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, 2007

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

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

____

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (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 $392.2 billion. Affiliates of the Company beneficially own, in the aggregate, less than one-tenth of one percent of such shares. There were 9,985,669,000 shares of voting common stock with a par value of $0.06 outstanding at February 1, 2008.

DOCUMENTS INCORPORATED BY REFERENCE

The Annual Report to Shareowners for the fiscal year ended December 31, 2007 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 23, 2008, 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 70 of the 2007 Annual Report to Shareowners of General Electric Company (the Company). The financial section of such Annual Report to Shareowners (pages 39 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 2007 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.

We are one of the largest and most diversified technology, media, and financial services corporations in the world. With products and services ranging from aircraft engines, power generation, water processing, and security technology to medical imaging, business and consumer financing, media content and industrial products, we serve customers in more than 100 countries and employ more than 300,000 people worldwide. Since our incorporation in 1892, we have developed or acquired new technologies and services that have broadened considerably the scope of our activities.

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 in syndicated broadcast television programming, cable/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 and finance companies associated with manufacturers.

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 "expect," "anticipate," "intend," "plan," "believe," "seek," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties that could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest and exchange rates and commodity and equity prices; the commercial and consumer credit environment; the impact of regulation and regulatory, investigative and legal actions; strategic actions, including acquisitions and dispositions; future integration of acquired businesses; future financial performance of major industries which we serve, including, without limitation, the air and rail transportation, energy generation, media, real estate and healthcare industries; and numerous other matters of national, regional and global scale, including those of a political, economic, business and competitive 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 $86.5 billion in 2007, compared with $70.8 billion in 2006 and $60.9 billion in 2005. For additional information about our geographic operations, see pages 51 and 52 of the 2007 Annual Report to Shareowners.

Operating Segments

Segment revenue and profit information is presented on page 47 of the 2007 Annual Report to Shareowners. Additional financial data and commentary on recent financial results for operating segments are provided on pages 46-51 of that report and in note 25 (pages 98 and 99) to the consolidated financial statements.

Operating businesses that are reported as segments include Infrastructure, Commercial Finance, GE Money, Healthcare, NBC Universal and Industrial. There is appropriate elimination of the net earnings of GECS and the effect of transactions between segments to arrive at total consolidated data. A summary description of each of our operating segments follows.

During the fourth quarter of 2007, we transferred the Equipment Services business from the Industrial segment to the Commercial Finance segment, where a portion of the business is reported in Capital Solutions. Prior period information has been reclassified to be consistent with the current organization.

We also continue our longstanding practice of providing supplemental information for certain businesses within the segments.

Infrastructure

Infrastructure (33.5%, 30.9% and 30.5% of consolidated revenues in 2007, 2006 and 2005, respectively) is one of the world's leading providers of essential technologies to developed, developing and emerging countries. Through products and services in aviation, energy, oil and gas, transportation, and water and process technologies, GE is helping to develop the infrastructure of countries all over the world. Infrastructure also provides aviation financing as well as energy and water investing, lending and leasing.

Our operations are located in North America, Europe, Asia and South America.

Aviation and Aviation Financial Services

Aviation 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, as well as marine applications, 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 and market engines through CFM International, a company jointly owned by GE and Snecma, a subsidiary of SAFRAN of France, and the Engine Alliance, LLC, a company jointly owned by GE and the Pratt & Whitney division of United Technologies Corporation. New engines are also being designed and marketed in joint ventures with Rolls-Royce Group plc and Honda Aero, Inc., a division of Honda Motor Co., Ltd.

Infrastructure is party to collaboration agreements that share the financial results of certain aircraft and marine engine lines and their related aero-derivatives. Infrastructure collaboration agreements take the form of both joint ventures and revenue sharing programs.

- Joint ventures market and sell particular aircraft engine lines, but require negligible direct investment because the venture parties conduct essentially all of the development, production, assembly and aftermarket support activities. Under these agreements, Aviation supplies certain engine components and retains related intellectual property rights. The CFM56 engine line is the product of CFM International and the GP7000 engine line is the product of Engine Alliance, LLC.
- Revenue sharing programs are a standard form of cooperation for specific product programs in the aviation and aero-derivative industries. These businesses are controlled by Infrastructure, but counterparties have an agreed share of revenues as well as development and component production responsibilities. At December 31, 2007, such counterparty interests ranged from 3% to 49% of various programs; associated distributions are accounted for as costs of production.

On May 4, 2007, Aviation acquired Smiths Aerospace from Smiths Group plc for approximately $5.2 billion in cash. Smiths Aerospace is a $2.4 billion (sales) global aerospace systems and equipment company that provides airborne platform computing systems, power generation and distribution products, mechanical actuation products and landing gear, plus various engine components and a global customer services organization.

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. These MRO services are often provided under long-term maintenance contracts.

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 are important in this business, as are focused intellectual property strategies and protection of key aircraft engine design, manufacture, repair and product upgrade technologies. Our products and services are subject to a number of regulatory standards.

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 these cycles differ from each other.

Aviation Financial Services is a global commercial aviation financial services business that offers a broad range of financial products to airlines, aircraft operators, owners, lenders, investors and airport developers. Financial products include leases, aircraft purchasing and trading, loans, engine/spare parts financing, fleet planning and financial advisory services. We operate in a highly competitive environment. Our competitors include aircraft manufacturers, banks, financial institutions, and other finance and leasing companies. Competition is based on lease rates and terms, as well as aircraft delivery dates, condition and availability.

Energy and Energy Financial Services

Energy serves power generation, industrial, government and other customers worldwide with products and services related to energy production, distribution and management. We offer wind turbines as part of our renewable energy portfolio, which also includes solar technology. We also sell aircraft engine derivatives for use as industrial power sources. 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 leading provider of Integrated Gasification Combined Cycle (IGCC) technology design and development. IGCC systems convert coal and other hydrocarbons into synthetic gas that, after cleanup, is used as the primary fuel for gas turbines in combined-cycle systems. IGCC systems produce fewer air pollutants compared with traditional pulverized coal power plants. 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 offered through a joint ventures with Hitachi and Toshiba. We provide our customers with total solutions to meet their needs through a complete portfolio of aftermarket services, including equipment upgrades, long-term maintenance service 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 power generation is global and, as a result, is sensitive to the economic and political environment of each country in which we do business. The balance of regional growth and demand side management are important factors to evaluate as we plan for future development.

Energy Financial Services offers structured equity, debt, leasing, partnership financing, project finance and broad-based commercial finance to the global energy and water industries and invests in operating assets in these industries. During 2007, we acquired a controlling interest in Regency Energy Partners LP, a midstream master limited partnership engaged in the gathering, processing, transporting and marketing of natural gas and gas liquids. We operate in a highly competitive environment. Our competitors include banks, financial institutions, energy and water companies, and other finance and leasing companies. Competition is primarily based on price, that is interest rates and fees, as well as deal structure and terms. As we compete globally, our success is sensitive to the economic and political environment of each country in which we do business.

Oil & Gas

Oil & Gas supplies technology-based equipment and services for the entire oil and gas industry – from drilling and completion to production, transportation, refining, processing, petrochemicals and plastics. We offer a wide range of surface and subsea drilling and production systems, equipment for floating production platforms, compressors, turbines, turboexpanders and industrial power generation equipment. As a global business, Oil & Gas supports the world's leading national and international oil companies with latest technology products and services that drive improvements in productivity, efficiency and environmental performance.

On February 23, 2007, Oil & Gas acquired Vetco Gray, one of the world's leading suppliers of drilling, completion and production equipment for onshore and subsea applications in oil and gas fields. The business supplies flow control valves (known as "Christmas trees"), control systems, wellheads, manifolds, risers and associated after-market services.

The global demand for oil and gas, coupled with a geographic imbalance between supply and demand, is promoting investment in the exploration, production, transportation and processing segments of the industry.

Transportation

Transportation 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.

Transportation manufactures high-horsepower diesel-electric locomotives, including the Evolution Series™, the most technologically advanced and most fuel efficient locomotive, which meets or exceeds the U.S. Environmental Protection Agency's Tier II requirements. 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 drives 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.

Transportation also provides a portfolio of services offerings, designed to improve fleet efficiency and reduce operating expenses, including 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. We deliver leading edge tools that improve asset availability and reliability, optimize network planning, and control network execution to plan.

Water

Water offers water treatment solutions for industrial and municipal water systems including the supply and related services of specialty chemicals, water purification systems, pumps, valves, filters and fluid handling equipment for improving the performance of water, wastewater and process systems, including mobile treatment systems and desalination processes. During 2006, we acquired ZENON Environmental Inc., a global leader in advanced membranes for water purification and wastewater treatment.

For information about orders and backlog, see page 48 of the 2007 Annual Report to Shareowners.

Commercial Finance

Commercial Finance (19.8%, 20.3% and 20.0% of consolidated revenues in 2007, 2006 and 2005, respectively) offers a broad range of financial services worldwide. We have particular mid-market expertise 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-related facilities and equipment; commercial and residential real estate; vehicles; corporate aircraft; and equipment used in many industries, including the construction, manufacturing, transportation, telecommunications and healthcare industries.

During 2007, we made a number of acquisitions, the most significant of which were Trustreet Properties, Inc.; Diskont und Kredit AG and Disko Leasing GmbH (DISKO) and ASL Auto Service-Leasing GmbH (ASL), the leasing businesses of KG Allgemeine Leasing GmbH & Co.; and Sanyo Electric Credit Co., Ltd.

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 related to our lending and leasing operations 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.

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

Capital Solutions

Capital Solutions offers a broad range of financial services worldwide, and has particular mid-market expertise, offering loans, leases, inventory finance, transport solutions and other financial services to customers, including manufacturers, dealers and end-users for a variety of equipment and major capital assets. These assets include retail facilities; vehicles; corporate aircraft; and equipment used in many industries, including the construction, transportation, technology, and manufacturing industries.

Real Estate

Real Estate offers a comprehensive range of capital and investment solutions, including equity capital for acquisition or development, as well as fixed and floating rate mortgages for new acquisitions or re-capitalizations of commercial real estate worldwide. Our business finances, with both equity and loan structures, the acquisition, refinancing and renovation of office buildings, apartment buildings, retail facilities, parking facilities and industrial 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. Certain of our originations of low loan-to-value loans are conducted for term securitization within one year; certain of our equity investments, including properties we acquire for investment, are sold under favorable market conditions. We invest in, and provide restructuring financing for, portfolios of mortgage loans, limited partnerships and tax-exempt bonds.

In the normal course of our business operations, we sell certain real estate equity investments when it is economically advantageous for us to do so. However, as real estate values are affected by certain forces beyond our control (e.g., market fundamentals and demographic conditions), it is difficult to predict with certainty the level of future sales or sales prices. Rental income generally approximates operating expenses, which include depreciation and amortization.

GE Money

GE Money (14.5%, 13.0% and 12.5% of consolidated revenues in 2007, 2006 and 2005, respectively) is a leading provider of financial services to consumers and retailers in over 50 countries around the world. We offer a full range of innovative financial products to suit customers' needs. These products include private-label credit cards; personal loans; bank cards; auto loans and leases; mortgages; debt consolidation; home equity loans; corporate travel and purchasing cards; deposit and other savings products; small and medium enterprise lending; and credit insurance on a global basis. In September 2007, we committed to a plan to sell our Japanese personal loan business (Lake) and in December 2007, we sold our U.S. mortgage business (WMC).

In 2007, as part of our continued global expansion, we made a number of acquisitions, the most significant of which was a 33% stake in Bank of Ayudhya and private label credit card portfolios of Chevron and Lowe's.

Our operations are subject to a variety of bank and consumer protection regulations. 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 from fluctuations in retail sales, interest and currency exchange rates, and the consumer's capacity to repay debt.

Our headquarters are currently in Stamford, Connecticut and our operations are located in North America, South America, Europe, Australia and Asia. In February 2008, we announced that we will move our headquarters to London, England.

Healthcare

Healthcare (9.8%, 10.9% and 11.0% of consolidated revenues in 2007, 2006 and 2005, respectively) has expertise in medical imaging and information technologies, medical diagnostics, patient monitoring systems, disease research, drug discovery and biopharmaceutical manufacturing technologies. We are dedicated to predicting and detecting disease earlier, monitoring its progress and informing physicians, helping them to tailor individual treatment for individual patients. Healthcare manufactures, sells and services a wide range of medical equipment: diagnostic imaging systems including equipment for magnetic resonance (MR), computed tomography (CT), positron emission tomography (PET), nuclear and X-ray imaging. Clinical systems including patient monitoring, diagnostic cardiology, ultrasound, bone densitometry, anesthesiology and oxygen therapy, neonatal and critical care devices. Medical diagnostics and life sciences products include diagnostic imaging agents used in medical scanning procedures, protein separation products including chromatography purification systems used in the manufacturing of bio-pharmaceuticals, and high-throughput systems for applications in genomics, proteomics and bioassays. During 2006, we acquired IDX Systems Corporation, a leading healthcare information technology provider and Biacore International AB, a leading provider of systems for protein interaction analysis. We sell products and product services to hospitals, medical facilities, pharmaceutical and biotechnology companies and to the life science research market 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.

Our products are subject to regulation by numerous government agencies, including the FDA, and various laws apply to claims submitted under Medicare, Medicaid or other federally-funded healthcare programs.

For information about orders and backlog, see page 50 of the 2007 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.

NBC Universal

NBC Universal (8.9%, 10.7% and 10.8% of consolidated revenues in 2007, 2006 and 2005, respectively) is one of the world's leading media and entertainment companies in the development, production and marketing of entertainment, news and information to a global audience. Formed in 2004 through the combining of NBC and Vivendi Universal Entertainment, NBC Universal owns and operates a valuable portfolio of news and entertainment networks, a premier motion picture company, significant television production operations, a leading television stations group and world-renowned theme parks. NBC Universal is 80-percent owned by General Electric and 20-percent owned by Vivendi S.A. NBC Universal is principally engaged in the broadcast of network television services to affiliated television stations within the United States; the production and distribution of television programs and motion pictures; the operation, under licenses from the U.S. Federal Communications Commission (FCC), of television stations; the operation of several cable/satellite television networks around the world; the operation of theme parks; and investment and programming activities in digital media and the Internet. The NBC television network is one of four major U.S. commercial broadcast television networks and serves 230 affiliated stations within the United States. Telemundo is our U.S. Spanish-language broadcast television network. At December 31, 2007, we owned and operated 26 television stations. Broadcasting operations of the NBC television network, the Telemundo network and the company's owned stations are subject to FCC regulation. Our cable/satellite television network operations principally include USA Network, Bravo, CNBC, the SciFi Channel, MSNBC, Oxygen, the Sundance Channel, UniHD, Chiller, Sleuth, mun2 and news, information and entertainment channels across Europe, Asia and Latin America. We have exclusive U.S. television rights to the 2008, 2010 and 2012 Olympic Games, National Football League Sunday Night Football and the Super Bowl in 2009 and 2012.

NBC Universal is subject to a wide range of factors, which could adversely affect our operations. Our broadcast networks, cable television networks and television stations are subject to advertising patterns and changes in viewer taste and preference that can be unpredictable or unforeseen. In addition, future revenues in these properties are dependent upon our ability to obtain, renew or renegotiate long-term programming contracts, including event-based sports programming and contracts for the distribution of our programming to cable/satellite operators. Our television and motion pictures production and distribution businesses are affected by the timing and performance of releases in the theatrical, home entertainment and television markets. Technological advances like digital video recorders, Internet streaming and electronic sell-through offer entertainment options through new media, introducing uncertainty to our operations. Other technologies enable the unauthorized copying and distribution of our motion pictures and television programming, increasing the risk of piracy. We continue to devote substantial resources to protect our intellectual property against unauthorized use.

NBC Universal's headquarters are in New York, New York, with operations throughout North America, Europe, South America and Asia.

Industrial

Industrial (10.3%, 11.7% and 12.5% of consolidated revenues in 2007, 2006 and 2005, respectively) produces and sells products including consumer appliances, industrial equipment and related services. GE Supply, a network of electrical supply houses, was also in the Industrial segment until its sale in the third quarter of 2006. Advanced Materials, a manufacturer of silicone- and quartz-based materials, was also in the Industrial segment until its sale in the fourth quarter of 2006. Prior to the sale of our Plastics business in August 2007, we also manufactured and sold plastics and structured products. Plastics and Advanced Materials results are reported in discontinued operations for all periods presented.

Our operations are located in North America, Europe, Asia and South America.

Consumer & Industrial

Consumer & Industrial sells products that 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. While some Consumer & Industrial products are primarily directed to consumer applications (major appliances, for example), and some primarily to industrial applications (switchgear, for example), others are directed to both markets (lighting, for example).

We sell and service major 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 OEM service organization in the appliances industry, providing in-home repair, extended service plans and warranty administration. We also manufacture and sell a variety of 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.

Consumer & Industrial also 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, 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 industrial applications primarily for oil and gas extraction and mining. We also provide customer-focused solutions centered on the delivery and control of electric power, and market a wide variety of commercial lighting systems.

The aggregate level of economic activity in markets for such products and services generally lags 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 continued commodity cost pressures.

Enterprise Solutions

Enterprise Solutions offers protection and productivity solutions to some of the most pressing issues that industries face: safe facilities, plant automation, power control 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 fire detection, real estate and property control, and explosives and narcotics detection. We design and manufacture equipment and systems that enable customers to monitor, protect, control and ensure the safety of their critical applications. These products include precision sensors for temperature, flow rate, pressure, humidity, gas, infrared and ultrasonic applications; high-quality handheld and portable field calibrators; equipment for detection of material defects; stand-alone measurement instrumentation; and systems that provide the end-to-end solutions necessary to validate or certify vital commercial and industrial processes. 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. We also provide products and services to protect and optimize assets such as generators, transmission lines and motors, to ensuring secure wireless data transmission and uninterruptible power.

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.

Discontinued Operations

Discontinued operations comprised Lake; WMC; Plastics; Advanced Materials; GE Life, our U.K.-based life insurance operation; the property and casualty insurance and reinsurance businesses and the European life and health operations of GE Insurance Solutions Corporation (GE Insurance Solutions); and Genworth Financial, Inc. (Genworth), our formerly wholly-owned subsidiary that conducted most of our consumer insurance business, including life and mortgage insurance operations.

Geographic Data

Geographic data are reported in note 25 to the consolidated financial statements on page 98 and 99 of the 2007 Annual Report to Shareowners.

Additional financial data about our geographic operations is provided on page 51 and 52 of the 2007 Annual Report to Shareowners.

Orders Backlog

See pages 48, 50 and 62 of the 2007 Annual Report to Shareowners for information about our backlog of unfilled orders.

Research and Development

Total expenditures for research and development were $4,075 million, $3,480 million and $3,235 million in 2007, 2006 and 2005, respectively. Of these amounts, $3,009 million in 2007 was GE-funded ($2,790 million in 2006 and $2,551 million in 2005); and $1,066 million in 2007 was funded by customers ($690 million in 2006 and $684 million in 2005), principally the U.S. government. Infrastructure's Aviation business accounts for the largest share of GE's research and development expenditures with funding from both GE and customer funds. Healthcare and Infrastructure's Energy business also made significant expenditures funded primarily by GE.

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 approximately $0.2 billion in both 2007 and 2006. We presently expect that such remediation actions will require average annual expenditures in the range of $0.2 billion to $0.3 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. On November 2, 2006, the U.S. District Court for the Northern District of New York approved a consent decree entered into between GE and the EPA that represents a comprehensive framework for implementation of the EPA's 2002 decision to dredge PCB-containing sediments in the upper Hudson River. The dredging will be performed in two phases with an intervening peer review of performance after phase 1. Under this consent decree, we have committed up to $0.1 billion to reimburse the EPA for its past and future project oversight costs and agreed to perform the first phase of dredging. We further committed that, subject to future agreement with the EPA about completion of dredging after completion of phase 1 and the peer review, we will be responsible for further costs, including costs of phase 2 dredging. Our Statement of Financial Position as of December 31, 2007 and 2006, included liabilities for the estimated costs of this remediation.

Employee Relations

At year-end 2007, General Electric Company and consolidated affiliates employed approximately 327,000 persons, of whom approximately 155,000 were employed in the United States. For further information about employees, see page 63 of the 2007 Annual Report to Shareowners.

Approximately 20,500 GE manufacturing and service employees in the United States are represented for collective bargaining purposes by a total of approximately 125 different union locals. A majority of such employees are represented by union locals that are affiliated with, and bargain in coordination with, the IUE-CWA, The Industrial Division of the Communication Workers of America, AFL-CIO, CLC. During 2007, General Electric Company negotiated four-year contracts with unions representing a substantial majority of the unionized employees in the United States. Most of these contracts will terminate in June 2011.

Approximately 3,500 staff employees (and a large number of freelance employees) in the United States are covered by about 160 labor agreements to which NBC Universal is a party. 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		
	2007	2006	2005	2007	2006	2005
Total sales to U.S. Government Agencies	2%	2%	3%	3%	3%	4%
Infrastructure segment defense-related sales	2	2	2	3	3	3

GE is a trademark and service mark of General Electric Company.

The Company's Internet address is www.ge.com. 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. Reports filed with the SEC may be viewed at www.sec.gov or obtained at the SEC Public Reference Room in Washington, D.C. Information regarding the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. References to our website addressed in this report are provided as a convenience and do not constitute, or should be viewed as, an incorporation by reference of the information contained on, or available through, the website. Therefore, such information should not be considered part of this report.

Item 1A. Risk Factors.

The following discussion of risk factors contains "forward-looking statements," as discussed in Item 1. These risk factors may be important to understanding any statement in this Annual Report on Form 10-K or elsewhere. The following information should be read in conjunction with Management's Discussion and Analysis (MD&A), and the consolidated financial statements and related notes incorporated by reference in this report.

Our businesses routinely encounter and address risks, some of which will cause our future results to be different – sometimes materially different – than we presently anticipate. Discussion about important operational risks that our businesses encounter can be found in the MD&A section of our 2007 Annual Report to Shareowners and in the business descriptions in Item 1. of this Form 10-K. Below, we have described certain important strategic risks. Our reactions to material future developments as well as our competitors' reactions to those developments will determine our future results.

Our global growth is subject to a number of economic and political risks

We conduct our operations in virtually every part of the world. Global economic developments affect businesses such as ours in many ways. Operations are subject to the effects of global competition. Our global business is affected by local economic environments, including inflation, recession and currency volatility. Political changes, some of which may be disruptive, can interfere with our supply chain, our customers and all of our activities in a particular location. While some of these risks can be hedged using derivatives or other financial instruments and some are insurable, such attempts to mitigate these risks are costly and not always successful.

Our credit ratings are important to our cost of capital

The major debt agencies routinely evaluate our debt and have given their highest debt ratings to us. This evaluation is based on a number of factors, which include financial strength as well as transparency with rating agencies and timeliness of financial reporting. One of our strategic objectives is to maintain our "Triple A" ratings as they serve to lower our borrowing costs and facilitate our access to a variety of lenders. Failure to maintain our Triple A debt ratings could adversely affect our cost of funds and related margins, liquidity, competitive position and access to capital markets.

The success of our business depends on achieving our objectives for strategic acquisitions and dispositions

With respect to acquisitions and mergers, we may not be able to identify suitable candidates at terms acceptable to us, or may not achieve expected returns and other benefits as a result of integration challenges, such as personnel and technology. We will continue to evaluate the potential disposition of assets and businesses that may no longer help us meet our objectives. When we decide to sell assets or a business, we may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, which could delay the accomplishment of our strategic objectives, or we may dispose of a business at a price or on terms, which are less than we had anticipated. In addition, there is a risk that we sell a business whose subsequent performance exceeds our expectations, in which case our decision would have potentially sacrificed enterprise value. Correspondingly, we may be too optimistic about a particular business's prospects, in which case we may be unable to find a buyer at a price acceptable to us and therefore may have potentially sacrificed enterprise value.

We are subject to a wide variety of laws and regulations

Our businesses are subject to regulation by U.S. federal and state laws and foreign laws, regulations and policies. Changes to laws or regulations may even require us to modify our business objectives if existing practices become more restricted, subject to escalating costs or prohibited outright. Particular risks include regulatory risks arising from local laws, such as laws that reduce the allowable lending rate or limit consumer borrowing, from local liquidity regulations that may increase the risks of not being able to retrieve assets, and changes to tax law that may affect our return on investments. For example, GE's effective tax rate is reduced because active business income earned and indefinitely reinvested outside the United States is taxed at less than the U.S. rate. A significant portion of this reduction depends upon a provision of U.S. tax law that defers the imposition of U.S. tax on certain active financial services income until that income is repatriated to the United States as a dividend. This provision is consistent with international tax norms and permits U.S. financial services companies to compete more effectively with foreign banks and other foreign financial institutions in global markets. This provision, which is scheduled to expire at the end of 2008, has been scheduled to expire on four previous occasions, and each time it has been extended by Congress. If this provision is not extended, the current U.S. tax imposed on active financial services income earned outside the United States would increase, making it more difficult for U.S. financial services companies to compete in global markets. Our businesses and the industries in which we operate are also at times being reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims and damages.

Changes in the real estate markets are highly uncertain

We provide financing for the acquisition, refinancing and renovation of various types of properties. We also consider opportunities to buy and sell properties which may result in significant outlays or proceeds of cash, either individually or in the aggregate. The profitability of real estate investments is largely dependent upon the specific geographic market in which they are located and the perceived value of that market at the time of sale. We may have difficulty optimizing that mix and such activity may vary significantly from one year to the next.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Manufacturing operations are carried out at approximately 300 manufacturing plants located in 40 states in the United States and Puerto Rico and at 261 manufacturing plants located in 40 other countries.

Item 3. Legal Proceedings.

As previously reported, in January 2005 the staff of the U.S. Securities and Exchange Commission (SEC) informed us that it had commenced an investigation and requested certain documents and information with respect to the use of hedge accounting for derivatives by us and GE Capital. In August 2005 the SEC staff advised us that the SEC had issued a formal order of investigation in the matter. The SEC staff has taken testimony in this matter and has requested information about other GE accounting policies and practices, including items related to revenue recognition.

In connection with the SEC's investigation, we are conducting an internal review of revenue recognition matters. Our review has been thorough and extensive, continuing for more than a year, and has been conducted using substantial internal and external resources. These resources have included extensive redeployment of our 430 person audit staff to focus on this review; substantial time and resources of our controllership and finance organizations and our internal legal organization; accounting and expert support from our auditor, KPMG; and extensive resources from outside legal counsel and accounting expertise, who have advised us and our audit committee. We have regularly reported results of the review to the SEC staff as conclusions have been reached and in cases where errors have been identified, we have publicly disclosed them in our filings with the SEC.

In a Form 8-K filed January 18, 2008, we reported that we had determined that we made an error in the manner in which we changed our accounting for profits on certain aftermarket spare parts. As we reported, under long-term product services agreements, we provide repair and maintenance for installed products, including spare parts. We recognize revenue and profits over the contract period in proportion to our contract costs. An element of our contract costs is the cost of spare parts. Before January 1, 2002, our Aviation business accounted for the profits on spare parts installed pursuant to long-term product service agreements either in its spare parts unit or in its revenue recognition model for commercial engines. Effective January 1, 2002, with the concurrence of KPMG, we changed our accounting for spare parts in two ways that largely offset: to exclude all spare parts from the model for engine sales and to include margin in long-term services agreements to the extent spare parts are associated with such agreements.

In making this change, we changed our estimate of the unperformed portions of long-term product services agreements to use our cost instead of catalogue list price. We have determined that because we did not also re-compute our pre-2002 spare parts costs on the same basis, we overestimated the percentage of completion of affected agreements and underestimated the related contract profit rates, an error that resulted in accelerating revenues and profits attributable to such agreements in 2002 and understating revenues and profits in some future periods. Similar adjustments in the accounting method for estimating the cost of spare parts installed pursuant to long-term services agreements were made by Aviation in 2003 with respect to spare parts manufactured by a joint venture partner and in our Energy business in 2006. We also reported that we had determined that for periods prior to 2004, we made an error in our application and description of appropriate revenue measurement principles in certain Infrastructure businesses. Our associated routines and controls failed to prevent or detect these errors.

We and our audit committee, with the assistance of the committee's independent counsel, have evaluated the circumstances surrounding and the effect on our previously reported financial statements of the items reported in our January 18, 2008 Form 8-K, and have determined that the adjustments relating to these items, both individually and together with the adjustments for the errors identified in our Form 10-Qs filed on July 27, 2007 and November 2, 2007, are not material to our financial statements and have determined that restatement of our prior period financial statements is not required. We have included the adjustments for these items in prior period financial information reported in this Form 10-K.

We also have considered these matters in context of our review of our internal control over financial reporting and have concluded that the internal control deficiencies implicated by the items identified above constitute significant deficiencies in our internal control over financial reporting, but do not (individually or in the aggregate with other identified deficiencies) constitute a material weakness in the Company's internal control.

We and our audit committee take these internal control matters very seriously and are committed to continuing to improve our internal control processes and procedures. In response to these matters, we and our audit committee have been actively engaged in the planning and implementation of remediation efforts to address the identified deficiencies in our internal controls with respect to our revenue recognition policies and procedures, and to enhance our overall control environment. We have already undertaken, and are continuing to implement, a number of remedial actions and internal control enhancements:

- Strengthening our expertise and technical controllership resources in corporate accounting and our internal audit staff devoted to complex accounting matters;
- Implementing improved procedures for our corporate accounting and internal audit staff for review of accounting for unusual transactions;
- Enhancing our operational controllership resources, structure and processes to oversee GE businesses to better ensure controllership policies are fully executed;
- Enhancing and clarifying our global accounting policies and procedures for revenue recognition and our related training programs and communication;
- Improving the processes and procedures around documentation of critical accounting areas and judgments and accounting changes, and enhancing communication of these matters to senior management and our audit committee;
- Continuing to stress leadership communication about integrity, accuracy and transparency; and
- Evaluating responsibility, where errors have occurred, with respect to the employees involved in the transactions related to such errors and making appropriate personnel determinations based on such evaluations.

We continue to cooperate with the ongoing SEC investigation and to discuss the investigation and issues arising in that investigation and our internal review with the SEC staff with a goal of completing our review and resolving these matters as soon as practicable. Our senior management and audit committee are monitoring the review closely with the assistance of outside counsel and accounting experts. We and our audit committee are committed to addressing issues that arise and to providing transparent disclosure to our investors concerning these matters.

The Antitrust Division of the Department of Justice (DOJ) and the SEC are continuing to conduct an industry-wide investigation of marketing and sales of guaranteed investment contracts, and other financial instruments, to municipalities. In connection with this investigation, two subsidiaries of GE Capital received subpoenas in 2006: GE Funding CMS (Trinity Funding Co.) received a subpoena from the DOJ requesting documents and GE Funding Capital Market Services, Inc. received a subpoena from the SEC that requests similar information about Trinity Funding Company, LLC. The Company is cooperating fully with the SEC and DOJ in this matter.

