are secured by various other aircraft in the fleet. Our $0.1 billion of US Airways Transportation exposure is either secured or we have made appropriate reserves for shortfalls. In addition to US Airways, both ATA Holdings Corp. and Aloha Airgroup, Inc. filed for bankruptcy during 2004. UAL Corp. filed for bankruptcy in 2002. At December 31, 2004, our exposure was $1.4 billion to UAL Corp., $0.8 billion to ATA Holdings Corp., and $0.3 billion to Aloha Airgroup, Inc., consisting primarily of loans and leases. Various Boeing and Airbus aircraft secure substantially all of these financial exposures.

Commercial Finance regularly tests the recoverability of its commercial aircraft operating lease portfolio as described on page 69, and recognized impairment losses of $0.1 billion and $0.2 billion in 2004 and 2003, respectively. In addition to these impairment charges relating to operating leases, Commercial Finance recorded provisions for losses on financing receivables related to commercial aircraft of $0.3 billion in 2004, primarily related to US Airways and ATA Holdings Corp.; an insignificant amount was recognized in 2003.

See pages 59–60 and notes 9 and 15 for further information on our commercial aviation positions.

Selected Financial Data

Information summarized on page 67 is divided into three sections: upper portion—consolidated data; middle portion—GE data that reflect various conventional measurements for such enterprises; and lower portion—GECS data that reflect key information pertinent to financial services businesses.

GE'S TOTAL RESEARCH AND DEVELOPMENT expenditures were $3.1 billion in 2004, compared with $2.7 billion and $2.6 billion in 2003 and 2002, respectively. In 2004, expenditures from GE's own funds were $2.4 billion compared with $2.1 billion in 2003. Expenditures funded by customers (mainly the U.S. government) were $0.6 billion in 2004 and 2003.

Expenditures reported above reflect the definition of research and development required by generally accepted accounting principles. For operating and management purposes, we consider amounts spent on product and services technology to include our reported research and development expenditures, but also amounts for improving our existing products and services, and the productivity of our plant, equipment and processes. On this basis, our technology expenditures were about $5 billion.

In 2004, we directed our research and development efforts to technologies that will differentiate GE products and services in the eyes of our customers. Environmental impact is a key theme. Our researchers and engineers continue to search for novel solutions to challenging issues: meeting the world's rising energy demands while reducing greenhouse gases and emissions of power generation technologies; reducing emissions while raising fuel efficiency in air and rail transportation; and increasing energy efficiency of appliances and lighting, while meeting the need for performance and capabilities.

Emerging sciences such as nanotechnology are a significant area of our research. Nanotechnology has potential applications across the entire GE industrial portfolio. Our scientists view nanotechnology as the ultimate materials science, one that could change the materials and manufacturing processes for a wide variety of our products. We are exploring specific applications in nano-metals for jet engines, nano-ceramics as coatings for power turbines and nano-particles for use in targeted contrast agents for medical imaging.

Security was also a key area of technology research in 2004. Cargo and port security, intelligent video surveillance and chemical and biological detection are areas in which we are able to leverage core technologies among different businesses to bring innovative ideas to market.

In the Healthcare segment, we continue our quest for personalized healthcare, ramping up research in the biotechnology field. Combining our previous research with the work done by scientists at Amersham has opened new fields as we explore technologies that will enable a "predict and prevent" model for medical diagnostics.

Selected Financial Data

(In millions; per-share amounts in dollars)	2004	2003	2002	2001	2000
GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES					
Revenues	$152,363	$134,187	$132,210	$126,416	$130,385
Earnings before accounting changes	16,593	15,589	15,133	14,128	12,735
Cumulative effect of accounting changes	—	(587)	(1,015)	(444)	—
Net earnings	16,593	15,002	14,118	13,684	12,735
Dividends declared	8,594	7,759	7,266	6,555	5,647
Return on average shareowners' equity excluding the effect of accounting changes	17.4%	22.1%	25.8%	27.1%	27.5%
Per share					
Earnings before accounting changes—diluted	$ 1.59	$ 1.55	$ 1.51	$ 1.41	$ 1.27
Cumulative effect of accounting changes—diluted	—	(0.06)	(0.10)	(0.04)	—
Earnings—diluted	1.59	1.49	1.41	1.37	1.27
Earnings before accounting changes—basic	1.60	1.56	1.52	1.42	1.29
Cumulative effect of accounting changes—basic	—	(0.06)	(0.10)	(0.04)	—
Earnings—basic	1.60	1.50	1.42	1.38	1.29
Dividends declared	0.82	0.77	0.73	0.66	0.57
Stock price range	37.75–28.88	32.42–21.30	41.84–21.40	52.90–28.25	60.50–41.67
Year-end closing stock price	36.50	30.98	24.35	40.08	47.94
Total assets	750,330	647,483	575,244	495,023	437,006
Long-term borrowings	213,161	172,314	140,632	79,806	82,132
Shares outstanding—average (in thousands)	10,399,629	10,018,587	9,947,113	9,932,245	9,897,110
Shareowner accounts—average	658,000	670,000	655,000	625,000	597,000
GE DATA					
Short-term borrowings	$ 3,409	$ 2,555	$ 8,786	$ 1,722	$ 940
Long-term borrowings	7,625	8,388	970	787	841
Minority interest	7,701	1,079	1,028	948	968
Shareowners' equity	110,284	79,180	63,706	54,824	50,492
Total capital invested	$129,019	$ 91,202	$ 74,490	$ 58,281	$ 53,241
Return on average total capital invested excluding effect of accounting changes	15.9%	19.9%	24.5%	27.0%	27.4%
Borrowings as a percentage of total capital invested	9.1%	12.0%	13.1%	4.3%	3.3%
Working capital[a]	$ 8,328	$ 5,282	$ 3,821	$ (2,398)	$ 799
Additions to property, plant and equipment	2,427	2,158	2,386	2,876	2,536
Employees at year end					
United States	129,000	122,000	125,000	125,000	131,000
Other countries	98,000	96,000	94,000	94,000	92,000
Total employees	227,000	218,000	219,000	219,000	223,000
GECS DATA					
Revenues	$ 70,776	$ 64,279	$ 58,699	$ 58,856	$ 66,709
Earnings before accounting changes	8,161	7,754	4,626	5,586	5,192
Cumulative effect of accounting changes	—	(339)	(1,015)	(169)	—
Net earnings	8,161	7,415	3,611	5,417	5,192
Shareowner's equity	53,755	45,308	36,929	28,590	23,022
Minority interest	8,682	5,115	4,445	4,267	3,968
Total borrowings	361,342	320,318	270,962	239,935	205,371
Ratio of debt to equity at GE Capital	6.61:1	6.74:1	6.58:1	7.31:1	7.53:1
Total assets	$618,327	$554,688	$489,828	$425,484	$370,636
Insurance premiums written	15,250	18,602	16,999	15,843	16,461
Employees at year end					
United States	36,000	33,000	36,000	33,000	37,000
Other countries	44,000	54,000	60,000	58,000	53,000
Total employees	80,000	87,000	96,000	91,000	90,000

Transactions between GE and GECS have been eliminated from the consolidated information.

(a) Working capital is defined as the sum of receivables from the sales of goods and services, plus inventories, less trade accounts payable and progress collections.

GE'S TOTAL BACKLOG of firm unfilled orders at the end of 2004 was $34.1 billion, an increase of 9% from year-end 2003, reflecting increased demand for wind turbines, locomotives and product services, partially offset by softening demand for large gas turbines. Of the total backlog, $22.7 billion related to products, of which 72% was scheduled for delivery in 2005. Product services orders, included in this reported backlog for only the succeeding 12 months, were $11.4 billion at the end of 2004. Orders constituting this backlog may be canceled or deferred by customers, subject in certain cases to penalties. See Segment Operations beginning on page 52 for further information.

Critical Accounting Estimates

Accounting estimates and assumptions discussed in this section are those that we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties. For all of these estimates, we caution that future events rarely develop exactly as forecast, and the best estimates routinely require adjustment. Also see note 1, Summary of Significant Accounting Policies, which discusses accounting policies that we have selected from acceptable alternatives.

LOSSES ON FINANCING RECEIVABLES are recognized when they are incurred, which requires us to make our best estimate of probable losses inherent in the portfolio. Such estimate requires consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates, financial health of specific customers and market sectors, collateral values, and the present and expected future levels of interest rates. Our risk management process, which includes standards and policies for reviewing major risk exposures and concentrations, ensures that relevant data are identified and considered either for individual loans or leases, or on a portfolio basis, as appropriate.

Our lending and leasing experience and the extensive data we accumulate and analyze facilitate estimates that have been reliable over time. Our actual loss experience was in line with expectations for 2004 (adjusting for the effects of Consumer Finance's standardization of its write-off policy), 2003 and 2002. While losses depend to a large degree on future economic conditions, we do not anticipate significant adverse credit development in 2005. Further information is provided in the financing receivables section on page 60, and in notes 1, 12 and 13.

REVENUE RECOGNITION ON LONG-TERM AGREEMENTS to provide product services (product services agreements) requires estimates of profits over the multiple-year terms of such agreements, considering factors such as the frequency and extent of future monitoring, maintenance and overhaul events; the amount of personnel, spare parts and other resources required to perform the services; and future billing rate and cost changes. We routinely review estimates under product services agreements and regularly revise them to adjust for changes in outlook. Revisions that affect a product services agreement's total estimated profitability will also result in an immediate adjustment of earnings. We provide for probable losses. We also regularly assess customer credit risk inherent in the carrying amounts of contract costs and estimated earnings. We gain insight into future utilization and cost trends, as well as credit risk, through our knowledge of the installed base of equipment and the close interaction with our customers that comes with supplying critical services and parts over extended periods. Carrying amounts for product services agreements in progress at December 31, 2004 and 2003, were $3.7 billion and $3.2 billion, respectively, and are included in the line, "Contract costs and estimated earnings" in note 17. Adjustments to earnings resulting from revisions to estimates on product services agreements have been insignificant for each of the years in the three-year period ended December 31, 2004.

Further information is provided in note 1.

ASSET IMPAIRMENT assessment involves various estimates and assumptions as follows:

INVESTMENTS. We regularly review investment securities for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issuer. We perform comprehensive market research and analysis and monitor market conditions to identify potential impairments. Further information about actual and potential impairment losses is provided on page 60 and in notes 1 and 9.

LONG-LIVED ASSETS. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We use internal discounted cash flow estimates, quoted market prices when available and independent appraisals as appropriate to determine fair value. We derive the required cash flow estimates from our historical experience and our internal business plans and apply an appropriate discount rate.

Commercial aircraft are a significant concentration of assets in our Commercial Finance business, and are particularly subject to market fluctuations. Therefore, we test recoverability of each aircraft in our operating lease portfolio at least annually. Additionally, we perform quarterly evaluations in circumstances such as when aircraft are re-leased, current lease terms have changed or a specific lessee's credit standing changes. Future rentals and residual values are based on historical experience and information received routinely from independent appraisers. Estimated cash flows from future leases are reduced for expected downtime between leases and for estimated technical costs required to prepare aircraft to be redeployed. Fair value used to measure impairment is based on current market values from independent appraisers. Further information on impairment losses and our overall exposure to the commercial aviation industry is provided on pages 65–66 and in notes 9 and 15.

GOODWILL AND OTHER IDENTIFIED INTANGIBLE ASSETS. We test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of a reporting unit. Determining whether an impairment has occurred requires valuation of the respective reporting unit, which we estimate using a discounted cash flow method. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. In applying this methodology, we rely on a number of factors, including actual operating results, future business plans, economic projections and market data.

If this analysis indicates goodwill is impaired, measuring the impairment requires a fair value estimate of each identified tangible and intangible asset. In this case we supplement the cash flow approach discussed above with independent appraisals, as appropriate.

We test other identified intangible assets with defined useful lives and subject to amortization by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows.

Further information is provided on page 61 and in notes 1 and 16.

INSURANCE LIABILITIES AND RESERVES differ for short- and long-duration insurance contracts. Short-duration contracts such as property and casualty policies are accounted for based on actuarial estimates of losses inherent in that period's claims, including losses for which claims have not yet been reported. Short-duration contract loss estimates rely on actuarial observations of ultimate loss experience for similar historical events. Measurement of long-duration insurance liabilities (such as guaranteed renewable term, whole life and long-term care insurance policies) also is based on approved actuarial methods that include assumptions about expenses, mortality, morbidity, lapse rates and future yield on related investments. Historical insurance industry experience indicates that a greater degree of inherent variability exists in assessing the ultimate amount of losses under short-duration property and casualty contracts than exists for long-duration mortality exposures. This inherent variability is particularly significant for liability-related exposures, including latent claims issues (such as asbestos and environmental related coverage disputes), because of the extended period of time—often many years—that transpires between when a given claim event occurs and the ultimate full settlement of such claim. This situation is then further exacerbated for reinsurance entities (as opposed to primary insurers) because of coverage often being provided on an "excess-of-loss" basis and the resulting lags in receiving current claims data.

We continually evaluate the potential for changes in loss estimates with the support of qualified reserving actuaries and use the results of these evaluations both to adjust recorded reserves and to proactively modify underwriting criteria and product offerings. For actuarial analysis purposes, reported and paid claims activity is segregated into several hundred reserving segments, each having differing historical settlement trends. A variety of actuarial methods are then applied to the underlying data for each of these reserving segments in arriving at an estimated range of "reasonably possible" loss scenarios. Factors such as line of business, length of historical settlement pattern, recent changes in underwriting standards and unusual trends in reported claims activity will generally affect which actuarial methods are given more weight for purposes of determining the "best estimate" of ultimate losses in a particular reserving segment. As discussed on pages 56 and 57 and in note 19, in recent years, reported claims activity at GE Insurance Solutions related to prior-year loss events, particularly for liability-related exposures underwritten in 1997 through 2001, have continued to develop adversely to previous expectations. This trend was considered in the actuarial reserve study completed in the fourth quarter of 2002, resulting in a significant increase in recorded reserves. In 2003, we continued to monitor our reported claims activity compared with our revised expected loss levels. While for the majority of our lines of business, reported claims activity in 2003 was reasonably close to expected amounts, for certain lines the reported claims volumes exceeded our revised loss expectations. In response to these new data, we further increased our loss reserves in 2003. In 2004, as part of our comprehensive annual assessment of recorded claim-related liabilities, we observed that reported claims activity in certain product lines, substantially related to the 1997 through 2001 underwriting years, continued to exceed previous established expectations and we again increased our loss reserves.

PENSION ASSUMPTIONS are significant inputs to actuarial models that measure pension benefit obligations and related effects on operations. Two critical assumptions—discount rate and expected return on assets—are important elements of plan expense and asset/liability measurement. We evaluate these critical assumptions at least annually on a plan and country-specific basis. Other assumptions involving demographic factors such as retirement age, mortality and turnover are evaluated periodically and are updated to reflect our experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

The discount rate enables us to state expected future cash flows at a present value on the measurement date. This rate is the yield on high-quality fixed income investments at the measurement date. A lower discount rate increases the present value of benefit obligations and increases pension expense.

To determine the expected long-term rate of return on pension plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. As of December 31, 2004, one-year returns on assets in our principal pension plans were 11.7%; five-year returns were 3.2%; 10-year returns were 11.4% and 25-year returns were 12.2%. We believe these results, in connection with our current and expected asset allocations, support our assumed long-term return of 8.5% on those assets.

To reflect market interest rate conditions, we reduced our discount rate for principal pension plans at December 31, 2004, from 6.0% to 5.75% and at December 31, 2003, from 6.75% to 6.0%. We assumed that long-term returns on the assets of our principal pension plans were 8.5% in 2004, the same as our assumptions for 2003 and 2002.

Sensitivity to changes in key assumptions for our principal pension plans follows:

- Discount rate—A 25 basis point reduction in discount rate would increase pension expense in 2005 by $0.1 billion.
- Expected return on assets—A 50 basis point increase in the expected return on assets would decrease pension expense in 2005 by $0.3 billion.

Further information on our postretirement benefit plans is provided on page 50 and in notes 5 and 6.

OTHER LOSS CONTINGENCIES are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis of multiple forecasts that often depend on judgments about potential actions by third parties such as regulators. Further information is provided in notes 20 and 30.

Other Information

New Accounting Standard

In December 2004, the FASB issued Statement of Financial Accounting Standards (SFAS) 123 (revised 2004), *Share-Based Payment* (SFAS 123R). Among other things, SFAS 123R requires expensing the fair value of stock options, previously optional accounting that we adopted in 2002. For transition, upon adoption on July 1, 2005, SFAS 123R will require us to expense the unvested portion of options granted in 2000 and 2001, reducing net earnings by approximately $30 million in 2005 and by a similar amount in 2006. SFAS 123R also will require us to change the classification of certain tax benefits from options deductions to financing rather than operating cash flows. While the effects of these future tax deductions will depend on several variables, had SFAS 123R been in effect, approximately $0.3 billion would have been required to be classified as cash from financing, not operating, activities in 2004; the related 2003 amount would have been approximately $0.2 billion.

Financial Measures that Supplement Generally Accepted Accounting Principles

We sometimes use information derived from consolidated financial information but not presented in our financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under SEC rules. Specifically, we have referred, in various sections of this Annual Report, to:

- Organic revenue growth in 2004,
- Earnings growth, excluding Insurance dispositions, in 2004,
- Growth in Industrial CFOA in 2004,
- GE earnings before income taxes and accounting changes excluding GECS earnings, and the corresponding effective tax rate, for the three years ended December 31, 2004,
- Net revenues (revenues from services less interest) of the Commercial Finance and Consumer Finance segments for the three years ended December 31, 2004, and
- Delinquency rates on financing receivables of the Commercial Finance and Consumer Finance segments for 2004, 2003 and 2002.

The reasons we use these non-GAAP financial measures and their reconciliation to their most directly comparable GAAP financial measures follow.

ORGANIC REVENUE GROWTH

(In millions)	2004	2003	% change
Revenues as reported	$152,363	$134,187	
Less:			
Effects of acquisitions, dispositions and currency exchange rates	19,244	1,289	
Insurance	23,070	26,194	
Energy	17,348	19,082	
Revenues excluding the effects of acquisitions, dispositions and currency exchange rates, Insurance and Energy (organic revenues)	$ 92,701	$ 87,622	6%

EARNINGS GROWTH, EXCLUDING INSURANCE DISPOSITIONS

(In millions)	2004	2003	% change
Earnings before accounting changes as reported	$16,593	$15,589	
Less effect of Insurance dispositions	(721)	728	
Earnings, excluding Insurance dispositions	$17,314	$14,861	17%

GROWTH IN INDUSTRIAL CFOA

(In millions)	2004	2003	% change
Cash from GE's operating activities as reported	$15,204	$12,975	
Less GECS dividends	3,105	3,435	
Cash from GE's operating activities excluding dividends from GECS (Industrial CFOA)	$12,099	$ 9,540	27%

GE TAX RATE, EXCLUDING GECS EARNINGS

(In millions)	2004	2003	2002
GE earnings before income taxes and accounting changes	$18,566	$18,446	$18,970
Less GECS earnings	8,161	7,754	4,626
Total	$10,405	$10,692	$14,344
Provision for income taxes	$ 1,973	$ 2,857	$ 3,837
Effective tax rate	19.0%	26.7%	26.7%

We believe that meaningful analysis of our financial performance requires an understanding of the factors underlying that performance and our judgments about the likelihood that particular factors will repeat. In some cases, short-term patterns and long-term trends may be obscured by large factors or events. For example, events or trends in a particular segment may be so significant as to obscure patterns and trends of our industrial or financial services businesses in total. For this reason, we believe that investors may find it useful to see our 2004 revenue growth without the effect of acquisitions, dispositions and currency exchange rates, and without the effects of two businesses, Insurance and Energy, whose revenues were adversely affected by their changing economic environments and other factors; and 2004 earnings without the effect of Insurance dispositions. Similarly, we believe that investors would find it useful to compare our 2004 operating cash flow against our 2003 operating cash flow without the impact of GECS dividends.

NET REVENUES

We provided reconciliations of net revenues to reported revenues for these segments on page 54. Because net revenues is a common industry measure of margin, these disclosures enable investors to compare the results of our financial services businesses with results of others in the same industry.

DELINQUENCY RATES ON FINANCING RECEIVABLES

Delinquency rates on financing receivables follow.

COMMERCIAL FINANCE

December 31	2004	2003	2002
Managed	1.40%	1.38%	1.75%
Off-book	0.90	1.27	0.09
On-book	1.58	1.41	2.16

CONSUMER FINANCE

December 31	2004	2003	2002
Managed	4.85%	5.62%	5.62%
Off-book	5.09	5.04	4.84
On-book	4.84	5.67	5.76

We believe that delinquency rates on managed financing receivables provide a useful perspective of our portfolio quality and are key indicators of financial performance. Further, investors use such information, including the results of both the on-book and securitized portfolios, which are relevant to our overall performance.

Statement of Earnings

For the years ended December 31 (In millions; per-share amounts in dollars)	General Electric Company and consolidated affiliates 2004	2003	2002
REVENUES			
Sales of goods	$ 55,005	$ 49,963	$ 55,096
Sales of services	29,700	22,391	21,138
Other income (note 2)	1,064	602	1,013
Earnings of GECS before accounting changes	—	—	—
GECS revenues from services (note 3)	66,594	61,231	54,963
Total revenues	152,363	134,187	132,210
COSTS AND EXPENSES (note 4)			
Cost of goods sold	42,645	37,189	38,833
Cost of services sold	19,114	14,017	14,023
Interest and other financial charges	11,907	10,825	10,216
Insurance losses and policyholder and annuity benefits	15,627	16,369	17,608
Provision for losses on financing receivables (note 13)	3,888	3,752	3,084
Other costs and expenses	38,148	31,821	29,229
Minority interest in net earnings of consolidated affiliates	928	310	326
Total costs and expenses	132,257	114,283	113,319
EARNINGS BEFORE INCOME TAXES AND ACCOUNTING CHANGES	20,106	19,904	18,891
Provision for income taxes (note 7)	(3,513)	(4,315)	(3,758)
EARNINGS BEFORE ACCOUNTING CHANGES	16,593	15,589	15,133
Cumulative effect of accounting changes (note 1)	—	(587)	(1,015)
NET EARNINGS	$ 16,593	$ 15,002	$ 14,118
Per-share amounts (note 8)			
Per-share amounts before accounting changes			
Diluted earnings per share	$ 1.59	$ 1.55	$ 1.51
Basic earnings per share	1.60	1.56	1.52
Per-share amounts after accounting changes			
Diluted earnings per share	1.59	1.49	1.41
Basic earnings per share	1.60	1.50	1.42
DIVIDENDS DECLARED PER SHARE	$ 0.82	$ 0.77	$ 0.73

Consolidated Statement of Changes in Shareowners' Equity

(In millions)	2004	2003	2002
CHANGES IN SHAREOWNERS' EQUITY (note 24)			
Balance at January 1	$ 79,180	$ 63,706	$ 54,824
Dividends and other transactions with shareowners	10,009	(5,520)	(6,382)
Changes other than transactions with shareowners			
Increase attributable to net earnings	16,593	15,002	14,118
Investment securities—net	412	710	1,378
Currency translation adjustments—net	3,942	5,123	1,000
Cash flow hedges—net	569	320	(1,157)
Minimum pension liabilities—net	(421)	(161)	(75)
Total changes other than transactions with shareowners	21,095	20,994	15,264
Balance at December 31	$110,284	$ 79,180	$ 63,706

The notes to consolidated financial statements on pages 78–111 are an integral part of these statements.

GE			GECS		
2004	2003	2002	2004	2003	2002
$52,260	$47,767	$51,957	$ 2,840	$ 2,228	$ 3,296
29,954	22,675	21,360	—	—	—
1,076	645	1,106	—	—	—
8,161	7,754	4,626	—	—	—
—	—	—	67,936	62,051	55,403
91,451	78,841	79,049	70,776	64,279	58,699
39,999	35,102	35,951	2,741	2,119	3,039
19,368	14,301	14,245	—	—	—
979	941	569	11,372	10,262	9,935
—	—	—	15,844	16,369	17,608
—	—	—	3,888	3,752	3,084
12,001	9,870	9,131	26,840	22,436	20,343
538	181	183	390	129	143
72,885	60,395	60,079	61,075	55,067	54,152
18,566	18,446	18,970	9,701	9,212	4,547
(1,973)	(2,857)	(3,837)	(1,540)	(1,458)	79
16,593	15,589	15,133	8,161	7,754	4,626
—	(587)	(1,015)	—	(339)	(1,015)
$16,593	$15,002	$14,118	$ 8,161	$ 7,415	$ 3,611

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 72.

Statement of Financial Position

At December 31 (In millions)	General Electric Company and consolidated affiliates 2004	2003
ASSETS		
Cash and equivalents	$ 15,328	$ 12,664
Investment securities (note 9)	135,536	129,269
Current receivables (note 10)	14,233	10,732
Inventories (note 11)	9,778	8,752
Financing receivables—net (notes 12 and 13)	282,467	247,906
Insurance receivables—net (note 14)	25,709	27,541
Other GECS receivables	10,771	9,747
Property, plant and equipment—net (note 15)	63,334	53,388
Investment in GECS	—	—
Intangible assets—net (note 16)	83,240	55,025
All other assets (note 17)	109,934	92,621
Total assets	$750,330	$647,645
LIABILITIES AND EQUITY		
Short-term borrowings (note 18)	$157,746	$157,397
Accounts payable, principally trade accounts	24,729	19,950
Progress collections and price adjustments accrued	3,937	4,433
Dividends payable	2,329	2,013
All other current costs and expenses accrued	17,539	15,343
Long-term borrowings (note 18)	213,161	172,314
Insurance liabilities, reserves and annuity benefits (note 19)	140,585	136,428
All other liabilities (note 20)	49,223	41,746
Deferred income taxes (note 21)	14,414	12,647
Total liabilities	623,663	562,271
Minority interest in equity of consolidated affiliates (note 22)	16,383	6,194
Common stock (10,586,358,000 and 10,063,120,000 shares outstanding at year-end 2004 and 2003, respectively)	669	669
Accumulated gains (losses)—net		
Investment securities	2,268	1,856
Currency translation adjustments	6,929	2,987
Cash flow hedges	(1,223)	(1,792)
Minimum pension liabilities	(657)	(236)
Other capital	24,265	17,497
Retained earnings	90,795	82,796
Less common stock held in treasury	(12,762)	(24,597)
Total shareowners' equity (notes 24 and 25)	110,284	79,180
Total liabilities and equity	$750,330	$647,645

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and minimum pension liabilities constitutes "Accumulated nonowner changes other than earnings," as shown in note 24, and was $7,317 million and $2,815 million at year-end 2004 and 2003, respectively.

The notes to consolidated financial statements on pages 78–111 are an integral part of this statement.

GE		GECS	
2004	2003	2004	2003
$ 3,155	$ 1,670	$ 12,367	$ 11,273
413	380	135,152	128,889
14,533	10,973	—	—
9,589	8,555	189	197
—	—	282,467	247,906
—	—	25,971	27,541
—	—	14,134	12,103
16,756	14,566	46,578	38,822
53,755	45,308	—	—
54,720	30,204	28,520	24,821
38,123	30,448	72,949	63,136
$191,044	$142,104	$618,327	$554,688
$ 3,409	$ 2,555	$154,843	$155,468
11,013	8,753	17,104	13,566
3,937	4,433	—	—
2,329	2,013	—	—
17,569	15,343	—	—
7,625	8,388	206,499	164,850
—	—	140,902	136,428
23,561	18,449	25,744	23,217
3,616	1,911	10,798	10,736
73,059	61,845	555,890	504,265
7,701	1,079	8,682	5,115
669	669	1	1
2,268	1,856	2,345	1,864
6,929	2,987	5,183	2,639
(1,223)	(1,792)	(1,354)	(1,727)
(657)	(236)	(150)	(41)
24,265	17,497	12,370	12,268
90,795	82,796	35,360	30,304
(12,762)	(24,597)	—	—
110,284	79,180	53,755	45,308
$191,044	$142,104	$618,327	$554,688

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 74.

Statement of Cash Flows

For the years ended December 31 (In millions)	General Electric Company and consolidated affiliates 2004	2003	2002
CASH FLOWS—OPERATING ACTIVITIES			
Net earnings	$ 16,593	$ 15,002	$ 14,118
Adjustments to reconcile net earnings to cash provided from operating activities			
Cumulative effect of accounting changes	—	587	1,015
Depreciation and amortization of property, plant and equipment	8,385	6,956	6,511
Earnings (before accounting changes) retained by GECS	—	—	—
Deferred income taxes	(1,702)	1,127	2,414
Decrease (increase) in GE current receivables	(849)	534	(409)
Decrease (increase) in inventories	(468)	874	(87)
Increase (decrease) in accounts payable	5,370	802	227
Decrease in GE progress collections	(464)	(2,268)	(5,062)
Increase in insurance liabilities and reserves	4,961	1,679	9,454
Provision for losses on financing receivables	3,888	3,752	3,084
All other operating activities	770	184	(2,499)
CASH FROM OPERATING ACTIVITIES	36,484	29,229	28,766
CASH FLOWS—INVESTING ACTIVITIES			
Additions to property, plant and equipment	(13,118)	(9,779)	(14,056)
Dispositions of property, plant and equipment	5,845	4,952	6,357
Net increase in GECS financing receivables	(15,280)	(4,687)	(18,082)
Payments for principal businesses purchased	(18,703)	(14,407)	(21,570)
Investment in GECS	—	—	—
All other investing activities	2,842	2,078	(13,876)
CASH USED FOR INVESTING ACTIVITIES	(38,414)	(21,843)	(61,227)
CASH FLOWS—FINANCING ACTIVITIES			
Net increase (decrease) in borrowings (maturities of 90 days or less)	(2,729)	(20,544)	(17,347)
Newly issued debt (maturities longer than 90 days)	61,659	67,545	95,008
Repayments and other reductions (maturities longer than 90 days)	(47,106)	(43,479)	(40,454)
Net dispositions (purchases) of GE shares for treasury	3,993	726	(985)
Dividends paid to shareowners	(8,278)	(7,643)	(7,157)
All other financing activities	(2,945)	(237)	3,873
CASH FROM (USED FOR) FINANCING ACTIVITIES	4,594	(3,632)	32,938
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING YEAR	2,664	3,754	477
Cash and equivalents at beginning of year	12,664	8,910	8,433
Cash and equivalents at end of year	$ 15,328	$ 12,664	$ 8,910
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash paid during the year for interest	$(11,907)	$(10,910)	$ (9,654)
Cash recovered (paid) during the year for income taxes	(1,339)	(1,539)	(948)

The notes to consolidated financial statements on pages 78–111 are an integral part of this statement.

GE			GECS		
2004	2003	2002	2004	2003	2002
$16,593	$15,002	$14,118	$ 8,161	$ 7,415	$ 3,611
—	587	1,015	—	339	1,015
2,533	2,277	2,199	5,852	4,679	4,312
(5,056)	(4,319)	(2,661)	—	—	—
(175)	389	1,005	(1,527)	738	1,409
(908)	585	(486)	—	—	—
(459)	909	(149)	(9)	(35)	62
1,888	676	708	4,207	666	(880)
(464)	(2,268)	(5,062)	—	—	—
—	—	—	4,961	1,679	9,454
—	—	—	3,888	3,752	3,084
1,252	(913)	(590)	594	2,215	(556)
15,204	12,925	10,097	26,127	21,448	21,511
(2,427)	(2,158)	(2,386)	(10,691)	(7,621)	(11,670)
—	—	—	5,845	4,952	6,357
—	—	—	(15,280)	(4,687)	(18,082)
(4,815)	(3,870)	(8,952)	(13,888)	(10,537)	(12,618)
—	—	(6,300)	—	—	—
632	236	203	443	207	(15,234)
(6,610)	(5,792)	(17,435)	(33,571)	(17,686)	(51,247)
(1,690)	(6,704)	7,924	(1,138)	(13,472)	(34,687)
434	7,356	66	61,264	59,939	96,044
(1,568)	(277)	(1,229)	(45,538)	(43,202)	(39,225)
3,993	726	(985)	—	—	—
(8,278)	(7,643)	(7,157)	(3,105)	(3,435)	(1,965)
—	—	—	(2,945)	(237)	10,173
(7,109)	(6,542)	(1,381)	8,538	(407)	30,340
1,485	591	(8,719)	1,094	3,355	604
1,670	1,079	9,798	11,273	7,918	7,314
$ 3,155	$ 1,670	$ 1,079	$ 12,367	$ 11,273	$ 7,918
$ (603)	$ (248)	$ (155)	$(11,304)	$(10,662)	$ (9,499)
(2,261)	(2,685)	(2,331)	922	1,146	1,383

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 76.

Note 1

Summary of Significant Accounting Policies

Accounting principles

Our financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP).

Consolidation

Our financial statements consolidate all of our affiliates—companies that we control and in which we hold a majority voting interest. Associated companies are companies that we do not control but over which we have significant influence, most often because we hold a shareholder voting position of 20% to 50%. Results of associated companies are presented on a one-line basis.