As previously reported, in April 2006 the U.S. Environmental Protection Agency (EPA) informed the company that it was contemplating seeking $990,000 in penalties for violations of the Clean Air Act at its recently sold Mt. Vernon, Indiana Plastics facility. EPA has asserted that the company failed to adequately control emissions from valves and inlet pipes in an underground piping system. We disagree with those assertions and EPA has already modified its position to reduce the number of potential violations based on conversations with GE. The company has engaged in settlement discussions with the Agency over both the nature and severity of the alleged violations.

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

Not applicable.

Part II

Item 5. Market for 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 London Stock Exchange 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
2007			
Fourth quarter	$42.15	$36.07	$.31
Third quarter	42.07	36.20	.28
Second quarter	39.77	34.55	.28
First quarter	38.28	33.90	.28
2006			
Fourth quarter	$38.49	$34.62	$.28
Third quarter	35.65	32.06	.25
Second quarter	35.24	32.78	.25
First quarter	35.63	32.21	.25

As of January 31, 2008, there were about 607,000 shareowner accounts of record.

Period[a]	Total number of shares purchased[a][b]	Average price paid per share	Total number of shares purchased as part of our share repurchase programs[c]	Approximate dollar value of shares that may yet be purchased under our share repurchase program
(Shares in thousands)				
2007				
October	55,498	$40.45	54,322	
November	42,991	$38.49	42,934	
December	43,843	$37.11	43,643[d]	
Total	142,332	$38.83	140,899	$ 14.9 billion

(a) Information is presented on a fiscal calendar basis, consistent with our quarterly financial reporting.

(b) This category includes 1,433 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.

(c) This balance represents the number of shares that were repurchased through the 2004 GE Share Repurchase Program as modified by the GE Board in November 2005 and July 2007 (the 2004 Program) under which we were authorized to repurchase up to $27 billion of Company common stock through 2008. This program was completed as of December 31, 2007. The GE Board approved a new three-year, $15 billion program in December 2007 (the 2007 Program), of which $14.9 billion remains. The 2004 Program and 2007 Program, collectively referred to as the Programs are flexible and shares are acquired with a combination of borrowings and free cash flow from the public markets and other sources, including GE Stock Direct, a stock purchase plan that is available to the public. As major acquisitions or other circumstances warrant, we modify the frequency and amount of share repurchases under the Programs.

(d) This amount includes 2,900 thousand shares from the new 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 63 of the Annual Report to Shareowners for the fiscal year ended December 31, 2007.

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

Incorporated by reference to pages 42-62 and 107-111 of the Annual Report to Shareowners for the fiscal year ended December 31, 2007.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Incorporated by reference to pages 55 and 56 of the Annual Report to Shareowners for the fiscal year ended December 31, 2007.

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, 2007, and (ii) except as described in "Part I, Item 3. Legal Proceedings," no change in internal control over financial reporting occurred during the quarter ended December 31, 2007, 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 our independent registered public accounting firm are incorporated by reference to pages 40 and 41 of the Annual Report to Shareowners for the fiscal year ended December 31, 2007.

Item 9B. Other Information.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance.

Executive Officers of the Registrant (As of February 20, 2008)

Name	Position	Age	Date assumed Executive Officer Position
Jeffrey R. Immelt	Chairman of the Board and Chief Executive Officer	52	January 1997
Philip D. Ameen	Vice President and Comptroller	59	April 1994
Kathryn A. Cassidy	Vice President and GE Treasurer	53	March 2003
Pamela Daley	Senior Vice President, Corporate Business Development	55	July 2004
Brackett B. Denniston III	Senior Vice President and General Counsel	60	February 2004
Joseph M. Hogan	Senior Vice President, GE Healthcare	50	November 2000
John F. Lynch	Senior Vice President, Human Resources	55	January 2007
Michael A. Neal	Vice Chairman of General Electric Company; Chairman, GE Capital Services, Inc.	54	September 2002
John G. Rice	Vice Chairman of General Electric Company; President & CEO, GE Infrastructure	51	September 1997
Keith S. Sherin	Vice Chairman of General Electric Company and Chief Financial Officer	49	January 1999
Lloyd G. Trotter	Vice Chairman of General Electric Company; President & CEO, GE Industrial	62	November 1992
Robert C. Wright	Vice Chairman of General Electric Company	64	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.

The remaining information called for by this item is incorporated by reference to "Election of Directors," "Corporate Governance," "Board of Directors and Committees" and "Additional Information – Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive proxy statement for our 2008 Annual Meeting of Shareowners to be held April 23, 2008, which will be filed within 120 days of the end of our fiscal year ended December 31, 2007 (the 2008 Proxy Statement).

Item 11. Executive Compensation.

Incorporated by reference to "Compensation Discussion and Analysis," "Compensation Committee Report," "Summary Compensation Table," "Grants of Plan-Based Awards," "Outstanding Equity Awards at Fiscal Year-End," "Option Exercises and Stock Vested," "Pension Benefits," "Nonqualified Deferred Compensation," "Potential Payments Upon Termination" and "Non-management Directors' Compensation" in the 2008 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

Incorporated by reference to "Information on Stock Ownership" in the 2008 Proxy Statement.

The remaining information called for by this item relating to "Securities Authorized for Issuance under Equity Compensation Plans" is incorporated by reference to note 23 on pages 94-96 of the Annual Report to Shareowners for the fiscal year ended December 31, 2007.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Incorporated by reference to "Related Person Transactions" and "Corporate Governance" in the 2008 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

Incorporated by reference to "Independent Auditor" in the 2008 Proxy Statement.

Part IV

Item 15. Exhibits, 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, 2007, a copy of which is attached as Exhibit 13.

	Annual Report Page(s)
Statement of earnings for the years ended December 31, 2007, 2006 and 2005	64
Consolidated statement of changes in shareowners' equity for the years ended December 31, 2007, 2006 and 2005	64
Statement of financial position at December 31, 2007 and 2006	66
Statement of cash flows for the years ended December 31, 2007, 2006 and 2005	68
Management's annual report on internal control over financial reporting	40
Report of independent registered public accounting firm	41
Other financial information:	
Summary of operating segments	47
Notes to consolidated financial statements	70-106
Operating segment information	46-51 98 and 99 106
Geographic segment information	51, 52, 98 and 99
Operations by quarter (unaudited)	104

(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(a) The Certificate of Incorporation, as amended, of General Electric Company (Incorporated by reference to Exhibit (3.1) of General Electric's Current Report on Form 8-K dated April 25, 2007 (Commission file number 001-00035)).

3(b) The By-Laws, as amended, of General Electric Company (Incorporated by reference to Exhibit (3.2) of General Electric's Current Report on Form 8-K dated April 25, 2007 (Commission file number 001-00035)).

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 The Bank of New York, 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 General Electric and The Bank of New York, as trustee for the senior debt securities (Incorporated by reference to Exhibit 4(a) to General Electric's Current Report on Form 8-K filed on January 29, 2003 (Commission file number 001-00035)).

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 001-00035)).

4(j) Eighth 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., and J.P. Morgan Bank Luxembourg, S.A., dated as of May 12, 2006 (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, 2006).

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.*

4(l) Indenture dated December 1, 2005, between General Electric and The Bank of New York (as successor to JP Morgan Chase Bank, N.A.) (Incorporated by reference to Exhibit 4(a) of General Electric's Current Report on Form 8-K filed on December 9, 2005 (Commission file number 001-00035)).

4(m) Form of LIBOR Floating Rate Note due 2008 (Incorporated by reference to Exhibit 4(b) of General Electric's Current Report on Form 8-K filed on December 9, 2005 (Commission file number 001-00035)).

4(n) Form of 5.250% Note due 2017 (Incorporated by referenced to Exhibit 4(b) of General Electric's Current Report on Form 8-K filed on December 5, 2007 (Commission file number 001-00035)).

4(o) Letter from the Senior Vice President and Chief Financial Officer of General Electric to GECC dated September 15, 2006, with respect to returning dividends, distributions or other payments to GECC in certain circumstances described in the Indenture for Subordinated Debentures dated September 1, 2006, between GECC and the Bank of New York (as successor to JP Morgan Chase Bank, N.A.) (Incorporated by reference to Exhibit 4(c) to GECC's Post-Effective Amendment No. 2 to Registration Statement on Form S-3, File No. 333-132807).

(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 001-00035) 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 001-00035) 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 001-00035) for the fiscal year ended December 31, 1990).

(d) 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 001-00035) for the fiscal year ended December 31, 2002).

(e) 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 001-00035) for the fiscal year ended December 31, 1993).

(f) 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 001-00035)).

(g) General Electric Supplementary Pension Plan, as amended effective January 1, 2005 (Incorporated by reference to Exhibit 10(q) to the General Electric Annual Report on Form 10-K (Commission file number 001-00035) for the fiscal year ended December 31, 2004).

(h) 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 001-00035) for the fiscal year ended December 31, 2002).

(i) Amendment to Nonqualified Deferred Compensation Plans, dated as of December 14, 2004 (Incorporated by reference to Exhibit 10(w) to the General Electric Annual Report on Form 10-K (Commission file number 001-00035) for the fiscal year ended December 31, 2004).

(j) GE Retirement for the Good of the Company Program, as amended effective January 1, 2005 (Incorporated by reference to Exhibit 10(x) to the General Electric Annual Report on Form 10-K (Commission file number 001-00035) for the fiscal year ended December 31, 2004).

(k) GE Excess Benefits Plan, effective July 1, 2003 (Incorporated by reference to Exhibit 10(y) to the General Electric Annual Report on Form 10-K (Commission file number 001-00035) for the fiscal year ended December 31, 2004).

(l) General Electric 2006 Executive Deferred Salary Plan (Incorporated by reference to Exhibit 10 of General Electric's Current Report on Form 8-K dated September 16, 2005 (Commission file number 001-0035)).

(m) General Electric Company 2007 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.1 of General Electric's Current Report on Form 8-K dated April 27, 2007 (Commission file number 001-0035)).

(n) Form of Agreement for Stock Option Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (Incorporated by reference to Exhibit 10.2 of General Electric's Current Report on Form 8-K dated April 27, 2007 (Commission file number 001-0035)).

(o) Form of Agreement for Annual Restricted Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (Incorporated by reference to Exhibit 10.3 of General Electric's Current Report on Form 8-K dated April 27, 2007 (Commission file number 001-0035)).

(p) Form of Agreement for Periodic Restricted Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (Incorporated by reference to Exhibit 10.4 of General Electric's Current Report on Form 8-K dated April 27, 2007 (Commission file number 001-0035)).

(q) Form of Agreement for Long Term Performance Award Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (Incorporated by reference to Exhibit 10.5 of General Electric's Current Report on Form 8-K dated April 27, 2007 (Commission file number 001-0035)).

(r) Form of Agreement for Performance Stock Unit Grants to Executive Officers under the General Electric Company 2007 Long-term Incentive Plan (Incorporated by reference to Exhibit 10.6 of General Electric's Current Report on Form 8-K dated April 27, 2007 (Commission file number 001-0035)).

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

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

(13) GE's 2007 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.*

(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 99(h) to General Electric Capital Corporation's Registration Statement on Form S-3 (File No. 333-100527)).

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 001-00035) for the fiscal year ended December 31, 1992).

* Filed electronically herewith.

** Information required to be presented in Exhibit 11 is provided in note 8 to the 2007 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, 2007, 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 20th day of February 2008.

General Electric Company
(Registrant)

By /s/ Keith S. Sherin
Keith S. Sherin
Vice Chairman 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
/s/ Keith S. Sherin Keith S. Sherin Vice Chairman and Chief Financial Officer	Principal Financial Officer	February 20, 2008
/s/ Philip D. Ameen Philip D. Ameen Vice President and Comptroller	Principal Accounting Officer	February 20, 2008
Jeffrey R. Immelt*	Chairman of the Board of Directors (Principal Executive Officer)	
James I. Cash, Jr.*	Director	
William M. Castell*	Director	
Ann M. Fudge*	Director	
Claudio X. Gonzalez*	Director	
Susan Hockfield*	Director	
Andrea Jung*	Director	
Alan G. Lafley*	Director	
Robert W. Lane*	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 /s/ Michael R. McAlevey
Michael R. McAlevey
Attorney-in-fact
February 20, 2008

Exhibit 4(k)

Kathryn A. Cassidy
Vice President and GE Treasurer

General Electric Company
3135 Easton Turnpike
Fairfield, CT 06828

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

February 20, 2008

Subject: General Electric Company Annual Report on Form 10-K for the fiscal year ended December 31, 2007 – 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, 2007, 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, 2007.

Very truly yours,

GENERAL ELECTRIC COMPANY

/s/ Kathryn A. Cassidy

Kathryn A. Cassidy
Vice President and GE Treasurer

Exhibit 12

General Electric Company
Ratio of Earnings to Fixed Charges

(Dollars in millions)	Years ended December 31				
	2007	2006	2005	2004	2003
General Electric Company and consolidated affiliates					
Earnings[(a)]	$ 27,514	$ 24,192	$ 22,094	$ 19,929	$ 17,446
Plus: Interest and other financial charges included in expense[(b)]	24,127	19,121	14,900	11,534	10,357
One-third of rental expense[(c)]	651	594	591	549	475
Adjusted "earnings"	$ 52,292	$ 43,907	$ 37,585	$ 32,012	$ 28,278
Fixed charges:					
Interest and other financial charges[(b)]	$ 24,127	$ 19,121	$ 14,900	$ 11,534	$ 10,357
Interest capitalized	93	71	75	39	24
One-third of rental expense[(c)]	651	594	591	549	475
Total fixed charges	$ 24,871	$ 19,786	$ 15,566	$ 12,122	$ 10,856
Ratio of earnings to fixed charges	2.10	2.22	2.41	2.64	2.60

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

(b) Included interest on tax deficiencies.

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

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40 **Management's Annual Report on Internal Control Over Financial Reporting**	In this report our Chief Executive and Financial Officers provide their assessment of the effectiveness of our internal control over financial reporting.
41 **Report of Independent Registered Public Accounting Firm**	Our independent auditors, KPMG LLP, express their opinions on our financial statements and our internal control over financial reporting.
42 **Management's Discussion and Analysis (MD&A)**	
42 **Operations**	We begin the Operations section of MD&A with an overview of our earnings, including a perspective on how the global economic environment has affected our businesses over the last three years. We then discuss various key operating results for GE industrial (GE) and financial services (GECS). Because of the fundamental differences in these businesses, reviewing certain information separately for GE and GECS offers a more meaningful analysis. Next we provide a description of our global risk management process. Our discussion of segment results includes quantitative and qualitative disclosure about the factors affecting segment revenues and profits, and the effects of recent acquisitions, dispositions and significant transactions. We conclude the Operations section with an overview of our operations from a geographic perspective and a discussion of environmental matters.
53 **Financial Resources and Liquidity**	In the Financial Resources and Liquidity section of MD&A, we provide an overview of the major factors that affected our consolidated financial position and insight into the liquidity and cash flow activities of GE and GECS.
58 **Critical Accounting Estimates**	Critical Accounting Estimates are necessary for us to prepare our financial statements. In this section, we discuss what these estimates are, why they are important, how they are developed and uncertainties to which they are subject.
61 **Other Information**	We conclude MD&A with a brief discussion of new accounting standards that will become effective for us beginning in 2008.
62 **Selected Financial Data**	Selected Financial Data provides five years of financial information for GE and GECS. This table includes commonly used metrics that facilitate comparison with other companies.
64 **Audited Financial Statements and Notes**	
64 **Statement of Earnings**	
64 **Consolidated Statement of Changes in Shareowners' Equity**	
66 **Statement of Financial Position**	
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70 **Notes to Consolidated Financial Statements**	
107 **Supplemental Information**	We provide Supplemental Information to reconcile certain "non-GAAP financial measures" referred to in our report to the most closely associated GAAP financial measures. We also provide information about our stock performance over the last five years.
112 **Glossary**	For your convenience, we also provide a Glossary of key terms used in our financial statements.

We also present our financial information electronically at **www.ge.com/investor**.

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.

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 internal control over financial reporting. 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-management 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.

Dedication to Controllership

In the last year we identified and disclosed several errors in our previously reported financial results and several deficiencies in our internal control over financial reporting. We and our Audit Committee take these matters very seriously. We have taken steps to remediate these deficiencies and further strengthen our controllership organization, processes and procedures. We strive to maintain a dynamic system of internal controls and procedures—including internal control over financial reporting—designed to ensure reliable financial recordkeeping, 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, including members of our Corporate Audit Staff, conducts thousands of financial, compliance and process improvement audits each year. Our Audit Committee oversees the scope and evaluates the overall results of these audits, and members of that Committee regularly attend GE Capital Services Board of Directors, Corporate Audit Staff and Controllership Council meetings. Our global integrity policies—"The Spirit & The 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 31 languages, and are provided to all of our employees, holding each of them accountable for 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 directors, consultants, agents and independent contractors to the same integrity standards.

Informative Disclosure and 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 review our compliance with accounting and disclosure requirements, to evaluate the fairness of our financial and non-financial disclosures, and to report their findings to us. We further ensure strong disclosure by holding more than 350 analyst and investor meetings annually.

Conclusion

We welcome the strong oversight of our financial reporting activities by our independent registered public accounting firm, KPMG LLP, engaged by and reporting directly to the Audit Committee. 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 follows and the KPMG LLP report for 2007 appears on the following page.

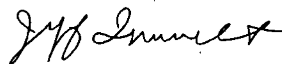
We present our financial information proudly, with the expectation that those who use it will understand our Company, recognize our commitment to performance with integrity, and share our confidence in GE's future.

Management's Annual Report on Internal Control Over Financial Reporting

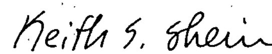
Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With our participation, an evaluation of the effectiveness of our internal control over financial reporting was conducted as of December 31, 2007, based on the framework and 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, 2007.

Our independent registered public accounting firm has issued an audit report on our internal control over financial reporting. Their report appears on the following page.



JEFFREY R. IMMELT
Chairman of the Board and
Chief Executive Officer
February 20, 2008



KEITH S. SHERIN
Vice Chairman and
Chief Financial Officer

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, 2007 and 2006, 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, 2007. We also have audited GE's internal control over financial reporting as of December 31, 2007, 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 and an opinion on 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 audits of the consolidated 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, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included 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 64, 66, 68, 70–106 and the Summary of Operating Segments table on page 47 present fairly, in all material respects, the financial position of GE as of December 31, 2007 and 2006, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, GE maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by COSO.

As discussed in note 1 to the consolidated financial statements, GE, in 2007, changed its methods for accounting for uncertainty in income taxes and for a change or projected change in the timing of cash flows relating to income taxes generated by leveraged lease transactions, and, in 2006, changed its methods of accounting for pension and other postretirement benefits and for share-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 65, 67 and 69 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 20, 2008

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).

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. For such measures, we have provided supplemental explanations and reconciliations in the Supplemental Information section.

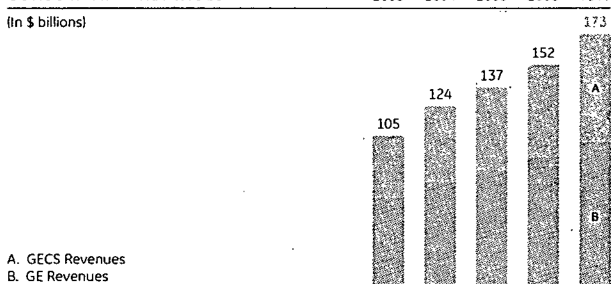
We present Management's Discussion of Operations in five parts: Overview of Our Earnings from 2005 through 2007, Global Risk Management, Segment Operations, Geographic Operations and Environmental Matters. Unless otherwise indicated, we refer to captions such as revenues and earnings from continuing operations simply as "revenues" and "earnings" throughout this Management's Discussion and Analysis. Similarly, discussion of other matters in our consolidated financial statements relates to continuing operations unless otherwise indicated.

Overview of Our Earnings from 2005 through 2007

Our results for the last three years reflect our strategy to strengthen our position as a worldwide growth company operating in diverse industries in which we maintain strong market-leader positions. During these three years, we increased revenues through organic growth (averaging 9% per year) and reallocated resources from nonstrategic operations to businesses that provide higher returns. As a result, over the last three years our revenues grew 26% and earnings, 29%. Orders for products and services also increased. Emerging markets continued to provide us opportunities to grow as evidenced by a 42% increase in global revenues during this period. We also experienced a weaker U.S. dollar and rising energy cost during this period.

Our debt continues to receive the highest ratings of the major rating agencies and has allowed us to consistently fund our operations in an efficient manner even through this difficult credit environment.

The information that follows will show how our global diversification and risk management strategies have helped us to grow revenues and earnings to record levels. We also believe that the disposition of our less strategic businesses, our restructuring actions and our investment in businesses with strong growth potential position us well for the future.



Of our six segments, Infrastructure (32% and 36% of consolidated three-year revenues and total segment profit, respectively) was one of the most significantly affected by the recent economic environment, growing revenue and profit about 40% over the three-year period. We continued to invest in market-leading technology and services at Aviation, Energy, Oil & Gas, Transportation and Water. At December 31, 2007, we owned 1,479 commercial aircraft, of which all but five were on lease, and we held $20.0 billion (list price) of multiple-year orders for various Boeing, Airbus and other aircraft, including 75 aircraft ($5.1 billion list price) scheduled for delivery in 2008, all under agreement to commence operations with commercial airline customers. Product services and sales of our Evolution Series locomotives continue to be strong.

Commercial Finance (20% and 21% of consolidated three-year revenues and total segment profit, respectively) is a large, profitable growth business in which we continue to invest with confidence. In a competitive environment, this business grew earnings by $0.7 billion and $0.8 billion in 2007 and 2006, respectively, and has delivered strong results through solid core growth, disciplined risk management and successful acquisitions. The most significant acquisitions affecting Commercial Finance results in 2007 were the custom fleet business of National Australia Bank Ltd.; Sanyo Electric Credit Co., Ltd.; and Diskont und Kredit AG and Disko Leasing GmbH (DISKO) and ASL Auto Service-Leasing GmbH (ASL), the leasing businesses of KG Allgemeine Leasing GmbH & Co. These acquisitions collectively contributed $1.4 billion and $0.2 billion to 2007 revenues and net earnings, respectively. During the first half of 2007, Commercial Finance faced margin compression as a decline in market risk premiums for new financing opportunities outpaced the decline in cost of our investment grade debt. In the second half of 2007, Commercial Finance was able to capitalize on markets in transition, using its size, liquidity and financial flexibility for opportunistic originations, taking advantage of the liquidity conditions with which certain competitors contended. Commercial Finance is well positioned for growth in 2008 and beyond.

GE Money (13% of both consolidated three-year revenues and total segment profit) continues to succeed despite the slowing U.S. economy, tightening credit conditions and limited liquidity. GE Money grew earnings by $1.0 billion and $0.7 billion in 2007 and 2006, respectively, and has delivered strong results through solid core growth, disciplined risk management and

successful acquisitions. In mid-2007, as a result of pressures in the U.S. subprime mortgage industry, GE Money decided to sell its U.S. mortgage business (WMC). This liquidity-challenged environment in which GE Money operates continues to cause issues for some of its U.S. customers, and U.S. delinquencies increased in 2007. In response, GE Money tightened underwriting standards related to the U.S. consumer. GE Money will continue its process of regularly reviewing and adjusting reserve levels in response to when it is probable that losses have been incurred in the portfolio.

We have achieved strong growth in Healthcare (11% and 12% of consolidated three-year revenues and total segment profit, respectively) with a combination of organic growth and strategic acquisitions. Healthcare realized benefits from the acquisitions of IDX Systems Corporation in 2006 and Amersham plc (Amersham) in 2004, expanding the breadth of our product and service offerings to the healthcare industry. These increases were adversely affected by the effects of the Deficit Reduction Act on U.S. equipment sales. In addition, lower sales of surgical imaging equipment resulted from a regulatory suspension on shipments at one of our facilities. We expect to begin shipping these products in early 2008. We believe that Healthcare is positioned well for continued strong growth.

NBC Universal (10% and 12% of consolidated three-year revenues and total segment profit, respectively) has developed into a diversified world-class media company. While the technology and business model for the entertainment media industry continues to evolve, in 2007, we made significant progress in our turnaround efforts and believe that NBC Universal is well positioned to compete in this challenging environment.

Industrial (11% and 6% of consolidated three-year revenues and total segment profit, respectively) is particularly sensitive to economic conditions. Despite pressure from a weaker housing market, the Consumer & Industrial business continued to grow through product innovation and its focus on high-end appliances. During 2007, Consumer & Industrial launched a comprehensive, multi-year restructuring plan focused on reducing manufacturing capacity as it moved to a "design, source and sell" model and to make the business more cost competitive by transferring work to lower-cost countries. Enterprise Solutions offers protection and productivity solutions such as safe facilities, plant automation, power control and sensing applications.

Overall, acquisitions contributed $7.7 billion, $3.9 billion and $9.3 billion to consolidated revenues in 2007, 2006 and 2005, respectively. Our consolidated earnings included approximately $0.5 billion in both 2007 and 2006, and $0.9 billion in 2005, from acquired businesses. We integrate acquisitions as quickly as possible. Only revenues and earnings from the date we complete the acquisition through the end of the fourth following quarter are attributed to such businesses. Dispositions also affected our ongoing results through lower revenues of $3.6 billion, $1.3 billion and $1.9 billion in 2007, 2006 and 2005, respectively. This resulted in higher earnings of $0.4 billion in 2007 and $0.1 billion in 2006 and lower earnings of $0.1 billion in 2005.

Significant matters relating to our Statement of Earnings are explained below.

DISCONTINUED OPERATIONS. In December 2007, we completed the exit of WMC as a result of continued pressures in the U.S. subprime mortgage industry. In September 2007, we committed to a plan to sell our Japanese personal loan business (Lake). We made the decision to sell this business upon determining that, despite restructuring, Japanese regulatory limits for interest charges on unsecured personal loans did not permit us to earn an acceptable return. We are actively pursuing a buyer and expect to complete the sale of this business by the end of the third quarter of 2008. Both of these businesses were previously reported in the GE Money segment.

In August 2007, we completed the sale of our Plastics business, which was previously reported in the Industrial segment. We sold this business because of its cyclicality, rising costs of natural gas and raw materials, and the decision to redeploy capital resources into higher-growth businesses.

In 2006, we substantially completed our planned exit of the insurance businesses through the sale of the property and casualty insurance and reinsurance businesses and the European life and health operations of GE Insurance Solutions Corporation (GE Insurance Solutions) and the sale of GE Life, our U.K.-based life insurance operation, to Swiss Reinsurance Company (Swiss Re), and the sale, through a secondary public offering, of our remaining 18% investment in Genworth Financial, Inc. (Genworth), our formerly wholly-owned subsidiary that conducted most of our consumer insurance business, including life and mortgage insurance operations. Also during 2006, we sold our Advanced Materials business, which was previously reported in our Industrial segment.

We reported the businesses described above as discontinued operations for all periods presented.

WE DECLARED $11.7 BILLION IN DIVIDENDS IN 2007. Per-share dividends of $1.15 were up 12% from 2006, following a 13% increase from the preceding year. In December 2007, our Board of Directors raised our quarterly dividend 11% to $0.31 per share. We have rewarded our shareowners with over 100 consecutive years of dividends, with 32 consecutive years of dividend growth.

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 for a more detailed discussion of the businesses within GE and GECS.

GE SALES OF PRODUCT SERVICES were $32.2 billion in 2007, a 9% increase over 2006. Increases in product services in 2007 and 2006 were widespread, led by growth at Infrastructure, Healthcare and Industrial. Operating profit from product services was $9.1 billion in 2007, up 9% from 2006, reflecting ongoing improvements at Infrastructure.

POSTRETIREMENT BENEFIT PLANS costs were $2.6 billion, $2.3 billion and $1.7 billion in 2007, 2006 and 2005, respectively. The cost increased in 2007 primarily because of plan benefit changes resulting from new U.S. labor agreements and increases in retiree medical and drug costs, partially offset by increases in discount rates for the year (principal pension plans' discount rate increased from 5.50% to 5.75%) and effects of recent investment gains. The cost increased in 2006 and 2005 primarily because of the effects of prior years' investment losses and lower discount rates.

Considering the 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% for cost recognition in 2008, the same level as we assumed in 2005, 2006 and 2007. GAAP provides recognition of differences between assumed and actual returns over a period no longer than the average future service of employees.

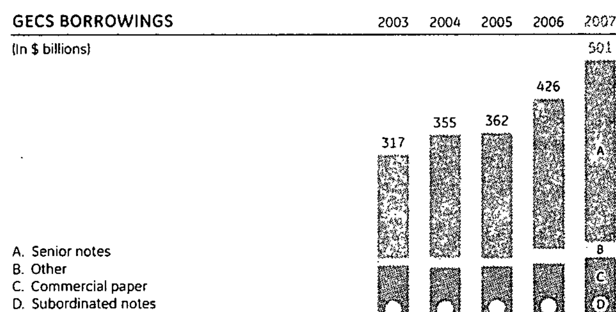
We expect the costs of our postretirement benefit plans in 2008 to be about the same as the 2007 costs. The effects of increasing discount rates (principal pension plans' discount rate increasing from 5.75% to 6.34%) and recent investment gains will be offset by additional costs of plan benefits resulting from union negotiations and a pensioner increase for eligible retirees and surviving spouses.

Our principal pension plans had a surplus of $16.8 billion at December 31, 2007. We will not make any contributions to the GE Pension Plan in 2008. At December 31, 2007, the fair value of assets for our other pension plans was $1.6 billion less than the respective projected benefit obligations. We expect to contribute $0.5 billion to these plans in 2008, compared with actual contributions of $0.7 billion and $0.5 billion in 2007 and 2006, respectively. Our principal retiree health and life plans obligations exceeded the fair value of related assets by $11.2 billion at December 31, 2007. We fund our retiree health benefits on a pay-as-you-go basis. We expect to contribute $0.7 billion to these plans in 2008 compared with actual contributions of $0.6 billion in 2007 and 2006.

The funded status of our postretirement benefits plans and future effects on operating results depend on economic conditions and investment performance. See note 6 for additional information about funded status, components of earnings effects and actuarial assumptions.

GE OTHER COSTS AND EXPENSES are selling, general and administrative expenses. These costs were 14.2%, 14.3% and 15.1% of total GE sales in 2007, 2006 and 2005, respectively.

INTEREST ON BORROWINGS AND OTHER FINANCIAL CHARGES amounted to $23.8 billion, $18.9 billion and $14.8 billion in 2007, 2006 and 2005, respectively. Substantially all of our borrowings are in financial services, where interest expense was $22.7 billion, $17.9 billion and $14.0 billion in 2007, 2006 and 2005, respectively. Changes over the three-year period reflected increased average borrowings and increased interest rates attributable to rising credit spreads in line with general market conditions. GECS average borrowings were $456.4 billion, $389.0 billion and $346.1 billion in 2007, 2006 and 2005, respectively. GECS average composite effective interest rate was 5.0% in 2007, 4.6% in 2006 and 4.1% in 2005. Proceeds of these borrowings were used in part to finance asset growth and acquisitions. In 2007, GECS average assets of $591.1 billion were 17% higher than in 2006, which in turn were 9% higher than in 2005. See the Financial Resources and Liquidity section for a discussion of interest rate risk management.