In 2004 and 2003, as we describe on page 81, we consolidated certain non-affiliates, including certain special purpose entities (SPEs) and investments previously considered associated companies, because of new accounting requirements that became effective in each of those years.

Financial statement presentation

We have reclassified certain prior-year amounts to conform to the current year's 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 operations are presented on a one-line basis.
- **GECS** This affiliate owns all of the common stock of General Electric Capital Corporation (GE Capital) and GE Insurance Solutions Corporation (GE Insurance Solutions), the parent of Employers Reinsurance Corporation (ERC). GE Capital, GE Insurance Solutions and their respective affiliates are consolidated in the GECS columns and constitute its business.
- **CONSOLIDATED** This represents the adding together of GE and GECS.

Effects of transactions between related companies are eliminated. Transactions between GE and GECS are immaterial and consist primarily of GECS services for material procurement and trade receivables management, medical equipment manufactured by GE that is leased by GECS to others, aircraft engines manufactured by GE that are installed on aircraft purchased by GECS from third-party producers for operating lease to others, buildings and equipment leased by GE from GECS, and GE investments in GECS commercial paper.

Preparing financial statements in conformity with GAAP requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

Sales of goods and services

We record sales of goods when a firm sales agreement is in place, delivery has occurred and collectibility of the fixed or determinable sales price is reasonably assured. If customer acceptance of products is not assured, sales are recorded only upon formal customer acceptance.

Sales of goods in the Consumer & Industrial, Advanced Materials and Infrastructure businesses typically do not include multiple product and/or service elements, in contrast with sales in certain of the businesses referred to below. Consumer lighting products, home videos and computer hardware and software products are often sold with a right of return. Accumulated experience is used to estimate and provide for such returns when we record the sale.

Sales of goods in the Transportation, Healthcare, Energy and certain Infrastructure businesses sometimes include multiple components and sometimes include services such as installation. In such contracts, amounts assigned to each component are based on that component's objectively determined fair value, such as the sales price for the component when it is sold separately or competitor prices for similar components. Sales are recognized individually for delivered components only if they have value to the customer on a standalone basis, and the undelivered components have objectively determined fair values and are not essential to the functionality of the delivered components. When undelivered components are inconsequential or perfunctory and not essential to the functionality of the delivered components (like certain training commitments), we recognize sales on the total contract and make provision for the cost of the incomplete components.

We record sales of product services, certain power generation equipment and certain military aircraft engines in accordance with contracts. For long-term product services agreements, we use estimated contract profit rates to record sales as work is performed. For certain power generation equipment and certain military aircraft engines, we use estimated contract profit rates to record sales as major components are completed and delivered to customers. Estimates are subject to revisions; revisions that affect an agreement's total estimated profitability result in an immediate adjustment of earnings. We provide for any loss when that loss is probable. We expense costs to acquire or originate sales agreements as incurred.

We record broadcast and cable television advertising sales when advertisements are aired, net of provision for any viewer shortfalls (make goods). We record sales from theatrical distribution of films as the films are exhibited; sales of home videos, net of a return provision, when the videos are shipped and available for sale by retailers; fees from cable and satellite operators when services are provided, and licensing of film and television programming when we make the material available for airing.

GECS revenues from services (earned income)

We use the interest method to recognize income on all loans. Interest on time sales and loans includes origination, commitment and other non-refundable fees related to funding (recorded in earned income on the interest method). We stop accruing interest at the earlier of the time at which collection of an account becomes doubtful or the account becomes 90 days past due. We recognize interest income on nonearning loans either as cash is collected or on a cost-recovery basis as conditions warrant. We resume accruing interest on nonearning, non-restructured Commercial Finance loans only when (a) payments are brought current according to the loan's original terms and (b) future payments are reasonably assured. When we agree to restructured terms with the borrower, we resume accruing interest only when reasonably assured that we will recover full contractual payments, and such loans pass underwriting reviews equivalent to those applied to new loans. We resume accruing interest on nonearning Consumer Finance loans upon receipt of the third consecutive minimum monthly payment or the equivalent. Specific limits for each type of loan restrict the number of times any particular delinquent loan may be categorized as non-delinquent and interest accrual resumed.

We record financing lease income on the interest method to produce a level yield on funds not yet recovered. Estimated unguaranteed residual values of leased assets are based primarily on periodic independent appraisals of the values of leased assets remaining at expiration of the lease terms. Significant assumptions we use in estimating residual values include estimated net cash flows over the remaining lease term, results of future remarketing, and future component part and scrap metal prices, discounted at an appropriate rate.

We recognize operating lease income on a straight-line basis over the terms of underlying leases.

Fees include commitment fees related to loans that we do not expect to fund and line-of-credit fees. We record these fees in earned income on a straight-line basis over the period to which they relate. We record syndication fees in earned income at the time related services are performed unless significant contingencies exist.

See page 80 for a discussion of income from investment and insurance activities.

Depreciation and amortization

The cost of GE manufacturing plant and equipment is depreciated over its estimated economic life. U.S. assets are depreciated using an accelerated method based on a sum-of-the-years digits formula; non-U.S. assets are depreciated on a straight-line basis.

The cost of GECS equipment leased to others on operating leases is amortized on a straight-line basis to estimated residual value over the lease term or over the estimated economic life of the equipment. See note 15.

Film and television costs

We defer film and television production costs, including direct costs, production overhead, development costs and interest. We do not defer costs of exploitation, which principally comprise costs of film and television program marketing and distribution. We amortize deferred film and television production costs, as well as associated participation and residual costs, on an individual production basis using the ratio of the current period's gross revenues to estimated total remaining gross revenues from all sources; we state such costs at the lower of amortized cost or fair value. We defer the costs of acquired broadcast material, including rights to material for use on NBC Universal's broadcast and cable networks, at the earlier of acquisition or when the license period begins and the material is available for use. We amortize acquired broadcast material and rights when we broadcast the associated programs; we state such costs at the lower of amortized cost or net realizable value.

Losses on financing receivables

Our allowance for losses on financing receivables represents our best estimate of probable losses inherent in the portfolio. Our method of calculating estimated losses depends on the size, type and risk characteristics of the related receivables. Write-offs are deducted from the allowance for losses and subsequent recoveries are added. Impaired financing receivables are written down to the extent that principal is judged to be uncollectible.

Our consumer loan portfolio consists of smaller balance, homogeneous loans including card receivables, installment loans, auto loans and leases and residential mortgages. Each portfolio is collectively evaluated for impairment. The allowance for losses on these receivables is established through a process that estimates the probable losses inherent in the portfolio, based upon statistical analyses of portfolio data. These include migration analysis, in which historical delinquency and credit loss experience is applied to the current aging of the portfolio, together with analyses that reflect current trends and conditions. We also consider overall portfolio indicators including nonearning loans, trends in loan volume and lending terms, credit policies and other observable environmental factors.

During 2004, Consumer Finance adopted a global policy for uncollectible receivables that accelerated write-offs to follow one consistent basis. We now write off unsecured closed-end installment loans that become 120 days contractually past due and unsecured open-ended revolving loans that become 180 days contractually past due. Loans secured with non-real-estate collateral are written down to the estimated value of the collateral, less costs to sell, at 120 days contractually past due. Real estate secured loans (both revolving and closed-end) are written down to a percentage of the estimated fair value of the property, less costs to sell, no later than 360 days past due.

The first step in establishing our quarterly allowances for losses on larger balance non-homogenous commercial and equipment loans and leases is to survey the entire portfolio for potential specific credit or collection issues indicating an impairment. This survey first considers the financial status, payment history, collateral value, industry conditions and guarantor support related to specific customers. Any delinquencies or bankruptcies are indications of potential impairment requiring further assessment of collectibility. Our risk function routinely receives financial as well as rating agency reports on our customers, and we elevate for further attention those customers whose operations we judge to be marginal or deteriorating. We also elevate customers for further attention when we observe a decline in collateral values for asset-based loans. While collateral values are not always available, when we observe such a decline, we evaluate relevant markets to assess recovery alternatives—for example, for real estate loans, relevant markets are local; for aircraft loans, relevant markets are global. Our risk function reports to senior management its evaluation of any balances that it has identified as impaired, and we make allowances based on our evaluation of all available information, including expected future cash flows, fair value of collateral net of disposal costs and the secondary market value of the financing receivables. After providing for specific incurred losses, we then determine an allowance for losses that have been incurred in the balance of the portfolio but cannot yet be identified to a specific loan or lease. This estimate is prepared by each line of business every quarter and reviewed by senior management.

Within each business unit, portfolio level modeling is applied where deemed appropriate, for example, by collateral type. As a result, several different statistical analyses requiring judgment are employed as part of this process. These analyses include consideration of historical and projected default rate and loss severity.

Portfolios of smaller balance homogenous commercial and equipment loans which are not individually evaluated for impairment are evaluated collectively for impairment. This evaluation is based upon various statistical analyses which consider historical losses and the current aging of the portfolio.

For homogeneous loans and leases, delinquencies are an important indication of a developing loss, and we monitor delinquency rates closely in all of our portfolios.

Experience is not available with new products; therefore, while we are developing that experience, we set loss allowances based on our experience with the most closely analogous products in our portfolio.

When we repossess collateral in satisfaction of a commercial loan, we write the receivable down against the allowance for losses. Repossessed collateral is included in "All other assets" in the Statement of Financial Position and carried at the lower of cost or estimated fair value less costs to sell.

The underlying assumptions, estimates and assessments we use are continually updated to reflect our view of current conditions. Changes in such estimates can significantly affect the allowance and provision for losses. It is possible to experience credit losses that are different from our current estimates.

Cash and equivalents

Debt securities with original maturities of three months or less are included in cash equivalents unless designated as available-for-sale and classified as investment securities.

Investment securities

We report investments in debt and marketable equity securities, and equity securities at our insurance affiliates, at fair value based on quoted market prices or, if quoted prices are not available, discounted expected cash flows using market rates commensurate with credit quality and maturity of the investment. Unrealized gains and losses on available-for-sale investment securities are included in shareowners' equity, net of applicable taxes and other adjustments. We regularly review investment securities for impairment based on criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to recovery and the financial health and specific prospects for the issuer. Unrealized losses that are other than temporary are recognized in earnings. For investment securities designated as trading, unrealized gains and losses are recognized currently in earnings. Realized gains and losses are accounted for on the specific identification method.

Inventories

All inventories are stated at the lower of cost or realizable values. Cost for substantially all of GE's U.S. inventories is determined on a last-in, first-out (LIFO) basis. Cost of other GE inventories is determined on a first-in, first-out (FIFO) basis. GECS inventories consist of finished products held for sale, and cost is determined on a FIFO basis.

Intangible assets

We do not amortize goodwill, but test it annually for impairment using a fair value approach at the "reporting unit" level. A reporting unit is the operating segment, or a business one level below that operating segment (the "component" level) if discrete financial information is prepared and regularly reviewed by segment management. However, components are aggregated as a single reporting unit if they have similar economic characteristics. We recognize an impairment charge for any amount by which the carrying amount of a reporting unit's goodwill exceeds its fair value. We use discounted cash flows to establish fair values. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. When a business within a reporting unit is disposed of, goodwill is allocated to the gain or loss on disposition using the relative fair value method.

We amortize the cost of other intangibles over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested annually for impairment and written down to fair value as required.

GECS insurance accounting policies

Accounting policies for GECS insurance businesses follow.

PREMIUM INCOME. We report insurance premiums as earned income as follows:

- For short-duration insurance contracts (including property and casualty, and accident and health insurance), we report premiums as earned income, generally on a pro-rata basis, over the terms of the related agreements. For retrospectively rated reinsurance contracts, we record premium adjustments based on estimated losses and loss expenses, taking into consideration both case and incurred-but-not-reported (IBNR) reserves.
- For traditional long-duration insurance contracts (including term and whole life contracts and annuities payable for the life of the annuitant), we report premiums as earned income when due.
- For investment contracts and universal life contracts, we report premiums received as liabilities, not as revenues. Universal life contracts are long-duration insurance contracts with terms that are not fixed and guaranteed; for these contracts, we recognize revenues for assessments against the policyholder's account, mostly for mortality, contract initiation, administration and surrender. Investment contracts are contracts that have neither significant mortality nor significant morbidity risk, including annuities payable for a determined period; for these contracts, we recognize revenues on the associated investments, and amounts credited to policyholder accounts are charged to expense.

LIABILITIES FOR UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES represent our best estimate of the ultimate obligations for reported claims plus those IBNR and the related estimated claim settlement expenses for all claims incurred through December 31 of each year. Specific reserves—also referred to as case reserves—are established for reported claims using case-basis evaluations of the underlying claim data and are updated as further information becomes known. IBNR reserves are determined using generally accepted actuarial reserving methods that take into account historical loss experience data and, as appropriate, certain qualitative factors. IBNR reserves are adjusted to take into account certain additional factors that can be expected to affect the liability for claims over time, such as changes in the volume and mix of business written, revisions to contract terms and conditions, changes in legal precedents or developed case law, trends in healthcare and medical costs, and general inflation levels. Settlement of complex claims routinely involves threatened or pending litigation to resolve disputes as to coverage, interpretation of contract terms and conditions or fair compensation for damages suffered. These disputes are settled through negotiation, arbitration or actual litigation. Recorded reserves incorporate our best estimate of the effect that ultimate resolution of such disputes has on both claims payments and related settlement expenses. Liabilities for unpaid claims and claims adjustment expenses are continually reviewed and adjusted; such adjustments are included in current operations and accounted for as changes in estimates.

DEFERRED ACQUISITION COSTS. Costs that vary with and are directly related to the acquisition of new and renewal insurance and investment contracts are deferred and amortized as follows:

- Short-duration contracts—Acquisition costs consist of commissions, brokerage expenses and premium taxes and are amortized ratably over the contract periods in which the related premiums are earned.
- Long-duration contracts—Acquisition costs consist of first-year commissions in excess of recurring renewal commissions, certain variable sales expenses and certain support costs such as underwriting and policy issue expenses. For traditional long-duration insurance contracts, we amortize these costs over the respective contract periods in proportion to either anticipated premium income, or, in the case of limited-payment contracts, estimated benefit payments. For investment contracts and universal life contracts, amortization of these costs is based on estimated gross profits and is adjusted as those estimates are revised.

We review deferred acquisition costs periodically for recoverability considering anticipated investment income.

PRESENT VALUE OF FUTURE PROFITS. The actuarially determined present value of anticipated net cash flows to be realized from insurance, annuity and investment contracts in force at the date of acquisition of life insurance policies is recorded as the present value of future profits and is amortized over the respective policy terms in a manner similar to deferred acquisition costs. We adjust unamortized balances to reflect experience and impairment, if any.

Accounting changes

We adopted Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46R, *Consolidation of Variable Interest Entities (Revised)*, on January 1, 2004, adding \$2.6 billion of GECS assets and \$2.1 billion of GECS liabilities to our consolidated balance sheet as of that date. The most significant entity consolidated was Penske Truck Leasing Co., L.P. (Penske), which was previously accounted for using the equity method. Penske provides full-service commercial truck leasing, truck rental and logistics services, primarily in North America. This accounting change did not require an adjustment to earnings and will not affect future earnings or cash flows.

We adopted FIN 46, *Consolidation of Variable Interest Entities*, on July 1, 2003, and for the first time consolidated certain special purpose entities. In total, transition resulted in a \$372 million (\$0.04 per share) after-tax accounting charge to our third quarter 2003 net earnings, which is reported in the caption "Cumulative effect of accounting changes."

- FIN 46 required that, if practicable, we consolidate assets and liabilities of FIN 46 entities based on their carrying amounts. For us, such transition losses were primarily associated with interest rate swaps that did not qualify for hedge accounting before transition. Additional transition losses arose from recording carrying amounts of assets and liabilities as we eliminated certain previously recognized gains.
- When it was impracticable to determine carrying amounts, as defined, FIN 46 required assets and liabilities to be consolidated at their July 1, 2003, fair values. We recognized a loss on consolidation of certain of these entities because the fair value of associated liabilities, including the fair values of interest rate swaps, exceeded independently appraised fair values of their related assets.
- For assets that had been securitized using qualifying special purpose entities (QSPEs), transition carrying amounts were based on hypothetical repurchase of the assets at fair value. Transition effects associated with consolidation of these assets and liabilities were insignificant, as were transition effects of consolidating assets and liabilities associated with issuance of guaranteed investment contracts (GICs).

Further information about these entities is provided in note 29.

Statement of Financial Accounting Standards (SFAS) 143, *Accounting for Asset Retirement Obligations,* became effective for us on January 1, 2003. Under SFAS 143, obligations associated with the retirement of long-lived assets are recorded when there is a legal obligation to incur such costs. This amount is accounted for like an additional element of cost, and, like other cost elements, is depreciated over the corresponding asset's useful life. On January 1, 2003, we recorded a one-time, non-cash transition charge of \$330 million (\$215 million after tax, or \$0.02 per share), which is reported in the caption "Cumulative effect of accounting changes."

SFAS 143 primarily affects our accounting for costs associated with the future retirement of facilities used for storage and production of nuclear fuel and, with our acquisition of Amersham plc (Amersham) in April 2004, radio-pharmaceuticals and special radio-labeled chemicals. See note 20.

In 2002, we adopted SFAS 142, *Goodwill and Other Intangible Assets,* under which goodwill is no longer amortized but is tested for impairment using a fair value method. Using the required reporting unit basis, we tested all of our goodwill for impairment as of January 1, 2002, and recorded a non-cash charge of $1.204 billion ($1.015 billion after tax, or $0.10 per share). All of the charge related to Equipment & Other Services. Factors contributing to the impairment charge were the difficult economic environment in the information technology sector and heightened price competition in the auto insurance industry. No impairment charge had been required under our previous goodwill impairment policy, which was based on undiscounted cash flows.

Also in 2002, we adopted on a prospective basis the stock option expense provisions of SFAS 123, *Accounting for Stock-Based Compensation*. A comparison of reported and pro-forma net earnings, including effects of expensing stock options, follows.

(In millions; per-share amounts in dollars)	2004	2003	2002
Net earnings, as reported	$16,593	$15,002	$14,118
Earnings per share, as reported			
Diluted	1.59	1.49	1.41
Basic	1.60	1.50	1.42
Stock option expense included in net earnings	93	81	27
Total stock option expense[(a)]	245	315	330
PRO-FORMA EFFECTS			
Net earnings, on pro-forma basis	16,441	14,768	13,815
Earnings per share, on pro-forma basis			
Diluted	1.57	1.47	1.38
Basic	1.58	1.47	1.39

(a) As if we had applied SFAS 123 to expense stock options in all periods. Included amounts we actually recognized in earnings.

Note 2

GE Other Income

(In millions)	2004	2003	2002
Gain on dispositions of businesses, net[(a)]	$ 464	$110	$ 506
Associated companies	191	118	(170)
Licensing and royalty income	145	135	103
Marketable securities and bank deposits	92	75	31
Other items[(b)]	184	207	636
Total	$1,076	$645	$1,106

(a) Included $141 million gain on sale of our motors business in 2004 and $488 million gain on the 2002 disposition of Global eXchange Services.

(b) Included $571 million gain related to the 2002 Bravo exchange.

Note 3

GECS Revenues from Services

(In millions)	2004	2003	2002
Interest on time sales and loans	$18,956	$17,196	$14,068
Premiums earned by insurance businesses	16,126	18,661	16,484
Operating lease rentals	10,744[(a)]	7,199	6,879
Investment income	6,764	6,489	5,570
Financing leases	4,160	4,206	4,441
Fees	3,860	3,162	2,943
Other income	7,326[(b)]	5,138	5,018
Total[(c)]	$67,936	$62,051	$55,403

(a) Included $2,593 million relating to the consolidation of Penske.

(b) Included other operating revenue of Penske of $977 million and gain on sale of Gecis of $396 million, partially offset by the loss on Genworth Financial, Inc. (Genworth) initial public offering of $388 million.

(c) Included $1,002 million in 2004 and $695 million in 2003 related to consolidated, liquidating securitization entities.

For insurance businesses, the effects of reinsurance on premiums written and premiums earned were as follows:

(In millions)	2004	2003	2002
PREMIUMS WRITTEN			
Direct	$ 9,463	$11,640	$11,659
Assumed	8,666	9,616	9,409
Ceded	(2,879)	(2,654)	(4,069)
Total	$15,250	$18,602	$16,999
PREMIUMS EARNED			
Direct	$10,235	$11,448	$10,922
Assumed	8,455	9,964	9,569
Ceded	(2,564)	(2,751)	(4,007)
Total	$16,126	$18,661	$16,484

Note 4

Supplemental Cost Information

Total expenditures for research and development were $3,091 million, $2,656 million and $2,631 million in 2004, 2003 and 2002, respectively. The portion we funded was $2,443 million in 2004, $2,103 million in 2003 and $2,215 million in 2002.

Rental expense under operating leases is shown below.

(In millions)	2004	2003	2002
GE	$874	$733	$773
GECS	997	893	977

At December 31, 2004, minimum rental commitments under noncancelable operating leases aggregated $2,880 million and $4,838 million for GE and GECS, respectively. Amounts payable over the next five years follow.

(In millions)	2005	2006	2007	2008	2009
GE	$601	$463	$376	$306	$255
GECS	782	768	633	543	509

GE's selling, general and administrative expenses totaled $12,001 million in 2004, $9,870 million in 2003 and $9,131 million in 2002.

Note 5

Retiree Health and Life Benefits

We sponsor a number of retiree health and life insurance benefit plans (retiree benefit plans). Principal retiree benefit plans are discussed below; other such plans are not significant individually or in the aggregate.

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. See note 6. Retirees share in the cost of healthcare benefits. Certain benefit provisions are subject to collective bargaining. These plans cover approximately 250,000 retirees and dependents.

The effect on operations of principal retiree benefit plans is shown in the following table.

COST OF PRINCIPAL RETIREE BENEFIT PLANS

(In millions)	2004	2003	2002
Expected return on plan assets	$(149)	$ (159)	$(170)
Service cost for benefits earned	210	307	277
Interest cost on benefit obligation	518	535	469
Prior service cost	298	191	96
Net actuarial loss recognized	60	127	78
Retiree benefit plans cost	$ 937	$1,001	$ 750

ACTUARIAL ASSUMPTIONS. The discount rates at December 31 were used to measure the year-end benefit obligations and the earnings effects for the subsequent year. Actuarial assumptions used to determine benefit obligations and earnings effects for principal retiree benefit plans follow.

ACTUARIAL ASSUMPTIONS

December 31	2004	2003	2002	2001
Discount rate[a]	5.75%	6.0%	6.75%	7.25%
Compensation increases	5	5	5	5
Expected return on assets	8.5	8.5	8.5	9.5
Initial healthcare trend rate[b]	10.3	10.5	13	12

(a) Weighted average discount rates for determination of 2004 and 2003 costs were 5.9% and 6.4%, respectively.

(b) For 2004, gradually declining to 5% for 2013 and thereafter.

To determine the expected long-term rate of return on retiree life plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. We apply our expected rate of return to a market-related value of assets, which stabilizes variability in assets to which we apply that expected return.

We amortize experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over a period no longer than the average future service of employees.

FUNDING POLICY for retiree health benefits is generally to pay covered expenses as they are incurred. We fund retiree life insurance benefits at our discretion.

Changes in the accumulated postretirement benefit obligation for retiree benefit plans follow.

ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO)

(In millions)	2004	2003
Balance at January 1	$9,701	$7,435
Service cost for benefits earned	210	307
Interest cost on benefit obligation	518	535
Participant contributions	37	33
Plan amendments[a]	—	2,483
Actuarial gain	(509)	(416)
Benefits paid	(797)	(720)
Other	90	44
Balance at December 31[b]	$9,250	$9,701

(a) Related to changes in retiree benefit plans resulting from collective bargaining agreements that extend through June 2007.

(b) The APBO for the retiree health plans was $6,979 million and $7,514 million at year-end 2004 and 2003, respectively.

Increasing or decreasing the healthcare cost trend rates by 1.0 percentage point would have had an insignificant effect on the December 31, 2004, accumulated postretirement benefit obligation and the annual cost of retiree health plans. Our principal retiree benefit plans are collectively bargained and have provisions that limit our per capita costs.

Changes in the fair value of assets for retiree benefit plans follow.

FAIR VALUE OF ASSETS

(In millions)	2004	2003
Balance at January 1	$1,626	$1,426
Actual gain on plan assets	160	309
Employer contributions	626	565
Participant contributions	37	33
Benefits paid	(797)	(720)
Other	—	13
Balance at December 31	$1,652	$1,626

We expect to contribute approximately $710 million in 2005 to cover unfunded healthcare benefits.

Plan assets are held in trust, as follows:

PLAN ASSET ALLOCATION

	2004		2003
December 31	Target allocation	Actual allocation	Actual allocation
Equity securities	62–74%	71%	73%
Debt securities	20–26	19	20
Real estate	1–5	1	1
Other	3–9	9	6
Total		100%	100%

Plan fiduciaries set investment policies and strategies for the trust. Long-term strategic investment objectives include preserving the funded status of the trust and balancing risk and return. The plan fiduciaries oversee the investment allocation process, which includes selecting investment managers, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

Trust assets invested in short-term securities must be invested in securities rated A1/P1 or better. GE common stock represented 6.2% and 5.4% of trust assets at year-end 2004 and 2003, respectively, and is subject to a statutory limit when it reaches 10% of total trust assets.

Our recorded assets and liabilities for retiree benefit plans are as follows:

RETIREE BENEFIT ASSET (LIABILITY)

December 31 (In millions)	2004	2003
Funded status[(a)]	$(7,598)	$(8,075)
Unrecognized prior service cost	2,747	3,045
Unrecognized net actuarial loss	1,004	1,584
Net liability recognized	$(3,847)	$(3,446)
Amounts recorded in the Statement of Financial Position:		
Retiree life plans prepaid asset	$ 38	$ 81
Retiree health plans liability	(3,885)	(3,527)
Net liability recognized	$(3,847)	$(3,446)

(a) Fair value of assets less APBO, as shown in the preceding tables.

Estimated future benefit payments are as follows:

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	2005	2006	2007	2008	2009	2010–2014
	$875	$850	$900	$850	$800	$3,600

Effective April 1, 2004, we included the effects of the U.S. Medicare Prescription Drug, Improvement and Modernization Act of 2003 in our consolidated financial statements, reducing APBO by $583 million without a significant effect on our 2004 operations.

Note 6

Pension Benefits

We sponsor a number of pension plans. Principal pension plans, together with affiliate and certain other pension plans (other pension plans), detailed in this note represent about 99% of our total pension assets.

PRINCIPAL PENSION PLANS are the GE Pension Plan and the GE Supplementary Pension Plan.

The GE Pension Plan provides benefits to certain U.S. employees based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. Certain benefit provisions are subject to collective bargaining.

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

OTHER PENSION PLANS in 2004 included 34 U.S. and non-U.S. pension plans with pension assets or obligations greater than $50 million. These defined benefit plans generally provide benefits to employees based on formulas recognizing length of service and earnings.

PENSION PLAN PARTICIPANTS

(In thousands)	Principal pension plans	Other pension plans
Active employees	141	47
Vested former employees	174	35
Retirees and beneficiaries	205	22
Total	520	104

Details of the cost of our pension plans follow.

COST OF PENSION PLANS

	Total			Principal pension plans			Other pension plans		
(In millions)	2004	2003	2002	2004	2003	2002	2004	2003	2002
Expected return on plan assets	$(4,258)	$(4,245)	$(4,245)	$(3,958)	$(4,072)	$(4,084)	$(300)	$(173)	$(161)
Service cost for benefits earned	1,438	1,375	1,245	1,178	1,213	1,107	260	162	138
Interest cost on benefit obligation	2,516	2,390	2,288	2,199	2,180	2,116	317	210	172
Prior service cost	317	252	221	311	248	217	6	4	4
Net actuarial loss (gain) recognized	242	(544)	(905)	146	(609)	(912)	96	65	7
Total cost	$ 255	$ (772)	$(1,396)	$ (124)	$(1,040)	$(1,556)	$ 379	$ 268	$ 160

ACTUARIAL ASSUMPTIONS are described below. The discount rates at December 31 were used to measure the year-end benefit obligations and the earnings effects for the subsequent year.

ACTUARIAL ASSUMPTIONS

	Principal pension plans				Other pension plans (weighted average)			
December 31	2004	2003	2002	2001	2004	2003	2002	2001
Discount rate	5.75%	6.00%	6.75%	7.25%	5.28%	5.54%	5.87%	6.55%
Compensation increases	5.00	5.00	5.00	5.00	4.02	3.85	3.90	4.27
Expected return on assets	8.50	8.50	8.50	9.50	7.61	7.61	7.62	8.19

To determine the expected long-term rate of return on pension plan assets, we consider the current and expected asset allocations, as well as historical and expected returns on various categories of plan assets. For the principal pension plans, we apply our expected rate of return to a market-related value of assets, which stabilizes variability in assets to which we apply that expected return.

We amortize experience gains and losses and effects of changes in actuarial assumptions and plan provisions over a period no longer than the average future service of employees.

FUNDING POLICY for the GE Pension Plan is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws plus such additional amounts as we may determine to be appropriate. We have not made contributions to the GE Pension Plan since 1987. We will not make any contributions to the GE Pension Plan in 2005; any GE contribution to that plan would require payment of excise taxes and would not be deductible for income tax purposes. In 2005, we expect to pay approximately $115 million for the GE Supplementary Pension Plan benefit payments and administrative expenses ($102 million in 2004), and expect to contribute approximately $340 million to other pension plans ($370 million in 2004).

BENEFIT OBLIGATIONS are described in the following table. Accumulated and projected benefit obligations (ABO and PBO) represent the obligations of a pension plan for past service as of the measurement date. ABO is the present value of benefits earned to date with benefits computed based on current compensation levels. PBO is ABO increased to reflect expected future compensation.

PROJECTED BENEFIT OBLIGATION

	Principal pension plans		Other pension plans	
(In millions)	2004	2003	2004	2003
Balance at January 1	$37,827	$33,266	$4,863	$3,475
Service cost for benefits earned	1,178	1,213	260	162
Interest cost on benefit obligations	2,199	2,180	317	210
Participant contributions	163	169	31	25
Plan amendments	—	654	15	2
Actuarial loss[(a)]	969	2,754	371	164
Benefits paid	(2,367)	(2,409)	(230)	(148)
Acquired plans	—	—	1,169	551
Exchange rate adjustments and other	—	—	448	422
Balance at December 31[(b)]	$39,969	$37,827	$7,244	$4,863

(a) Principally associated with discount rate changes for principal pension plans.

(b) The PBO for the GE Supplementary Pension Plan was $3.3 billion and $2.7 billion at year-end 2004 and 2003, respectively.

ABO balances for our pension plans follow.

ACCUMULATED BENEFIT OBLIGATION

December 31 (In millions)	2004	2003
GE Pension Plan	$35,296	$33,859
GE Supplementary Pension Plan	1,916	1,619
Other pension plans	6,434	4,422

Following is information about our pension plans in which the accumulated benefit obligation exceeds the fair value of plan assets:

PLANS WITH ASSETS LESS THAN ABO

December 31 (In millions)	2004	2003
Funded plans with assets less than ABO:		
Plan assets	$3,943	$2,640
Accumulated benefit obligations	5,075	3,460
Projected benefit obligations	5,825	3,852
Unfunded plans covered by book reserves:(a)		
Accrued pension liability	2,948	2,456
Accumulated benefit obligations	2,628	2,201
Projected benefit obligations	4,001	3,330

(a) Primarily related to the GE Supplementary Pension Plan.

Pension Plan Assets are described below.

FAIR VALUE OF ASSETS

	Principal pension plans		Other pension plans	
(In millions)	2004	2003	2004	2003
Balance at January 1	$43,879	$37,811	$3,035	$2,064
Actual gain on plan assets	4,888	8,203	292	264
Employer contributions	102	105	370	183
Participant contributions	163	169	31	25
Benefits paid	(2,367)	(2,409)	(230)	(148)
Acquired plans	—	—	868	373
Exchange rate adjustments and other	—	—	286	274
Balance at December 31	$46,665	$43,879	$4,652	$3,035

Our pension plan assets are held in trust, as follows:

PLAN ASSET ALLOCATION

	Principal pension plans		
	2004		2003
December 31	Target Allocation	Actual Allocation	Actual Allocation
Equity securities	51–63%	63%	60%
Debt securities	21–27	19	20
Real estate	4–8	6	7
Private equities	5–11	6	7
Other	3–7	6	6
Total		100%	100%

Plan fiduciaries of the GE Pension Plan set investment policies and strategies for the GE Pension Trust. Long-term strategic investment objectives include preserving the funded status of the trust and balancing risk and return. These plan fiduciaries oversee the investment allocation process, which includes selecting investment managers, commissioning periodic asset-liability studies, setting long-term strategic targets and monitoring asset allocations. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

GE Pension Trust assets are invested subject to the following additional guidelines:

- Short-term securities must be rated A1/P1 or better,
- Real estate may not exceed 25% of total assets (6% of trust assets at December 31, 2004),
- Investments in securities not freely tradable may not exceed 20% of total assets (11% of trust assets at December 31, 2004), and
- GE stock is limited by statute when it reaches 10% of total trust assets (7.0% and 6.3% at the end of 2004 and 2003, respectively).