INCOME TAXES are a significant cost. As a global commercial enterprise, our tax rates are 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.

Income taxes on consolidated earnings from continuing operations before accounting changes were 15.5% in 2007 compared with 16.9% in 2006 and 18.1% in 2005. Our consolidated income tax rate decreased from 2006 to 2007 as the tax benefit on the disposition of our investment in SES and an increase in favorable settlements with tax authorities more than offset a decrease in the benefit from lower-taxed earnings from global operations, which in 2006 included one-time tax benefits from planning to use non-U.S. tax net operating losses.

Our consolidated income tax rate decreased from 2005 to 2006 as growth in lower-taxed earnings from global operations, including one-time tax benefits from planning to use non-U.S. tax net operating losses, exceeded 2005 tax benefits from a reorganization of our aircraft leasing business, a repatriation of non-U.S. earnings at a reduced rate of U.S. tax, and favorable settlements with tax authorities.

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 pre-tax earnings from continuing operations, excluding GECS earnings from continuing operations, were $12.8 billion, $11.7 billion and $11.0 billion for 2007, 2006 and 2005, respectively. On this basis, GE's effective tax rate was 21.8% in 2007, 21.9% in 2006 and 24.3% in 2005.

Resolution of audit matters reduced the GE effective tax rate throughout this period. The effects of such resolutions are included in the following captions in note 7:

	Audit resolutions— effect on GE ex. GECS tax rate		
	2007	2006	2005
Tax on global activities including exports	(2.7)%	(0.8)%	(0.4)%
All other—net	(2.4)	(0.8)	(1.7)
	(5.1)%	(1.6)%	(2.1)%

The GE effective tax rate declined slightly from 2006 to 2007 because the 3.5 percentage point higher 2007 benefit from favorable audit resolutions was largely offset by a 3.3 percentage point decrease in the benefit in lower-taxed earnings from global operations, excluding audit resolutions and the effect of tax law changes. The 2006 benefit from global operations included one-time tax benefits from planning to use non-U.S. net operating losses against profitable operations.

The GE rate decreased from 2005 to 2006 primarily from growth in lower-taxed earnings from global operations, including one-time tax benefits from planning to use non-U.S. net operating losses against profitable operations. These benefits, which decreased the 2006 GE rate by 3.7 percentage points compared with 2005, are included in note 7 in the line, "Tax on global activities including exports." Partially offsetting these items was a 0.5 percentage point decrease in the benefit from favorable audit resolutions and the lack of a counterpart to the 2005 repatriation of non-U.S. earnings at a reduced U.S. tax rate, discussed below, which reduced the 2005 rate by 1.0 percentage point.

The 2005 GE rate reflects audit resolutions and our 2005 repatriation of non-U.S. earnings at the reduced U.S. tax rate provided in 2004 legislation.

The GECS effective tax rate was 9.7% in 2007, compared with 12.0% in 2006 and 11.3% in 2005. The GECS income tax rate decreased from 2006 to 2007 as the tax benefit on the disposition of our investment in SES and growth in lower-taxed global earnings, which decreased the GECS effective tax rate 4.0 and 1.2 percentage points, respectively, were partially offset by higher net tax expense related to U.S. and non-U.S. audit activity and from the absence of the 2006 benefit of the reorganization, discussed below, of our aircraft leasing business which increased the rate 1.6 and 1.1 percentage points, respectively.

The GECS rate increased from 2005 to 2006 as increased benefits from growth in lower-taxed earnings from global operations was more than offset by a smaller benefit on the reorganization of our aircraft leasing business. The increased benefits from lower-taxed earnings from global operations (1.1 percentage points) and the lower benefits on the reorganization of our aircraft leasing business (2.1 percentage points) are included in the line, "Tax on global activities including exports" in note 7.

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), our aircraft leasing business no longer qualifies for a reduced U.S. tax rate. However, the Act also extended to aircraft leasing the U.S. tax deferral benefits that were already available to other GE non-U.S. active operations. These legislative changes, coupled with a reorganization of our aircraft leasing business and a favorable Irish ruling, decreased the GECS effective tax rate 1.1 percentage points in 2006, compared with 3.2 percentage points in 2005.

Global Risk Management

A disciplined approach to risk 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 risk 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, geographic and collateral-type levels, where appropriate.

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

The GECS Board of Directors oversees the risk management process for financial services, and approves all significant acquisitions and dispositions as well as borrowings and investments. All participants in the risk management process must comply with approval limits established by the Board.

The GECS Chief Risk Officer is responsible, with 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. We employ proprietary analytic models to allocate capital to our financing activities, to identify the primary sources of risk and to measure the amount of risk we will take for each product line. This approach allows us to develop early signals that monitor changes in risk affecting portfolio performance and actively manage the portfolio. 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

financial 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 19,000 dedicated risk professionals, including 11,500 involved in collection activities and 500 specialized asset managers who evaluate leased asset residuals and remarket off-lease equipment.

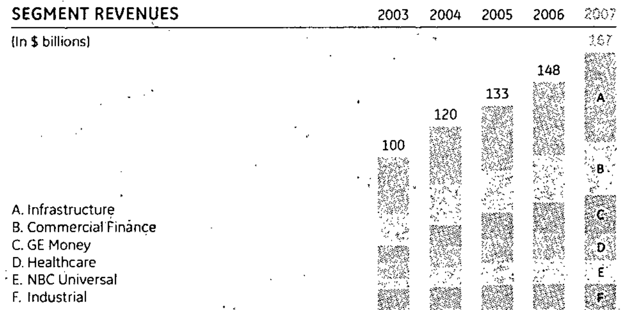
GE and GECS manage a variety of risks including liquidity, credit and market risks.

- 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 in the Financial Resources and Liquidity section and in notes 17 and 26.
- Credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations. We face credit risk in our investing, lending and leasing activities (see the Financial Resources and Liquidity and Critical Accounting Estimates sections and notes 1, 9, 12, 13 and 28) and derivative financial instruments activities (see note 26).
- Market risk is the potential loss in value of investment and other asset and liability portfolios, including financial instruments and residual values of leased assets. This risk is 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. Additional information can be found in the Financial Resources and Liquidity section and in notes 9, 12, 14 and 26.

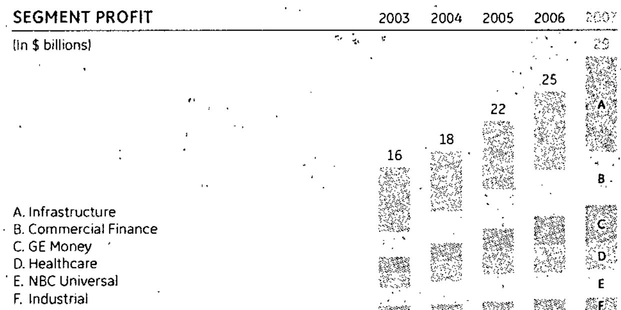
Other risks include natural disasters, availability of necessary materials, guarantees of product performance and business interruption. These types of risks are often insurable, and success in managing these risks is ultimately determined by the balance between the level of risk retained or assumed and the cost of transferring risk to others.

Segment Operations

Operating segments comprise our six businesses focused on the broad markets they serve: Infrastructure, Commercial Finance, GE Money, Healthcare, NBC Universal and Industrial. For segment reporting purposes, certain GECS businesses including Aviation Financial Services, Energy Financial Services and Transportation Finance are reported in the Infrastructure segment because Infrastructure actively manages such businesses and reports their results for internal performance measurement purposes.



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 and balances; technology and product development costs; certain gains and losses from dispositions; and litigation settlements or other charges, responsibility for which preceded the current management team.



Summary of Operating Segments

	General Electric Company and consolidated affiliates				
(In millions)	2007	2006	2005	2004	2003
REVENUES					
Infrastructure	$ 57,925	$ 46,965	$ 41,695	$ 37,488	$ 36,595
Commercial Finance[a]	34,288	30,853	27,273	26,095	20,284
GE Money	25,019	19,783	17,072	13,713	11,126
Healthcare	16,997	16,560	15,016	13,411	10,167
NBC Universal	15,416	16,188	14,689	12,886	6,871
Industrial[a]	17,725	17,741	17,060	15,921	14,658
Total segment revenues	167,370	148,090	132,805	119,514	99,701
Corporate items and eliminations	5,368	3,753	3,775	4,662	4,923
CONSOLIDATED REVENUES	$172,738	$151,843	$136,580	$124,176	$104,624
SEGMENT PROFIT					
Infrastructure	$ 10,810	$ 8,848	$ 7,711	$ 6,798	$ 7,349
Commercial Finance[a]	6,039	5,297	4,487	3,652	2,831
GE Money	4,280	3,267	2,527	2,012	1,777
Healthcare	3,056	3,142	2,601	2,263	1,686
NBC Universal	3,107	2,919	3,092	2,558	1,998
Industrial[a]	1,743	1,602	1,308	1,027	850
Total segment profit	29,035	25,075	21,726	18,310	16,491
Corporate items and eliminations	(1,780)	(1,475)	(375)	166	353
GE interest and other financial charges	(1,993)	(1,668)	(1,319)	(901)	(811)
GE provision for income taxes	(2,794)	(2,552)	(2,678)	(1,937)	(2,756)
Earnings from continuing operations before accounting changes	22,468	19,380	17,354	15,638	13,277
Earnings (loss) from discontinued operations, net of taxes	(260)	1,362	(634)	1,584	2,828
Earnings before accounting changes	22,208	20,742	16,720	17,222	16,105
Cumulative effect of accounting changes	—	—	—	—	(587)
CONSOLIDATED NET EARNINGS	$ 22,208	$ 20,742	$ 16,720	$ 17,222	$ 15,518

(a) During the fourth quarter of 2007, we transferred the Equipment Services business from the Industrial segment to the Commercial Finance segment, where a portion of the business is reported in Capital Solutions.

See accompanying notes to consolidated financial statements.

Segment profit always excludes the effects of principal pension plans, results reported as discontinued operations and accounting changes. Segment profit excludes or includes interest and other financial charges and income taxes according to how a particular segment's management is measured—excluded in determining segment profit, which we sometimes refer to as "operating profit," for Healthcare, NBC Universal, Industrial and the industrial businesses of the Infrastructure segment; included in determining segment profit, which we sometimes refer to as "net earnings," for Commercial Finance, GE Money, and the financial services businesses of the Infrastructure segment (Aviation Financial Services, Energy Financial Services and Transportation Finance).

In addition to providing information on segments in their entirety, we have also provided supplemental information for certain businesses within the segments.

We have reclassified certain prior-period amounts to conform to the current period's presentation. For additional information about our segments, see note 25.

INFRASTRUCTURE

(In millions)	2007	2006	2005
REVENUES	**$57,925**	$46,965	$41,695
SEGMENT PROFIT	**$10,810**	$ 8,848	$ 7,711

(In millions)	2007	2006	2005
REVENUES			
Aviation	**$16,819**	$13,017	$11,826
Aviation Financial Services	**4,605**	4,177	3,504
Energy	**21,825**	18,793	16,501
Energy Financial Services	**2,405**	1,664	1,349
Oil & Gas	**6,849**	4,340	3,598
Transportation	**4,523**	4,159	3,577
SEGMENT PROFIT			
Aviation	**$ 3,222**	$ 2,802	$ 2,525
Aviation Financial Services	**1,155**	1,108	764
Energy	**3,824**	2,906	2,662
Energy Financial Services	**724**	695	646
Oil & Gas	**860**	548	411
Transportation	**936**	774	524

Infrastructure revenues rose 23%, or $11.0 billion, in 2007 on higher volume ($7.9 billion), higher prices ($1.1 billion) and the effects of the weaker U.S. dollar ($0.8 billion) at the industrial businesses in the segment. The increase in volume reflected the effects of acquisitions at Aviation and Oil & Gas and increased sales of commercial engines and services at Aviation, thermal and wind equipment at Energy, and equipment and services at Oil & Gas and Transportation. The increase in price was primarily at Energy and Aviation, while the effects of the weaker U.S. dollar were primarily at Oil & Gas and Energy. Revenues also increased as a result of acquisitions ($0.7 billion) and organic revenue growth ($0.6 billion), primarily at Energy Financial Services and Aviation Financial Services.

Segment profit rose 22% to $10.8 billion in 2007, compared with $8.8 billion in 2006, as higher volume ($1.3 billion), higher prices ($1.1 billion), productivity ($0.1 billion), the effects of the weaker U.S. dollar ($0.1 billion) and higher sales of minority interests in engine programs ($0.1 billion) more than offset the effects of higher material and other costs ($0.9 billion) at the industrial businesses in the segment. The increase in volume primarily related to Aviation, Energy and Oil & Gas. Segment profit from the financial services businesses increased $0.1 billion, primarily as a result of core growth at Aviation Financial Services.

Infrastructure revenues rose 13%, or $5.3 billion, in 2006 on higher volume ($4.4 billion), higher prices ($0.3 billion) and the effects of late 2006 weakening of the U.S. dollar ($0.1 billion) at the industrial businesses in the segment. The increase in volume reflected increased sales of power generation equipment at Energy, commercial and military services and commercial engines at Aviation, equipment at Oil & Gas, and locomotives at Transportation. The increase in price was primarily at Energy and Transportation. Revenues also increased as a result of organic revenue growth at Aviation Financial Services ($0.7 billion) and Energy Financial Services ($0.3 billion). Intra-segment revenues, which increased $0.5 billion, were eliminated from total Infrastructure revenues.

Segment profit rose 15% to $8.8 billion in 2006, compared with $7.7 billion in 2005, as higher volume ($0.6 billion), higher prices ($0.3 billion) and productivity ($0.3 billion) more than offset the effects of higher material and other costs ($0.4 billion) at the industrial businesses in the segment. The increase in volume primarily related to Aviation, Energy, Transportation and Oil & Gas. Segment profit from the financial services businesses increased as a result of core growth at Aviation Financial Services ($0.3 billion), including growth in lower-taxed earnings from global operations that were more than offset by lower one-time benefits from our aircraft leasing business reorganization, and core growth at Energy Financial Services.

Infrastructure orders were $64.4 billion in 2007, up from $51.0 billion in 2006. The $58.5 billion total backlog at year-end 2007 comprised unfilled product orders of $44.4 billion (of which 61% was scheduled for delivery in 2008) and product services orders of $14.1 billion scheduled for 2008 delivery. Comparable December 31, 2006, total backlog was $39.2 billion, of which $27.0 billion was for unfilled product orders and $12.2 billion, for product services orders. See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

COMMERCIAL FINANCE

(In millions)	2007	2006	2005
REVENUES	**$34,288**	$30,853	$27,273
SEGMENT PROFIT	**$ 6,039**	$ 5,297	$ 4,487

December 31 (In millions)	2007	2006
TOTAL ASSETS	**$310,412**	$252,901

(In millions)	2007	2006	2005
REVENUES			
Capital Solutions	**$14,354**	$14,169	$13,162
Real Estate	**7,021**	5,020	3,492
SEGMENT PROFIT			
Capital Solutions	**$ 1,889**	$ 1,789	$ 1,522
Real Estate	**2,285**	1,841	1,282

December 31 (In millions)	2007	2006
ASSETS		
Capital Solutions	**$122,527**	$100,882
Real Estate	**79,285**	53,786

Commercial Finance 2007 revenues and net earnings increased 11% and 14%, respectively, compared with 2006. Revenues in 2007 and 2006 included $2.4 billion and $0.1 billion from acquisitions, respectively, and in 2007 were reduced by $2.7 billion as a result of dispositions. Revenues in 2007 also increased $3.7 billion as a result of organic revenue growth ($2.7 billion) and the weaker U.S. dollar ($1.0 billion). The increase in net earnings resulted from core growth ($0.5 billion), acquisitions ($0.2 billion), the weaker U.S. dollar ($0.1 billion), and investment income ($0.1 billion), partially offset by dispositions ($0.1 billion) and lower securitization income ($0.1 billion). Core growth included $0.5 billion representing the total year's tax benefit on the disposition of our investment in SES, partially offset by $0.2 billion of higher credit losses and $0.1 billion in charges related to mark-to-market adjustments to loans held-for-sale. Investment income included higher SES gains ($0.1 billion) offset by impairments of securitization retained interests ($0.1 billion).

Real Estate assets at December 31, 2007, increased $25.5 billion, or 47%, from December 31, 2006, of which $12.6 billion was real estate investments, also up 47%. Real Estate net earnings increased 24% compared with 2006, primarily as a result of a $0.5 billion increase in net earnings from sales of real estate investments.

Commercial Finance 2006 revenues and net earnings increased 13% and 18%, respectively, compared with 2005. Revenues in 2006 and 2005 included $1.2 billion and $0.1 billion from acquisitions, respectively, and in 2006 were reduced by $0.1 billion as a result of dispositions. Revenues in 2006 also increased as a result of organic revenue growth ($2.5 billion) and the second quarter 2006 consolidation of GE SeaCo, an entity previously accounted for using the equity method ($0.2 billion). The increase in net earnings resulted from core growth ($0.7 billion), including growth in lower-taxed earnings from global operations, and acquisitions ($0.1 billion).

Real Estate assets at December 31, 2006, increased $18.5 billion, or 52%, from December 31, 2005, of which $12.4 billion was real estate investments, up 76%. Real Estate net earnings increased 44% compared with 2005, primarily as a result of a $0.6 billion increase in net earnings from real estate investments. See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

GE MONEY

(In millions)	2007	2006	2005
REVENUES	**$25,019**	$19,783	$17,072
SEGMENT PROFIT	**$ 4,280**	$ 3,267	$ 2,527

December 31 (In millions)	2007	2006
TOTAL ASSETS	**$210,952**	$179,284

GE Money 2007 revenues and net earnings increased 26% and 31%, respectively, compared with 2006. Revenues in 2007 included $0.4 billion from acquisitions. Revenues in 2007 also increased $4.8 billion as a result of organic revenue growth ($3.5 billion) and the weaker U.S. dollar ($1.4 billion). The increase in net earnings resulted primarily from core growth ($0.4 billion), higher securitization income ($0.4 billion) and the weaker U.S. dollar ($0.2 billion). Core growth included growth in lower-taxed earnings from global operations ($0.4 billion) and the sale of part of our Garanti investment ($0.2 billion), partially offset by declines in fair value of retained interests in securitizations ($0.1 billion) and lower results in the U.S. reflecting the effects of higher delinquencies.

GE Money 2006 revenues and net earnings increased 16% and 29%, respectively, compared with 2005. Revenues in 2006 included $0.9 billion from acquisitions. Revenues in 2006 also increased $1.8 billion as a result of organic revenue growth. The increase in net earnings resulted primarily from core growth ($0.5 billion), including growth in lower-taxed earnings from global operations, acquisitions ($0.2 billion) and higher securitizations ($0.1 billion). See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

HEALTHCARE revenues rose 3% to $17.0 billion in 2007 as the effects of the weaker U.S. dollar ($0.5 billion) and higher volume ($0.4 billion) more than offset lower prices ($0.5 billion). Increased sales in the international diagnostic imaging, clinical systems and life sciences businesses were partially offset by price pressures on U.S. equipment sales and lower sales of surgical imaging equipment resulting from regulatory suspensions of equipment shipments. Segment profit of $3.1 billion in 2007 was 3% lower than in 2006 as lower prices ($0.5 billion) and higher labor and other costs ($0.2 billion) were substantially offset by the effects of productivity ($0.4 billion) and higher volume ($0.1 billion).

Healthcare revenues rose 10% to $16.6 billion in 2006 as higher volume ($2.0 billion) more than offset the effect of lower prices ($0.4 billion). The rise in volume related to increases in healthcare services, including the 2006 acquisition of IDX Systems Corporation and stronger equipment sales. Segment profit of $3.1 billion was 21% higher than in 2005 as productivity ($0.6 billion) and higher volume ($0.4 billion) more than offset lower prices ($0.4 billion) and higher labor and other costs ($0.1 billion).

Orders received by Healthcare were $16.7 billion in both 2007 and 2006. The $5.6 billion total backlog at year-end 2007 comprised unfilled product orders of $3.5 billion (of which 94% was scheduled for delivery in 2008) and product services orders of $2.1 billion scheduled for 2008 delivery. Comparable December 31, 2006, total backlog was $5.9 billion, of which $3.9 billion was for unfilled product orders and $2.0 billion for product services orders. See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

NBC UNIVERSAL revenues declined 5%, or $0.8 billion, in 2007, primarily from the lack of current-year counterparts to the 2006 Olympic Games broadcasts ($0.7 billion) and 2006 sale of television stations ($0.2 billion), lower revenues in our broadcast network and television stations as a result of lower advertising sales ($0.5 billion) and lower motion picture revenues ($0.1 billion), partially offset by higher revenues for cable ($0.4 billion) and television production and distribution ($0.3 billion). Segment profit rose 6%, or $0.2 billion, in 2007 as improvements in cable ($0.2 billion), television production and distribution ($0.2 billion), motion pictures ($0.1 billion) and the absence of Olympic broadcasts in 2007 ($0.1 billion) were partially offset by the lack of a current-year counterpart to the 2006 sale of four television stations ($0.2 billion) and lower earnings from our broadcast network and television stations ($0.2 billion).

Revenues rose 10%, or $1.5 billion, in 2006, primarily from the 2006 Olympic Games broadcasts ($0.7 billion), improvements in cable ($0.6 billion) and motion pictures ($0.2 billion), and the effects of exiting a film distribution agreement ($0.2 billion), partially offset by the effects of lower broadcast network and television stations ratings and advertising sales ($0.1 billion) and the net effects of certain strategic actions in both years ($0.1 billion). Segment profit declined 6%, or $0.2 billion, in 2006 as lower earnings from broadcast network and television station operations ($0.4 billion), the 2006 Olympic Games broadcasts ($0.1 billion), and the net effects of certain strategic actions in both years ($0.1 billion) were partially offset by higher earnings from cable ($0.2 billion) and the effects of exiting a film distribution agreement ($0.1 billion). See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

INDUSTRIAL

(In millions)	2007	2006	2005
REVENUES	**$17,725**	$17,741	$17,060
SEGMENT PROFIT	**$ 1,743**	$ 1,602	$ 1,308

(In millions)	2007	2006	2005
REVENUES			
Consumer & Industrial	**$13,332**	$13,790	$13,606
Enterprise Solutions	**4,462**	3,951	3,454
SEGMENT PROFIT			
Consumer & Industrial	**$ 1,046**	$ 981	$ 764
Enterprise Solutions	**697**	620	544

Industrial revenues were about the same in 2007 compared with 2006 as lower volume ($0.5 billion) was offset by the effects of the weaker U.S. dollar ($0.3 billion) and higher prices ($0.2 billion). The decrease in volume was primarily at Consumer & Industrial, reflecting the sale of GE Supply in the third quarter of 2006, partially offset by increases in volume at Enterprise Solutions. The effects of the weaker U.S. dollar were at both Consumer & Industrial and Enterprise Solutions and price increases were primarily at Consumer & Industrial. Segment profit rose 9%, or $0.1 billion, as productivity ($0.4 billion) and higher prices ($0.2 billion), primarily at Consumer & Industrial, were substantially offset by higher material and other costs ($0.4 billion), primarily at Consumer & Industrial.

Industrial revenues rose 4%, or $0.7 billion, in 2006 on higher volume ($0.5 billion) and higher prices ($0.2 billion). Volume increases were primarily at Enterprise Solutions and price increases were primarily at Consumer & Industrial. Segment profit rose 22% as productivity ($0.5 billion), at both Consumer & Industrial and Enterprise Solutions, and higher prices ($0.2 billion) at Consumer & Industrial were partially offset by higher material and other costs ($0.4 billion), primarily at Consumer & Industrial. See Corporate Items and Eliminations for a discussion of items not allocated to this segment.

CORPORATE ITEMS AND ELIMINATIONS

(In millions)	2007	2006	2005
REVENUES			
Insurance activities	**$ 3,962**	$ 3,692	$ 4,183
Eliminations and other	**1,406**	61	(408)
Total	**$ 5,368**	$ 3,753	$ 3,775
OPERATING PROFIT (COST)			
Insurance activities	**$ 145**	$ 57	$ 159
Principal pension plans	**(755)**	(877)	(329)
Underabsorbed corporate overhead	**(437)**	(266)	(426)
Other	**(733)**	(389)	221
Total	**$(1,780)**	$(1,475)	$ (375)

Corporate Items and Eliminations include the effects of eliminating transactions between operating segments; results of our insurance activities remaining in continuing operations; cost of, and cost reductions from, our principal pension plans; underabsorbed corporate overhead; certain non-allocated amounts described below; and a variety of sundry items. Corporate Items

and Eliminations is not an operating segment. Rather, it is added to operating segment totals to reconcile to consolidated totals on the financial statements.

Certain amounts included in the line "Other" above are not allocated to segment results for internal measurement purposes. In 2007, amounts primarily related to restructuring, rationalization and other charges were $0.5 billion at Industrial (including $0.1 billion of product quality issues), $0.4 billion at Healthcare, $0.3 billion at each of NBC Universal, Commercial Finance and Infrastructure and $0.1 billion at GE Money. Amounts in 2007 also included technology and product development costs of $0.1 billion at NBC Universal. GECS amounts are on an after-tax basis. In 2006, amounts related principally to technology and product development and restructuring costs of $0.2 billion at NBC Universal, restructuring and other charges of $0.2 billion at Industrial and principally for acquisition-related restructuring and other charges of $0.1 billion at Healthcare.

Other operating profit (cost) also reflects a $0.9 billion gain on sale of a business interest to Hitachi by the Energy business and a $0.3 billion (after-tax basis) gain on sale of Swiss Re common stock. Other operating profit (cost) also reflects gains from sales of business interests of $0.4 billion in 2006, principally GE Supply, and $0.1 billion from the partial sale of an interest in Genpact in 2005.

DISCONTINUED OPERATIONS

(In millions)	2007	2006	2005
Earnings (loss) from discontinued operations, net of taxes	**$(260)**	$1,362	$(634)

Discontinued operations comprised Lake; WMC; Plastics; Advanced Materials; the property and casualty insurance and reinsurance businesses and the European life and health operations of GE Insurance Solutions and most of its affiliates; GE Life, our U.K.-based life insurance operation; and Genworth, our formerly wholly-owned subsidiary that conducted most of our consumer insurance business, including life and mortgage insurance operations. Results of these businesses are reported as discontinued operations for all periods presented.

In December 2007, we completed the sale of our WMC business for $0.1 billion in cash, recognizing an after-tax loss of $0.1 billion. In connection with the transaction, certain contractual obligations and potential liabilities related to previously sold loans were retained.

In September 2007, we committed to a plan to sell our Lake business. In connection with this exit, we recorded an after-tax loss of $0.9 billion, which represents the difference between the net book value of our Lake business and the projected sale price.

In August 2007, we completed the sale of our Plastics business to Saudi Basic Industries Corporation for $11.6 billion in cash. As a result, we recognized an after-tax gain of $1.6 billion.

Loss from discontinued operations, net of taxes, in 2007 was $0.3 billion, reflecting a loss from operations at WMC ($0.9 billion), an estimated after-tax loss on the planned sale of Lake ($0.9 billion), a loss from operations at Lake ($0.3 billion), and an after-tax loss on sale of our WMC business ($0.1 billion), partially offset by a tax adjustment related to the 2004 initial public offering of Genworth ($0.1 billion). This was partially offset by an after-tax gain on sale of our Plastics business ($1.6 billion) and earnings from Plastics operations ($0.3 billion).

Earnings from discontinued operations, net of taxes, in 2006 were $1.4 billion, reflecting earnings at our Plastics and Advanced Materials businesses ($1.0 billion). Also included in these earnings were earnings at Lake and WMC ($0.2 billion), Genworth ($0.2 billion) and GE Insurance Solutions ($0.1 billion), partially offset by a loss at GE Life ($0.2 billion).

Loss from discontinued operations, net of taxes, in 2005 was $0.6 billion, reflecting a loss at GE Insurance Solutions ($2.8 billion), partially offset by earnings at Genworth ($0.9 billion), Plastics and Advanced Materials ($0.8 billion) and Lake and WMC ($0.5 billion).

For additional information related to discontinued operations, see note 2.

Geographic 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 cancellations 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.

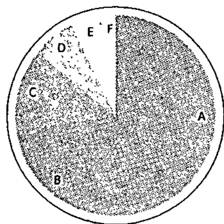
Revenues are classified according to the region to which products and services are sold. For purposes of this analysis, U.S. is presented separately from the remainder of the Americas. We classify certain operations that cannot meaningfully be associated with specific geographic areas as "Other Global" for this purpose.

GEOGRAPHIC REVENUES

(In billions)	2007	2006	2005
U.S.	**$ 86.2**	$ 81.1	$ 75.7
Europe	**39.9**	32.6	29.1
Pacific Basin	**22.0**	17.9	15.7
Americas	**12.6**	11.5	9.6
Middle East and Africa	**8.0**	5.5	4.2
Other Global	**4.0**	3.2	2.3
Total	**$172.7**	$151.8	$136.6

Global revenues rose 22% to $86.5 billion in 2007, compared with $70.8 billion and $60.9 billion in 2006 and 2005, respectively. Global revenues to external customers as a percentage of consolidated revenues were 50% in 2007, compared with 47% and 45% in 2006 and 2005, respectively. The effects of currency fluctuations on reported results were to increase revenues by $4.0 billion, $0.1 billion and $0.8 billion in 2007, 2006 and 2005, respectively.

2007 REVENUES



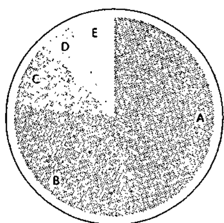
A. U.S.
B. Europe
C. Pacific Basin
D. Americas
E. Middle East and Africa
F. Other Global

GE global revenues in 2007 were $49.8 billion, up 16% over 2006, led by increases at Infrastructure, primarily in the Middle East and Africa, Europe and the Pacific Basin. GE global revenues were $43.0 billion in 2006, up 15% over 2005, led by increases at Infrastructure, primarily in Europe, Middle East and Africa and the Pacific Basin.

GECS global revenues rose 32% to $36.7 billion in 2007, compared with $27.8 billion and $23.4 billion in 2006 and 2005, respectively. Global revenues as a percentage of total revenues were 51% in 2007, compared with 45% and 42% in 2006 and 2005, respectively. The effects of currency fluctuations on reported results were to increase revenues by $2.3 billion and $0.6 billion in 2007 and 2005, respectively, compared with a decrease of $0.1 billion in 2006.

GECS revenues in the Middle East and Africa grew 32% in 2007, primarily as a result of organic revenue growth at Infrastructure. Revenues grew 35% in the Pacific Basin, 30% in Europe and 23% in the Americas in 2007, primarily as a result of organic revenue growth, acquisitions and the effects of the weaker U.S. dollar, primarily at Commercial Finance and GE Money.

2007 ASSETS



A. U.S.
B. Europe
C. Pacific Basin
D. Americas
E. Other Global

Total assets of global operations on a continuing basis were $420.3 billion in 2007, an increase of $87.9 billion, or 26%, over 2006. GECS global assets on a continuing basis of $363.6 billion at the end of 2007 were 21% higher than at the end of 2006, reflecting core growth, acquisitions and the effects of the weaker U.S. dollar in Europe, the Pacific Basin and the Americas, primarily at Commercial Finance and GE Money.

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 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 $0.2 billion in both 2007 and 2006. We presently expect that such remediation actions will require average annual expenditures in the range of $0.2 billion to $0.3 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. On November 2, 2006, the U.S. District Court for the Northern District of New York approved a consent decree entered into between GE and the EPA that represents a comprehensive framework for implementation of the EPA's 2002 decision to dredge PCB-containing sediments in the upper Hudson River. The dredging will be performed in two phases with an intervening peer review of performance after phase 1. Under this consent decree, we have committed up to $0.1 billion to reimburse the EPA for its past and future project oversight costs and agreed to perform the first phase of dredging. We further committed that, subject to future agreement with the EPA about completion of dredging after completion of phase 1 and the peer review, we will be responsible for further costs, including costs of phase 2 dredging. Our Statement of Financial Position as of December 31, 2007 and 2006, 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, the Statement of Changes in Shareowners' Equity, the Statement of Cash Flows, Contractual Obligations, Off-Balance Sheet Arrangements, and Debt Instruments, Guarantees and Covenants.

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 2007, we separately reported the assets and liabilities of Plastics, Lake and WMC as discontinued operations for all periods presented. As of December 31, 2007, we have completed the sales of Plastics and WMC, reducing assets and liabilities of discontinued operations by $13.2 billion and $2.1 billion, respectively.
- During 2007, we completed the acquisitions of Smiths Aerospace Group Ltd.; Vetco Gray; Oxygen Media Corp.; Sondex PLC; Sparrowhawk Holdings Ltd.; Phoenix; Dynamic Imaging, LLC; Sanyo Electric Credit Co., Ltd.; DISKO and ASL, the leasing businesses of KG Allgemeine Leasing GmbH & Co.; Trustreet Properties, Inc.; Dundee REIT; Crow Holdings; and a controlling interest in Regency Energy Partners LP.
- Our principal pension plans had a surplus of $16.8 billion at December 31, 2007, compared with $11.5 billion at the end of 2006, reflecting strong asset returns and an increase in the discount rate.
- The U.S. dollar was weaker at December 31, 2007, than it was at December 31, 2006, increasing the translated levels of our non-U.S. dollar assets and liabilities. Overall, on average, the U.S. dollar in 2007 was weaker than during the comparable 2006 period, resulting in increasing the translated levels of our operations as noted in the preceding Operations section.

Statement of Financial Position

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 consolidating statement.

INVESTMENT SECURITIES comprise mainly investment-grade debt securities supporting obligations to annuitants and policyholders in our run-off insurance businesses and holders of guaranteed investment contracts (GICS). Investment securities were $45.4 billion at December 31, 2007, compared with $47.8 billion at December 31, 2006. Of the amount at December 31, 2007, we held mortgage-backed securities (MBS) and asset-backed securities (ABS) with estimated fair values of $8.4 billion and $2.2 billion, respectively. Such amounts included unrealized losses of $0.3 billion and $0.1 billion, respectively. Of the MBS amount, $5.5 billion related to residential MBS and $2.9 billion to commercial MBS.

At December 31, 2007 and 2006, we had approximately $1.6 billion of exposure to subprime credit supporting our guaranteed investment contracts, a majority of which relates to residential MBS receiving credit ratings of Double A or better from the major rating agencies. We purchased an insignificant amount of such securities in 2007. Our subprime investment securities were collateralized primarily by pools of individual, direct mortgage loans, not other structured products such as collateralized debt obligations.

Monoline insurers (Monolines) provide credit enhancement for certain of our investment securities. The current credit environment could have a significant effect on the ability of such financial guarantors to fulfill their obligations. At December 31, 2007, our investment securities insured by Monolines amounted to $3.5 billion, including $1.2 billion of our $1.6 billion investment in subprime residential MBS.

We regularly review investment securities for impairment using both quantitative and qualitative criteria. Quantitative criteria include length of time and amount that each security is in an unrealized loss position and, for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. Qualitative criteria include the financial health of and specific prospects for the issuer, as well as our intent and ability to hold the security to maturity or until forecasted recovery. Our impairment reviews involve our finance, risk and asset management functions as well as the portfolio management and research capabilities of our internal and third-party asset managers. Our qualitative review attempts to identify issuers' securities "at-risk" of impairment, that is, with a greater than 50% chance of default in the following 12 months. At December 31, 2007, investment securities in an unrealized loss position included $0.1 billion that was at risk of being charged to earnings in the next 12 months.

Impairment losses totaled $0.1 billion in both 2007 and 2006, primarily at Commercial Finance. In 2007, we recognized impairments primarily for our retained interests in off-balance sheet arrangements. In 2006, we recognized impairments on securities of issuers in a variety of industries; we do not believe that any of the impairments indicate likely future impairments in the remaining portfolio. Investments in retained interests in off-balance sheet arrangements at GE Money also decreased by $0.1 billion during 2007, reflecting declines in fair value accounted for in accordance with a new accounting standard that became effective at the beginning of 2007.

Gross unrealized gains and losses totaled $1.4 billion and $1.3 billion, respectively, at December 31, 2007, compared with $2.9 billion and $0.3 billion, respectively, at December 31, 2006, primarily reflecting a decrease in estimated fair values of U.S. corporate and MBS debt securities and a decrease caused by sale of certain equity securities. At December 31, 2007, available 2008 accounting gains could be as much as $0.7 billion, net of consequential adjustments to certain insurance assets that are amortized based on anticipated gross profits. The market values

we used in determining unrealized gains and losses are those defined by relevant accounting standards and are not a forecast of future gains or losses. We presently intend to hold our investment securities that are in an unrealized loss position at December 31, 2007, at least until we can recover their respective amortized cost and we have the ability to hold our debt securities until their maturities. See note 9.

WORKING CAPITAL, representing GE inventories and receivables from customers, less trade payables and progress collections, was $5.2 billion at December 31, 2007, down $1.5 billion from December 31, 2006, reflecting higher progress collections at Energy.

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

CURRENT RECEIVABLES for GE amounted to $15.1 billion at the end of 2007 and $13.8 billion at the end of 2006, and included $11.0 billion due from customers at the end of 2007 compared with $8.8 billion at the end of 2006. Turnover of customer receivables from sales of goods and services was 9.9 in 2007, compared with 10.0 in 2006. 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 amounted to $12.8 billion at December 31, 2007, up $2.9 billion from the end of 2006. This increase reflected higher inventories from acquisitions and at Infrastructure, which is in line with anticipated growth. GE inventory turnover was 7.9 and 8.8 in 2007 and 2006, respectively. 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, was $389.9 billion at December 31, 2007, and $332.6 billion at December 31, 2006. The related allowance for losses at December 31, 2007, amounted to $4.3 billion, compared with $4.0 billion at December 31, 2006, representing our best estimate of probable losses inherent in the portfolio. The 2007 increase reflected overall growth in our portfolio, increased delinquencies in the U.S. at GE Money, and the weaker U.S. dollar, primarily at GE Money; partially offset by continued strong credit quality at Commercial Finance.

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; and "nonearning" receivables are those that are 90 days or more past due (or for which collection has otherwise become doubtful).

Commercial Finance financing receivables, before allowance for losses, totaled $187.9 billion at December 31, 2007, compared with $154.2 billion at December 31, 2006, and consisted of loans and financing leases to the equipment, commercial and industrial, and real estate industries. This portfolio of receivables increased primarily from core growth ($63.3 billion), acquisitions ($14.3 billion), and the weaker U.S. dollar ($5.7 billion), partially offset by securitizations and sales ($47.1 billion). Related nonearning receivables were $1.7 billion (0.9% of outstanding receivables) at December 31, 2007, and $1.6 billion (1.0% of outstanding receivables) at year-end 2006. Commercial Finance financing receivables are generally backed by assets and there is a broad spread of geographic and credit risk in the portfolio.

GE Money financing receivables, before allowance for losses, were $174.8 billion at December 31, 2007, compared with $150.4 billion at December 31, 2006, and consisted primarily of card receivables, installment loans, auto loans and leases, and residential mortgages. This portfolio of receivables increased primarily as a result of core growth ($15.0 billion), the weaker U.S. dollar ($9.8 billion) and acquisitions ($1.4 billion), partially offset by loans transferred to assets held for sale ($1.0 billion) and dispositions ($1.0 billion). Related nonearning receivables were $3.7 billion at December 31, 2007, compared with $3.2 billion at December 31, 2006, both representing 2.1% of outstanding receivables. The increase was primarily related to the weaker U.S. dollar at the end of the year and overall growth in the portfolio.

Infrastructure financing receivables, before allowance for losses, were $22.1 billion at December 31, 2007, compared with $21.2 billion at December 31, 2006, and consisted primarily of loans and leases to the commercial aircraft and energy industries. Related nonearning receivables were insignificant at December 31, 2007 and 2006.

Other financing receivables, before allowance for losses, were $5.1 billion and $6.9 billion at December 31, 2007, and December 31, 2006, 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. Related nonearning receivables at December 31, 2007, were $0.1 billion (1.4% of outstanding receivables) compared with $0.1 billion (1.2% of outstanding receivables) at December 31, 2006.

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

December 31	2007	2006	2005
Commercial Finance	**1.21%**	1.22%	1.31%
GE Money	**5.36**	5.21	5.34
U.S.	**5.52**	4.93	5.00
Non-U.S.	**5.30**	5.32	5.47

Delinquency rates at Commercial Finance decreased from December 31, 2005, through December 31, 2007, reflecting continued strong credit quality.

Delinquency rates at GE Money increased from December 31, 2006, to December 31, 2007, primarily as a result of the deteriorating consumer credit environment in the U.S. At December 31, 2007, approximately one-third of our U.S.-managed portfolio, which consisted of credit card, installment and revolving loans, was receivable from subprime borrowers. We had no U.S. subprime residential mortgage loans at December 31, 2007. The U.S. experience had not affected our non-U.S. portfolios at December 31, 2007; those delinquency rates remained fairly stable. See notes 12 and 13.

OTHER GECS RECEIVABLES totaled $22.1 billion at December 31, 2007, and $21.7 billion at December 31, 2006, and consisted primarily of amounts due from GE (generally related to certain material procurement programs), insurance receivables, nonfinancing customer receivables, amounts due under operating leases, receivables due on sale of securities and various sundry items.

PROPERTY, PLANT AND EQUIPMENT amounted to $77.9 billion at December 31, 2007, up $7.2 billion from 2006, primarily reflecting acquisitions and additions of commercial aircraft at the Aviation Financial Services business of Infrastructure and fleet vehicles 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 14.

GE additions to property, plant and equipment during 2007 totaled $3.0 billion, compared with $2.9 billion in 2006. Total expenditures, excluding equipment leased to others, for the past five years were $13.2 billion, of which 32% was investment for growth through new capacity and product development; 33% was investment in productivity through new equipment and process improvements; and 35% 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 $15.2 billion and $13.2 billion during 2007 and 2006, respectively, primarily reflecting acquisitions and additions of vehicles at Commercial Finance and commercial aircraft at the Aviation Financial Services business of Infrastructure.

GOODWILL AND OTHER INTANGIBLE ASSETS amounted to $81.1 billion and $16.2 billion, respectively, at December 31, 2007. Goodwill increased $9.7 billion and other intangible assets increased $3.3 billion from 2006, primarily from acquisitions—including Smiths Aerospace Group Ltd. and Vetco Gray by Infrastructure, DISKO and ASL and Sanyo Electric Credit Co., Ltd. by Commercial Finance and Oxygen Media Corp. by NBC Universal—and from the weaker U.S. dollar. See note 15.

ALL OTHER ASSETS totaled $122.9 billion at year-end 2007, an increase of $31.2 billion, reflecting increases from additional investments and acquisitions in real estate, increases in associated companies, prepaid pension assets and assets held for sale. See note 16.

BORROWINGS amounted to $514.1 billion at December 31, 2007, compared with $432.8 billion at the end of 2006.

GE total borrowings were $15.8 billion at year-end 2007 ($4.1 billion short term, $11.7 billion long term) compared with $11.1 billion at December 31, 2006. The increase ($4.7 billion) is mainly attributable to long-term borrowings and will partially be used to repay maturing long-term debt in 2008. GE total debt at the end of 2007 equaled 11.4% of total capital compared with 8.7% at the end of 2006.

GECS borrowings amounted to $500.9 billion at December 31, 2007, of which $192.4 billion is due in 2008 and $308.5 billion is due in subsequent years. Comparable amounts at the end of 2006 were $426.3 billion in total, $173.3 billion due within one year and $253.0 billion due thereafter. The increase in borrowings primarily resulted from new issuances of GE Capital long-term debt ($90.3 billion), the weaker U.S. dollar ($15.8 billion), acquisitions ($11.0 billion) and increase in short-term borrowings ($6.4 billion), partially offset by maturities and other redemptions of long-term debt ($47.9 billion). Included in GECS total borrowings were borrowings of consolidated, liquidating securitization entities amounting to $9.3 billion and $11.1 billion at December 31, 2007 and 2006, respectively. A large portion of GECS borrowings ($101.1 billion and $93.8 billion at the end of 2007 and 2006, respectively) was issued in active unsecured 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 GE Capital commercial paper were 56 days and 4.79% at the end of 2007, compared with 48 days and 5.09% at the end of 2006. The GE Capital ratio of debt to equity was 8.10 to 1 at the end of 2007 and 7.52 to 1 at the end of 2006. See note 17.

EXCHANGE RATE AND INTEREST RATE RISKS are managed with a variety of 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.

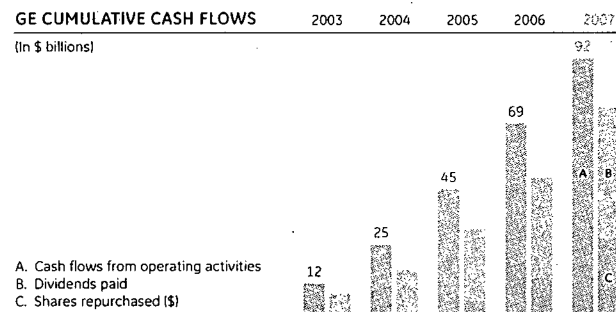
- It is our policy to minimize exposure to interest rate changes. We fund our financial investments using debt or a combination of debt and hedging instruments so that the interest rates and terms of our borrowings match the expected yields and terms on our assets. To test the effectiveness of our positions, we assumed that, on January 1, 2008, interest rates increased by 100 basis points across the yield curve (a "parallel shift" in that curve) and further assumed that the increase remained in place for 2008. We estimated, based on the year-end 2007 portfolio and holding everything else constant, that our 2008 GE consolidated net earnings would decline by $0.1 billion.
- It is our policy to minimize currency exposures and to conduct operations either within functional currencies or using the protection of hedge strategies. We analyzed year-end 2007 consolidated currency exposures, including derivatives designated and effective as hedges, to identify assets and liabilities denominated in other than their relevant functional currencies. For such assets and liabilities, we then evaluated the effects of a 10% shift in exchange rates between those currencies and the U.S. dollar. This analysis indicated that there would be an inconsequential effect on 2008 earnings of such a shift in exchange rates.

Consolidated Statement of Changes in Shareowners' Equity

Shareowners' equity increased by $4.1 billion and $2.9 billion in 2007 and 2006, respectively, and decreased by $1.5 billion in 2005. Changes over the three-year period were largely attributable to net earnings, partially offset by dividends declared of $11.7 billion, $10.7 billion and $9.6 billion in 2007, 2006 and 2005, respectively. In 2007, we purchased $13.9 billion of GE stock (357.9 million shares) and in 2006, we purchased $7.8 billion of GE stock (229.4 million shares) under our share repurchase programs. Currency translation adjustments increased equity by $4.5 billion in 2007 and $3.6 billion in 2006, compared with a $4.3 billion decrease in 2005. Changes in 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. During 2007 and 2006, the U.S. dollar weakened against the pound sterling and euro, after strengthening in 2005. The U.S. dollar was also weaker against the Japanese yen in 2007, after strengthening in 2006 and 2005. See note 22.

Overview of Our Cash Flow from 2005 through 2007

GE cash from operating activities (CFOA) is a useful measure of performance for our non-financial businesses and totaled $23.3 billion in 2007, $23.8 billion in 2006 and $19.9 billion in 2005. 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.



Our GE Statement of Cash Flows 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 that 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)	2007	2006	2005
Operating cash collections	$102.8	$ 90.6	$ 80.8
Operating cash payments	(86.8)	(76.6)	(68.7)
Cash dividends from GECS	7.3	9.8	7.8
GE cash from operating activities	$ 23.3	$ 23.8	$ 19.9

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 $12.2 billion in 2007 and $9.8 billion in 2006. These increases are consistent with the changes in comparable GE operating segment revenues, comprising Healthcare, NBC Universal, Industrial and the industrial businesses of the Infrastructure segment. Analyses of operating segment revenues discussed in the preceding Segment Operations section is the best way of understanding their customer-related CFOA.

The most significant operating use of cash is to pay our suppliers, employees, tax authorities and others for the wide range of materials and services necessary in a diversified global organization. GE operating cash payments increased by $10.2 billion in 2007 and by $7.9 billion in 2006, comparable to the increases in GE total costs and expenses.

Dividends from GECS represented distribution of a portion of GECS retained earnings, including proceeds from certain business sales, and are distinct from cash from continuing operating activities within the financial services businesses, which increased in 2007 by $4.6 billion to $26.4 billion, following an increase of $2.9 billion in 2006. The amount we show in CFOA is the total dividend, including the normal dividend as well as any special dividends from excess capital primarily resulting from GECS 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 that we are in a sound position to grow dividends, continue making selective investments for long-term growth and execute our newly authorized three-year $15 billion share repurchase program.

Contractual Obligations

As defined by reporting regulations, our contractual obligations for future payments as of December 31, 2007, follow.

	Payments due by period				
(In billions)	Total	2008	2009–2010	2011–2012	2013 and thereafter
Borrowings (note 17)	$514.1	$195.1	$119.4	$71.4	$128.2
Interest on borrowings	149.0	23.0	33.0	21.0	72.0
Operating lease obligations (note 5)	6.3	1.3	2.1	1.5	1.4
Purchase obligations[a][b]	71.0	44.0	15.0	10.0	2.0
Insurance liabilities (note 18)[c]	24.0	2.0	6.0	3.0	13.0
Other liabilities[d]	74.0	23.0	6.0	4.0	41.0
Contractual obligations of discontinued operations[e]	1.0	1.0	—	—	—

(a) Included all take-or-pay arrangements, capital expenditures, contractual commitments to purchase equipment that will be leased to others, software acquisition/license commitments, contractual minimum programming commitments and any 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 and other guarantees is provided in note 28.

(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.

(d) Included an estimate of future expected funding requirements related to our pension and postretirement benefit plans and included liabilities for unrecognized tax benefits. 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. See notes 20 and 26 for further information on certain of these items.

(e) Included payments for other liabilities.

Off-Balance Sheet Arrangements

Our securitization activity is primarily transacted through special purpose vehicles funded in the asset-backed commercial paper and term bond markets. The assets that we securitize include receivables secured by equipment, commercial and residential real estate, credit card receivables, trade receivables and other assets originated and underwritten by us in the normal course of business. At December 31, 2007, off-balance sheet securitization entities held $55.1 billion in financial assets, up $9.0 billion during the year. Assets held by these entities are underwritten based on the same criteria as our on-book assets. We monitor the underlying credit quality in accordance with our servicing role and apply rigorous controls to the execution of securitization. Based on our experience, we believe that, under any plausible future economic scenario, the likelihood is remote that the financial support arrangement we provide to securitization entities could have a material adverse effect on our financial position or results of operations. Investors in these entities usually have recourse to the underlying assets. In addition, we provide credit enhancements, most often by retaining a subordinated interest; the carrying value of our retained interests was $5.8 billion at December 31, 2007, up $1.1 billion during the year. We recognized impairment losses on retained interests of $0.1 billion in 2007, primarily at Commercial Finance. Impairment losses on retained interests in 2006 were insignificant. Investments in retained interests at GE Money also decreased by $0.1 billion during 2007, reflecting declines in fair value accounted for in accordance with a new accounting standard that became effective at the beginning of 2007. We have also entered into other various credit enhancement positions with these securitization entities, including liquidity and credit support agreements and guarantee and reimbursement contracts, and have provided our best estimate of the fair value of estimated losses on such positions. The estimate of fair value is based on prevailing market conditions at December 31, 2007. Should market conditions deteriorate, actual losses could be higher. Our exposure to loss under such agreements was limited to $2.8 billion at December 31, 2007.

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, 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
- 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
- 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.

During 2007, GECS paid $2.4 billion of special dividends to GE, which were funded by the proceeds of the sale of Swiss Re common stock and GE Life.

During 2007, GECS and GECS affiliates issued $84.6 billion of senior, unsecured long-term debt and $5.7 billion of subordinated debt. 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 60 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 approximately $80 billion of long-term debt during 2008. The ultimate amount we issue will depend on our needs and on market conditions.

We target a ratio for commercial paper not to exceed 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 continue to 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 $64.8 billion of contractually committed lending agreements with 72 highly-rated global banks and investment banks. Total credit lines extending beyond one year increased $5.0 billion to $64.8 billion at December 31, 2007. See note 17.

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 conditions relate to GE and GECS:

- Swap, forward and option contracts are required to be executed under standard master-netting agreements containing mutual downgrade provisions that provide the ability of the counterparty to require assignment or termination if the long-term credit rating of either GE or GECS were to fall below A–/A3. Our related obligation, net of master-netting agreements would have been $3.4 billion at December 31, 2007.
- If GE Capital's ratio of earnings to fixed charges, which was 1.56:1 at the end of 2007, were to deteriorate to 1.10:1, GE has committed to contribute capital to GE Capital. GE also guaranteed certain issuances of GECS subordinated debt having a face amount of $0.8 billion at December 31, 2007 and 2006.
- In connection with certain subordinated debentures for which GECS receives equity credit by rating agencies, GE has agreed to forego dividends, distributions or other payments from GECS during events of default or interest extensions under such subordinated debentures. There were $8.1 billion of such debentures outstanding at December 31, 2007.

The following conditions relate to consolidated entities.

- If the short-term credit rating of GE Capital or certain consolidated entities discussed further in note 27 were to be reduced 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 $7.2 billion at January 1, 2008.
- One group of consolidated entities holds high quality investment securities funded by the issuance of GICs. 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 $6.2 billion of capital to such entities.

In our history, we have never violated any of the above conditions at GE, GECS or GE Capital. 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.

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 the significant 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 financing 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 proven reliable over time. Our actual loss experience was in line with expectations for 2007, 2006 and 2005. While Commercial Finance continues to experience strong credit quality, we currently expect higher delinquencies in the GE Money U.S. portfolio.

Further information is provided in the Financial Resources and Liquidity—Financing Receivables section, the Asset Impairment section that follows 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. We also regularly assess customer credit risk inherent in the carrying amounts of receivables and contract costs and estimated earnings, including the risk that contractual penalties may not be sufficient to offset our accumulated investment in the event of customer termination. 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. Revisions that affect a product services agreement's total estimated profitability result in an immediate adjustment of earnings; such adjustments increased earnings by $0.3 billion, $0.7 billion and $0.4 billion in 2007, 2006 and 2005, respectively. We provide for probable losses.

Carrying amounts for product services agreements in progress at December 31, 2007 and 2006, were $5.5 billion and $4.8 billion, respectively, and are included in the line, "Contract costs and estimated earnings" in note 16.

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 both quantitative and qualitative criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to maturity or until forecasted recovery, and the financial health of and specific prospects for the issuer. We perform comprehensive market research and analysis and monitor market conditions to identify potential impairments.

At December 31, 2007, our investment in preferred and common stock, $0.3 billion and $0.1 billion, respectively, of FGIC Corporation (FGIC), a monoline credit insurer, was accounted for on the cost method and was in an insignificant unrealized loss position. See note 16. During 2008, credit rating agencies downgraded FGIC; following the downgrades, various alternative outcomes were possible. We continue to monitor this investment closely, including review for impairment.

Further information about actual and potential impairment losses is provided in the Financial Resources and Liquidity—Investment Securities section and in notes 1, 9 and 16.

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 undiscounted 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 derive the required undiscounted cash flow estimates from our historical experience and our internal business plans. To determine fair value, we use our internal cash flow estimates discounted at an appropriate interest rate, quoted market prices when available and independent appraisals, as appropriate.

Commercial aircraft are a significant concentration of assets in Infrastructure, 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. We consider market conditions, such as the continued global shortage of commercial aircraft. Estimates of 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.

We recognized impairment losses on our operating lease portfolio of commercial aircraft of $0.1 billion in 2007 and 2006. Provisions for losses on financing receivables related to commercial aircraft were insignificant in 2007 and 2006.

Further information on impairment losses and our exposure to the commercial aviation industry is provided in the Operations—Overview section and in notes 14 and 28.

REAL ESTATE. We review our real estate investment portfolio for impairment regularly or when events or circumstances indicate that the related carrying amounts may not be recoverable. Our portfolio is diversified, both geographically and by asset type. However, the global real estate market is subject to periodic cycles that can cause significant fluctuations in market values. While the current estimated value of our Commercial Finance Real Estate investments exceeds our carrying value by about $3 billion, the same as last year, downward cycles could adversely affect our ability to realize these gains in an orderly fashion in the future and may necessitate recording impairments.

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 all or a portion 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. For financial services reporting units, these cash flows are reduced for estimated interest costs. Also, when determining the amount of goodwill to be allocated to a business disposition for a financial services business, we reduce the cash proceeds we receive from the sale by the amount of debt which is allocated to the sold business in order to be consistent with the reporting unit valuation methodology. 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. For our insurance activities remaining in continuing operations, we periodically test for impairment our deferred acquisition costs and present value of future profits.

Further information is provided in the Financial Resources and Liquidity—Goodwill and Other Intangible Assets section and in notes 1 and 15.

PENSION ASSUMPTIONS are significant inputs to the actuarial models that measure pension benefit obligations and related effects on operations. Two 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. We periodically evaluate other assumptions involving demographic factors, such as retirement age, mortality and turnover, and update them 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.

Accumulated and projected benefit obligations are expressed as the present value of future cash payments. We discount those cash payments using the weighted average of market-observed yields for high quality fixed income securities with maturities that correspond to the payment of benefits. Lower discount rates increase present values and subsequent-year pension expense; higher discount rates decrease present values and subsequent-year pension expense.

Our discount rates for principal pension plans at December 31, 2007, 2006 and 2005 were 6.34%, 5.75% and 5.50%, respectively, reflecting market interest rates.

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. Assets in our principal pension plans earned 13.6% in 2007, and had average annual earnings of 14.9%, 9.2% and 12.2% per year in the five-, 10- and 25-year periods ended December 31, 2007, respectively. We believe that these results, in connection with our current and expected asset allocations, support our assumed long-term return of 8.5% on those assets.

At December 31, 2007, our principal pension plans had $1.0 billion of exposure to subprime credit, a majority of which related to residential mortgage-backed securities receiving credit ratings of Double A or better from the major rating agencies. Monolines insured $0.5 billion, including $0.1 billion of residential mortgage-backed securities. Our subprime investment securities were collateralized primarily by pools of individual, direct mortgage loans, not other structured products such as collateralized debt obligations.

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

- Discount rate—A 25 basis point increase in discount rate would decrease pension cost in the following year by $0.2 billion.
- Expected return on assets—A 50 basis point increase in the expected return on assets would decrease pension cost in the following year by $0.3 billion.

Further information on our pension plans is provided in the Operations—Overview section and in note 6.

INCOME TAXES. Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions including evaluating uncertainties under Financial Accounting Standards Board Interpretation (FIN) 48, *Accounting for Uncertainty in Income Taxes*. We review our tax positions quarterly and adjust the balances as new information becomes available. Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These sources of income inherently rely heavily on estimates.

We use our historical experience and our short and long-range business forecasts to provide insight. Further, our global and diversified business portfolio gives us the opportunity to employ various prudent and feasible tax planning strategies to facilitate the recoverability of future deductions. Amounts recorded for deferred tax assets related to non-U.S. net operating losses, net of valuation allowance were $1.7 billion and $1.5 billion at December 31, 2007 and 2006, respectively. Such year-end 2007 amounts are expected to be fully recoverable within the applicable statutory expiration periods. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established.

Further information on income taxes is provided in the Operations—Overview section and in notes 7 and 20.

DERIVATIVES AND HEDGING. We use derivatives to manage a variety of risks, including risks related to interest rates, foreign exchange and commodity prices. Accounting for derivatives as hedges requires that, at inception and over the term of the arrangement, the hedged item and related derivative meet the requirements for hedge accounting. The rules and interpretations related to derivatives accounting are complex. Failure to apply this complex guidance correctly will result in all changes in the fair value of the derivative being reported in earnings, without regard to the offsetting changes in the fair value of the hedged item.

In evaluating whether a particular relationship qualifies for hedge accounting, we first determine whether the relationship meets the strict criteria to qualify for exemption from ongoing effectiveness testing. For a relationship that does not meet these criteria, we test effectiveness at inception and quarterly thereafter by determining whether changes in the fair value of the derivative offset, within a specified range, changes in the fair value of the hedged item. This test is conducted each reporting period. If fair value changes fail this test, we discontinue applying hedge accounting to that relationship prospectively. Fair values of both the derivative instrument and the hedged item are calculated using internal valuation models incorporating market-based assumptions, subject to third-party confirmation.

At December 31, 2007, derivative assets and liabilities were $3.6 billion and $2.6 billion, respectively. Further information about our use of derivatives is provided in notes 17, 22 and 26.

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 materially 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 19 and 28.

Other Information

New Accounting Standards

On September 15, 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 157, *Fair Value Measurements*, which defines fair value, establishes a new framework for measuring that value and expands disclosures about fair value measurements. Broadly, SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 established market or observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs. SFAS 157 will require, among other things, expanded disclosure about fair value measurements that have a significant portion of the value determined using unobservable inputs (level 3 measurements). The standard applies prospectively to new fair value measurements performed after the required effective dates, which are as follows: on January 1, 2008, the standard applied to our measurements of the fair values of financial instruments and recurring fair value measurements of non-financial assets and liabilities; on January 1, 2009, the standard will apply to all remaining fair value measurements, including non-recurring measurements of non-financial assets and liabilities such as measurement of potential impairments of goodwill, other intangible assets and other long-lived assets. It also will apply to fair value measurements of non-financial assets acquired and liabilities assumed in business combinations. On January 18, 2008, the FASB issued proposed FASB Staff Position (FSP) FAS 157-c, *Measuring Liabilities under Statement 157*, which will modify the definition of fair value by requiring estimation of the proceeds that would be received if the entity were to issue the liability at the measurement date. Further revisions to the measurement guidance are possible and we are monitoring emerging interpretations and developments. SFAS 157 will not have a material effect on our earnings or financial position and will have no effect on our cash flows.

On February 15, 2007, the FASB issued SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. Under this standard, we may elect to report individual financial instruments and certain other items at fair value with changes in value reported in operations. Once made, this election is irrevocable for those items. SFAS 159 was effective for us on January 1, 2008, and we made the election for $0.2 billion of assets.