	Other pension plans (weighted average)		
	2004		2003
December 31	Target Allocation	Actual Allocation	Actual Allocation
Equity securities	62%	65%	63%
Debt securities	30	27	32
Real estate	3	3	2
Other	5	5	3
Total		100%	100%

Our recorded assets and liabilities for pension plans are as follows:

PREPAID PENSION ASSET (LIABILITY)

	Principal pension plans		Other pension plans	
December 31 (In millions)	2004	2003	2004	2003
Funded status(a)	$ 6,696	$ 6,052	$(2,592)	$(1,828)
Unrecognized prior service cost	1,260	1,571	45	36
Unrecognized net actuarial loss	7,481	7,588	1,662	1,184
Net amount recognized	$15,437	$15,211	$ (885)	$ (608)
Amounts recorded in the Statement of Financial Position:				
Prepaid pension asset	$17,629	$17,038	$ 158	$ 20
Accrued pension obligation(b)	(2,192)	(1,827)	(2,061)	(1,040)
Intangible assets	—	—	57	49
Accumulated other comprehensive income	—	—	961	363
Net amount recognized	$15,437	$15,211	$ (885)	$ (608)

(a) Fair value of assets less PBO, as shown in the preceding tables.

(b) For principal pension plans, represents the GE Supplementary Pension Plan liability.

Estimated future benefit payments for our pension plans are as follows:

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	Principal pension plans	Other pension plans
2005	$ 2,350	$ 250
2006	2,400	250
2007	2,400	275
2008	2,500	275
2009	2,500	300
2010–2014	13,500	1,600

Note 7

Provision for Income Taxes

(In millions)	2004	2003	2002
GE			
Current tax expense	$ 2,148	$2,468	$ 2,833
Deferred tax expense (benefit) from temporary differences	(175)	389	1,004
	1,973	2,857	3,837
GECS			
Current tax expense (benefit)	3,067	720	(1,488)
Deferred tax expense (benefit) from temporary differences	(1,527)	738	1,409
	1,540	1,458	(79)
CONSOLIDATED			
Current tax expense	5,215	3,188	1,345
Deferred tax expense (benefit) from temporary differences	(1,702)	1,127	2,413
Total	$ 3,513	$4,315	$ 3,758

GE and GECS file a consolidated U.S. federal income tax return. The GECS provision for current tax expense includes its effect on the consolidated return.

Consolidated current tax expense includes amounts applicable to U.S. federal income taxes of $1,839 million, $1,555 million and $137 million in 2004, 2003 and 2002, respectively, and amounts applicable to non-U.S. jurisdictions of $3,135 million, $1,304 million and $1,061 million in 2004, 2003 and 2002, respectively. Consolidated deferred taxes related to U.S. federal income taxes was income of $1,986 million in 2004 compared with expense of $685 million and $2,112 million in 2003 and 2002, respectively.

Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of assets and liabilities and their tax bases as well as from net operating loss and tax credit carryforwards, and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. We evaluate the recoverability of these future tax deductions by assessing the adequacy of future expected taxable income from all sources, including reversal of temporary differences and forecasted operating earnings. See note 21 for details.

We have not provided U.S. deferred taxes on cumulative earnings of non-U.S. affiliates and associated companies that have been reinvested indefinitely. These earnings relate to ongoing operations and, at December 31, 2004, were approximately $29 billion. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested indefinitely. Deferred taxes are provided for earnings of non-U.S. affiliates and associated companies when we plan to remit those earnings.

The American Jobs Creation Act of 2004 (the Act) allows U.S. companies a one-time opportunity to repatriate non-U.S. earnings through 2005 at a 5.25% rate of tax rather than the normal U.S. tax rate of 35%, provided that certain criteria, including qualified U.S. reinvestment, are met. Available tax credits related to the repatriation would be reduced under provisions of the Act. While GE continues to evaluate the Act, because the vast majority of our permanently reinvested non-U.S. earnings have been deployed in active business operations, and it is therefore unlikely that we will repatriate any material portion of our permanently reinvested non-U.S. earnings, no incremental tax provision effect has been recorded through December 31, 2004. If we were to repatriate up to $3,000 million of indefinitely reinvested earnings in 2005, incremental taxes would be provided at less than a 5% rate.

Consolidated U.S. income before taxes and the cumulative effect of accounting changes was $8.6 billion in 2004, $11.2 billion in 2003 and $12.0 billion in 2002. The corresponding amounts for non-U.S.-based operations were $11.5 billion in 2004, $8.7 billion in 2003 and $6.9 billion in 2002.

A reconciliation of the U.S. federal statutory income tax rate to the actual income tax rate is provided below.

RECONCILIATION OF U.S. FEDERAL STATUTORY INCOME TAX RATE TO ACTUAL INCOME TAX RATE

	Consolidated			GE			GECS		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (reduction) in rate resulting from:									
Inclusion of after-tax earnings of GECS in before-tax earnings of GE	—	—	—	(15.4)	(14.7)	(8.5)	—	—	—
Tax-exempt income	(1.0)	(1.1)	(1.2)	—	—	—	(2.0)	(2.4)	(5.1)
Tax on global activities including exports	(12.4)	(9.0)	(10.6)	(5.8)	(4.3)	(5.2)	(14.6)	(10.8)	(22.5)
IRS settlements of Lockheed Martin tax-free exchange/Puerto Rico subsidiary loss	(3.4)	—	—	(3.7)	—	—	—	—	—
All other—net	(0.7)	(3.2)	(3.3)	0.5	(0.5)	(1.1)	(2.5)	(6.0)	(9.1)
	(17.5)	(13.3)	(15.1)	(24.4)	(19.5)	(14.8)	(19.1)	(19.2)	(36.7)
Actual income tax rate	17.5%	21.7%	19.9%	10.6%	15.5%	20.2%	15.9%	15.8%	(1.7)%

Note 8
Earnings Per Share Information

(In millions; per-share amounts in dollars)	2004 Diluted	2004 Basic	2003 Diluted	2003 Basic	2002 Diluted	2002 Basic
CONSOLIDATED OPERATIONS						
Earnings before accounting changes	$16,593	$16,593	$15,589	$15,589	$15,133	$15,133
Adjustments to earnings before accounting changes[a]	(1)	—	1	—	13	—
Earnings before accounting changes for per-share calculation	16,592	16,593	15,590	15,589	15,146	15,133
Cumulative effect of accounting changes	—	—	(587)	(587)	(1,015)	(1,015)
Net earnings available for per-share calculation	$16,592	$16,593	$15,003	$15,002	$14,131	$14,118
AVERAGE EQUIVALENT SHARES						
Shares of GE common stock outstanding	10,400	10,400	10,019	10,019	9,947	9,947
Employee compensation-related shares, including stock options	45	—	56	—	81	—
Total average equivalent shares	10,445	10,400	10,075	10,019	10,028	9,947
PER-SHARE AMOUNTS						
Earnings before accounting changes	$ 1.59	$ 1.60	$ 1.55	$ 1.56	$ 1.51	$ 1.52
Cumulative effect of accounting changes	—	—	(0.06)	(0.06)	(0.10)	(0.10)
Net earnings per share	$ 1.59	$ 1.60	$ 1.49	$ 1.50	$ 1.41	$ 1.42

(a) Included dividend equivalents and dilutive effects of subsidiary-issued stock-based awards.

Note 9
Investment Securities

December 31 (In millions)	2004 Amortized cost	2004 Gross unrealized gains	2004 Gross unrealized losses	2004 Estimated fair value	2003 Amortized cost	2003 Gross unrealized gains	2003 Gross unrealized losses	2003 Estimated fair value
GE								
Available-for-sale securities								
Debt—U.S. corporate	$ 350	$ —	$ —	$ 350	$ 350	$ —	$ (28)	$ 322
Equity	58	8	(3)	63	42	18	(2)	58
GE securities	408	8	(3)	413	392	18	(30)	380
GECS								
Available-for-sale securities								
Debt:								
U.S. corporate	51,739	2,921	(565)	54,095	52,299	2,558	(684)	54,173
State and municipal	12,779	337	(35)	13,081	12,707	382	(23)	13,066
Mortgage-backed	15,314	235	(75)	15,474	13,441	271	(93)	13,619
Asset-backed	11,584	291	(52)	11,823	12,503	250	(84)	12,669
Corporate—non-U.S.	17,431	788	(45)	18,174	14,720	557	(89)	15,188
Government—non-U.S.	9,722	274	(27)	9,969	8,558	169	(65)	8,662
U.S. government and federal agency	1,448	84	(3)	1,529	1,616	58	(19)	1,655
Equity	2,059	413	(25)	2,447	2,526	393	(117)	2,802
Trading securities	(a)	(a)	(a)	8,560	(a)	(a)	(a)	7,055
GECS securities	122,076	5,343	(827)	135,152[b]	118,370	4,638	(1,174)	128,889[b]
ELIMINATIONS	(17)	(12)	—	(29)	—	—	—	—
Total	$122,467	$5,339	$(830)	$135,536	$118,762	$4,656	$(1,204)	$129,269

(a) Not applicable.

(b) Included $1,147 million in 2004 and $1,566 million in 2003 of debt securities related to consolidated, liquidating securitization entities.

Investment securities included in our general account portfolio above and designated as trading represent actively managed debt and equity securities of certain non-U.S. insurance contractholders who retain the related risks and rewards, except in the event of our bankruptcy or liquidation. Changes in unrealized gains and losses on these securities are recognized currently in earnings. During 2004, the net gain on investment securities classified as trading and included in earnings was $293 million.

A substantial portion of our mortgage-backed securities are collateralized by U.S. residential mortgages.

Following are estimated fair value of, and gross unrealized losses on, our available-for-sale investment securities.

December 31 (In millions)	Less than 12 months Estimated fair value	Less than 12 months Gross unrealized losses	12 months or more Estimated fair value	12 months or more Gross unrealized losses
2004				
Debt:				
U.S. corporate	$ 8,092	$(212)	$2,347	$(353)
State and municipal	3,603	(33)	63	(2)
Mortgage-backed	5,572	(55)	563	(20)
Asset-backed	2,501	(20)	485	(32)
Corporate—non-U.S.	4,235	(26)	822	(19)
Government—non-U.S.	1,370	(10)	1,142	(17)
U.S. government and federal agency	237	(2)	43	(1)
Equity	253	(20)	71	(8)
Total	$25,863	$(378)	$5,536	$(452)
2003				
Debt:				
U.S. corporate	$ 7,915	$(255)	$2,360	$(457)
State and municipal	1,620	(23)	2	—
Mortgage-backed	4,299	(86)	135	(7)
Asset-backed	2,279	(26)	1,523	(58)
Corporate—non-U.S.	2,925	(71)	123	(18)
Government—non-U.S.	3,317	(60)	24	(5)
U.S. government and federal agency	256	(19)	—	—
Equity	402	(81)	105	(38)
Total	$23,013	$(621)	$4,272	$(583)

Securities in an unrealized loss position for 12 months or more at December 31, 2004 and 2003, included investment securities collateralized by commercial aircraft, primarily Enhanced Equipment Trust Certificates, with unrealized losses of $291 million and $355 million, respectively, and estimated fair values of $941 million and $1,072 million, respectively. We review all of our investment securities routinely for other than temporary impairment as described on page 80. In accordance with that policy, we provide for all amounts that we do not expect either to collect in accordance with the contractual terms of the instruments or to recover based on underlying collateral values. For our securities collateralized by commercial aircraft, that review includes our best estimates of the securities' cash flows, underlying collateral values, and assessment of whether the borrower is in compliance with terms and conditions. We believe that our securities, which are current on all payment terms, are in an unrealized loss position because of ongoing negative market reaction to commercial airline industry difficulties. We do not anticipate changes in the timing and amount of estimated cash flows and we expect full recovery of our amortized cost. Should our cash flow expectation prove to be incorrect, the current aggregate market values of aircraft collateral, based on information from independent appraisers, exceeded totals of both the market values and the amortized cost of our securities at December 31, 2004.

CONTRACTUAL MATURITIES OF GECS INVESTMENT IN AVAILABLE-FOR-SALE DEBT SECURITIES (EXCLUDING MORTGAGE-BACKED AND ASSET-BACKED SECURITIES)

(In millions)	Amortized cost	Estimated fair value
Due in		
2005	$ 7,802	$ 7,906
2006–2009	22,305	22,593
2010–2014	26,947	27,639
2015 and later	36,065	38,710

We expect actual maturities to differ from contractual maturities because borrowers have the right to call or prepay certain obligations.

Supplemental information about gross realized gains and losses on available-for-sale investment securities follows.

(In millions)	2004	2003	2002
GE			
Gains	$ 15	$ 3	$ —
Losses, including impairments	—	(38)	(76)
Net	15	(35)	(76)
GECS			
Gains	749	1,322	1,578
Losses, including impairments	(342)	(914)	(1,277)
Net	407	408	301
Total	$ 422	$ 373	$ 225

Proceeds from available-for-sale securities sales amounted to $27,100 million, $36,600 million and $46,400 million in 2004, 2003 and 2002, respectively.

Note 10

GE Current Receivables

December 31 (In millions)	2004	2003
Advanced Materials	$ 875	$ 927
Consumer & Industrial	1,031	1,111
Energy	3,788	3,788
Healthcare	2,862	2,024
Infrastructure	466	400
NBC Universal	4,067	938
Transportation	1,981	1,993
Corporate items and eliminations	201	278
	15,271	11,459
Less allowance for losses	(738)	(486)
Total	$14,533	$10,973

Receivables balances at December 31, 2004 and 2003, before allowance for losses, included $10,182 million and $6,746 million, respectively, from sales of goods and services to customers, and $246 million and $226 million, respectively, from transactions with associated companies.

Current receivables of $435 million and $444 million at December 31, 2004 and 2003, respectively, arose from sales, principally of aircraft engine goods and services, on open account to various agencies of the U.S. government, our largest single customer. About 4% of our sales of goods and services were to the U.S. government in 2004, 2003 and 2002.

Note 11

Inventories

December 31 (In millions)	2004	2003
GE		
Raw materials and work in process	$ 5,042	$4,530
Finished goods	4,806	4,376
Unbilled shipments	402	281
	10,250	9,187
Less revaluation to LIFO	(661)	(632)
	9,589	8,555
GECS		
Finished goods	189	197
Total	$ 9,778	$8,752

As of December 31, 2004, we were obligated to acquire certain raw materials at market prices through the year 2023 under various take-or-pay or similar arrangements. Annual minimum commitments under these arrangements are insignificant.

Note 12

GECS Financing Receivables (investments in time sales, loans and financing leases)

December 31 (In millions)	2004	2003
Time sales and loans, net of deferred income	$220,361	$188,842
Investment in financing leases, net of deferred income	67,754	65,320
	288,115	254,162
Less allowance for losses (note 13)	(5,648)	(6,256)
Financing receivables—net	$282,467	$247,906

Included in the above are the financing receivables of consolidated, liquidating securitization entities as follows:

December 31 (In millions)	2004	2003
Time sales and loans, net of deferred income	$20,496	$18,050
Investment in financing leases, net of deferred income	2,125	3,827
	22,621	21,877
Less allowance for losses	(5)	—
Financing receivables—net	$22,616	$21,877

Details by segment follow.

December 31 (In millions)	2004	2003
COMMERCIAL FINANCE		
Equipment	$ 74,970	$ 68,085
Commercial and industrial	36,443	35,035
Real estate	20,470	20,171
Commercial aircraft	13,562	12,424
	145,445	135,715
CONSUMER FINANCE		
Non-U.S. residential mortgages	42,201	19,593
Non-U.S. installment and revolving credit	33,889	31,954
Non-U.S. auto	23,517	20,729
U.S. installment and revolving credit	21,385	16,545
Other	6,771	5,856
	127,763	94,677
EQUIPMENT & OTHER SERVICES	14,907	23,770
	288,115	254,162
Less allowance for losses	(5,648)	(6,256)
Total	$282,467	$247,906

GECS financing receivables include both time sales and loans and financing leases. Time sales and loans represent 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 carried at gross book value, which includes finance charges.

Investment in financing leases consists of direct financing and leveraged leases of aircraft, railroad rolling stock, autos, other transportation equipment, data processing equipment and medical equipment, as well as other manufacturing, power generation, commercial real estate, 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 is generally entitled to any residual value of leased assets.

Investment in direct financing and leveraged leases represents net unpaid rentals and estimated unguaranteed residual values of leased equipment, less related deferred income. 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. The 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.