On December 4, 2007, the FASB issued SFAS 141R, *Business Combinations*, which we will adopt on January 1, 2009. This standard will significantly change the accounting for business acquisitions both during the period of the acquisition and in subsequent periods. Among the more significant changes in the accounting for acquisitions are the following:

- Transaction costs will generally be expensed. Certain such costs are presently treated as costs of the acquisition.
- In-process research and development (IPR&D) will be accounted for as an asset, with the cost recognized as the research and development is realized or abandoned. IPR&D is presently expensed at the time of the acquisition.
- Contingencies, including contingent consideration, will generally be recorded at fair value with subsequent adjustments recognized in operations. Contingent consideration is presently accounted for as an adjustment of purchase price.
- Decreases in valuation allowances on acquired deferred tax assets will be recognized in operations. Such changes previously were considered to be subsequent changes in consideration and were recorded as decreases in goodwill.

Generally, the effects of SFAS 141R will depend on future acquisitions.

On December 4, 2007, the FASB issued SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB No. 51, which we will adopt on January 1, 2009. This standard will significantly change the accounting and reporting related to noncontrolling interests in a consolidated subsidiary. After adoption, noncontrolling interests ($8.0 billion and $7.5 billion at December 31, 2007 and 2006, respectively) will be classified as shareowners' equity, a change from its current classification between liabilities and shareowners' equity. Earnings attributable to minority interests ($0.9 billion in each of the most recent three years) will be included in net earnings, although such earnings will continue to be deducted to measure earnings per share. Purchases and sales of minority interests will be reported in equity, deferring, perhaps permanently, our recognition of the economic gain or loss on partial dispositions. Gains on sales of minority interests that would not have been in net earnings under SFAS 160 amounted to $0.4 billion and $0.3 billion in 2007 and 2006, respectively.

Selected Financial Data

The facing page 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 $4.1 billion in 2007, compared with $3.5 billion and $3.2 billion in 2006 and 2005, respectively. In 2007, expenditures from GE's own funds were $3.0 billion compared with $2.8 billion in 2006. Expenditures funded by customers (mainly the U.S. government) were $1.1 billion in 2007 and $0.7 billion in 2006.

Expenditures reported above reflect the definition of research and development required by U.S. 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 in 2007 were $5.5 billion.

GE'S TOTAL BACKLOG of firm unfilled orders at the end of 2007 was $65.6 billion, an increase of 42% from year-end 2006, reflecting increased demand at Infrastructure. Of the total backlog, $49.4 billion related to products, of which 64% was scheduled for delivery in 2008. Product services orders, included in this reported backlog for only the succeeding 12 months, were $16.2 billion at the end of 2007. Orders constituting this backlog may be cancelled or deferred by customers, subject in certain cases to penalties. See the Segment Operations section for further information.

Selected Financial Data

(Dollars in millions; per-share amounts in dollars)	2007	2006	2005	2004	2003
GENERAL ELECTRIC COMPANY AND CONSOLIDATED AFFILIATES					
Revenues	**$172,738**	$151,843	$136,580	$124,176	$104,624
Earnings from continuing operations before accounting changes	**22,468**	19,380	17,354	15,638	13,277
Earnings (loss) from discontinued operations, net of taxes	**(260)**	1,362	(634)	1,584	2,828
Earnings before accounting changes	**22,208**	20,742	16,720	17,222	16,105
Net earnings	**22,208**	20,742	16,720	17,222	15,518
Dividends declared	**11,713**	10,675	9,647	8,594	7,759
Return on average shareowners' equity[a]	**20.4%**	19.9%	18.2%	16.2%	17.1%
Per share					
Earnings from continuing operations before accounting changes – diluted	**$ 2.20**	$ 1.86	$ 1.64	$ 1.50	$ 1.32
Earnings (loss) from discontinued operations – diluted	**(0.03)**	0.13	(0.06)	0.15	0.28
Earnings before accounting changes – diluted	**2.17**	2.00	1.57	1.65	1.60
Net earnings – diluted	**2.17**	2.00	1.57	1.65	1.54
Earnings from continuing operations before accounting changes – basic	**2.21**	1.87	1.64	1.50	1.33
Earnings (loss) from discontinued operations – basic	**(0.03)**	0.13	(0.06)	0.15	0.28
Earnings before accounting changes – basic	**2.18**	2.00	1.58	1.66	1.61
Net earnings – basic	**2.18**	2.00	1.58	1.66	1.55
Dividends declared	**1.15**	1.03	0.91	0.82	0.77
Stock price range	**42.15–33.90**	38.49–32.06	37.34–32.67	37.75–28.88	32.42–21.30
Year-end closing stock price	**37.07**	37.21	35.05	36.50	30.98
Total assets of continuing operations	**788,568**	676,808	590,487	580,862	484,703
Total assets	**795,337**	696,683	673,210	750,252	647,395
Long-term borrowings	**319,015**	260,752	212,170	207,788	170,194
Shares outstanding – average (in thousands)	**10,182,083**	10,359,320	10,569,805	10,399,629	10,018,587
Shareowner accounts – average	**608,000**	624,000	634,000	658,000	670,000
Employees at year end					
United States	**155,000**	155,000	161,000	165,000	155,000
Other countries	**172,000**	164,000	155,000	142,000	150,000
Total employees	**327,000**	319,000	316,000[b]	307,000	305,000
GE DATA					
Short-term borrowings	**$ 4,106**	$ 2,076	$ 972	$ 3,252	$ 2,398
Long-term borrowings	**11,656**	9,043	8,986	7,561	8,289
Minority interest	**6,503**	5,544	5,308	7,236	663
Shareowners' equity	**115,559**	111,509	108,633	110,181	78,873
Total capital invested	**$137,824**	$128,172	$123,899	$128,230	$ 90,223
Return on average total capital invested[a]	**18.9%**	18.6%	16.8%	14.9%	15.7%
Borrowings as a percentage of total capital invested[a]	**11.4%**	8.7%	8.0%	9.0%	11.8%
Working capital[a]	**$ 5,186**	$ 6,649	$ 7,266	$ 7,163	$ 4,211
GECS DATA					
Revenues	**$ 72,186**	$ 61,626	$ 55,207	$ 50,682	$ 41,795
Earnings from continuing operations before accounting changes	**12,428**	10,255	9,004	7,661	5,871
Earnings (loss) from discontinued operations, net of taxes	**(2,127)**	403	(1,427)	1,067	2,442
Earnings before accounting changes	**10,301**	10,658	7,577	8,728	8,313
Net earnings	**10,301**	10,658	7,577	8,728	7,974
Shareowner's equity	**57,676**	54,097	50,812	54,379	45,790
Total borrowings	**500,925**	426,266	362,046	355,470	316,562
Ratio of debt to equity at GE Capital	**8.10:1**	7.52:1	7.09:1	6.45:1	6.62:1
Total assets	**$646,139**	$564,668	$540,584	$618,614	$554,877

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

(a) Indicates terms are defined in the Glossary.

(b) Excludes employees of Genworth in 2005 as a result of the third quarter deconsolidation.

Statement of Earnings

For the years ended December 31 (In millions; per-share amounts in dollars)	General Electric Company and consolidated affiliates 2007	2006	2005
REVENUES			
Sales of goods	$ 60,670	$ 55,181	$ 50,727
Sales of services	38,856	36,329	32,839
Other income (note 3)	3,019	2,154	1,673
GECS earnings from continuing operations	—	—	—
GECS revenues from services (note 4)	70,193	58,179	51,341
Total revenues	172,738	151,843	136,580
COSTS AND EXPENSES (note 5)			
Cost of goods sold	47,309	43,279	39,169
Cost of services sold	25,816	23,494	20,615
Interest and other financial charges	23,787	18,896	14,811
Investment contracts, insurance losses and insurance annuity benefits	3,469	3,213	3,374
Provision for losses on financing receivables (note 13)	4,546	3,130	3,239
Other costs and expenses	40,297	35,639	33,278
Minority interest in net earnings of consolidated affiliates	916	862	916
Total costs and expenses	146,140	128,513	115,402
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	26,598	23,330	21,178
Provision for income taxes (note 7)	(4,130)	(3,950)	(3,824)
EARNINGS FROM CONTINUING OPERATIONS	22,468	19,380	17,354
Earnings (loss) from discontinued operations, net of taxes (note 2)	(260)	1,362	(634)
NET EARNINGS	$ 22,208	$ 20,742	$ 16,720
Per-share amounts (note 8)			
Per-share amounts — earnings from continuing operations			
Diluted earnings per share	$ 2.20	$ 1.86	$ 1.64
Basic earnings per share	2.21	1.87	1.64
Per-share amounts — net earnings			
Diluted earnings per share	2.17	2.00	1.57
Basic earnings per share	2.18	2.00	1.58
DIVIDENDS DECLARED PER SHARE	$ 1.15	$ 1.03	$ 0.91

Consolidated Statement of Changes in Shareowners' Equity

(In millions)	2007	2006	2005
CHANGES IN SHAREOWNERS' EQUITY (note 22)			
Balance at January 1	$111,509	$108,633	$110,181
Dividends and other transactions with shareowners	(23,102)	(17,983)	(13,249)
Changes other than transactions with shareowners			
Investment securities—net	(1,484)	(223)	(437)
Currency translation adjustments — net	4,527	3,649	(4,318)
Cash flow hedges — net	(539)	223	(47)
Benefit plans — net	2,566	287	(217)
Total changes other than earnings	5,070	3,936	(5,019)
Increases attributable to net earnings	22,208	20,742	16,720
Total changes other than transactions with shareowners	27,278	24,678	11,701
Cumulative effect of changes in accounting principles[a]	(126)	(3,819)	—
Balance at December 31	$115,559	$111,509	$108,633

(a) The effect of the 2006 accounting change was previously included in the caption "Benefit plans — net."

See accompanying notes.

GE			GECS		
2007	2006	2005	2007	2006	2005
$ 60,374	$ 53,221	$ 48,268	$ 718	$ 2,384	$ 2,528
39,422	36,698	33,139	—	—	—
3,371	2,307	1,754	—	—	—
12,428	10,255	9,004	—	—	—
—	—	—	71,468	59,242	52,679
115,595	102,481	92,165	72,186	61,626	55,207
47,103	41,501	36,869	628	2,204	2,369
26,382	23,863	20,915	—	—	—
1,993	1,668	1,319	22,731	17,857	14,045
—	—	—	3,647	3,419	3,574
—	—	—	4,546	3,130	3,239
14,148	12,893	12,316	26,661	23,125	21,628
707	624	714	209	238	202
90,333	80,549	72,133	58,422	49,973	45,057
25,262	21,932	20,032	13,764	11,653	10,150
(2,794)	(2,552)	(2,678)	(1,336)	(1,398)	(1,146)
22,468	19,380	17,354	12,428	10,255	9,004
(260)	1,362	(634)	(2,127)	403	(1,427)
$ 22,208	$ 20,742	$ 16,720	$10,301	$10,658	$ 7,577

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.

Statement of Financial Position

At December 31 (In millions, except share amounts)	General Electric Company and consolidated affiliates 2007	2006
ASSETS		
Cash and equivalents	$ 15,747	$ 14,099
Investment securities (note 9)	45,428	47,806
Current receivables (note 10)	22,259	19,617
Inventories (note 11)	12,897	10,032
Financing receivables—net (notes 12 and 13)	377,660	321,736
Other GECS receivables	16,527	16,903
Property, plant and equipment—net (note 14)	77,895	70,650
Investment in GECS	—	—
Goodwill (note 15)	81,116	71,399
Other intangible assets—net (note 15)	16,178	12,915
All other assets (note 16)	122,861	91,651
Assets of discontinued operations (note 2)	6,769	19,875
Total assets	$795,337	$696,683
LIABILITIES AND EQUITY		
Short-term borrowings (note 17)	$195,101	$172,013
Accounts payable, principally trade accounts	21,398	20,632
Progress collections and price adjustments accrued	9,885	4,597
Dividends payable	3,100	2,878
Other GE current liabilities	16,629	17,944
Long-term borrowings (note 17)	319,015	260,752
Investment contracts, insurance liabilities and insurance annuity benefits (note 18)	34,068	34,501
All other liabilities (note 19)	58,606	47,510
Deferred income taxes (note 20)	12,144	14,110
Liabilities of discontinued operations (note 2)	1,828	2,744
Total liabilities	671,774	577,681
Minority interest in equity of consolidated affiliates (note 21)	8,004	7,493
Common stock (9,987,599,000 and 10,277,373,000 shares outstanding at year-end 2007 and 2006, respectively)	669	669
Accumulated gains (losses)—net		
Investment securities	124	1,608
Currency translation adjustments	10,708	6,181
Cash flow hedges	(668)	(129)
Benefit plans	(1,840)	(4,406)
Other capital	26,100	25,486
Retained earnings	117,362	106,993
Less common stock held in treasury	(36,896)	(24,893)
Total shareowners' equity (notes 22 and 23)	115,559	111,509
Total liabilities and equity	$795,337	$696,683

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and benefit plans constitutes "Accumulated nonowner changes other than earnings," as shown in note 22, and was $8,324 million and $3,254 million at December 31, 2007 and 2006, respectively.

See accompanying notes.

GE 2007	GE 2006	GECS 2007	GECS 2006
$ 6,702	$ 4,480	$ 9,455	$ 12,452
343	342	45,093	47,472
15,093	13,766	—	—
12,834	9,978	63	54
—	—	385,604	328,589
—	—	22,091	21,690
14,142	12,675	63,753	57,975
57,676	54,097	—	—
55,689	48,645	25,427	22,754
11,633	9,739	4,545	3,176
40,608	33,442	83,405	59,387
66	8,756	6,703	11,119
$214,786	$195,920	$646,139	$564,668
$ 4,106	$ 2,076	$192,421	$173,313
11,120	10,969	14,774	13,803
10,374	5,248	—	—
3,100	2,878	—	—
16,629	17,944	—	—
11,656	9,043	308,504	252,953
—	—	34,359	34,807
32,046	26,930	26,625	20,691
3,391	1,540	8,753	12,570
302	2,239	1,526	485
92,724	78,867	586,962	508,622
6,503	5,544	1,501	1,949
669	669	1	1
124	1,608	110	1,594
10,708	6,181	7,472	4,837
(668)	(129)	(727)	(171)
(1,840)	(4,406)	(105)	(278)
26,100	25,486	12,574	12,537
117,362	106,993	38,351	35,577
(36,896)	(24,893)	—	—
115,559	111,509	57,676	54,097
$214,786	$195,920	$646,139	$564,668

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.

Statement of Cash Flows

	General Electric Company and consolidated affiliates		
For the years ended December 31 (In millions)	*2007*	*2006*	*2005*
CASH FLOWS — OPERATING ACTIVITIES			
Net earnings	**$ 22,208**	$ 20,742	$ 16,720
Loss (earnings) from discontinued operations	**260**	(1,362)	634
Adjustments to reconcile net earnings to cash provided from operating activities			
Depreciation and amortization of property, plant and equipment	**10,278**	8,459	7,841
Earnings from continuing operations retained by GECS	**—**	—	—
Deferred income taxes	**623**	1,710	(1,063)
Decrease (increase) in GE current receivables	**980**	(2,205)	(1,090)
Decrease (increase) in inventories	**(1,494)**	(1,481)	(556)
Increase (decrease) in accounts payable	**469**	(36)	240
Increase in GE progress collections	**4,458**	927	510
Provision for losses on GECS financing receivables	**4,546**	3,130	3,239
All other operating activities	**657**	2,152	3,628
Cash from operating activities — continuing operations	**42,985**	32,036	30,103
Cash from (used for) operating activities — discontinued operations	**2,982**	(1,390)	7,588
CASH FROM OPERATING ACTIVITIES	**45,967**	30,646	37,691
CASH FLOWS — INVESTING ACTIVITIES			
Additions to property, plant and equipment	**(17,870)**	(15,912)	(13,762)
Dispositions of property, plant and equipment	**8,460**	6,796	6,019
Net increase in GECS financing receivables	**(47,121)**	(37,651)	(15,834)
Proceeds from sales of discontinued operations	**11,574**	11,009	8,106
Proceeds from principal business dispositions	**2,746**	1,883	476
Payments for principal businesses purchased	**(17,215)**	(11,573)	(11,436)
All other investing activities	**(10,275)**	(4,553)	(350)
Cash used for investing activities — continuing operations	**(69,701)**	(50,001)	(26,781)
Cash from (used for) investing activities — discontinued operations	**(2,723)**	(1,401)	(8,318)
CASH USED FOR INVESTING ACTIVITIES	**(72,424)**	(51,402)	(35,099)
CASH FLOWS — FINANCING ACTIVITIES			
Net increase (decrease) in borrowings (maturities of 90 days or less)	**2,339**	4,527	(4,622)
Newly issued debt (maturities longer than 90 days)	**100,866**	88,360	66,524
Repayments and other reductions (maturities longer than 90 days)	**(49,826)**	(49,337)	(53,130)
Net purchases of GE shares for treasury	**(12,319)**	(8,554)	(4,844)
Dividends paid to shareowners	**(11,492)**	(10,420)	(9,352)
All other financing activities	**(1,204)**	(1,174)	(1,128)
Cash from (used for) financing activities — continuing operations	**28,364**	23,402	(6,552)
Cash from (used for) financing activities — discontinued operations	**(152)**	(171)	433
CASH FROM (USED FOR) FINANCING ACTIVITIES	**28,212**	23,231	(6,119)
INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING YEAR	**1,755**	2,475	(3,527)
Cash and equivalents at beginning of year	**14,276**	11,801	15,328
Cash and equivalents at end of year	**16,031**	14,276	11,801
Less cash and equivalents of discontinued operations at end of year	**284**	177	3,139
Cash and equivalents of continuing operations at end of year	**$ 15,747**	$ 14,099	$ 8,662
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash paid during the year for interest	**$(23,340)**	$(18,438)	$(16,593)
Cash recovered (paid) during the year for income taxes	**(2,912)**	(2,869)	(3,254)

See accompanying notes.

GE			GECS		
2007	2006	2005	2007	2006	2005
$ 22,208	$ 20,742	$ 16,720	$ 10,301	$ 10,658	$ 7,577
260	(1,362)	634	2,127	(403)	1,427
2,149	1,953	1,845	8,129	6,506	5,996
(5,137)	(408)	(1,188)	—	—	—
564	703	(119)	59	1,007	(944)
14	760	(382)	—	—	—
(1,496)	(1,458)	(586)	2	(23)	30
(1,073)	289	891	1,784	185	(310)
4,620	927	510	—	—	—
—	—	—	4,546	3,130	3,239
1,192	1,626	1,577	(524)	723	1,918
23,301	23,772	19,902	26,424	21,783	18,933
(857)	855	1,707	3,839	(2,245)	5,881
22,444	24,627	21,609	30,263	19,538	24,814
(2,968)	(2,913)	(2,225)	(15,219)	(13,170)	(11,597)
—	—	—	8,460	6,796	6,019
—	—	—	(45,368)	(40,563)	(16,388)
10,826	1,987	—	117	9,022	8,106
1,047	1,497	267	1,699	386	209
(9,645)	(4,274)	(4,269)	(7,570)	(7,299)	(7,167)
(1,697)	100	1,519	(8,931)	(5,945)	(2,444)
(2,437)	(3,603)	(4,708)	(66,812)	(50,773)	(23,262)
1,003	(914)	(1,733)	(3,726)	(487)	(6,585)
(1,434)	(4,517)	(6,441)	(70,538)	(51,260)	(29,847)
(3,284)	1,233	(418)	3,398	6,464	(4,040)
8,751	130	1,704	92,016	88,276	65,055
(298)	(93)	(3,424)	(49,528)	(49,244)	(49,706)
(12,319)	(8,554)	(4,844)	—	—	—
(11,492)	(10,420)	(9,352)	(7,291)	(9,847)	(7,816)
—	—	—	(1,204)	(1,174)	(1,128)
(18,642)	(17,704)	(16,334)	37,391	34,475	2,365
(146)	59	26	(6)	(230)	407
(18,788)	(17,645)	(16,308)	37,385	34,245	2,772
2,222	2,465	(1,140)	(2,890)	2,523	(2,261)
4,480	2,015	3,155	12,629	10,106	12,367
6,702	4,480	2,015	9,739	12,629	10,106
—	—	—	284	177	3,139
$ 6,702	$ 4,480	$ 2,015	$ 9,455	$ 12,452	$ 6,967
$ (1,466)	$ (1,343)	$ (1,075)	$(21,874)	$(17,095)	$(15,518)
(4,036)	(2,203)	(1,829)	1,124	(666)	(1,425)

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.

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. Investments in and advances to associated companies are presented on a one-line basis in the caption "All other assets" in our Statement of Financial Position, net of allowance for losses that represents our best estimate of probable losses inherent in such assets.

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). GE Capital and its respective affiliates are consolidated in the accompanying GECS columns and constitute the majority of its business.
- **CONSOLIDATED** This represents the adding together of GE and GECS, giving effect to the elimination of transactions between GE and GECS.
- **OPERATING SEGMENTS** These comprise our six businesses, focused on the broad markets they serve: Infrastructure, Commercial Finance, GE Money, Healthcare, NBC Universal and Industrial. For segment reporting purposes, certain GECS businesses including Aviation Financial Services, Energy Financial Services and Transportation Finance are reported in the Infrastructure segment because Infrastructure actively manages such businesses and reports their results for internal performance measurement purposes. During the fourth quarter of 2007, we transferred the Equipment Services business from the Industrial segment to the Commercial Finance segment, where a portion of the business is reported in Capital Solutions. Prior period information has been reclassified to be consistent with the current organization.

Unless otherwise indicated, information in these notes to consolidated financial statements relates to continuing operations. Certain of our operations have been presented as discontinued. See note 2.

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 respective periods.

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 all sales of goods and services only when a firm sales agreement is in place, delivery has occurred or services have been rendered and collectibility of the fixed or determinable sales price is reasonably assured. If customer acceptance of goods is not assured, we record sales only upon formal customer acceptance.

Sales of goods in the Industrial segment typically do not include multiple product and/or services elements. In contrast, sales of goods in the Infrastructure and Healthcare segments sometimes include multiple components. In such agreements, the amount assigned to each component is based on the total price and the undelivered component's objectively determined fair value, determined from sources such as the separate selling price for that or a similar component or from competitor prices for similar components. If fair value of the undelivered component cannot be determined satisfactorily, we defer sales recognition until it is delivered. When an undelivered performance obligation is inconsequential or perfunctory, we recognize sales on the total contract and provide for the cost of the unperformed obligation.

Except as otherwise noted, we do not provide for anticipated losses before we record sales. We often sell consumer products, home videos and computer hardware and software products with a right of return. We use our accumulated experience to estimate and provide for such returns when we record the sale. Except for goods sold under long-term agreements, we recognize sales of goods under the provisions of U.S. Securities and Exchange Commission Staff Accounting Bulletin 104, *Revenue Recognition* (SAB 104). Among other things, we recognize such sales when we have no risk of transit damage, a policy that in certain cases requires us to delay recognition of otherwise qualified sales until the goods have been physically delivered.

We account for revenue recognition on agreements for sales of goods and services under power generation unit and uprate contracts; nuclear fuel assemblies; larger oil drilling equipment projects; turbo-machinery unit contracts; military development contracts; and long-term construction projects, including construction of information technology systems in our Healthcare segment, under AICPA Statement of Position (SOP) 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*. Under SOP 81-1, we estimate total contract revenue net of price concessions as well as total contract costs. For goods sold under power generation unit and uprate contracts, nuclear fuel assemblies, turbo-machinery unit contracts and military development contracts, we recognize sales as we complete major contract-specified deliverables,

most often when customers receive title to the goods or accept the services as performed. For larger oil drilling equipment projects and long-term construction projects, we recognize sales based on our progress towards contract completion measured by actual costs incurred in relation to our estimate of total expected costs. We measure SOP 81-1 revenues by applying our contract-specific estimated margin rates to incurred costs. We routinely update our estimates of future costs for agreements in process and report any cumulative effects of such adjustments in current operations. We provide for any loss that we expect to incur on these agreements when that loss is probable.

We recognize revenue upon delivery for sales of aircraft engines, military propulsion equipment and related spare parts not sold under long-term product services agreements. Delivery of large and small commercial engines, non-U.S. military equipment and all related spare parts occurs on shipment; delivery of military propulsion equipment sold to the U.S. Government or agencies thereof occurs upon receipt of a Material Inspection and Receiving Report, DD Form 250. Large commercial engines (CF6, CFM56, GE90, GEnx and GP7000) are complex aerospace equipment manufactured to customer order under a variety of sometimes-complex, long-term agreements. We measure sales of large commercial engines by applying our contract-specific estimated margin rates to incurred costs. We routinely update our estimates of future costs for large commercial engine agreements in process and report any cumulative effects of such adjustments in current operations. We measure revenue for small aircraft engines, military propulsion equipment and spare parts not subject to long-term product services agreements based on the specific contract on a specifically-measured output basis, although no faster than ratably. We provide for any loss that we expect to incur on these agreements when that loss is probable; consistent with industry practice, for commercial engines, we make such provision only if such losses are not recoverable from future highly probable sales of spare parts for those engines.

We sell product services under long-term agreements in our Infrastructure segment, principally Aviation, Energy and Transportation, where costs of performing services are incurred on other than a straight-line basis. We also sell product services in Healthcare, where such costs are expected to be on a straight-line basis. All of these agreements are accounted for under FASB Technical Bulletin (FTB) 90-1, *Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts*. For the Infrastructure FTB 90-1 agreements, we recognize related sales based on the extent of our progress towards completion measured by actual costs incurred in relation to total expected costs. We routinely update our estimates of future costs for agreements in process and report any cumulative effects of such adjustments in current operations. For the Healthcare FTB 90-1 agreements, we recognize revenues on a straight-line basis and expense related costs as incurred. We provide for any loss that we expect to incur on any of these agreements when that loss is probable.

NBC Universal records broadcast and cable television and Internet 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 delivered to and available for sale by retailers; fees from cable/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 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 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 loans when the customer's account is less than 90 days past due.

We recognize financing lease income on the interest method to produce a level yield on funds not yet recovered. Estimated unguaranteed residual values at the date of lease inception represent our initial estimates of the fair value of the leased assets at the expiration of the lease and are based primarily on independent appraisals, which are updated periodically. Guarantees of residual values by unrelated third parties are considered part of minimum lease payments. Significant assumptions we use in estimating residual values include estimated net cash flows over the remaining lease term, anticipated results of future remarketing, and estimated 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.

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.

The cost of individually significant customer relationships is amortized in proportion to estimated total related sales; cost of other intangible assets is amortized on a straight-line basis over the asset's estimated economic life. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. See notes 14 and 15.

NBC Universal 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. Estimates of total revenues and costs are based on anticipated release patterns, public acceptance and historical results for similar products. We defer the costs of acquired broadcast material, including rights to material for use on NBC Universal's broadcast and cable/satellite television 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 we judge principal to be uncollectible.

Our portfolio consists entirely of homogenous consumer loans and of commercial loans and leases. The underlying assumptions, estimates and assessments we use to provide for losses 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.

Our consumer loan portfolio consists of smaller balance, homogenous loans including card receivables, installment loans, auto loans and leases and residential mortgages. We collectively evaluate each portfolio 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 analyses include migration analysis, in which historical delinquency and credit loss experience is applied to the current aging of the portfolio, together with other 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.

We write off unsecured closed-end installment loans at 120 days contractually past due and unsecured open-ended revolving loans at 180 days contractually past due. We write down consumer loans secured by collateral other than residential real estate to the fair value of the collateral, less costs to sell, when such loans are 120 days past due. Consumer loans secured by residential real estate (both revolving and closed-end loans) are written down to the fair value of collateral, less costs to sell, no later than when they become 360 days past due. During 2007, we conformed our reserving methodology in our residential mortgage loan portfolios. Unsecured consumer loans in bankruptcy are written off within 60 days of notification of filing by the bankruptcy court or within contractual write-off periods, whichever occurs earlier.

Our commercial loan and lease portfolio consists of a variety of loans and leases, including both larger balance, non-homogenous loans and leases and smaller balance homogenous commercial and equipment loans and leases. Losses on such loans and leases are recorded when probable and estimable. We routinely survey our entire portfolio for potential specific credit or collection issues that might indicate an impairment. For larger balance, non-homogenous loans and leases, 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. We routinely receive 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. We provide 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 based on historical and projected default rates and loss severity, and it is prepared by each respective line of business.

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 loan, we write down the receivable against the allowance for losses. Repossessed collateral is included in the caption "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 remainder of our commercial loans and leases are portfolios of smaller balance homogenous commercial and equipment positions that we evaluate collectively by portfolio for impairment based upon various statistical analyses considering historical losses and aging.

Partial sales of business interests

We record gains or losses on sales of their own shares by affiliates except when realization of gains is not reasonably assured, in which case we record the results in shareowners' equity. We record gains or losses on sales of interests in commercial and military engine and turbo-machinery equipment programs.

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 in our insurance portfolio, at fair value based on quoted market prices or, if quoted prices are not available, discounted expected cash flows using market rates commensurate with the 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 both quantitative and qualitative criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to maturity or until forecasted recovery, and the financial health of and specific prospects for the issuer. Unrealized losses that are other than temporary are recognized in earnings. Realized gains and losses are accounted for on the specific identification method. Unrealized gains and losses on investment securities classified as trading and certain retained interests are included in earnings.

Inventories

All inventories are stated at the lower of cost or realizable values. Cost for a significant portion of GE 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. LIFO was used for 56% and 49% of GE inventories at December 31, 2007 and 2006, respectively. GECS inventories consist of finished products held for sale; 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 all or a portion of 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. The cost of intangible assets is amortized on a straight-line basis over the asset's estimated economic life, except that individually significant customer-related intangible assets are amortized in relation to total related sales. 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 investment contracts, insurance liabilities and insurance annuity benefits

Certain entities, which we consolidate, provide guaranteed investment contracts to states, municipalities and municipal authorities.

Our insurance activities also include providing insurance and reinsurance for life and health risks and providing certain annuity products. Three product groups are provided: traditional insurance contracts, investment contracts and universal life insurance contracts. Insurance contracts are contracts with significant mortality and/or morbidity risks, while investment contracts are contracts without such risks. Universal life insurance contracts are a particular type of long-duration insurance contract whose terms are not fixed and guaranteed.

For short-duration insurance contracts, including accident and health insurance, we report premiums as earned income over the terms of the related agreements, generally on a pro-rata basis. For traditional long-duration insurance contracts including term, whole life and annuities payable for the life of the annuitant, we report premiums as earned income when due.

Premiums received on investment contracts (including annuities without significant mortality risk) and universal life contracts are not reported as revenues but rather as deposit liabilities. We recognize revenues for charges and assessments on these contracts, mostly for mortality, contract initiation, administration and surrender. Amounts credited to policyholder accounts are charged to expense.

Liabilities for traditional long-duration insurance contracts represent the present value of such benefits less the present value of future net premiums based on mortality, morbidity, interest and other assumptions at the time the policies were issued or acquired. Liabilities for investment contracts and universal life policies equal the account value, that is, the amount that accrues to the benefit of the contract or policyholder including credited interest and assessments through the financial statement date.

Liabilities for unpaid claims and claims adjustment expenses represent our best estimate of the ultimate obligations for reported and incurred-but-not-reported claims and the related estimated claim settlement expenses. Liabilities for unpaid claims and claims adjustment expenses are continually reviewed and adjusted through current operations.

Accounting changes

On January 1, 2007, we adopted FASB Interpretation (FIN) 48, *Accounting for Uncertainty in Income Taxes*, and FASB Staff Position (FSP) FAS 13-2, *Accounting for a Change or Projected Change in the Timing of Cash Flows Relating to Income Taxes Generated by a Leveraged Lease Transaction*. Among other things, FIN 48 requires application of a "more likely than not" threshold to the recognition and derecognition of tax positions. FSP FAS 13-2 requires recalculation of returns on leveraged leases when there is a change in the timing or projected timing of cash flows relating to income taxes associated with such leases. The January 1, 2007, transition reduced our retained earnings by $126 million, $49 million associated with FIN 48 and $77 million with FSP FAS 13-2. Of this total, $89 million was a decrease in goodwill and $77 million was a decrease in financing receivables — net, partially offset by a $40 million decrease in income tax liabilities.

On January 1, 2007, we adopted FASB Statement of Financial Accounting Standards (SFAS) 155, *Accounting for Certain Hybrid Financial Instruments*. This statement amended SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, to include within its scope prepayment features in newly created or acquired retained interests related to securitizations. SFAS 155 changed the basis on which we recognize earnings on these retained interests from level yield to fair value. See notes 9 and 27.

We adopted SFAS 123 (Revised 2004), *Share-Based Payment* (SFAS 123R) and related FSPs, effective January 1, 2006. Among other things, SFAS 123R requires expensing the fair value of stock options, a previously optional accounting method that we adopted voluntarily in 2002, and classification of excess tax benefits associated with share-based compensation deductions as cash from financing activities rather than cash from operating activities. We chose the modified prospective transition method, which requires that the new guidance be applied to the unvested portion of all outstanding stock option grants as of January 1, 2006, and to new grants after that date. We further applied the alternative transition method provided in FSP FAS 123(R)-3, *Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards*. The transitional effects of SFAS 123R and related FSPs consisted of a reduction in net earnings of $10 million for the year ended December 31, 2006, to expense the unvested portion of options granted in 2001; and classification of $173 million related to excess tax benefits from share-based compensation deductions as cash from financing activities in our Statement of Cash Flows beginning in 2006, which previously would have been included in cash from operating activities.

SFAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, became effective for us as of December 31, 2006, and requires recognition of an asset or liability in the statement of financial position reflecting the funded status of pension and other postretirement benefit plans such as retiree health and life, with current-year changes in the funded status recognized in shareowners' equity. SFAS 158 did not change the existing criteria for measurement of periodic benefit costs, plan assets or benefit obligations. The incremental effect of the initial adoption of SFAS 158 reduced our shareowners' equity at December 31, 2006, by $3,819 million.

Note 2

Discontinued Operations

We classified our Japanese personal loan business (Lake), our U.S. mortgage business (WMC), Plastics, Advanced Materials, GE Life, Genworth Financial, Inc. (Genworth) and most of GE Insurance Solutions Corporation (GE Insurance Solutions) as discontinued operations. Associated results of operations, financial position and cash flows are separately reported for all periods presented.

WMC

In December 2007, we completed the sale of our U.S. mortgage business for $117 million in cash. In connection with the transaction, certain contractual obligations and potential liabilities related to previously sold loans were retained. We sold this business because of continued pressures in the U.S. subprime mortgage industry. As a result, we recognized an after-tax loss of $62 million during 2007. WMC revenues from discontinued operations were ($1,424) million, $536 million and $607 million in 2007, 2006 and 2005, respectively. In total, WMC's loss from discontinued operations, net of taxes, was $987 million in 2007, compared with earnings of $29 million and $122 million in 2006 and 2005, respectively.

Lake

In September 2007, we committed to a plan to sell our Lake business. We made the decision to sell this business upon determining that, despite restructuring, Japanese regulatory limits for interest charges on unsecured personal loans did not permit us to earn an acceptable return. We are actively pursuing a buyer and expect to complete the sale of this business by the end of the third quarter of 2008. In connection with this exit, we recorded an after-tax loss of $908 million in 2007, which represents the difference between the net book value of our Lake business and the projected sale price. Lake revenues from discontinued operations were $1,056 million, $1,440 million and $1,737 million in 2007, 2006 and 2005, respectively. In total, Lake's loss from discontinued operations, net of taxes, was $1,231 million in 2007, compared with earnings of $211 million and $401 million in 2006 and 2005, respectively.

Plastics and Advanced Materials

In August 2007, we completed the sale of our Plastics business to Saudi Basic Industries Corporation for $11,577 million in cash. We sold this business because of its cyclicality, rising costs of natural gas and raw materials, and the decision to redeploy

capital resources into higher-growth businesses. Also, during the fourth quarter of 2006, we sold our Advanced Materials business. As a result of these sales, we recognized after-tax gains of $1,578 million and $441 million during 2007 and 2006, respectively. Plastics and Advanced Materials revenues from discontinued operations were $4,286 million, $8,795 million and $8,882 million in 2007, 2006 and 2005, respectively. In total, GE Plastics and Advanced Materials earnings from discontinued operations, net of taxes, were $1,867 million, $959 million and $793 million in 2007, 2006 and 2005, respectively.

GE Life

In December 2006, we completed the sale of GE Life, our U.K.-based life insurance operation, to Swiss Reinsurance Company (Swiss Re) for $910 million. As a result, we recognized after-tax losses of $3 million and $267 million during 2007 and 2006, respectively. GE Life revenues from discontinued operations were $2,096 million and $2,286 million in 2006 and 2005, respectively. In total, GE Life losses from discontinued operations, net of taxes, were $3 million, $178 million and $28 million in 2007, 2006 and 2005, respectively.

GE Insurance Solutions

In June 2006, we completed the sale of the property and casualty insurance and reinsurance businesses and the European life and health operations of GE Insurance Solutions to Swiss Re for $9,297 million, including the assumption of $1,700 million of debt. We received $5,359 million in cash and $2,238 million of newly issued Swiss Re common stock, representing a 9% interest in Swiss Re. As a result of the exit, we recognized earnings of $16 million in 2007, compared with losses of $134 million and $934 million in 2006 and 2005, respectively. GE Insurance Solutions revenues from discontinued operations were $2,815 million and $7,451 million in 2006 and 2005, respectively. In total, GE Insurance Solutions earnings from discontinued operations, net of taxes, were $15 million and $148 million in 2007 and 2006, respectively, compared with a loss of $2,850 million in 2005.

Genworth

In March 2006, we completed the sale of our remaining 18% investment in Genworth through a secondary public offering of 71 million shares of Class A Common Stock and direct sale to Genworth of 15 million shares of Genworth Class B Common Stock. As a result of initial and secondary public offerings, we recognized after-tax gains of $85 million (primarily from a tax adjustment related to the 2004 initial public offering), $220 million and $552 million in 2007, 2006 and 2005, respectively. Genworth revenues from discontinued operations were $5 million and $7,908 million in 2006 and 2005, respectively. In total, Genworth earnings from discontinued operations, net of taxes, were $79 million, $193 million and $928 million in 2007, 2006 and 2005, respectively.

Summarized financial information for discontinued GE industrial operations is shown below.

(In millions)	2007	2006	2005
OPERATIONS			
Total revenues	**$4,286**	$8,795	$8,882
Earnings from discontinued operations before income taxes	**$ 233**	$ 577	$ 875
Income tax benefit (expense)	**56**	(59)	(82)
Earnings from discontinued operations before disposal, net of taxes	**$ 289**	$ 518	$ 793
DISPOSAL			
Gain on disposal before income taxes	**$2,362**	$ 357	$ —
Income tax benefit (expense)	**(784)**	84	—
Gain on disposal, net of taxes	**$1,578**	$ 441	$ —
EARNINGS FROM DISCONTINUED OPERATIONS, NET OF TAXES	**$1,867**	$ 959	$ 793

December 31 (In millions)	2007	2006
ASSETS		
Inventories	**$ —**	$1,447
Property, plant and equipment — net	**9**	4,063
Intangible assets — net	**—**	2,081
Other	**57**	1,165
Assets of discontinued operations	**$ 66**	$8,756
LIABILITIES		
Accounts payable, principally trade accounts	**$ —**	$ 944
Other GE current liabilities	**146**	594
Other	**156**	701
Liabilities of discontinued operations	**$302**	$2,239

Summarized financial information for discontinued GECS operations is shown below.

(In millions)	2007	2006	2005
OPERATIONS			
Total revenues	**$ (368)**	$6,892	$19,989
Earnings (loss) from discontinued operations before income taxes	**$(2,211)**	$ 599	$ (1,457)
Income tax benefit (expense)	**956**	(15)	412
Earnings (loss) from discontinued operations before disposal, net of taxes	**$(1,255)**	$ 584	$ (1,045)
DISPOSAL			
Gain (loss) on disposal before income taxes	**$(1,510)**	$ (75)	$ 629
Income tax benefit (expense)	**638**	(106)	(1,011)
Loss on disposal, net of taxes	**$ (872)**	$ (181)	$ (382)
EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAXES	**$(2,127)**	$ 403	$ (1,427)

December 31 (In millions)	2007	2006
ASSETS		
Cash and equivalents	**$ 284**	$ 177
Financing receivables—net	**5,138**	5,643
All other assets	**115**	4,823
Other	**1,166**	476
Assets of discontinued operations	**$6,703**	$11,119
LIABILITIES		
Liabilities of discontinued operations	**$1,526**	$ 485

Assets and liabilities at December 31, 2007, were primarily at our Lake business.

Note 3

Other Income

(In millions)	2007	2006	2005
GE			
Sales of business interests[a]	**$1,541**	$ 878	$ 576
Associated companies	**671**	437	312
Interest income from GECS	**329**	145	110
Marketable securities and bank deposits	**282**	272	89
Licensing and royalty income	**255**	220	224
Other items	**293**	355	443
	3,371	2,307	1,754
ELIMINATIONS	**(352)**	(153)	(81)
Total	**$3,019**	$2,154	$1,673

(a) Included gain on sale of a business interest to Hitachi of $900 million in 2007.

Note 4

GECS Revenues from Services

(In millions)	2007	2006	2005
Interest on loans	**$24,034**	$20,755	$18,078
Equipment leased to others	**15,260**	12,940	11,587
Fees	**6,544**	5,383	4,902
Investment income[a]	**4,724**	3,115	3,134
Financing leases	**4,699**	4,298	3,990
Real estate investments	**4,669**	3,138	1,919
Premiums earned by insurance activities	**2,232**	2,084	2,333
Associated companies	**2,172**	2,079	1,320
Gross securitization gains	**1,812**	1,187	1,051
Other items	**5,322**	4,263	4,365
Total	**$71,468**	$59,242	$52,679

(a) Included gain on sale of Swiss Re common stock of $566 million in 2007.

Note 5

Supplemental Cost Information

Total expenditures for research and development were $4,075 million, $3,480 million and $3,235 million in 2007, 2006 and 2005, respectively. The portion we funded was $3,009 million in 2007, $2,790 million in 2006 and $2,551 million in 2005.

Rental expense under operating leases is shown below.

(In millions)	2007	2006	2005
GE	**$ 929**	$854	$862
GECS	**1,022**	927	918

At December 31, 2007, minimum rental commitments under noncancellable operating leases aggregated $2,647 million and $3,671 million for GE and GECS, respectively. Amounts payable over the next five years follow.

(In millions)	2008	2009	2010	2011	2012
GE	$509	$478	$416	$384	$338
GECS	752	691	515	395	337

Payments under revenue sharing partnerships amounted to $1.9 billion, $1.4 billion and $1.2 billion in 2007, 2006 and 2005, respectively, and are included in cost of goods sold. GE's selling, general and administrative expenses totaled $14,148 million in 2007, $12,893 million in 2006 and $12,316 million in 2005.

Note 6

Postretirement Benefit Plans

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. We use a December 31 measurement date for our plans.

PRINCIPAL RETIREE BENEFIT PLANS provide health and life insurance benefits to certain employees who retire under the GE Pension Plan with 10 or more years of service. Eligible retirees share in the cost of healthcare benefits. These plans cover approximately 235,000 retirees and dependents.

COST OF PRINCIPAL RETIREE BENEFIT PLANS

(In millions)	2007	2006	2005
Expected return on plan assets	**$ (125)**	$(127)	$ (138)
Service cost for benefits earned	**286**	229	243
Interest cost on benefit obligation	**577**	455	507
Prior service cost amortization	**603**	363	326
Net actuarial loss (gain) amortization	**(17)**	64	70
Retiree benefit plans cost	**$1,324**	$ 984	$1,008

ACTUARIAL ASSUMPTIONS are described below. The discount rates at December 31 measured the year-end benefit obligations and the earnings effects for the subsequent year.

December 31	2007	2006	2005	2004
Discount rate[a]	**6.31%**	5.75%	5.25%	5.75%
Compensation increases	**5.00**	5.00	5.00	5.00
Expected return on assets	**8.50**	8.50	8.50	8.50
Initial healthcare trend rate[b]	**9.10**	9.20	10.00	10.30

(a) Weighted average discount rate of 6.05% was used for determination of costs in 2007.

(b) For 2007, gradually declining to 6% for 2025 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 the amounts 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. We fund retiree health benefits on a pay-as-you-go basis. We expect to contribute approximately $700 million in 2008 to fund such benefits. 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)	2007	2006
Balance at January 1	**$ 8,262**	$9,084
Service cost for benefits earned	**286**	229
Interest cost on benefit obligation	**577**	455
Participant contributions	**47**	43
Plan amendments	**4,257**	—
Actuarial loss (gain)	**320**	(707)
Benefits paid[a]	**(796)**	(810)
Other	**30**	(32)
Balance at December 31[b]	**$12,983**	$8,262

(a) Net of Medicare Part D subsidy of $73 million and $75 million in 2007 and 2006, respectively.

(b) The APBO for the retiree health plans was $10,847 million and $6,001 million at year-end 2007 and 2006, respectively.

In July 2007, we approved new four-year labor agreements that were negotiated with and ratified by most of our U.S. unions. The agreements amended our retiree health plans in several ways, including eliminating provisions limiting our future contributions, increasing participants' lifetime maximum coverage, increasing participant contributions and co-pays, and improving various other benefits.

A one percentage point change in the assumed healthcare cost trend rate would have the following effects.

(In millions)	1% increase	1% decrease
APBO at December 31, 2007	$1,157	$(986)
Service and interest cost in 2007	102	(85)

FAIR VALUE OF PLAN ASSETS

(In millions)	2007	2006
Balance at January 1	**$1,710**	$1,619
Actual gain on plan assets	**221**	222
Employer contributions	**622**	636
Participant contributions	**47**	43
Benefits paid[a]	**(796)**	(810)
Balance at December 31	**$1,804**	$1,710

(a) Net of Medicare Part D subsidy.

PLAN ASSET ALLOCATION

	2007		2006
December 31	Target allocation	Actual allocation	Actual allocation
U.S. equity securities	**30–45%**	**33%**	40%
Non-U.S. equity securities	**15–25**	**20**	21
Debt securities	**20–38**	**31**	30
Real estate	**1–10**	**6**	3
Private equities	**1–11**	**5**	3
Other	**1–11**	**5**	3

Plan fiduciaries set investment policies and strategies for the trust and oversee its investment allocation, which includes selecting investment managers and setting long-term strategic targets. Long-term strategic investment objectives include preserving the funded status of the plan and balancing risk and return. 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 generally be invested in securities rated A1/P1 or better, except for 15% of such securities that may be rated A2/P2. GE common stock represented 5.9% and 6.1% of trust assets at year-end 2007 and 2006, respectively, and is subject to a statutory limit at 10% of total trust assets.

RETIREE BENEFIT ASSET (LIABILITY)

December 31 (In millions)	2007	2006
Funded status[a]	**$(11,179)**	$(6,552)
Liability recorded in the Statement of Financial Position		
Retiree health plans		
Due within one year	**$ (675)**	$ (681)
Due after one year	**(10,172)**	(5,320)
Retiree life plans	**(332)**	(551)
Net liability recognized	**$(11,179)**	$(6,552)
Amounts recorded in shareowners' equity		
Prior service cost	**$ 5,700**	$ 2,046
Net actuarial loss	**210**	4
Total	**$ 5,910**	$ 2,050

(a) Fair value of assets less APBO, as shown in the preceding tables.

In 2008, we estimate that we will amortize $675 million of prior service cost and $40 million of net actuarial loss from shareowners' equity into retiree benefit plans cost. Comparable amortized amounts in 2007 were $603 million cost and $17 million cost reduction, respectively.

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	2008	2009	2010	2011	2012	2013–2017
Gross	$935	$990	$1,050	$1,105	$1,115	$5,850
Expected Medicare Part D subsidy	85	90	100	105	115	675
Net	$850	$900	$ 950	$1,000	$1,000	$5,175

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. We use a December 31 measurement date for our plans.

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 2007 included 29 U.S. and non-U.S. pension plans with pension assets or obligations greater than $50 million. These defined benefit plans provide benefits to employees based on formulas recognizing length of service and earnings.

PENSION PLAN PARTICIPANTS

December 31, 2007	Total	Principal pension plans	Other pension plans
Active employees	182,000	135,000	47,000
Vested former employees	234,000	195,000	39,000
Retirees and beneficiaries	235,000	210,000	25,000
Total	651,000	540,000	111,000

COST OF PENSION PLANS

	Total			Principal pension plans			Other pension plans		
(In millions)	2007	2006	2005	2007	2006	2005	2007	2006	2005
Expected return on plan assets	**$(4,459)**	$(4,211)	$(4,242)	**$(3,950)**	$(3,811)	$(3,885)	**$(509)**	$(400)	$(357)
Service cost for benefits earned	**1,727**	1,719	1,618	**1,355**	1,402	1,359	**372**	317	259
Interest cost on benefit obligation	**2,885**	2,685	2,609	**2,416**	2,304	2,248	**469**	381	361
Prior service cost amortization	**247**	258	262	**241**	253	256	**6**	5	6
Net actuarial loss amortization	**856**	893	480	**693**	729	351	**163**	164	129
Pension plans cost	**$ 1,256**	$ 1,344	$ 727	**$ 755**	$ 877	$ 329	**$ 501**	$ 467	$ 398

ACTUARIAL ASSUMPTIONS are described below. The discount rates at December 31 measured the year-end benefit obligations and the earnings effects for the subsequent year.

	Principal pension plans				Other pension plans (weighted average)			
December 31	2007	2006	2005	2004	2007	2006	2005	2004
Discount rate	**6.34%**	5.75%	5.50%	5.75%	**5.65%**	4.97%	4.74%	5.28%
Compensation increases	**5.00**	5.00	5.00	5.00	**4.50**	4.26	4.20	4.03
Expected return on assets	**8.50**	8.50	8.50	8.50	**7.51**	7.44	7.47	7.67

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 the amounts 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 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 and will not make any such contributions in 2008. In 2008, we expect to pay approximately $150 million for benefit payments under our GE Supplementary Pension Plan and administrative expenses of our principal pension plans and expect to contribute approximately $505 million to other pension plans. In 2007, comparative amounts were $136 million and $730 million, respectively.

BENEFIT OBLIGATIONS are described in the following tables. 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)	2007	2006	2007	2006
Balance at January 1	**$43,293**	$43,331	**$9,034**	$8,097
Service cost for benefits earned	**1,355**	1,402	**372**	317
Interest cost on benefit obligations	**2,416**	2,304	**469**	381
Participant contributions	**173**	162	**43**	37
Plan amendments	**1,470**	80	**26**	(18)
Actuarial loss (gain)[a]	**(3,205)**	(1,514)	**(665)**	27
Benefits paid	**(2,555)**	(2,472)	**(370)**	(287)
Acquisitions (dispositions) – net	**—**	—	**(311)**	(40)
Exchange rate adjustments	**—**	—	**416**	520
Balance at December 31[b]	**$42,947**	$43,293	**$9,014**	$9,034

(a) Principally associated with discount rate changes.

(b) The PBO for the GE Supplementary Pension Plan was $3,437 million and $3,554 million at year-end 2007 and 2006, respectively.

ACCUMULATED BENEFIT OBLIGATION

December 31 (In millions)	2007	2006
GE Pension Plan	**$38,155**	$38,137
GE Supplementary Pension Plan	**2,292**	2,314
Other pension plans	**8,175**	8,053

PLANS WITH ASSETS LESS THAN ABO

December 31 (In millions)	2007	2006
Funded plans with assets less than ABO		
Plan assets	**$3,639**	$4,833
Accumulated benefit obligations	**3,974**	5,828
Projected benefit obligations	**4,595**	6,667
Unfunded plans[a]		
Accumulated benefit obligations	**3,111**	3,052
Projected benefit obligations	**4,283**	4,310

(a) Primarily related to the GE Supplementary Pension Plan.

FAIR VALUE OF PLAN ASSETS

	Principal pension plans		Other pension plans	
(In millions)	2007	2006	2007	2006
Balance at January 1	**$54,758**	$49,096	**$6,435**	$5,213
Actual gain on plan assets	**7,188**	7,851	**614**	679
Employer contributions	**136**	121	**730**	451
Participant contributions	**173**	162	**43**	37
Benefits paid	**(2,555)**	(2,472)	**(370)**	(287)
Acquisitions (dispositions) – net	**—**	—	**(372)**	2
Exchange rate adjustments	**—**	—	**331**	340
Balance at December 31	**$59,700**	$54,758	**$7,411**	$6,435

PLAN ASSET ALLOCATION

	Principal pension plans		
	2007		2006
December 31	Target allocation	Actual allocation	Actual allocation
U.S. equity securities	**30–45%**	**32%**	38%
Non-U.S. equity securities	**15–25**	**20**	21
Debt securities	**15–32**	**24**	22
Real estate	**4–10**	**9**	5
Private equities	**5–11**	**9**	7
Other	**1–10**	**6**	7

Plan fiduciaries of the GE Pension Plan set investment policies and strategies for the GE Pension Trust and oversee its investment allocation, which includes selecting investment managers, commissioning periodic asset-liability studies and setting long-term strategic targets. Long-term strategic investment objectives include preserving the funded status of the plan and balancing risk and return. 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 generally be rated A1/P1 or better, except for 15% of such securities that may be rated A2/P2.

- Real estate investments may not exceed 25% of total assets.
- Investments in restricted securities that are not freely tradable may not exceed 20% of total assets (actual was 15% of trust assets at December 31, 2007).
- GE stock is subject to a statutory limit at 10% of total trust assets (actual was 5.6% and 6.1% at the end of 2007 and 2006, respectively).

At December 31, 2007, GE Pension Trust assets included exposure to $975 million of subprime residential mortgage-backed securities. A majority of these assets have received credit ratings of Double A or better from the major rating agencies. Our subprime investment securities were collateralized primarily by pools of individual, direct mortgage loans, not other structured products such as collateralized debt obligations.

	Other pension plans (weighted average)		
	2007		2006
December 31	Target allocation	Actual allocation	Actual allocation
Equity securities	65%	67%	67%
Debt securities	28	25	26
Real estate	4	4	3
Other	3	4	4

PENSION ASSET (LIABILITY)

	Principal pension plans		Other pension plans	
December 31 (In millions)	2007	2006	2007	2006
Funded status[a]	$16,753	$11,465	$(1,603)	$(2,599)
Pension asset (liability) recorded in the Statement of Financial Position				
Pension asset	$20,190	$15,019	$ 258	$ 46
Unfunded liabilities				
Due within one year[b]	(111)	(106)	(54)	(49)
Due after one year[b]	(3,326)	(3,448)	(1,807)	(2,596)
Net amount recognized	$16,753	$11,465	$(1,603)	$(2,599)
Amounts recorded in shareowners' equity				
Prior service cost	$ 2,060	$ 831	$ 65	$ 15
Net actuarial loss (gain)	(4,974)	2,162	654	1,704
Total	$ (2,914)	$ 2,993	$ 719	$ 1,719

(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.

In 2008, we estimate that we will amortize $325 million of prior service cost and $225 million of net actuarial loss for the principal pension plans from shareowners' equity into pension cost. For other pension plans, the estimated prior service cost and net actuarial loss to be amortized over the next fiscal year are $10 million and $70 million, respectively. Comparable amortized amounts in 2007, respectively, were $241 million and $693 million for principal pension plans and $6 million and $163 million for other pension plans.

ESTIMATED FUTURE BENEFIT PAYMENTS

(In millions)	2008	2009	2010	2011	2012	2013–2017
Principal pension plans	$2,650	$2,700	$2,750	$2,850	$2,900	$15,600
Other pension plans	335	345	350	350	375	2,025

Postretirement Benefit Plans

2007 COST OF POSTRETIREMENT BENEFIT PLANS AND CHANGES IN EQUITY OTHER THAN TRANSACTIONS WITH SHAREOWNERS

(In millions)	Total postretirement benefit plans	Retiree benefit plans	Principal pension plans	Other pension plans
Cost of postretirement benefit plans	$ 2,580	$1,324	$ 755	$ 501
Changes in equity other than transactions with shareowners				
Net actuarial loss (gain) — current year	$(7,111)	$ 189	$(6,443)	$ (857)
Prior service cost — current year	5,753	4,257	1,470	26
Prior service cost amortization	(850)	(603)	(241)	(6)
Net actuarial gain (loss) amortization	(839)	17	(693)	(163)
Total changes in equity other than transactions with shareowners	(3,047)	3,860	(5,907)	(1,000)
Cost of postretirement benefit plans and changes in equity other than transactions with shareowners	$ (467)	$5,184	$(5,152)	$ (499)

Note 7

Provision for Income Taxes

(In millions)	2007	2006	2005
GE			
Current tax expense	$2,230	$1,849	$2,797
Deferred tax expense (benefit) from temporary differences	564	703	(119)
	2,794	2,552	2,678
GECS			
Current tax expense	1,277	391	2,090
Deferred tax expense (benefit) from temporary differences	59	1,007	(944)
	1,336	1,398	1,146
CONSOLIDATED			
Current tax expense	3,507	2,240	4,887
Deferred tax expense (benefit) from temporary differences	623	1,710	(1,063)
Total	$4,130	$3,950	$3,824

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 U.S. earnings from continuing operations before income taxes were $8,840 million in 2007, $9,954 million in 2006 and $10,296 million in 2005. The corresponding amounts for non-U.S.-based operations were $17,758 million in 2007, $13,376 million in 2006 and $10,882 million in 2005.

Consolidated current tax expense includes amounts applicable to U.S. federal income taxes of $87 million, $514 million and $2,755 million in 2007, 2006 and 2005, respectively, and amounts applicable to non-U.S. jurisdictions of $3,029 million, $1,500 million and $1,910 million in 2007, 2006 and 2005, respectively. Consolidated deferred taxes related to U.S. federal income taxes were expenses of $769 million and $1,544 million in 2007 and 2006, respectively, and a benefit of $238 million in 2005.

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 taxable temporary differences, forecasted operating earnings and available tax planning strategies. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established. See note 20.

Our businesses are subject to a wide variety of U.S. federal, state and foreign tax laws and regulations. Changes to these laws or regulations may affect our tax liability, return on investments and business operations. For example, GE's effective tax rate is reduced because active business income earned and indefinitely reinvested outside the United States is taxed at less than the U.S. rate. A significant portion of this reduction depends upon a provision of U.S. tax law that defers the imposition of U.S. tax on certain active financial services income until that income is repatriated to the United States as a dividend. This provision is consistent with international tax norms and permits U.S. financial services companies to compete more effectively with foreign banks and other foreign financial institutions in global markets. This provision, which is scheduled to expire at the end of 2008, has been scheduled to expire on four previous occasions, and each time it has been extended by Congress. If this provision is not extended, the current U.S. tax imposed on active financial services income earned outside the United States would increase, making it more difficult for U.S. financial services companies to compete in global markets. If this provision were not extended, we expect our effective tax rate to increase after 2010.

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, 2007, were approximately $62 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) allowed 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 of those earnings, were met. Available U.S. foreign tax credits related to the repatriation are reduced under provisions of the Act. Because the vast majority of our non-U.S. earnings have been permanently reinvested in active business operations, we repatriated only $1.2 billion of non-U.S. earnings. Because a U.S. tax provision at normal tax rates had been provided on the majority of this amount, the result was a reduction of the 2005 consolidated tax rates of approximately 0.5 percentage points.

As discussed in note 1, on January 1, 2007, we adopted a new accounting standard, FIN 48, *Accounting for Uncertainty in Income Taxes*, resulting in a $49 million decrease in retained earnings, a $89 million decrease in goodwill and a $40 million decrease in income tax liability.

Annually, we file over 6,500 income tax returns in over 250 global taxing jurisdictions. We are under examination or engaged in tax litigation in many of these jurisdictions. During 2007, the IRS completed the audit of our consolidated U.S. income tax returns for 2000–2002. The IRS is currently auditing our consolidated U.S. income tax returns for 2003–2005. In addition, certain other U.S. tax deficiency issues and refund claims for previous years remain unresolved. It is reasonably possible that the 2003–2005 U.S. audit cycle will be completed during the next 12 months, which could result in a decrease in our balance of "unrecognized tax benefits" — that is, the aggregate tax effect of differences between tax return positions and the benefits recognized in our financial statements. We believe that there are no other jurisdictions in which the outcome of unresolved issues or claims is likely to be material to our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties.

The balance of unrecognized tax benefits, the amount of related interest and penalties we have provided and what we believe to be the range of reasonably possible changes in the next 12 months, were:

	2007	
(In millions)	December 31	January 1
Unrecognized tax benefits	$ 6,331	$ 6,806
Portion that, if recognized, would reduce tax expense and effective tax rate[a]	4,268	4,302
Accrued interest on unrecognized tax benefits	923	1,281
Accrued penalties on unrecognized tax benefits	77	121
Reasonably possible reduction to the balance of unrecognized tax benefits in succeeding 12 months	0–1,500	0–1,900
Portion that, if recognized, would reduce tax expense and effective tax rate[a]	0–1,250	0–900

(a) Some portion of such reduction might be reported as discontinued operations.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

(In millions)	2007
Balance at January 1, 2007	$ 6,806
Additions for tax positions of the current year	434
Additions for tax positions of prior years	1,439
Reductions for tax positions of prior years	(1,939)
Settlements with tax authorities	(330)
Expiration of the statute of limitations	(79)
Balance at December 31, 2007	$ 6,331

We classify interest on tax deficiencies as interest expense; we classify income tax penalties as provision for income taxes. For the year ended December 31, 2007, $(279) million of interest expense and $(34) million of tax expense related to penalties were recognized in the statement of operations.