NET INVESTMENT IN FINANCING LEASES

	Total financing leases		Direct financing leases		Leveraged leases	
December 31 (In millions)	2004	2003	2004	2003	2004	2003
Total minimum lease payments receivable	$ 91,840	$ 91,592	$63,733	$62,121	$28,107	$ 29,471
Less principal and interest on third-party nonrecourse debt	(20,992)	(22,144)	—	—	(20,992)	(22,144)
Net rentals receivable	70,848	69,448	63,733	62,121	7,115	7,327
Estimated unguaranteed residual value of leased assets	10,323	9,747	6,898	6,072	3,425	3,675
Less deferred income	(13,417)	(13,875)	(9,966)	(10,099)	(3,451)	(3,776)
Investment in financing leases, net of deferred income	67,754	65,320	60,665	58,094	7,089	7,226
Less amounts to arrive at net investment						
Allowance for losses	(1,090)	(830)	(903)	(734)	(187)	(96)
Deferred taxes	(9,767)	(10,250)	(5,099)	(5,793)	(4,668)	(4,457)
Net investment in financing leases	$ 56,897	$ 54,240	$54,663	$51,567	$ 2,234	$ 2,673

CONTRACTUAL MATURITIES

(In millions)	Total time sales and loans	Net rentals receivable
Due in		
2005	$ 66,085	$17,767
2006	31,394	14,595
2007	25,461	10,900
2008	13,770	7,908
2009	13,796	5,097
2010 and later	69,855	14,581
Total	$220,361	$70,848

We expect actual maturities to differ from contractual maturities.

Individually "impaired" loans are defined by GAAP as larger balance or restructured loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement. An analysis of impaired loans follows.

December 31 (In millions)	2004	2003
Loans requiring allowance for losses	$1,689	$1,062
Loans expected to be fully recoverable	520	1,430
	$2,209	$2,492
Allowance for losses	$ 749	$ 434
Average investment during year	2,403	2,318
Interest income earned while impaired[a]	26	33

(a) Recognized principally on cash basis.

Note 13

GECS Allowance for Losses on Financing Receivables

(In millions)	2004	2003	2002
BALANCE AT JANUARY 1			
Commercial Finance	$ 2,244	$ 2,664	$ 2,532
Consumer Finance	3,984	2,782	2,173
Equipment & Other Services	28	54	87
	6,256	5,500	4,792
PROVISION CHARGED TO OPERATIONS			
Commercial Finance	651	887	1,110
Consumer Finance	3,219	2,808	1,950
Equipment & Other Services	18	57	24
	3,888	3,752	3,084
OTHER ADDITIONS (REDUCTIONS)[a]	(74)	679	704
GROSS WRITE-OFFS			
Commercial Finance	(954)	(1,321)	(1,262)
Consumer Finance[b]	(4,423)	(3,114)	(2,383)
Equipment & Other Services	(75)	(88)	(77)
	(5,452)	(4,523)	(3,722)
RECOVERIES			
Commercial Finance	163	126	95
Consumer Finance	846	710	534
Equipment & Other Services	21	12	13
	1,030	848	642
BALANCE AT DECEMBER 31			
Commercial Finance	2,140	2,244	2,664
Consumer Finance	3,473	3,984	2,782
Equipment & Other Services	35	28	54
Balance at December 31	$ 5,648	$ 6,256	$ 5,500

(a) Other additions (reductions) primarily included the effects of acquisitions, securitization activity and the effects of exchange rates. These additions (reductions) included $314 million, $480 million and $487 million related to acquisitions and $(461) million, $(335) million and $(80) million related to securitization activity in 2004, 2003 and 2002, respectively.

(b) Included $889 million in 2004 related to the standardization of our write-off policy.

See note 12 for amounts related to consolidated, liquidating securitization entities.

SELECTED FINANCING RECEIVABLES RATIOS

December 31	2004	2003
ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES AS A PERCENTAGE OF TOTAL FINANCING RECEIVABLES		
Commercial Finance	1.47%	1.65%
Consumer Finance[a]	2.72	4.21
Equipment & Other Services	0.23	0.12
Total	1.96	2.46
NONEARNING AND REDUCED EARNING FINANCING RECEIVABLES AS A PERCENTAGE OF TOTAL FINANCING RECEIVABLES		
Commercial Finance	1.1%	1.3%
Consumer Finance[a]	2.0	2.6
Equipment & Other Services	1.2	0.6
Total	1.5	1.7

(a) The standardization of our write-off policy in 2004 reduced the allowance for losses on financing receivables as a percentage of total financing receivables by 74 basis points, and nonearning and reduced earning financing receivables as a percentage of total financing receivables by 57 basis points.

Note 14

GECS Insurance Receivables

December 31 (In millions)	2004	2003
Reinsurance recoverables	$11,509	$12,067
Commercial mortgage loans	6,993	6,648
Premiums receivable	4,479	4,510
Policy loans	1,378	1,245
Funds on deposit with reinsurers	590	623
Other	1,240	2,669
Allowance for losses	(218)	(221)
Total[a]	$25,971	$27,541

(a) Included $342 million in 2004 and $484 million in 2003 related to consolidated, liquidating securitization entities.

Note 15

Property, Plant and Equipment

December 31 (Dollars in millions)	Estimated useful lives–new (years)	2004	2003
ORIGINAL COST			
GE			
Land and improvements	8[(a)]	$ 1,274	$ 861
Buildings, structures and related equipment	8–40	9,168	8,369
Machinery and equipment	4–20	25,775	24,184
Leasehold costs and manufacturing plant under construction	1–10	2,930	2,228
		39,147	35,642
GECS[(b)]			
Buildings and equipment	1–40	6,167	4,792
Equipment leased to others			
Aircraft	20	26,837	23,069
Vehicles	4–14	23,056	16,600
Railroad rolling stock	9–30	3,390	3,356
Mobile and modular space	12–20	2,965	3,164
Construction and manufacturing	3–25	1,772	1,563
All other	3–33	3,021	3,026
		67,208	55,570
Total		$106,355	$91,212
NET CARRYING VALUE			
GE			
Land and improvements		$ 1,176	$ 814
Buildings, structures and related equipment		3,956	4,332
Machinery and equipment		8,955	7,547
Leasehold costs and manufacturing plant under construction		2,669	1,873
		16,756	14,566
GECS[(b)]			
Buildings and equipment		3,526	2,827
Equipment leased to others			
Aircraft[(c)]		21,991	19,097
Vehicles		14,062	9,745
Railroad rolling stock		2,193	2,220
Mobile and modular space		1,636	1,814
Construction and manufacturing		1,157	1,121
All other		2,013	1,998
		46,578	38,822
Total		$ 63,334	$53,388

(a) Estimated useful lives exclude land.

(b) Included $2.2 billion and $2.1 billion of original cost of assets leased to GE with accumulated amortization of $0.4 billion and $0.3 billion at December 31, 2004 and 2003, respectively.

(c) Commercial Finance recognized impairment losses of $0.1 billion in 2004 and $0.2 billion in 2003 recorded in the caption "Other costs and expenses" in the Statement of Earnings to reflect adjustments to fair value based on current market values from independent appraisers.

Amortization of GECS equipment leased to others was $5,365 million, $4,224 million and $3,919 million in 2004, 2003 and 2002, respectively. Noncancelable future rentals due from customers for equipment on operating leases at December 31, 2004, are due as follows:

(In millions)	
Due in	
2005	$ 7,001
2006	5,537
2007	4,155
2008	2,971
2009	2,056
2010 and later	6,272
Total	$27,992

Note 16

Intangible Assets

December 31 (In millions)	2004	2003
GE		
Goodwill	$45,775	$26,242
Capitalized software	1,894	1,678
Other intangibles	7,051	2,284
	54,720	30,204
GECS		
Goodwill	25,416	21,527
Present value of future profits (PVFP)	1,426	1,562
Capitalized software	758	800
Other intangibles	920	932
	28,520	24,821
Total	$83,240	$55,025

GE intangible assets were net of accumulated amortization of $6,098 million in 2004 and $5,759 million in 2003. GECS intangible assets were net of accumulated amortization of $10,876 million in 2004 and $10,292 million in 2003.

Changes in goodwill balances, net of accumulated amortization, follow.

	2004					2003			
(In millions)	Balance January 1	Acquisitions/ purchase accounting adjustments	Inter-segment transfers	Currency exchange and other	Balance December 31	Balance January 1	Acquisitions/ purchase accounting adjustments	Currency exchange and other	Balance December 31
Advanced Materials	$ 2,810	$ (6)	$ —	$ 46	$ 2,850	$ 2,077	$ 720	$ 13	$ 2,810
Commercial Finance	8,736	938	523	74	10,271	8,469	183	84	8,736
Consumer Finance	7,779	1,275	384	422	9,860	5,562	1,294	923	7,779
Consumer & Industrial	795	—	—	(16)	779	720	15	60	795
Energy	4,212	200	—	144	4,556	3,374	450	388	4,212
Equipment & Other Services	920	(11)	(523)	1,073 (a)	1,459	887	29	4	920
Healthcare	4,766	8,422	—	71	13,259	2,898	1,846	22	4,766
Infrastructure	3,725	633	—	56	4,414	3,192	365	168	3,725
Insurance	4,092	10	(384)	108	3,826	4,176	12	(96)	4,092
NBC Universal	6,730	9,944	—	(2)	16,672	5,223	1,507	—	6,730
Transportation	3,204	53	—	(12)	3,245	2,842	354	8	3,204
Total	$47,769	$21,458	$ —	$1,964	$71,191	$39,420	$6,775	$1,574	$47,769

(a) Included $1,055 million of goodwill associated with the consolidation of Penske effective January 1, 2004.

The amount of goodwill related to new acquisitions during 2004 was $20,958 million, the largest of which were the combination of NBC and Vivendi Universal Entertainment LLLP (VUE) and the acquisitions of Amersham by Healthcare and InVision Technologies, Inc. ($618 million) by Infrastructure.

The amount of goodwill related to purchase accounting adjustments to prior-year acquisitions during 2004 was $500 million, primarily associated with the 2003 acquisition of Instrumentarium at Healthcare and Allbank and First National Bank at Consumer Finance.

The amount of goodwill related to new acquisitions recorded during 2003 was $6,602 million, the largest of which were Instrumentarium ($1,754 million) by Healthcare, Bravo ($1,473 million) by NBC Universal and First National Bank ($680 million) by Consumer Finance.

The amount of goodwill related to purchase accounting adjustments to prior-year acquisitions during 2003 was $173 million, primarily associated with the 2002 acquisitions of several businesses at Infrastructure, Australian Guarantee Corporation at Consumer Finance and Security Capital Group at Commercial Finance.

Upon closing an acquisition, we estimate the fair values of assets and liabilities acquired and consolidate the acquisition as quickly as possible. Given the time it takes to obtain pertinent information to finalize the acquired company's balance sheet (frequently with implications for the price of the acquisition), then to adjust the acquired company's accounting policies, procedures, books and records to our standards, it is often several quarters before we are able to finalize those initial fair value estimates. Accordingly, it is not uncommon for our initial estimates to be subsequently revised.

INTANGIBLE ASSETS SUBJECT TO AMORTIZATION

December 31 (In millions)	Gross carrying amount	Accumulated amortization	Net
2004			
Patents, licenses and other	$ 6,366	$(1,131)	$ 5,235
Capitalized software	5,466	(2,814)	2,652
PVFP	3,382	(1,956)	1,426
Servicing assets and all other	4,739	(4,037)	702
Total	$19,953	$(9,938)	$10,015
2003			
Patents, licenses and other	$ 2,685	$ (806)	$ 1,879
Capitalized software	4,911	(2,433)	2,478
PVFP	3,348	(1,786)	1,562
Servicing assets and all other	4,634	(3,809)	825
Total	$15,578	$(8,834)	$ 6,744

Indefinite-lived intangible assets were $2,034 million and $512 million at December 31, 2004 and 2003, respectively, and principally comprised trademarks, tradenames and U.S. Federal Communications Commission licenses.

Consolidated amortization expense related to intangible assets, subject to amortization, for 2004 and 2003 was $1,656 million and $1,497 million, respectively.

Changes in PVFP balances follow.

(In millions)	2004	2003
Balance at January 1	$1,562	$2,457
Acquisitions	—	46
Dispositions	—	(658)
Accrued interest (a)	90	113
Amortization	(221)	(351)
Other	(5)	(45)
Balance at December 31	$1,426	$1,562

(a) Interest was accrued at a rate of 6.3% and 4.3% for 2004 and 2003, respectively.

Recoverability of PVFP is evaluated periodically by comparing the current estimate of expected future gross profits with the unamortized asset balance. If such comparison indicates that the expected gross profits will not be sufficient to recover PVFP, the difference is charged to expense. No such expense was recorded in 2004 or 2003.

Amortization expense for PVFP in future periods will be affected by acquisitions, realized capital gains/losses or other factors affecting the ultimate amount of gross profits realized from certain lines of business. Similarly, future amortization expense for other intangibles will depend on acquisition activity and other business transactions.

The estimated percentage of the December 31, 2004, net PVFP balance to be amortized over each of the next five years follows.

2005	2006	2007	2008	2009
8.9%	8.3%	7.2%	6.3%	5.3%

SIGNIFICANT ACQUISITIONS AND COMBINATIONS

In April 2004, we acquired all of the outstanding common shares of Amersham plc, a world leader in medical diagnostics and life sciences. The total purchase price of $11,279 million included 341.7 million shares of GE common stock valued at $10,674 million, cash of $150 million and assumed debt of $455 million. Preliminary allocation of the purchase price assigned $8,217 million to goodwill, $2,704 million to identified intangible assets that will be amortized over periods ranging from five to 25 years, $158 million to acquired inventories and $99 million to acquired in-process research and development projects charged to operations in the second quarter of 2004.

In May 2004, we completed the combination of NBC with VUE and certain related assets to create one of the world's leading media companies, NBC Universal, Inc. (NBC Universal). Twenty percent of NBC Universal's shares were issued to a subsidiary of Vivendi Universal (VU) as partial consideration for VU's interest in VUE and the related assets. NBC's acquired interest in VUE and the related assets was valued at $14,429 million, for which we exchanged the NBC Universal shares, paid cash to certain VUE interest holders of $3,650 million and assumed debt of $2,498 million. In March 2004, we issued 119.4 million shares of our common stock for net cash proceeds of $3,765 million, and we used most of those proceeds to fund the $3,650 million we paid in this transaction. The preliminary allocation of our acquired interest assigned $9,944 million to goodwill, $1,516 million to indefinite-lived intangibles and $310 million to identified intangible assets that will be amortized over periods ranging from two to 20 years. As a result of issuing the NBC Universal shares, we essentially disposed of 20% of NBC, and therefore recorded an increase in shareowners' equity of $2,153 million, net of taxes of $1,439 million. The holders of 5.44% of the VUE common interests did not participate in the transaction and remained a minority interest holder of VUE at December 31, 2004. This minority interest holder also owns a $758 million preferred interest in VUE that is mandatorily redeemable for cash in 2022. The present value of that obligation is reported in the caption "All other liabilities" in the Statement of Financial Position, while U.S. Treasury securities held by VUE in approximately the same amount and designated to repay this obligation are included in the caption "All other assets" in the Statement of Financial Position.

Note 17

All Other Assets

December 31 (In millions)	2004	2003
GE		
Investments		
Associated companies[a]	$ 1,830	$ 1,348
Other[b]	3,974	1,228
	5,804	2,576
Prepaid pension asset—principal plans	17,629	17,038
Contract costs and estimated earnings	4,089	3,634
Film and television costs	3,441	1,582
Long-term receivables, including notes	2,821	1,932
Derivative instruments[c]	628	454
Other	3,711	3,232
	38,123	30,448
GECS		
Investments		
Associated companies[a]	11,048	13,218
Real estate[d]	19,190	15,573
Assets held for sale[e]	6,501	1,856
Securities lending transactions	3,202	3,026
Other[f]	6,699	6,263
	46,640	39,936
Separate accounts	8,959	8,316
Deferred acquisition costs	8,180	7,879
Derivative instruments[c]	3,062	1,913
Other	6,108	5,092
	72,949	63,136
ELIMINATIONS	(1,138)	(963)
Total[g]	$109,934	$92,621

(a) Included advances to associated companies, which are non-controlled, non-consolidated equity investments.

(b) Included cost method investments of $1,780 million in 2004, of which the fair value and unrealized loss of those in a continuous loss position for less than 12 months was $373 million and $34 million, respectively. Cost method investments were each evaluated for impairment. Also included available-for-sale securities of $1,200 million in 2004, of which the unrealized loss of those in a continuous unrealized loss position for less than 12 months was $111 million.