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		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
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	—	—	—	(17.2)	(16.4)	(15.7)	—	—	—
Tax on global activities including exports	(15.7)	(16.7)	(15.4)	(5.0)	(6.5)	(5.0)	(21.2)	(21.1)	(22.2)
U.S. business credits	(1.1)	(1.4)	(1.4)	(0.3)	(0.4)	(0.2)	(1.5)	(2.2)	(2.7)
SES transaction	(2.1)	—	—	—	—	—	(4.0)	—	—
All other – net	(0.6)	—	(0.1)	(1.4)	(0.1)	(0.7)	1.4	0.3	1.2
	(19.5)	(18.1)	(16.9)	(23.9)	(23.4)	(21.6)	(25.3)	(23.0)	(23.7)
Actual income tax rate	15.5%	16.9%	18.1%	11.1%	11.6%	13.4%	9.7%	12.0%	11.3%

Note 8

Earnings Per Share Information

	2007		2006		2005	
(In millions; per-share amounts in dollars)	Diluted	Basic	Diluted	Basic	Diluted	Basic
CONSOLIDATED						
Earnings from continuing operations for per-share calculation[a]	$22,468	$22,468	$19,382	$19,380	$17,355	$17,354
Earnings (loss) from discontinued operations for per-share calculation[b]	$ (260)	$ (260)	$ 1,362	$ 1,362	$ (645)	$ (634)
Net earnings available for per-share calculation	$22,208	$22,208	$20,744	$20,742	$16,709	$16,720
AVERAGE EQUIVALENT SHARES						
Shares of GE common stock outstanding	10,182	10,182	10,359	10,359	10,570	10,570
Employee compensation-related shares, including stock options	36	—	35	—	41	—
Total average equivalent shares	10,218	10,182	10,394	10,359	10,611	10,570
PER-SHARE AMOUNTS						
Earnings from continuing operations	$ 2.20	$ 2.21	$ 1.86	$ 1.87	$ 1.64	$ 1.64
Earnings (loss) from discontinued operations	$ (0.03)	$ (0.03)	$ 0.13	$ 0.13	$ (0.06)	$ (0.06)
Net earnings per share	$ 2.17	$ 2.18	$ 2.00	$ 2.00	$ 1.57	$ 1.58

(a) Included dividend equivalents of approximately $1 million in each of the three years ended December 31, 2007.

(b) Included dilutive effects of subsidiary-issued stock-based awards of approximately $11 million in 2005.

Earnings-per-share amounts are computed independently for earnings from continuing operations, earnings (loss) from discontinued operations and net earnings. As a result, the sum of per-share amounts from continuing operations and discontinued operations may not equal the total per-share amounts for net earnings.

Note 9

Investment Securities

Investment securities comprise mainly investment-grade debt securities supporting obligations to annuitants and policyholders in our run-off insurance businesses and holders of guaranteed investment contracts.

	2007				2006			
December 31 (In millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
GE								
Debt – U.S. corporate	$ 301	$ 23	$ —	$ 324	$ 307	$ 24	$ —	$ 331
Equity – available-for-sale	21	3	(5)	19	10	2	(1)	11
	322	26	(5)	343	317	26	(1)	342
GECS								
Debt								
U.S. corporate	21,936	725	(669)	21,992	21,129	1,039	(202)	21,966
State and municipal	1,106	28	(8)	1,126	826	38	(4)	860
Residential mortgage-backed[(a)]	5,677	22	(225)	5,474	6,476	18	(21)	6,473
Commercial mortgage-backed	2,930	15	(49)	2,896	2,322	18	(25)	2,315
Asset-backed	2,307	3	(89)	2,221	2,071	5	(11)	2,065
Corporate – non-U.S.	1,489	47	(11)	1,525	1,664	92	(5)	1,751
Government – non-U.S.	1,082	70	(10)	1,142	1,296	105	(3)	1,398
U.S. government and federal agency	832	55	(37)	850	842	47	(6)	883
Retained interests[(b)(c)]	5,691	178	(57)	5,812	3,794	434	(13)	4,215
Equity								
Available-for-sale	1,524	265	(120)	1,669	4,446	1,060	(14)	5,492
Trading	386	—	—	386	54	—	—	54
	44,960	1,408	(1,275)	45,093	44,920	2,856	(304)	47,472
ELIMINATIONS	(7)	(1)	—	(8)	(7)	(1)	—	(8)
Total	$45,275	$1,433	$(1,280)	$45,428	$45,230	$2,881	$(305)	$47,806

(a) Substantially collateralized by U.S. mortgages.

(b) Included $2,339 million of retained interests at December 31, 2007, accounted for in accordance with SFAS 155, *Accounting for Certain Hybrid Financial Instruments*. See note 27.

(c) Amortized cost and estimated fair value included $25 million of trading securities at December 31, 2007.

The following tables present the gross unrealized losses and estimated fair values of our available-for-sale investment securities.

	In loss position for			
	Less than 12 months		12 months or more	
December 31 (In millions)	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
2007				
Debt				
U.S. corporate	$ 5,766	$(274)	$4,341	$(395)
State and municipal	198	(3)	131	(5)
Residential mortgage-backed	3,268	(160)	1,223	(65)
Commercial mortgage-backed	1,483	(33)	848	(16)
Asset-backed	1,417	(62)	478	(27)
Corporate — non-U.S.	505	(8)	124	(3)
Government — non-U.S.	29	(1)	311	(9)
U.S. government and federal agency	255	(37)	—	—
Retained interests	548	(50)	10	(7)
Equity	443	(105)	18	(20)
Total	$13,912	$(733)	$7,484	$(547)
2006				
Debt				
U.S. corporate	$ 2,483	$ (52)	$ 4,242	$(150)
State and municipal	149	(2)	70	(2)
Residential mortgage-backed	1,149	(3)	776	(18)
Commercial mortgage-backed	442	(2)	1,010	(23)
Asset-backed	260	(2)	611	(9)
Corporate — non-U.S.	112	(3)	93	(2)
Government — non-U.S.	33	(3)	—	—
U.S. government and federal agency	66	(1)	247	(5)
Retained interests	360	(12)	13	(1)
Equity	40	(12)	3,895	(3)
Total	$ 5,094	$ (92)	$10,957	$(213)

At December 31, 2007, we held mortgage-backed securities (MBS) and asset-backed securities (ABS) with estimated fair values of $8,370 million and $2,221 million, respectively. Such amounts included unrealized losses of $274 million and $89 million, respectively. These amounts excluded retained interests in securitization entities. See note 27. Of the MBS amount, $5,474 million and $2,896 million related to residential MBS and commercial MBS, respectively. At December 31, 2007, we had approximately $1,635 million of exposure to subprime credit supporting our guaranteed investment contracts, a majority of which relates to residential MBS receiving credit ratings of Double A or better from the major rating agencies. We presently intend to hold our investment securities that are in an unrealized loss position at December 31, 2007, at least until we can recover their respective amortized cost. We have the ability to hold our debt securities until their maturities. Our subprime investment securities were collateralized primarily by pools of individual, direct mortgage loans, not other structured products such as collateralized debt obligations.

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		
2008	$ 1,830	$ 1,831
2009–2012	4,227	4,245
2013–2017	3,580	3,607
2018 and later	16,808	16,952

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)	2007	2006	2005
GE			
Gains	$ 5	$ 125	$ 6
Losses, including impairments	—	(1)	(5)
Net	5	124	1
GECS			
Gains[a]	1,026	313	509
Losses, including impairments	(141)	(181)	(132)
Net	885	132	377
Total	$ 890	$ 256	$ 378

(a) Included gain on sale of Swiss Re common stock of $566 million in 2007.

In the ordinary course of managing our investment securities portfolio, we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield and liquidity requirements and the funding of claims and obligations to policyholders.

Proceeds from investment securities sales amounted to $18,993 million, $12,394 million and $14,047 million in 2007, 2006 and 2005, respectively, principally from the short-term nature of the investments that support the guaranteed investment contracts portfolio and the 2007 sale of Swiss Re common stock.

We recognized pre-tax gains on trading securities of $292 million, $5 million and $3 million in 2007, 2006 and 2005, respectively. Investments in retained interests decreased by $106 million during 2007, reflecting declines in fair value accounted for in accordance with SFAS 155.

Note 10

Current Receivables

	Consolidated[a]		GE	
December 31 (In millions)	2007	2006	2007	2006
Infrastructure	**$10,984**	$ 8,567	**$ 8,754**	$ 6,524
NBC Universal	**3,800**	3,354	**2,927**	3,070
Healthcare	**4,531**	4,441	**2,343**	2,897
Industrial	**2,937**	3,545	**910**	1,391
Corporate items and eliminations	**526**	220	**642**	364
	22,778	20,127	**15,576**	14,246
Less allowance for losses	**(519)**	(510)	**(483)**	(480)
Total	**$22,259**	$19,617	**$15,093**	$13,766

(a) Included GE industrial customer receivables factored through a GECS affiliate and reported as financing receivables by GECS.

GE receivables balances at December 31, 2007 and 2006, before allowance for losses, included $11,008 million and $8,845 million, respectively, from sales of goods and services to customers, and $381 million and $175 million at December 31, 2007 and 2006, respectively, from transactions with associated companies.

GE current receivables of $252 million and $248 million at December 31, 2007 and 2006, respectively, arose from sales, principally of Aviation 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 2007, 2006 and 2005.

Note 11

Inventories

December 31 (In millions)	2007	2006
GE		
Raw materials and work in process	**$ 7,893**	$ 5,870
Finished goods	**5,025**	4,263
Unbilled shipments	**539**	409
	13,457	10,542
Less revaluation to LIFO	**(623)**	(564)
	12,834	9,978
GECS		
Finished goods	**63**	54
Total	**$12,897**	$10,032

Note 12

GECS Financing Receivables (investments in loans and financing leases)

December 31 (In millions)	2007	2006
Loans, net of deferred income	**$314,918**	$264,039
Investment in financing leases, net of deferred income	**75,015**	68,569
	389,933	332,608
Less allowance for losses (note 13)	**(4,329)**	(4,019)
Financing receivables — net	**$385,604**	$328,589

Included in the above are $9,708 million and $11,509 million of the financing receivables of consolidated, liquidating securitization entities at December 31, 2007 and 2006, respectively.

Details of financing receivables — net follow.

December 31 (In millions)	2007	2006
COMMERCIAL FINANCE		
Equipment and leasing	**$ 89,239**	$ 76,057
Commercial and industrial	**58,853**	50,186
Real estate	**39,816**	27,944
	187,908	154,187
GE MONEY		
Non-U.S. residential mortgages[a]	**73,759**	58,237
Non-U.S. installment and revolving credit	**33,924**	29,976
U.S. installment and revolving credit	**29,570**	29,007
Non-U.S. auto	**27,368**	25,088
Other	**10,198**	8,059
	174,819	150,367
INFRASTRUCTURE[b]	**22,095**	21,200
OTHER[c]	**5,111**	6,854
	389,933	332,608
Less allowance for losses	**(4,329)**	(4,019)
Total	**$385,604**	$328,589

(a) At December 31, 2007, net of credit insurance, approximately 26% of this portfolio comprised loans with introductory, below market rates that are scheduled to adjust at future dates; with high loan-to-value ratios at inception; whose terms permitted interest-only payments; or whose terms resulted in negative amortization.

(b) Included loans and financing leases of $11,685 million and $11,165 million at December 31, 2007 and 2006, respectively, related to commercial aircraft at Aviation Financial Services and loans and financing leases of $7,898 million and $7,574 million at December 31, 2007 and 2006, respectively, related to Energy Financial Services.

(c) Included loans and financing leases of $5,106 million and $6,853 million at December 31, 2007 and 2006, respectively, related to certain consolidated, liquidating securitization entities.

GECS financing receivables include both loans and financing leases. Loans represent transactions in a variety of forms, including revolving charge and credit, mortgages, installment loans, intermediate-term loans and revolving loans secured by business assets. The portfolio includes loans carried at the principal amount on which finance charges are billed periodically, 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, medical equipment, commercial real estate and other manufacturing, power generation, and commercial equipment and facilities.

For federal income tax purposes, the leveraged leases and the majority of the direct financing leases are leases in which GECS depreciates the leased assets and is taxed upon the accrual of rental income. Certain direct financing leases are loans for federal income tax purposes in which GECS is taxable only on the portion of each payment that constitutes interest, unless the interest is tax-exempt (e.g., certain obligations of state governments).

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.

For federal income tax purposes, GECS is entitled to deduct the interest expense accruing on nonrecourse financing related to leveraged leases.

NET INVESTMENT IN FINANCING LEASES

	Total financing leases		Direct financing leases[a]		Leveraged leases[b]	
December 31 (In millions)	2007	2006	2007	2006	2007	2006
Total minimum lease payments receivable	**$ 92,137**	$ 88,598	**$ 72,399**	$64,637	**$ 19,738**	$ 23,961
Less principal and interest on third-party nonrecourse debt	**(14,102)**	(17,309)	**—**	—	**(14,102)**	(17,309)
Net rentals receivable	**78,035**	71,289	**72,399**	64,637	**5,636**	6,652
Estimated unguaranteed residual value of leased assets	**10,306**	10,062	**7,500**	7,068	**2,806**	2,994
Less deferred income	**(13,326)**	(12,782)	**(10,650)**	(9,634)	**(2,676)**	(3,148)
Investment in financing leases, net of deferred income	**75,015**	68,569	**69,249**	62,071	**5,766**	6,498
Less amounts to arrive at net investment						
Allowance for losses	**(571)**	(392)	**(559)**	(370)	**(12)**	(22)
Deferred taxes	**(7,089)**	(8,314)	**(2,654)**	(3,410)	**(4,435)**	(4,904)
Net investment in financing leases	**$ 67,355**	$ 59,863	**$ 66,036**	$58,291	**$ 1,319**	$ 1,572

(a) Included $802 million and $665 million of initial direct costs on direct financing leases at December 31, 2007 and 2006, respectively.

(b) Included pre-tax income of $412 million and $306 million and income tax of $156 million and $115 million during 2007 and 2006, respectively. Net investment credits recognized on leveraged leases during 2007 and 2006 were inconsequential.

CONTRACTUAL MATURITIES

(In millions)	Total loans	Net rentals receivable
Due in		
2008	$ 94,720	$22,455
2009	36,401	15,534
2010	28,258	12,057
2011	21,267	8,778
2012	19,364	5,435
2013 and later	114,908	13,776
Total	$314,918	$78,035

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)	2007	2006
Loans requiring allowance for losses	**$1,004**	$1,147
Loans expected to be fully recoverable	**391**	497
	$1,395	$1,644
Allowance for losses	**$ 366**	$ 393
Average investment during year	**1,594**	1,687
Interest income earned while impaired[a]	**19**	34

(a) Recognized principally on cash basis.

Note 13

GECS Allowance for Losses on Financing Receivables

(In millions)	2007	2006	2005
BALANCE AT JANUARY 1			
Commercial Finance	$ 896	$ 1,117	$ 1,587
GE Money			
U.S.	909	735	833
Non-U.S.	2,146	1,912	2,017
Infrastructure	44	220	583
Other	24	22	5
	4,019	4,006	5,025
PROVISION CHARGED TO OPERATIONS			
Commercial Finance	525	119	276
GE Money			
U.S.	2,032	1,226	1,183
Non-U.S.	1,974	1,832	1,552
Infrastructure	6	(64)	210
Other	9	17	18
	4,546	3,130	3,239
SECURITIZATION	(800)	(195)	(277)
OTHER	360	200	(147)
GROSS WRITE-OFFS			
Commercial Finance	(677)	(563)	(901)
GE Money			
U.S.	(1,584)	(1,111)	(1,264)
Non-U.S.	(3,334)	(2,990)	(2,532)
Infrastructure	(23)	(112)	(572)
Other	(17)	(29)	(39)
	(5,635)	(4,805)	(5,308)
RECOVERIES			
Commercial Finance	149	194	187
GE Money			
U.S.	369	275	258
Non-U.S.	1,319	1,212	1,025
Infrastructure	—	—	—
Other	2	2	4
	1,839	1,683	1,474
BALANCE AT DECEMBER 31			
Commercial Finance	1,105	896	1,117
GE Money			
U.S.	1,024	909	735
Non-U.S.	2,155	2,146	1,912
Infrastructure	27	44	220
Other	18	24	22
Total	$ 4,329	$ 4,019	$ 4,006

See note 12 for amounts related to consolidated, liquidating securitization entities.

SELECTED FINANCING RECEIVABLES RATIOS

December 31	2007	2006
ALLOWANCE FOR LOSSES ON FINANCING RECEIVABLES AS A PERCENTAGE OF TOTAL FINANCING RECEIVABLES		
Commercial Finance	0.59%	0.58%
GE Money	1.82	2.03
U.S.	3.43	3.09
Non-U.S.	1.49	1.77
Infrastructure	0.12	0.21
Other	0.35	0.35
Total	1.11	1.21
NONEARNING FINANCING RECEIVABLES AS A PERCENTAGE OF TOTAL FINANCING RECEIVABLES		
Commercial Finance	0.9%	1.0%
GE Money	2.1	2.1
U.S.	1.8	1.7
Non-U.S.	2.2	2.2
Infrastructure	—	—
Other	1.4	1.2
Total	1.4	1.5

Note 14

Property, Plant and Equipment

December 31 (Dollars in millions)	Estimated useful lives–new (years)	2007	2006
ORIGINAL COST			
GE			
Land and improvements	8[a]	$ 698	$ 523
Buildings, structures and related equipment	8–40	8,400	7,448
Machinery and equipment	4–20	20,129	19,091
Leasehold costs and manufacturing plant under construction	1–10	2,121	1,928
		31,348	28,990
GECS[b]			
Land and improvements, buildings, structures and related equipment	2–40[a]	6,083	5,027
Equipment leased to others			
Aircraft	20	37,271	36,146
Vehicles	1–14	32,079	26,937
Mobile equipment	12–25	2,964	4,059
Railroad rolling stock	5–36	3,866	3,509
Construction and manufacturing	2–25	3,031	1,932
All other	2–40	2,961	2,771
		88,255	80,381
Total		$119,603	$109,371
NET CARRYING VALUE			
GE			
Land and improvements		$ 612	$ 457
Buildings, structures and related equipment		4,101	3,284
Machinery and equipment		7,634	7,317
Leasehold costs and manufacturing plant under construction		1,795	1,617
		14,142	12,675
GECS[b]			
Land and improvements, buildings, structures and related equipment		3,710	2,759
Equipment leased to others			
Aircraft[c]		30,414	29,886
Vehicles		20,701	17,132
Mobile equipment		1,976	2,546
Railroad rolling stock		2,789	2,395
Construction and manufacturing		2,055	1,291
All other		2,108	1,966
		63,753	57,975
Total		$ 77,895	$ 70,650

(a) Estimated useful lives exclude land.

(b) Included $1,513 million and $1,763 million of original cost of assets leased to GE with accumulated amortization of $315 million and $293 million at December 31, 2007 and 2006, respectively.

(c) The Aviation Financial Services business of Infrastructure recognized impairment losses of $110 million in 2007 and $51 million in 2006 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 $7,222 million, $5,839 million and $5,642 million in 2007, 2006 and 2005, respectively. Noncancellable future rentals due from customers for equipment on operating leases at December 31, 2007, are as follows:

(In millions)	
Due in	
2008	$12,423
2009	7,594
2010	6,024
2011	4,601
2012	3,582
2013 and later	10,709
Total	$44,933

Note 15

Goodwill and Other Intangible Assets

December 31 (In millions)	2007	2006
GOODWILL		
GE	$55,689	$48,645
GECS	25,427	22,754
Total	$81,116	$71,399

December 31 (In millions)	2007	2006
OTHER INTANGIBLE ASSETS		
GE		
Intangible assets subject to amortization	$ 9,278	$ 7,461
Indefinite-lived intangible assets[a]	2,355	2,278
	11,633	9,739
GECS		
Intangible assets subject to amortization	4,545	3,176
Total	$16,178	$12,915

(a) Indefinite-lived intangible assets principally comprised trademarks, tradenames and U.S. Federal Communications Commission licenses.

Changes in goodwill balances follow.

	2007				2006			
(In millions)	Balance January 1[(a)]	Acquisitions/ purchase accounting adjustments	Dispositions, currency exchange and other	Balance December 31	Balance January 1	Acquisitions/ purchase accounting adjustments	Dispositions, currency exchange and other	Balance December 31
Infrastructure	$10,931	$6,069	$ 117	$17,117	$10,166	$ 590	$ 175	$10,931
Commercial Finance	12,745	1,568	308	14,621	12,027	566	152	12,745
GE Money	9,845	2	426	10,273	9,184	309	352	9,845
Healthcare	14,759	26	42	14,827	13,404	1,396	48	14,848
NBC Universal	18,000	733	—	18,733	17,534	838	(372)	18,000
Industrial	5,030	361	154	5,545	4,505	537	(12)	5,030
Total	$71,310	$8,759	$1,047	$81,116	$66,820	$4,236	$ 343	$71,399

(a) January 1, 2007, balance decreased by $89 million related to new accounting standards. See note 1.

Goodwill balances increased $9,028 million in 2007 as a result of new acquisitions. The largest goodwill balance increases arose from acquisitions of Smiths Aerospace Group Ltd. ($3,877 million) and Vetco Gray ($1,379 million) by Infrastructure; Diskont und Kredit AG and Disko Leasing GmbH (DISKO) and ASL Auto Service-Leasing GmbH (ASL), the leasing businesses of KG Allgemeine Leasing GmbH & Co. ($694 million) by Commercial Finance; Oxygen Media ($604 million) by NBC Universal; and Sanyo Electric Credit Co., Ltd. ($548 million) by Commercial Finance. The goodwill balance declined by $269 million related to purchase accounting adjustments to prior-year acquisitions during 2007.

Goodwill balances increased $4,430 million in 2006 as a result of new acquisitions. The largest goodwill balance increases arose from acquisitions of IDX Systems Corporation ($1,133 million) and Biacore International AB ($308 million) by Healthcare; iVillage Inc. ($521 million) by NBC Universal; ZENON Environmental Inc. ($506 million) by Infrastructure; and Banque Artesia Nederland N.V., a subsidiary of Dexia Group ($340 million) and the custom fleet business of National Australia Bank Ltd. ($306 million) by Commercial Finance. Goodwill declined in 2006 as a result of the sale of television stations ($304 million) by NBC Universal. The goodwill balance also declined by $194 million related to purchase accounting adjustments to prior-year acquisitions during 2006.

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, 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
GE			
2007			
Customer-related	$ 4,526	$ (698)	$3,828
Patents, licenses and trademarks	4,561	(1,369)	3,192
Capitalized software	4,573	(2,589)	1,984
All other	436	(162)	274
Total	$14,096	$(4,818)	$9,278
2006			
Customer-related	$ 2,853	$ (484)	$2,369
Patents, licenses and trademarks	4,242	(1,071)	3,171
Capitalized software	4,184	(2,467)	1,717
All other	313	(109)	204
Total	$11,592	$(4,131)	$7,461
GECS			
2007			
Customer-related	$ 2,185	$ (867)	$1,318
Patents, licenses and trademarks	602	(315)	287
Capitalized software	1,857	(1,105)	752
Lease valuations	1,909	(376)	1,533
Present value of future profits	818	(364)	454
All other	350	(149)	201
Total	$ 7,721	$(3,176)	$4,545
2006			
Customer-related	$ 1,410	$ (654)	$ 756
Patents, licenses and trademarks	413	(265)	148
Capitalized software	1,645	(965)	680
Lease valuations	851	(132)	719
Present value of future profits	829	(297)	532
All other	500	(159)	341
Total	$ 5,648	$(2,472)	$3,176

During 2007, we recorded additions to intangible assets subject to amortization of $4,286 million. The components of finite-lived intangible assets acquired during 2007 and their respective weighted-average useful lives are: $2,277 million—Customer-related (17.5 years); $299 million—Patents, licenses and trademarks (20.2 years); $590 million—Capitalized software (4.2 years); $992 million—Lease valuations (7.6 years); and $128 million—All other (9.9 years).

Consolidated amortization related to intangible assets subject to amortization was $2,080 million and $1,744 million for 2007 and 2006, respectively. We estimate that annual pre-tax amortization for intangible assets subject to amortization over the next five calendar years to be as follows: 2008—$1,969 million; 2009—$1,804 million; 2010—$1,635 million; 2011—$1,470 million; 2012—$1,320 million.

Note 16

All Other Assets

December 31 (In millions)	2007	2006
GE		
Investments		
Associated companies	$ 1,871	$ 1,543
Other[a]	1,243	733
	3,114	2,276
Pension asset—principal plans	20,190	15,019
Contract costs and estimated earnings	5,983	5,164
Film and television costs	4,143	3,646
Long-term receivables, including notes	2,331	2,892
Derivative instruments	279	193
Other	4,568	4,252
	40,608	33,442
GECS		
Investments		
Real estate[b]	40,488	27,252
Associated companies	17,026	12,053
Assets held for sale[c]	10,690	7,738
Cost method[d]	2,742	2,348
Other	1,020	931
	71,966	50,322
Derivative instruments	3,271	1,981
Advances to suppliers	2,046	1,714
Deferred acquisition costs	1,282	1,380
Other	4,840	3,990
	83,405	59,387
ELIMINATIONS	(1,152)	(1,178)
Total	$122,861	$91,651

(a) The fair value of and unrealized loss on cost method investments in a continuous loss position at December 31, 2007 and 2006 were insignificant.

(b) GECS investment in real estate consisted 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, 2007: office buildings (49%), apartment buildings (14%), industrial properties (11%), retail facilities (9%), franchise properties (7%), parking facilities (2%) and other (8%). At December 31, 2007, investments were located in the Americas (48%), Europe (33%) and Asia (19%).

(c) Assets were classified as held for sale on the date a decision was made to dispose of them through sale, securitization or other means. Such assets consisted primarily of real estate properties and credit card receivables, and were accounted for at the lower of carrying amount or estimated fair value less costs to sell. These amounts are net of valuation allowances of $153 million and $3 million at December 31, 2007 and 2006, respectively.

(d) The fair value of and unrealized loss on those investments in a continuous loss position for less than 12 months at December 31, 2007, were $546 million and $93 million, respectively, which included $282 million fair value and $15 million unrealized losses related to our investment in FGIC Corporation (FGIC) preferred stock and $36 million fair value and $29 million unrealized losses related to our investment in FGIC common stock. The fair value of and unrealized loss on those investments in a continuous loss position for 12 months or more at December 31, 2007, were $18 million and $8 million, respectively. The fair value of and unrealized loss on those investments in a continuous loss position for less than 12 months at December 31, 2006, were $113 million and $25 million, respectively. The fair value of and unrealized loss on those investments in a continuous loss position for 12 months or more at December 31, 2006, were $38 million and $8 million, respectively.

Note 17

Borrowings

SHORT-TERM BORROWINGS

	2007		2006	
December 31 (Dollars in millions)	Amount	Average rate[a]	Amount	Average rate[a]
GE				
Commercial paper				
U.S.	$ 1,798	4.73%	$ 1,097	5.35%
Non-U.S.	1	4.00	1	3.74
Payable to banks	189	5.07	184	5.61
Current portion of long-term debt	1,547	5.36	32	5.32
Other	571		762	
	4,106		2,076	
GECS				
Commercial paper				
U.S.				
Unsecured	72,392	4.69	67,423	5.37
Asset-backed[b]	4,775	4.94	6,430	5.35
Non-U.S.	28,711	4.99	26,328	4.38
Current portion of long-term debt[c]	56,302	5.01	44,550	4.86
Bank deposits[d]	11,486	3.04	9,731	3.50
GE Interest Plus notes[e]	9,590	5.23	9,161	5.43
Other	9,165		9,690	
	192,421		173,313	
ELIMINATIONS	(1,426)		(3,376)	
Total	$195,101		$172,013	

(a) Based on year-end balances and year-end local currency interest rates. Current portion of long-term debt included the effects of related interest rate and currency swaps, if any, directly associated with the original debt issuance.

(b) Entirely obligations of consolidated, liquidating securitization entities. See note 12.

(c) Included $1,106 million of asset-backed, liquidating securitization entities at December 31, 2007 and none at December 31, 2006.

(d) Included $10,789 million and $9,731 million of deposits in non-U.S. banks at December 31, 2007 and 2006, respectively.

(e) Entirely variable denomination floating rate demand notes.

LONG-TERM BORROWINGS

December 31 (Dollars in millions)	2007 Average rate[a]	Maturities	2007	2006
GE				
Senior notes	5.11%	2013–2017	$ 8,957	$ 6,488
Industrial development/ pollution control bonds	3.69	2011–2027	266	265
Payable to banks, principally U.S.	5.90	2009–2023	1,988	1,836
Other[b]			445	454
			11,656	9,043
GECS				
Senior notes				
Unsecured	5.23	2009–2055	283,099	235,942
Asset-backed[c]	5.13	2009–2035	5,528	5,810
Extendible notes	5.10	2009–2012	8,500	6,000
Subordinated notes[d][e]	6.08	2009–2067	11,377	5,201
			308,504	252,953
ELIMINATIONS			(1,145)	(1,244)
Total			$319,015	$260,752

(a) Based on year-end balances and year-end local currency interest rates, including the effects of related interest rate and currency swaps, if any, directly associated with the original debt issuance.

(b) A variety of obligations having various interest rates and maturities, including certain borrowings by parent operating components and affiliates.

(c) Included $3,410 million and $4,684 million of asset-backed senior notes, issued by consolidated, liquidating securitization entities at December 31, 2007 and 2006, respectively. See note 12.

(d) Included $750 million of subordinated notes guaranteed by GE at December 31, 2007 and 2006.

(e) Included $8,064 million and $2,019 million of subordinated debentures receiving rating agency equity credit at December 31, 2007 and 2006, respectively.

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 26.

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)	2008	2009	2010	2011	2012
GE	$ 1,557	$ 1,713	$ 35	$ 58	$ 25
GECS	56,298[a]	63,371[b]	54,255	32,028	39,240

(a) Fixed and floating rate notes of $793 million contain put options with exercise dates in 2008, and which have final maturity dates in 2009 ($100 million) and beyond 2012 ($693 million).

(b) Floating rate extendible notes of $6,500 million are due in 2009, but are extendible at the option of the investors to a final maturity in 2011 ($4,000 million) and 2012 ($2,500 million).

Committed credit lines totaling $64.8 billion had been extended to us by 72 banks at year-end 2007. Availability of these lines is shared between GE and GECS with $15.0 billion and $64.8 billion available to GE and GECS, respectively. The GECS lines include $37.2 billion of revolving credit agreements under which we can borrow funds for periods exceeding one year. The remaining

$27.6 billion are 364-day lines that contain a term-out feature that allows GE or GECS to extend the borrowings for one year from the date of expiration of the lending agreement. We pay banks for credit facilities, but 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 provides additional information about derivatives designated as hedges of borrowings in accordance with SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended.