(c) Amounts are stated at fair value in accordance with SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. We discuss types of derivative instruments and how we use them in note 28.

(d) GECS investment in real estate consists principally of two categories: real estate held for investment and equity method investments. Both categories contained a wide range of properties including the following at December 31, 2004: office buildings (46%), apartment buildings (16%), self storage facilities (11%), retail facilities (10%), industrial properties (6%), parking facilities (5%), franchise properties (3%) and other (3%). At December 31, 2004, investments were located in Europe (45%), North America (41%) and Asia (14%).

(e) These assets held for sale were accounted for at the lower of carrying amount or each asset's estimated fair value less costs to sell.

(f) Included cost method investments of $2,626 million in 2004, of which the fair value and unrealized loss of those in a continuous loss position for less than 12 months was $111 million and $31 million, respectively. The fair value and unrealized loss of those in a continuous loss position for 12 months or more was $56 million and $42 million, respectively. Cost method investments were each evaluated for impairment.

(g) Included $2,408 million in 2004 and $2,352 million in 2003 related to consolidated, liquidating securitization entities.

Separate accounts represent investments controlled by policyholders and are associated with identical amounts reported as insurance liabilities in note 19.

Note 18

Borrowings

SHORT-TERM BORROWINGS

December 31 (Dollars in millions)	2004 Amount	2004 Average rate[(a)]	2003 Amount	2003 Average rate[(a)]
GE				
Commercial paper				
U.S.	$ —	—%	$ 1,149	1.08%
Non-U.S.	131	2.52	340	2.72
Payable to banks, principally non-U.S.	272	3.34	388	4.89
Current portion of long-term debt	2,698	2.33	392	2.58
Other	308		286	
	3,409		2,555	
GECS				
Commercial paper				
U.S.				
Unsecured	62,694	2.24	65,536	1.11
Asset-backed[(b)]	13,842	2.17	21,998	1.12
Non-U.S.	20,835	2.96	15,062	2.93
Current portion of long-term debt[(c)]	37,582	4.10	38,367	3.30
Other	19,890		14,505	
	154,843		155,468	
ELIMINATIONS	(506)		(626)	
Total	$157,746		$157,397	

(a) Based on year-end balances and year-end local currency interest rates. Current portion of long-term debt included the effects of interest rate and currency swaps, if any, directly associated with the original debt issuance.

(b) Entirely obligations of consolidated, liquidating securitization entities. See note 29.

(c) Included short-term borrowings by consolidated, liquidating securitization entities of $756 million and $482 million at December 31, 2004 and 2003, respectively.

LONG-TERM BORROWINGS

December 31 (Dollars in millions)	2004 Average rate[(a)]	Maturities	2004	2003
GE				
Senior notes	5.00%	2013	$ 4,984	$ 7,483
Industrial development/ pollution control bonds	2.28	2006–2027	307	331
Payable to banks, principally U.S.[(b)]	3.42	2006–2018	1,927	212
Other[(c)]			407	362
			7,625	8,388
GECS				
Senior notes				
Unsecured	3.74	2006–2055	180,183	149,049
Asset-backed[(d)]	4.15	2006–2035	10,939	1,948
Extendible notes[(e)]	2.40	2007–2009	14,258	12,591
Subordinated notes[(f)]	7.44	2006–2035	1,119	1,262
			206,499	164,850
ELIMINATIONS			(963)	(924)
Total			$213,161	$172,314

(a) Based on year-end balances and year-end local currency interest rates, including the effects of interest rate and currency swaps, if any, directly associated with the original debt issuance.

(b) Included $1,670 million of debt resulting from the VUE transaction.

(c) A variety of obligations having various interest rates and maturities, including certain borrowings by parent operating components and affiliates.

(d) Asset-backed senior notes are all issued by consolidated, liquidating securitization entities as discussed in note 29. The amount related to Australian Financial Investments Group (AFIG), a 2004 acquisition, was $9,769 million.

(e) Included obligations of consolidated, liquidating securitization entities in the amount of $267 million and $362 million at December 31, 2004 and 2003, respectively.

(f) At year-end 2004 and 2003, $1.0 billion of subordinated notes were guaranteed by GE.

Our borrowings are addressed below from the perspectives of liquidity, interest rate and currency risk management. Additional information about borrowings and associated swaps can be found in note 28.

LIQUIDITY is affected by debt maturities and our ability to repay or refinance such debt. Long-term debt maturities over the next five years follow.

(In millions)	2005	2006	2007	2008	2009
GE	$ 2,698	$ 150	$ 1,858	$ 26	$ 20
GECS	37,582[(a)]	54,012[(b)]	29,083	20,895	26,729

(a) Floating rate extendible notes of $244 million are due in 2005, but are extendible at the investors' option to a final maturity in 2008. Floating rate notes of $482 million contain put options with exercise dates in 2005, but have final maturity dates greater than 2010.

(b) Floating rate extendible notes of $14.0 billion are due in 2006, but are extendible at the investors' option to a final maturity in 2007 ($12.0 billion) and 2009 ($2.0 billion).

Committed credit lines totaling $57.3 billion had been extended to us by 83 banks at year-end 2004. Included in this amount was $47.4 billion provided directly to GECS and $9.9 billion provided by 21 banks to GE, to which GECS also has access. The GECS lines include $19.2 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. The remaining $38.1 billion are 364-day lines of which $37.6 billion contain a term-out feature that allows GECS to extend the borrowings for one year from the date of expiration of the lending agreement. We pay banks for credit facilities, but compensation amounts were insignificant in each of the past three years.

INTEREST RATE AND CURRENCY RISK is managed through the direct issuance of debt or use of derivatives. We take positions in view of anticipated behavior of assets, including prepayment behavior. We use a variety of instruments, including interest rate and currency swaps and currency forwards, to achieve our interest rate objectives. The following table shows GECS borrowing positions considering the effects of currency and interest rate swaps.

GECS EFFECTIVE BORROWINGS (INCLUDING SWAPS)

	2004		2003
December 31 (Dollars in millions)	Amount	Average rate	Amount
Short-term[(a)]	$ 91,253	2.52%	$ 88,499
Long-term (including current portion)			
Fixed rate[(b)]	$148,344	4.57%	$121,677
Floating rate	121,745	3.02	110,142
Total long-term	$270,089		$231,819

(a) Included commercial paper and other short-term debt.

(b) Included fixed-rate borrowings and $23.6 billion ($26.5 billion in 2003) notional long-term interest rate swaps that effectively convert the floating-rate nature of short-term borrowings to fixed rates of interest.

At December 31, 2004, interest rate swap maturities ranged from 2005 to 2048, including swap maturities for hedges of commercial paper that ranged from 2005 to 2024. The use of commercial paper swaps allows us to match our actual asset profile more efficiently and provides more flexibility as it does not depend on investor demand for particular maturities.

Note 19

GECS Insurance Liabilities, Reserves and Annuity Benefits

December 31 (In millions)	2004	2003
Investment contracts and universal life benefits	$ 63,136	$ 63,787
Life insurance benefits[(a)]	31,660	28,040
Unpaid claims and claims adjustment expenses[(b)]	30,288	29,176
Unearned premiums	6,859	7,109
Separate accounts (see note 17)	8,959	8,316
Total	$140,902	$136,428

(a) Life insurance benefits are accounted for mainly by a net-level-premium method using estimated yields generally ranging from 2.0% to 8.5% in 2004 and 1.2% to 8.5% in 2003.

(b) Principally property and casualty reserves amounting to $25.0 billion and $24.9 billion at December 31, 2004 and 2003, respectively. Included amounts for both reported and IBNR claims, reduced by anticipated salvage and subrogation recoveries. Estimates of liabilities are reviewed and updated continually, with changes in estimated losses reflected in operations.

When insurance affiliates cede insurance to third parties, they are not relieved of their primary obligation to policyholders. Losses on ceded risks give rise to claims for recovery; we establish allowances for probable losses on such receivables from reinsurers as required.

We recognize reinsurance recoveries as a reduction of the Statement of Earnings caption "Insurance losses and policyholder and annuity benefits." Reinsurance recoveries were $1,369 million, $1,781 million and $2,234 million for the years ended December 31, 2004, 2003 and 2002, respectively.

The insurance liability for unpaid claims and claims adjustment expenses related to policies that may cover environmental and asbestos exposures is based on known facts and an assessment of applicable law and coverage litigation. Liabilities are recognized for both known and unasserted claims (including the cost of related litigation) when sufficient information has been developed to indicate that a claim has been incurred and a range of potential losses can be reasonably estimated. Developed case law and adequate claim history do not exist for certain claims, principally because of significant uncertainties as to both the level of ultimate losses that will occur and what portion, if any, will be deemed to be insured amounts.

A summary of activity affecting unpaid claims and claims adjustment expenses, principally in property and casualty lines, follows.

(In millions)	2004	2003	2002
Balance at January 1—gross	$29,176	$30,571	$27,233
Less reinsurance recoverables	(8,313)	(9,646)	(9,400)
Balance at January 1—net	20,863	20,925	17,833
Claims and expenses incurred			
Current year	8,641	9,002	9,505
Prior years	1,098	740	3,188
Claims and expenses paid			
Current year	(1,985)	(2,565)	(3,173)
Prior years	(6,967)	(7,079)	(6,918)
Other[(a)]	1,110	(160)	490
Balance at December 31—net	22,760	20,863	20,925
Add reinsurance recoverables	7,528	8,313	9,646
Balance at December 31—gross	$30,288	$29,176	$30,571

(a) Included $633 million in 2004 related to the adoption of FIN 46R.

Claims and expenses incurred—prior years represents additional losses (adverse development) recognized in any year for loss events that occurred before the beginning of that year. Adverse development, which amounted to 5%, 4% and 18% of beginning of year loss reserves in 2004, 2003 and 2002, respectively, was primarily encountered at GE Insurance Solutions.

Reported claims activity at GE Insurance Solutions related to prior-year loss events, particularly for liability-related exposures underwritten in 1997 through 2001, has continued to develop adversely to previous expectations. More specifically, reported claims activity for these underwriting years accelerated dramatically in 2002, affecting much of our liability-related product exposures, including hospital medical malpractice, product liability, professional liability, umbrella liability, workers compensation, individual liability and asbestos. In response to these data, we adjusted our best estimate of ultimate losses to be higher in the range of what were viewed as reasonably possible loss scenarios at that time, increasing recorded reserves by $2.5 billion in the fourth quarter of 2002, for a total of $3.5 billion adverse development at GE Insurance Solutions for the year.

For a majority of our lines of business, reported claims activity in 2003 was reasonably close to expected amounts. However, for certain lines—principally medical malpractice, product liability and certain director and officer related coverage—the reported claims volumes exceeded our revised loss expectations. Accordingly, we increased our loss reserves to the newly-indicated ultimate levels, recording adverse development of $0.9 billion in 2003.

In 2004, as part of our comprehensive annual assessment of recorded claim-related liabilities, we observed that reported claims activity in certain product lines, substantially related to the 1997 through 2001 underwriting years, continued to exceed previously established loss expectations. The more significant lines of business affected were workers compensation, hospital and professional liability, and asbestos and environmental exposures. Incorporating this updated information into our reserving process led to an increase in ultimate loss projections and corresponding reserve levels by $1.1 billion for the year. We will continue to monitor reported claims activity for all lines of business in the future and take necessary reserve actions—either to increase or decrease reserves—as our estimates continue to mature.

Our mortgage insurance business experienced favorable development during the three-year period, primarily reflecting continued strength in certain real estate markets and the success of our loss containment initiatives.

Financial guarantees and credit life risk of insurance affiliates are summarized below.

December 31 (In millions)	2004	2003
Guarantees, principally on municipal bonds	$ 1,190	$ 1,190
Mortgage insurance risk in force	194,600	146,627
Credit life insurance risk in force	29,906	25,728
Less reinsurance	(2,397)	(2,207)
Total	$223,299	$171,338

Certain insurance affiliates offer insurance guaranteeing the timely payment of scheduled principal and interest on municipal bonds. Other insurance affiliates provide insurance to protect residential mortgage lenders from severe financial loss caused by the non-payment of loans and issue credit life insurance designed to pay the balance due on a loan if the borrower dies before the loan is repaid. As part of their overall risk management process, insurance affiliates cede to third parties a portion of their risk associated with these guarantees. In doing so, they are not relieved of their primary obligation to policyholders.

Note 20

All Other Liabilities

This caption includes year-end 2004 and 2003 accruals for non-current compensation and benefits of $12,606 million and $10,380 million, respectively, and asset retirement obligations amounting to $791 million and $374 million, respectively. During 2004, we recorded asset retirement obligations of $381 million as a result of our acquisition of Amersham, accretion expense of $26 million and other adjustments of $10 million. Also included in this caption are amounts for deferred income, derivative instruments, interest on tax liabilities, product warranties, mandatorily redeemable preferred interest in VUE (see note 16), accrued participations and residuals and a variety of sundry items.

We are involved in numerous remediation actions to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs at each site are based on our best estimate of undiscounted future costs, excluding possible insurance recoveries. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low end of such range. Uncertainties about the status of laws, regulations, technology and information related to individual sites make it difficult to develop a meaningful estimate of the reasonably possible aggregate environmental remediation exposure. However, even in the unlikely event that remediation costs amounted to the high end of the range of costs for each site, the resulting additional liability would not be material to our financial position, results of operations or liquidity.

Note 21

Deferred Income Taxes

Aggregate deferred income tax amounts are summarized below.

December 31 (In millions)	2004	2003
ASSETS		
GE	$ 9,464	$ 7,594
GECS	8,507	9,948
	17,971	17,542
LIABILITIES		
GE	13,080	9,505
GECS	19,305	20,684
	32,385	30,189
Net deferred income tax liability	$14,414	$12,647

Principal components of our net liability (asset) representing deferred income tax balances are as follows:

December 31 (In millions)	2004	2003
GE		
Provisions for expenses[a]	$ (5,833)	$ (4,723)
Retiree insurance plans	(1,346)	(1,206)
Prepaid pension asset—principal plans	6,170	5,963
Depreciation	2,029	1,714
Other—net	2,596	163
	3,616	1,911
GECS		
Financing leases	9,767	10,250
Operating leases	3,716	3,523
Deferred acquisition costs	1,567	1,501
Allowance for losses	(2,208)	(2,036)
Insurance reserves	(1,184)	(1,109)
Cash flow hedges	(909)	(1,029)
AMT credit carryforward	(203)	(351)
Other—net	252	(13)
	10,798	10,736
Net deferred income tax liability	$14,414	$12,647

(a) Represents the tax effects of temporary differences related to expense accruals for a wide variety of items, such as employee compensation and benefits, interest on tax liabilities, product warranties and other sundry items that are not currently deductible.

Note 22

Minority Interest in Equity of Consolidated Affiliates

Minority interest in equity of consolidated affiliates includes common shares in consolidated affiliates and preferred stock issued by GE Capital and by affiliates of GE Capital. The balance is summarized as follows:

December 31 (In millions)	2004	2003
Minority interest in consolidated affiliates		
NBC Universal[a]	$ 6,529	$ —
Genworth Financial, Inc.[b]	3,778	—
Others[c]	2,158	1,753
Minority interest in preferred stock[d]		
GE Capital	2,600	2,600
GE Capital affiliates	1,318	1,841
Total	$16,383	$6,194

(a) Resulted from the combination of NBC and VUE. See note 16.

(b) Resulted from the sale of approximately 30% of the common shares of our previously wholly-owned subsidiary.

(c) Included minority interest in consolidated, liquidating securitization entities, partnerships and common shares of consolidated affiliates.

(d) The preferred stock primarily pays cumulative dividends at variable rates. Dividend rates in local currency on the preferred stock ranged from 0.99% to 5.46% during 2004 and 0.91% to 5.65% during 2003.

Our minority interest in VUE reflects $1,582 million for shares of cumulative redeemable preferred interests (VUE preferred) held by IAC/InterActiveCorp (IAC) at December 31, 2004. VUE preferred pays dividends of 5%, with cash of 3.6% and the remaining 1.4% in kind. VUE holds IAC securities, with a fair value of $1,564 million, that may be used to redeem the VUE preferred in 2022. After redemption, any remaining IAC securities are for the exclusive benefit of VU. We have designated this entire position as a hedge of the disposition of the IAC shares.

Note 23

Restricted Net Assets of GECS Affiliates

Certain GECS consolidated affiliates are restricted from remitting certain funds to GECS in the form of dividends or loans by a variety of regulations, the purpose of which is to protect affected insurance policyholders, depositors or investors. At December 31, 2004 and 2003, net assets of regulated GECS affiliates amounted to $60.4 billion and $46.7 billion, respectively, of which $41.4 billion and $37.0 billion, respectively, was restricted.

At December 31, 2004 and 2003, the aggregate statutory capital and surplus of the insurance businesses totaled $19.4 billion and $15.9 billion, respectively. Accounting practices prescribed by statutory authorities are used in preparing statutory statements.

Note 24

Shareowners' Equity

(In millions)	2004	2003	2002
TOTAL EQUITY			
Balance at December 31	$110,284	$79,180	$63,706
COMMON STOCK ISSUED	$ 669	$ 669	$ 669
ACCUMULATED NONOWNER CHANGES OTHER THAN EARNINGS			
Balance at January 1	$ 2,815	$ (3,177)	$ (4,323)
Investment securities—net of deferred taxes of $503, $590 and $847	677	960	1,630
Currency translation adjustments—net of deferred taxes of $(1,318), $(1,447) and $20	3,942	5,119	1,000
Cash flow hedges—net of deferred taxes of $(42), $(448) and $(822)	10	(803)	(2,070)
Minimum pension liabilities—net of deferred taxes of $(184), $(85) and $(42)	(421)	(161)	(75)
Reclassification adjustments			
Investment securities—net of deferred taxes of $(142), $(135) and $(135)	(265)	(250)	(252)
Currency translation adjustments	—	4	—
Cash flow hedges—net of deferred taxes of $318, $643 and $207	559	1,123	913
Balance at December 31	$ 7,317	$ 2,815	$ (3,177)
OTHER CAPITAL			
Balance at January 1	$ 17,497	$17,288	$16,693
Gains on treasury stock dispositions and other(a)	4,615	209	595
Issuance of subsidiary shares(a)(b)	2,153	—	—
Balance at December 31	$ 24,265	$17,497	$17,288
RETAINED EARNINGS			
Balance at January 1	$ 82,796	$75,553	$68,701
Net earnings	16,593	15,002	14,118
Dividends(a)	(8,594)	(7,759)	(7,266)
Balance at December 31	$ 90,795	$82,796	$75,553
COMMON STOCK HELD IN TREASURY			
Balance at January 1	$ 24,597	$26,627	$26,916
Purchases(a)	1,892	1,177	2,851
Dispositions(a)(c)	(13,727)	(3,207)	(3,140)
Balance at December 31	$ 12,762	$24,597	$26,627

(a) Total dividends and other transactions with shareowners increased equity by $10,009 million in 2004 and reduced equity by $5,520 million and $6,382 million in 2003 and 2002, respectively.

(b) Related to the issuance of 20% of NBC Universal's shares to a subsidiary of Vivendi Universal as part of the transaction described in note 16.

(c) In 2004, included 341.7 million shares valued at $10,674 million issued in the Amersham acquisition, and 119.4 million shares valued at $3,765 million sold to partially fund the NBC and VUE combination.

Under the share repurchase program initiated in 1994, we repurchased 6 million shares for a total of $0.2 billion during 2004. As of December 31, 2004, a total of 1,109 million shares, having an aggregate cost of approximately $23 billion, had been purchased and the program was closed out. In December 2004, our Board of Directors authorized a new three-year (2005–2007), $15 billion share repurchase program.

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

SHARES OF GE COMMON STOCK

December 31 (In thousands)	2004	2003	2002
Issued	11,145,212	11,145,212	11,145,212
In treasury	(558,854)	(1,082,092)	(1,175,318)
Outstanding	10,586,358	10,063,120	9,969,894

GE has 50 million authorized shares of preferred stock ($1.00 par value), but has not issued any such shares as of December 31, 2004.

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 shareowners' equity. Asset and liability accounts are translated at year-end exchange rates, while revenues and expenses are translated at average rates for the period.

Note 25

Other Stock-Related Information

We grant stock options, restricted stock units (RSUs) and performance share units (PSUs) to employees under the 1990 Long-Term Incentive Plan as described in our current Proxy Statement. In addition, we grant options and RSUs in limited circumstances to consultants, advisors and independent contractors (primarily non-employee talent at NBC Universal) under a plan approved by our Board of Directors in 1997 (the consultants' plan). There are outstanding grants under two separate shareowner approved option plans for non-employee directors; the last grant was made in 2002 and no further grants are expected to be made under these plans. Requirements for stock option shares may be met from either unissued or treasury shares. RSUs give the recipients the right to receive shares of our stock upon the lapse of their related restrictions. Restrictions on RSUs lapse in various increments and at various dates, beginning after three years from date of grant through grantee retirement. Although the plan permits us to issue RSUs settleable in cash, we have only issued RSUs settleable in shares of our stock. PSUs give recipients the right to receive shares of our stock upon the achievement of certain performance targets.

We measure the total cost of each stock option grant at the date of grant using a market-based option trading model. We recognize the cost of each stock option, RSU and PSU on a straight-line basis over its vesting period.

Stock options expire 10 years from the date they are granted and vest over service periods that range from one to five years.

All grants of GE options under all plans must be approved by the Management Development and Compensation Committee, which comprises entirely outside directors.

STOCK OPTION ACTIVITY

		Average per share	
(Shares in thousands)	Shares subject to option	Exercise price	Market price
Balance at December 31, 2001	354,453	$25.08	$40.08
Options granted	46,928	27.37	27.37
Options exercised	(29,146)	9.45	31.86
Options terminated	(10,177)	38.14	(a)
Balance at December 31, 2002	362,058	26.26	24.35
Options granted	8,261	31.19	31.19
Options exercised	(43,829)	9.45	27.59
Options terminated	(10,643)	38.98	(a)
Balance at December 31, 2003	315,847	28.30	30.98
Options granted(b)	27,141	32.26	32.26
Options exercised	(43,110)	10.54	32.68
Options terminated	(13,409)	36.91	(a)
Balance at December 31, 2004	286,469	$30.94	$36.50

(a) Not applicable.

(b) Included approximately 3.5 million options that replaced canceled SARs and have identical terms.

STOCK COMPENSATION PLANS

December 31, 2004 (Shares in thousands)	Securities to be issued upon exercise	Weighted average exercise price	Securities available for future issuance
APPROVED BY SHAREOWNERS			
Options	285,152	$30.97	(a)
RSUs	30,715	(b)	(a)
PSUs	700	(b)	(a)
NOT APPROVED BY SHAREOWNERS			
Options	1,317	24.64	(c)
RSUs	3,036	(b)	(c)
Total(d)	320,920	$30.94	130,385

(a) Under the 1990 Long-Term Incentive Plan, 0.95% of 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 awards in that calendar year. Total shares available for future issuance under the 1990 Long-Term Incentive Plan amounted to 105.9 million shares.

(b) Not applicable.

(c) Total shares available for future issuance under the consultants' plan amount to 24.5 million shares.

(d) In connection with various acquisitions, there are an additional 1.8 million options outstanding, with a weighted average exercise price of $19.98.

Outstanding options expire on various dates through December 9, 2014.

The following table summarizes information about stock options outstanding at December 31, 2004.

STOCK OPTIONS OUTSTANDING

(Shares in thousands)	Outstanding			Exercisable	
Exercise price range	Shares	Average life(a)	Average exercise price	Shares	Average exercise price
$ 7.83–14.73	52,457	1.1	$12.11	52,457	$12.11
15.83–27.05	76,738	5.4	25.59	54,171	24.99
27.20–35.48	52,494	8.4	33.05	12,494	34.06
35.79–42.33	56,127	4.8	39.48	55,482	39.50
43.17–57.31	48,653	6.3	47.56	29,045	47.56
Total	286,469	5.2	$30.94	203,649	$29.40

At year-end 2003, options with an average exercise price of $24.63 were exercisable on 214 million shares; at year-end 2002, options with an average exercise price of $18.75 were exercisable on 214 million shares.

(a) Average contractual life remaining in years.

OPTION VALUE INFORMATION(a)

	2004	2003	2002
Fair value per option (in dollars)(b)	$8.33	$9.44	$7.73
Valuation assumptions			
Expected option term (in years)	6.0	6.0	6.0
Expected volatility	27.7%	34.7%	33.7%
Expected dividend yield	2.5	2.5	2.7
Risk-free interest rate	4.0	3.5	3.5

(a) Weighted averages of option grants during each period.

(b) Estimated using Black-Scholes option pricing model.

Note 26

Supplemental Cash Flows Information

Changes in operating assets and liabilities are net of acquisitions and dispositions of principal 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 primarily of adjustments to current and noncurrent accruals and deferrals of costs and expenses, adjustments for gains and losses on assets, increases and decreases in assets held for sale and adjustments to assets.

Non-cash transactions include the following: in 2004, the issuance of GE common stock valued at $10,674 million in connection with the acquisition of Amersham and the issuance of NBC Universal shares valued at $5,845 million in connection with the combination of NBC and VUE; in 2003, the acquisition of Osmonics, Inc. for GE common stock valued at $240 million; and in 2002, the acquisition of Interlogix, Inc. for GE common stock valued at $395 million and the acquisition of Bravo for GE common stock and other investment securities valued at $335 million and $886 million, respectively.

CORPORATE MANAGEMENT
(as of February 11, 2005)

Senior Executive Officers

Jeffrey R. Immelt
Chairman of the Board & Chief Executive Officer

Sir William M. Castell
Vice Chairman of the Board & Executive Officer, General Electric Company; and President & Chief Executive Officer, GE Healthcare

Dennis D. Dammerman
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Robert C. Wright
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Senior Vice President, Global Research

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Keith S. Sherin
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Vice President & Comptroller

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Vice President & GE Treasurer

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Vice President, Global Risk Management, GE Capital

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Vice President, Corporate Citizenship & Chief Learning Officer

Pamela Daley
Vice President, Corporate Business Development

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Vice President, Litigation & Legal Policy

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Vice President, Environmental Programs

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Ronald A. Stern
Vice President & Senior Counsel, Antitrust

Edmundo M. Vallejo
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OPERATING MANAGEMENT
(as of February 11, 2005)

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Vice President, Cycolac & Geloy Resins

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Brian T. Gladden
Vice President, Finance

Wayne M. Hewett
President & Chief Executive Officer, Silicones

Gary W. Pritchard
Vice President, Silicones Operations

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Vice President, Plastics Pacific

Golnar Motahari pour
Vice President, Plastics Europe

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Vice President, Human Resources

Timothy J. O'Brien
Vice President, Plastics Americas

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President & Chief Executive Officer, Quartz

GE Commercial Finance

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President & Chief Executive Officer, GE Commercial Finance

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Vice President, Human Resources

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President & Chief Executive Officer, Commercial Equipment Financing

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President, Commercial & Industrial Financing

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Vice President, U.S. Equipment Financing

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President, Corporate Financial Services, Europe

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President & Chief Executive Officer, Vendor Financial Services

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Vice President, Integration

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Vice President, Technology

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Vice President, Finance

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Vice President & General Counsel

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Andrew C. White
President, Nuclear Energy

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Vice President, Human Resources

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GE Healthcare

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Vice Chairman of the Board & Executive Officer, General Electric Company; and President & Chief Executive Officer, GE Healthcare

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Chih Chen
President, China

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Vice President & Chief Operating Officer

NBC Universal

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Vice Chairman of the Board & Executive Officer, General Electric Company; and Chairman & Chief Executive Officer, NBC Universal, Inc.

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Mark Hoffman
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Kevin P. Reilly
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William A. Fitzgerald
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Roger N. Seager
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Anders E. Solem
Vice President, China

Russell F. Sparks
Vice President, Military Engines

Richard L. Stanley
Vice President, Engineering

Jeanne M. Rosario
Vice President, Engineering Commercial Design

Corporate Headquarters
General Electric Company
3135 Easton Turnpike
Fairfield, CT 06828
(203) 373-2211

Annual Meeting
General Electric Company's 2005 Annual Meeting of Shareowners will be held on Wednesday, April 27, at the Aronoff Center in Cincinnati, Ohio.

Shareowner Services
To transfer securities, write to GE Share Owner Services, c/o The Bank of New York, P.O. Box 11002, New York, NY 10286-1002.

For shareowner inquiries, including enrollment information and a prospectus for the Direct Purchase and Reinvestment Plan, "GE Stock Direct," write to GE Share Owner Services, c/o The Bank of New York, P.O. Box 11402, New York, NY 10286-1402; or call (800) 786-2543 (800-STOCK-GE) or (941) 906-4657; or send an e-mail to ge-shareowners@bankofny.com.

For Internet access to general shareowner information and certain forms, including transfer instructions or stock power, visit the Web site at www.stockbny.com/ge.

Stock Exchange Information
In the United States, GE common stock is listed on the New York Stock Exchange (its principal market) and the Boston Stock Exchange. It also is listed on certain non-U.S. exchanges, including the London Stock Exchange and Euronext Paris.

Trading and Dividend Information

	Common Stock Market Price		Dividends
(In dollars)	High	Low	Declared
2004			
Fourth quarter	**$37.75**	**$32.65**	**$.22**
Third quarter	**34.53**	**31.42**	**.20**
Second quarter	**33.49**	**29.55**	**.20**
First quarter	**34.57**	**28.88**	**.20**
2003			
Fourth quarter	$31.30	$27.37	$.20
Third quarter	32.42	26.90	.19
Second quarter	31.66	25.50	.19
First quarter	28.00	21.30	.19

As of December 31, 2004, there were about 662,000 shareowner accounts of record.

Form 10-K and Other Reports
The financial information in this report, in the opinion of management, substantially conforms with information required in the "Form 10-K Report" to be filed with the Securities and Exchange Commission (SEC) in March 2005. However, the Form 10-K Report also contains additional information, and it can be viewed at www.ge.com/secreports.

Copies also are available, without charge, from GE Corporate Investor Communications, 3135 Easton Turnpike, Fairfield, CT 06828.

GE Capital Services and GE Capital Corporation file Form 10-K Reports with the SEC, and these can also be viewed at www.ge.com/secreports.

Information on the GE Foundation, GE's philanthropic organization, can be viewed at www.gefoundation.com.

Internet Address Information
Visit us online at www.ge.com for more information about GE and its products and services.

The 2004 GE Annual Report is available online at www.ge.com/annual04. For detailed news and information regarding our strategy and our businesses, please visit our Press Room online at www.ge.com/news and our Investor Information site at www.ge.com/investor.

Product Information
For information about GE's consumer products and services, visit us at www.geconsumerandindustrial.com.

Cassette Recordings
For an audiocassette version of this report, write to Target Mail, 705 Corporations Park, Scotia, NY 12302; or call (518) 381-3824; or send an e-mail to target.mail@corporate.ge.com.

Corporate Ombudsperson
To report concerns related to compliance with the law, GE policies or government contracting requirements, write to GE Corporate Ombudsperson, P.O. Box 911, Fairfield, CT 06430; or call (800) 227-5003 or (203) 373-2603; or send an e-mail to ombudsperson@corporate.ge.com.

Contact the GE Board of Directors
For reporting complaints about GE's accounting, internal controls and procedures, auditing matters or other concerns to the Board of Directors or the Audit Committee, write to GE Board of Directors, General Electric Company (W2E), 3135 Easton Turnpike, Fairfield, CT 06828; or call (800) 417-0575 or (203) 373-2652; or send an e-mail to Directors@corporate.ge.com.

Note: Unless otherwise indicated by the context, the term "GE," "General Electric" and "Company" are used on the basis of consolidation described on page 78.

GE has included as Exhibit 31 to its Annual Report on Form 10-K for fiscal year 2004 filed with the Securities and Exchange Commission certificates of GE's Chief Executive Officer and Chief Financial Officer certifying the quality of the company's public disclosure. GE's Chief Executive Officer has also submitted to the New York Stock Exchange (NYSE) a certificate certifying that he is not aware of any violations by GE of the NYSE corporate governance listing standards.

Caution Concerning Forward-Looking Statements: This document contains "forward-looking statements"—that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties arise from the behavior of financial markets, including fluctuations in interest rates and commodity prices, from future integration of acquired businesses, from future financial performance of major industries which we serve, including, without limitation, the air and rail transportation, energy generation and healthcare industries, from unanticipated loss development in our insurance businesses, and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

Visit our interactive online annual report at www.ge.com/annual04

Thanks to the GE employees who appear in this annual report for putting their imagination to work.

This document was printed on paper containing at least 10% post-consumer material and was manufactured with 100% renewable energy, virtually all of which was produced with GE's wind, low-impact hydro or biogas technologies. GE employed a printer that produces all of its own electricity and is a certified totally enclosed facility that produces virtually no volatile organic compound emissions.

Design: VSA Partners, Inc. Principal Photography: John Midgley Logistics: Mark Gibbons Printing: Cenveo Anderson Lithograph

General Electric Company
Fairfield, Connecticut 06828
www.ge.com