DERIVATIVE FAIR VALUES BY ACTIVITY/INSTRUMENT

December 31 (In millions)	2007	2006
Cash flow hedges	$ 497	$ 763
Fair value hedges	(75)	(147)
Total	$ 422	$ 616
Interest rate swaps	$(1,559)	$ (860)
Currency swaps	1,981	1,476
Total	$ 422	$ 616

We regularly assess the effectiveness of all hedge positions where required using a variety of techniques, including cumulative dollar offset and regression analysis, depending on which method was selected at inception of the respective hedge. Adjustments related to fair value hedges decreased the carrying amount of debt outstanding at December 31, 2007, by $33 million. At December 31, 2007, the maximum term of derivative instruments that hedge forecasted transactions was 28 years and related to hedges of long-term, non-U.S. dollar denominated fixed rate debt. See note 26.

Note 18

GECS Investment Contracts, Insurance Liabilities and Insurance Annuity Benefits

December 31 (In millions)	2007	2006
Investment contracts	$ 4,536	$ 5,089
Guaranteed investment contracts	11,705	11,870
Total investment contracts	16,241	16,959
Life insurance benefits[a]	14,360	14,054
Unpaid claims and claims adjustment expenses	2,782	2,714
Unearned premiums	656	740
Universal life benefits	320	340
Total	$34,359	$34,807

(a) Life insurance benefits are accounted for mainly by a net-level-premium method using estimated yields generally ranging from 3.0% to 8.5% in both 2007 and 2006.

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 "Investment contracts, insurance losses and insurance annuity benefits." Reinsurance recoveries were $104 million, $162 million and $183 million for the years ended December 31, 2007, 2006 and 2005, respectively.

Note 19

All Other Liabilities

This caption includes liabilities for various items including non-current compensation and benefits, deferred income, interest on tax liabilities, unrecognized tax benefits, accrued participation and residuals, environmental remediation, asset retirement obligations, derivative instruments, product warranties and a variety of sundry items.

Accruals for non-current compensation and benefits amounted to $21,509 million and $16,997 million for year-end 2007 and 2006, respectively. These amounts include postretirement benefits, international and supplemental pension benefits, and other compensation and benefit accruals such as deferred incentive compensation. The increase in 2007 was primarily the result of plan benefit changes resulting from new U.S. labor agreements and retiree health cost increases.

We are involved in numerous remediation actions to clean up hazardous wastes as required by federal and state laws. Liabilities for remediation costs, exclude possible insurance recoveries and, when dates and amounts of such costs are not known, are not discounted. 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 20

Deferred Income Taxes

Aggregate deferred income tax amounts are summarized below.

December 31 (In millions)	2007	2006
ASSETS		
GE	$13,122	$11,704
GECS	8,951	7,552
	22,073	19,256
LIABILITIES		
GE	16,513	13,244
GECS	17,704	20,122
	34,217	33,366
Net deferred income tax liability	$12,144	$14,110

Principal components of our net liability (asset) representing deferred income tax balances are as follows:

December 31 (In millions)	2007	2006
GE		
Pension asset—principal plans	$ 7,067	$ 5,257
Intangible assets	2,609	1,934
Contract costs and estimated earnings	2,215	1,767
Depreciation	1,360	1,334
Provision for expenses[a]	(6,426)	(6,965)
Retiree insurance plans	(4,616)	(2,654)
Non-U.S. loss carryforwards[b]	(925)	(818)
Other—net	2,107	1,685
	3,391	1,540
GECS		
Financing leases	7,089	8,314
Operating leases	4,478	4,327
Intangible assets	1,426	1,287
Allowance for losses	(1,588)	(1,514)
Non-U.S. loss carryforwards[b]	(810)	(652)
Cash flow hedges	(494)	(50)
Other—net	(1,348)	858
	8,753	12,570
Net deferred income tax liability	$12,144	$14,110

(a) Represented 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.

(b) Net of valuation allowances of $557 million and $509 million for GE and $225 million and $171 million for GECS, for 2007 and 2006, respectively. Of the net deferred tax asset as of December 31, 2007, of $1,735 million, $49 million relates to net operating loss carryforwards that expire in various years ending from December 31, 2008, through December 31, 2010, $141 million relates to net operating losses that expire in various years ending from December 31, 2011, through December 31, 2022, and $1,545 million relates to net operating loss carryforwards that may be carried forward indefinitely.

Note 21

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 affiliates of GE Capital. Preferred shares that we are required to redeem at a specified or determinable date are classified as liabilities. The balance is summarized as follows:

December 31 (In millions)	2007	2006
Minority interest in consolidated affiliates		
NBC Universal	$5,025	$4,774
Others[a]	2,748	1,487
Minority interest in preferred stock[b]		
GE Capital affiliates	231	1,232
Total	$8,004	$7,493

(a) Included minority interest in partnerships and common shares of consolidated affiliates.

(b) The preferred stock primarily pays cumulative dividends at variable rates. Dividend rates in local currency on the preferred stock ranged from 3.88% to 5.52% during 2007 and 3.28% to 5.49% during 2006.

Note 22

Shareowners' Equity

(In millions)	2007	2006	2005
COMMON STOCK ISSUED	$ 669	$ 669	$ 669
ACCUMULATED NONOWNER CHANGES OTHER THAN EARNINGS			
Balance at January 1	$ 3,254	$ 3,137	$ 8,156
Investment securities — net of deferred taxes of $(510), $111 and $(307)	(972)	297	(231)
Currency translation adjustments — net of deferred taxes of $(1,319), $(1,417) and $646	4,662	3,776	(4,315)
Cash flow hedges — net of deferred taxes of $(213), $75 and $493	23	599	724
Benefit plans — net of deferred taxes of $860, $182 and $(159)[a]	2,566	287	(217)
Reclassification adjustments			
Investment securities — net of deferred taxes of $(375), $(279) and $(100)	(512)	(520)	(206)
Currency translation adjustments	(135)	(127)	(3)
Cash flow hedges — net of deferred taxes of $(119), $(60) and $(494)	(562)	(376)	(771)
Cumulative effect of change in accounting principle — net of deferred taxes of $(2,715)	—	(3,819)	—
Balance at December 31[b]	$ 8,324	$ 3,254	$ 3,137
OTHER CAPITAL			
Balance at January 1	$ 25,486	$ 25,227	$ 24,265
Gains on treasury stock dispositions and other[c]	614	259	962
Balance at December 31	$ 26,100	$ 25,486	$ 25,227
RETAINED EARNINGS			
Balance at January 1[d]	$106,867	$ 96,926	$ 89,853
Net earnings	22,208	20,742	16,720
Dividends[c]	(11,713)	(10,675)	(9,647)
Balance at December 31	$117,362	$106,993	$ 96,926
COMMON STOCK HELD IN TREASURY			
Balance at January 1	$ (24,893)	$ (17,326)	$ (12,762)
Purchases[c]	(14,913)	(10,512)	(6,868)
Dispositions[c]	2,910	2,945	2,304
Balance at December 31	$ (36,896)	$ (24,893)	$ (17,326)
TOTAL EQUITY			
Balance at December 31	$115,559	$111,509	$108,633

(a) For 2007, included $(3,122) million of prior service costs for plan amendments, $494 million of amortization of prior services costs, $4,666 million of gains (losses) arising during the year and $528 million of amortization of gains (losses) — net of deferred taxes of $(2,482) million, $339 million, $2,639 million and $364 million, respectively.

(b) At December 31, 2007, included additions of equity of $625 million related to hedges of our investments in financial services subsidiaries that have functional currencies other than the U.S. dollar and reductions of $668 million related to cash flow hedges of forecasted transactions, of which we expect to transfer $94 million to earnings as an expense in 2008 along with the earnings effects of the related forecasted transaction.

(c) Total dividends and other transactions with shareowners reduced equity by $23,102 million in 2007, $17,983 million in 2006 and $13,249 million in 2005.

(d) 2007 opening balance change reflects cumulative effect of changes in accounting principles of $(49) million related to adopting FIN 48 and $(77) million related to adoption of FSP FAS 13-2.

At December 31, 2007 and 2006, the aggregate statutory capital and surplus of the insurance activities totaled $2.2 billion and $2.1 billion, respectively. Accounting practices prescribed by statutory authorities are used in preparing statutory statements.

In December 2004, our Board of Directors authorized a three-year, $15 billion share repurchase program, expanded that program in 2005 to $25 billion and extended it in July 2007 to $27 billion. In December 2007, our Board approved a new three-year, $15 billion share repurchase program. Under these share repurchase programs, on a book basis we repurchased 357.9 million shares for a total of $13.9 billion during 2007.

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

SHARES OF GE COMMON STOCK

December 31 (In thousands)	2007	2006	2005
Issued	11,145,252	11,145,212	11,145,212
In treasury	(1,157,653)	(867,839)	(660,944)
Outstanding	9,987,599	10,277,373	10,484,268

GE has 50 million authorized shares of preferred stock ($1.00 par value), but has not issued any such shares as of December 31, 2007.

Note 23

Other Stock-Related Information

We grant stock options, restricted stock units (RSUs) and performance share units (PSUs) to employees under the 2007 Long-Term Incentive Plan. This plan replaces the 1990 Long-Term Incentive Plan. 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 one shareowner-approved option plan for non-employee directors. Share requirements for all plans may be met from either unissued or treasury shares. Stock options expire 10 years from the date they are granted and vest over service periods that range from one to five years. 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 one year 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.

All grants of GE options under all plans must be approved by the Management Development and Compensation Committee, which consists entirely of independent directors.

STOCK COMPENSATION PLANS

December 31, 2007 (Shares in thousands)	Securities to be issued upon exercise	Weighted average exercise price	Securities available for future issuance
APPROVED BY SHAREOWNERS			
Options	212,669	$36.68	(a)
RSUs	37,062	(b)	(a)
PSUs	1,330	(b)	(a)
NOT APPROVED BY SHAREOWNERS (CONSULTANTS' PLAN)			
Options	713	35.55	(c)
RSUs	67	(b)	(c)
Total	251,841	$36.68	497,051

(a) In 2007, the Board of Directors approved the 2007 Long-Term Incentive Plan (the Plan). The Plan replaced the 1990 Long-Term Incentive Plan. The maximum number of shares that may be granted under the Plan is 500 million shares, of which no more than 250 million may be available for awards granted in any form provided under the Plan other than options or stock appreciation rights. The approximate 105.9 million shares available for grant under the 1990 Plan were retired upon approval of the 2007 Plan. Total shares available for future issuance under the 2007 Plan amounted to 473.0 million shares.

(b) Not applicable.

(c) Total shares available for future issuance under the consultants' plan amount to 24.0 million shares.

Outstanding options expire on various dates through December 6, 2017.

The following table summarizes information about stock options outstanding at December 31, 2007.

STOCK OPTIONS OUTSTANDING

(Shares in thousands)	Outstanding			Exercisable	
Exercise price range	Shares	Average life(a)	Average exercise price	Shares	Average exercise price
Under $27.00	12,555	0.8	$26.21	12,555	$26.21
27.01–32.00	44,764	5.0	28.44	40,599	28.22
32.01–37.00	65,080	5.7	34.72	41,054	35.04
37.01–42.00	34,197	5.8	39.18	16,834	39.62
42.01–47.00	44,451	3.0	43.29	44,451	43.29
Over $47.00	12,335	2.7	56.84	12,335	56.84
Total	213,382	4.5	$36.68	167,828	$36.98

At year-end 2006, options with an average exercise price of $35.93 were exercisable on 183 million shares.

(a) Average contractual life remaining in years.

STOCK OPTION ACTIVITY

	Shares (in thousands)	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2007	232,420	$35.25		
Granted	17,905	38.64		
Exercised	(28,966)	25.80		
Forfeited	(2,949)	33.10		
Expired	(5,028)	42.22		
Outstanding at December 31, 2007	213,382	$36.68	4.5	$676
Exercisable at December 31, 2007	167,828	$36.98	3.5	$579
Options expected to vest	40,402	$35.50	8.3	$ 88

We measure the fair value of each stock option grant at the date of grant using a Black-Scholes option pricing model. The weighted average grant-date fair value of options granted during 2007, 2006 and 2005 amounted to $9.28, $7.99 and $8.87, respectively. The following assumptions were used in arriving at the fair value of options granted during 2007, 2006 and 2005, respectively: risk-free interest rates of 4.2%, 4.8% and 4.1%; dividend yields of 2.9%, 2.9% and 2.5%; expected volatility of 25%, 24% and 28%; and expected lives of six years and ten months, six years and two months and six years. Risk free interest rates reflect the yield on zero-coupon U.S. Treasury securities. Expected dividend yields presume a set dividend rate. Expected volatilities are based on implied volatilities from traded options and historical volatility of our stock. The expected option lives are based on our historical experience of employee exercise behavior.

The total intrinsic value of options exercised during 2007, 2006 and 2005 amounted to $375 million, $587 million and $731 million, respectively. As of December 31, 2007, there was $234 million of total unrecognized compensation cost related to non-vested options. That cost is expected to be recognized over a weighted average period of four years.

Cash received from option exercises during 2007, 2006 and 2005 was $747 million, $622 million and $403 million, respectively.

OTHER STOCK-BASED COMPENSATION

	Shares (in thousands)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
RSUs outstanding at			
January 1, 2007	34,327		
Granted	10,145		
Vested	(5,105)		
Forfeited	(2,238)		
RSUs outstanding at			
December 31, 2007	37,129	3.2	$1,376
RSUs expected to vest	33,723	3.1	$1,250

The fair value of each restricted stock unit is the market price of our stock on the date of grant. The weighted average grant-date fair value of RSUs granted during 2007, 2006 and 2005 amounted to $38.48, $33.95 and $34.72, respectively. The total intrinsic value of RSUs vested during 2007, 2006 and 2005 amounted to $181 million, $132 million and $90 million, respectively. As of December 31, 2007, there was $638 million of total unrecognized compensation cost related to nonvested RSUs. That cost is expected to be recognized over a weighted average period of two years and two months. As of December 31, 2007, 1.3 million PSUs with a weighted average remaining contractual term of 2 years, an aggregate intrinsic value of $49 million and $14 million of unrecognized compensation cost were outstanding.

Note 24

Supplemental Cash Flows Information

Changes in operating assets and liabilities are net of acquisitions and dispositions of principal businesses.

Amounts reported in the "Payments for principal businesses purchased" line in the Statement of Cash Flows is net of cash acquired and included debt assumed and immediately repaid in acquisitions.

Amounts reported in the "All other operating activities" line 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. There were no significant non-cash transactions in 2007. Significant non-cash transactions in 2006 and 2005 include the following: In 2006, in connection with our sale of GE Insurance Solutions, Swiss Re assumed $1,700 million of debt, and GE received $2,238 million of newly issued Swiss Re common stock. See note 2. In 2005, NBC Universal acquired IAC/InterActiveCorp's 5.44% common interest in VUE for a total purchase price that included $115 million of non-cash consideration, representing the fair value of future services to be performed by NBC Universal.

Certain supplemental information related to GE and GECS cash flows is shown below.

December 31 (In millions)	2007	2006	2005
GE			
NET DISPOSITIONS (PURCHASES) OF GE SHARES FOR TREASURY			
Open market purchases under share repurchase program	**$ (13,896)**	$ (8,054)	$ (5,024)
Other purchases	**(1,017)**	(2,458)	(1,844)
Dispositions	**2,594**	1,958	2,024
	$ (12,319)	$ (8,554)	$ (4,844)
GECS			
ALL OTHER OPERATING ACTIVITIES			
Net change in other assets	**$ (1,513)**	$ (1,711)	$ (969)
Amortization of intangible assets	**888**	604	444
Realized gains on sale of investment securities	**(885)**	(132)	(377)
Other	**986**	1,962	2,820
	$ (524)	$ 723	$ 1,918
NET INCREASE IN GECS FINANCING RECEIVABLES			
Increase in loans to customers	**$(410,336)**	$(372,582)	$(311,585)
Principal collections from customers — loans	**322,419**	297,165	264,182
Investment in equipment for financing leases	**(26,489)**	(25,618)	(23,508)
Principal collections from customers — financing leases	**20,868**	18,791	21,770
Net change in credit card receivables	**(38,378)**	(25,790)	(21,391)
Sales of financing receivables	**86,548**	67,471	54,144
	$ (45,368)	$ (40,563)	$ (16,388)
ALL OTHER INVESTING ACTIVITIES			
Purchases of securities by insurance activities	**$ (13,279)**	$ (11,891)	$ (8,825)
Dispositions and maturities of securities by insurance activities	**15,602**	11,635	10,792
Other assets — investments	**(10,220)**	(6,237)	(919)
Other	**(1,034)**	548	(3,492)
	$ (8,931)	$ (5,945)	$ (2,444)
NEWLY ISSUED DEBT HAVING MATURITIES LONGER THAN 90 DAYS			
Short-term (91 to 365 days)	**$ 1,226**	$ 1,237	$ 4,675
Long-term (longer than one year)	**90,766**	86,024	60,177
Proceeds — nonrecourse, leveraged lease	**24**	1,015	203
	$ 92,016	$ 88,276	$ 65,055
REPAYMENTS AND OTHER REDUCTIONS OF DEBT HAVING MATURITIES LONGER THAN 90 DAYS			
Short-term (91 to 365 days)	**$ (43,938)**	$ (42,268)	$ (38,132)
Long-term (longer than one year)	**(4,481)**	(5,572)	(10,743)
Principal payments — nonrecourse, leveraged lease	**(1,109)**	(1,404)	(831)
	$ (49,528)	$ (49,244)	$ (49,706)
ALL OTHER FINANCING ACTIVITIES			
Proceeds from sales of investment contracts	**$ 12,641**	$ 16,418	$ 15,806
Redemption of investment contracts	**(13,862)**	(17,603)	(16,934)
Other	**17**	11	—
	$ (1,204)	$ (1,174)	$ (1,128)

Note 25
Operating Segments

REVENUES

	Total revenues[a]			Intersegment revenues[b]			External revenues		
(In millions)	2007	2006	2005	2007	2006	2005	2007	2006	2005
Infrastructure	$ 57,925	$ 46,965	$ 41,695	$ 189	$ 246	$ 448	$ 57,736	$ 46,719	$ 41,247
Commercial Finance[c]	34,288	30,853	27,273	1,069	916	790	33,219	29,937	26,483
GE Money	25,019	19,783	17,072	27	51	63	24,992	19,732	17,009
Healthcare	16,997	16,560	15,016	8	4	9	16,989	16,556	15,007
NBC Universal	15,416	16,188	14,689	35	52	—	15,381	16,136	14,689
Industrial[c]	17,725	17,741	17,060	421	449	607	17,304	17,292	16,453
Corporate items and eliminations	5,368	3,753	3,775	(1,749)	(1,718)	(1,917)	7,117	5,471	5,692
Total	$172,738	$151,843	$136,580	$ —	$ —	$ —	$172,738	$151,843	$136,580

(a) Revenues of GE businesses include income from sales of goods and services to customers and other income.

(b) Sales from one component to another generally are priced at equivalent commercial selling prices.

(c) During the fourth quarter of 2007, we transferred the Equipment Services business from the Industrial segment to the Commercial Finance segment.

Revenues from customers located in the United States were $86,247 million, $81,057 million and $75,655 million in 2007, 2006 and 2005, respectively. Revenues from customers located outside the United States were $86,491 million, $70,786 million and $60,925 million in 2007, 2006 and 2005, respectively.

	Assets[a][b]			Property, plant and equipment additions[c]			Depreciation and amortization		
	At December 31			For the years ended December 31			For the years ended December 31		
(In millions)	2007	2006	2005	2007	2006	2005	2007	2006	2005
Infrastructure	$118,852	$100,312	$ 89,519	$ 6,991	$ 4,873	$ 4,188	$ 2,821	$ 2,497	$2,436
Commercial Finance	310,412	252,901	207,984	13,050	10,892	8,792	6,820	5,170	4,560
GE Money	210,952	179,284	148,171	184	225	156	488	388	338
Healthcare	27,027	27,283	24,995	471	655	460	808	786	617
NBC Universal	33,089	31,425	31,196	306	352	275	357	361	339
Industrial	12,970	12,900	12,646	509	476	388	715	576	775
Corporate items and eliminations	82,035	92,578	158,699	247	195	226	310	262	210
Total	$795,337	$696,683	$673,210	$21,758	$17,668	$14,485	$12,319	$10,040	$9,275

(a) Assets of discontinued operations are included in Corporate items and eliminations for all periods presented.

(b) Total assets of the Infrastructure, Commercial Finance, GE Money, Healthcare, NBC Universal and Industrial operating segments at December 31, 2007, include investment in and advances to associated companies of $4,579 million, $1,878 million, $11,115 million, $247 million, $384 million and $498 million, respectively, which contributed approximately $616 million, $241 million, $1,430 million, $32 million, $453 million and $71 million, respectively, to segment pre-tax income for the year ended December 31, 2007. Aggregate summarized financial information for significant associated companies assuming a 100% ownership interest included: total assets of $138,864 million, primarily financing receivables of $83,087 million; total liabilities of $120,914 million, primarily bank deposits of $63,514 million; revenues totaling $22,446 million; and net earnings totaling $3,979 million.

(c) Additions to property, plant and equipment include amounts relating to principal businesses purchased.

	Interest and other financial charges			Provision for income taxes		
(In millions)	2007	2006	2005	2007	2006	2005
Infrastructure[a]	$ 2,320	$ 2,067	$ 1,706	$ 281	$ 199	$ (202)
Commercial Finance	11,428	8,487	6,429	414	954	1,035
GE Money	8,888	6,542	5,265	505	413	390
Corporate items and eliminations[b]	1,151	1,800	1,411	2,930	2,384	2,601
Total	$23,787	$18,896	$14,811	$4,130	$3,950	$3,824

(a) Included only portions of the segment that are financial services businesses.

(b) Included amounts for Healthcare, Industrial, NBC Universal and the industrial businesses of Infrastructure, for which our measure of segment profit excludes interest and other financial charges and income taxes.

Property, plant and equipment—net associated with operations based in the United States were $27,213 million, $25,699 million and $24,262 million at year-end 2007, 2006 and 2005, respectively. Property, plant and equipment—net associated with operations based outside the United States were $50,682 million, $44,951 million and $38,106 million at year-end 2007, 2006 and 2005, respectively.

Basis for presentation

Our operating businesses are organized based on the nature of markets and customers. Segment accounting policies are the same as described in note 1. Segment results for our financial services businesses reflect the discrete tax effect of transactions, but the intraperiod tax allocation is reflected outside of the segment unless otherwise noted in segment results.

Effects of transactions between related companies are eliminated and consist primarily of GECS services for material procurement and trade receivables management; buildings and equipment (including automobiles) leased by GE from GECS; information technology (IT) and other services sold to GECS by GE; aircraft engines manufactured by GE that are installed on aircraft purchased by GECS from third-party producers for lease to others; medical equipment manufactured by GE that is leased by GECS to others; and various investments, loans and allocations of GE corporate overhead costs.

A description of our operating segments can be found on page 106 and details of segment profit by operating segment can be found in the Summary of Operating Segments table on page 47 of this report.

Note 26

Financial Instruments

	2007			2006		
		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)	$ 538	$ 538	$ (a)	$ 481	$ 481
Liabilities						
Borrowings(b)	(a)	(15,762)	(15,819)	(a)	(11,119)	(11,026)
GECS						
Assets						
Loans	(a)	311,160	309,065	(a)	260,412	259,883
Other commercial and residential mortgages held for sale	(a)	4,891	4,939	(a)	2,644	2,703
Loans held for sale	(a)	3,808	3,809	(a)	3,498	3,498
Other financial instruments(c)	(a)	2,778	3,164	(a)	2,439	2,883
Liabilities						
Borrowings(b)(d)	(a)	(500,925)	(503,610)	(a)	(426,266)	(432,261)
Investment contract benefits	(a)	(4,536)	(4,914)	(a)	(5,089)	(5,080)
Guaranteed investment contracts	(a)	(11,705)	(11,630)	(a)	(11,870)	(11,756)
Insurance—credit life(e)	1,500	(35)	(24)	2,634	(81)	(61)

(a) These financial instruments do not have notional amounts.

(b) See note 17.

(c) Principally cost method investments.

(d) Included effects of interest rate and cross-currency derivatives.

(e) Net of reinsurance of $2,815 million and $840 million at December 31, 2007 and 2006, respectively.

Assets and liabilities not carried at fair value in our Statement of Financial Position 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 financial models. Realization of the fair value of these instruments depends upon market forces beyond our control, including marketplace liquidity. Therefore, the disclosed fair values may not be indicative of net realizable value or reflect future fair values.

A description of how we estimate fair values follows.

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 rates for immediate annuity contracts or cash surrender values for single premium deferred annuities.

Guaranteed investment contracts

Based on present value of future cash flows, discounted using current benchmark interest rates.

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. The fair values of our cost method investments that are not exchange traded represent our best estimates of amounts we could have received other than on a forced or liquidation basis.

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 and derivative financial instruments.

Additional information about certain categories in the table above follows.

Insurance — credit life

Certain insurance affiliates, primarily in GE Money, 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 our overall risk management process, we cede to third parties a portion of this associated risk, but are not relieved of our primary obligation to policyholders.

LOAN COMMITMENTS

	Notional amount	
December 31 (In millions)	2007	2006
Ordinary course of business lending commitments[a]	**$ 12,854**	$ 9,945
Unused revolving credit lines[b]		
Commercial	**26,305**	24,963
Consumer — principally credit cards	**454,089**	476,831

(a) Excluded investment commitments of $4,393 million and $2,881 million as of December 31, 2007 and 2006, respectively.

(b) Excluded inventory financing arrangements, which may be withdrawn at our option, of $12,848 million and $11,044 million as of December 31, 2007 and 2006, respectively.

Derivatives and hedging

We conduct our business activities in diverse markets around the world, including countries where obtaining local funding is sometimes inefficient. The nature of our activities exposes us to changes in interest rates and currency exchange rates. We manage such risks using various techniques including debt whose terms correspond to terms of the funded assets, as well as combinations of debt and derivatives that achieve our objectives. We also are exposed to various commodity price risks and address certain of these risks with commodity contracts. We value derivatives that are not exchange-traded with internal market-based valuation models. When necessary, we also obtain information from our derivative counterparties to validate our models and to value the few products that our internal models do not address.

We use interest rate swaps, currency derivatives and commodity derivatives to reduce the variability of expected future cash flows associated with variable rate borrowings and commercial purchase and sale transactions, including commodities. We use interest rate swaps, currency swaps and interest rate and currency forwards to hedge the fair value effects of interest rate and currency exchange rate changes on local and non-functional currency denominated fixed-rate borrowings and certain types of fixed-rate assets. We use currency swaps and forwards to protect our net investments in global operations conducted in non-U.S. dollar currencies. We intend all of these positions to qualify as hedges and to be accounted for as hedges.

We use swaps, futures and option contracts, including caps, floors and collars, as economic hedges of changes in interest rates, currency exchange rates and equity prices on certain types of assets and liabilities. We sometimes use credit default swaps to economically hedge the credit risk of various counterparties with which we have entered into loan or leasing arrangements. We occasionally obtain equity warrants as part of sourcing or financing transactions. Although these instruments are derivatives, their economic risks are similar to, and managed on the same basis as, risks of other equity instruments we hold. These instruments are marked to market through earnings.

Earnings effects of derivatives designated as hedges

At December 31, 2007, approximately 53% of our total interest rate swaps designated as hedges were exempt from ongoing tests of effectiveness. The following table provides information about the earnings effects of derivatives designated and qualifying as hedges, but not qualifying for the assumption of no ineffectiveness.

PRE-TAX GAINS (LOSSES)

December 31 (In millions)	2007	2006	2005
CASH FLOW HEDGES			
Ineffectiveness	**$ (3)**	$ 10	$(27)
Amounts excluded from the measure of effectiveness	**(17)**	(16)	17
FAIR VALUE HEDGES			
Ineffectiveness	**7**	(47)	4
Amounts excluded from the measure of effectiveness	**(13)**	33	(8)

In 2007, 2006 and 2005, we recognized insignificant gains and losses related to hedged forecasted transactions and firm commitments that did not occur by the end of the originally specified period.

Additional information regarding the use of derivatives is provided in note 17 and note 22.

Counterparty credit risk

We manage counterparty credit risk, the risk that counterparties will default and not make payments to us according to the terms of the agreements, on an individual counterparty basis. Thus, when a legal right of offset exists, we net certain exposures by counterparty and include the value of collateral to determine the amount of ensuing exposure. When net exposure to a counterparty, based on the current market values of agreements and collateral, exceeds credit exposure limits (see following table), we take action to reduce exposure. Such actions include prohibiting additional transactions with the counterparty, requiring collateral from the counterparty (as described below) and terminating or restructuring transactions.

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–. In certain cases we have entered into collateral arrangements that provide us with the right to hold collateral (cash or U.S. Treasury or other highly-rated securities) when the current market value of derivative contracts exceeds a specified limit. We evaluate credit risk exposures and compliance with credit exposure limits net of such collateral.

Fair values of our derivatives 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, 2007, our exposure to counterparties, after consideration of netting arrangements and collateral, was about $2,000 million.

Following is GECS policy relating to initial credit rating requirements and 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

(In millions)

Minimum rating		Exposure[a]	
Moody's	S&P	With collateral arrangements	Without collateral arrangements
Aaa	AAA	$100	$75
Aa3	AA–	50	50
A3	A–	5	—

(a) For derivatives with maturities less than one year, counterparties are permitted to have unsecured exposure up to $150 million with a minimum rating of A-1/P-1.

Note 27
Off-Balance Sheet Arrangements

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 off-balance sheet securitization transactions funded in the commercial paper and term bond markets. Assets in off-balance sheet securitization entities amounted to $55,113 million and $46,105 million at December 31, 2007 and 2006, respectively.

In a typical securitization transaction, we sell assets to a special purpose entity, which has obtained cash by issuing beneficial interests, usually debt, to third parties. These beneficial interests are credit enhanced, normally through over-collateralization, but also with other forms of liquidity and credit support arrangements.

Assets in off-balance sheet securitization entities comprise the following:

December 31 (In millions)	2007	2006
Receivables secured by		
Equipment	$ 6,552	$ 7,568
Commercial real estate	9,244	7,865
Residential real estate	204	—
Other assets	12,880	13,257
Credit card receivables	22,793	13,497
Trade receivables	3,440	3,918
Total securitized assets[a][b]	$55,113	$46,105

(a) At December 31, 2007 and 2006, liquidity support amounted to $2,810 million and $753 million, respectively. The December 31, 2006, amount is net of $3,034 million deferred beyond one year. Credit support amounted to $2,804 million and $3,815 million at December 31, 2007 and 2006, respectively.

(b) Liabilities for recourse obligations related to off-balance sheet assets were $2 million and $15 million at December 31, 2007 and 2006, respectively.

Gross securitization gains amounted to $1,812 million in 2007, compared with $1,187 million in 2006 and $1,051 million in 2005.

Amounts recognized in our financial statements related to sales to off-balance sheet securitization entities are as follows:

December 31 (In millions)	2007	2006
Retained interests	**$5,812**	$4,740
Servicing assets	**8**	14
Servicing liabilities	**(10)**	(5)
Recourse liabilities	**(2)**	(15)
Total	**$5,808**	$4,734

- **RETAINED INTERESTS.** When we securitize receivables, we determine fair value of retained interests based on discounted cash flow models that incorporate, among other things, assumptions about 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. We classify retained interests in securitized receivables as investment securities and mark them to fair value each reporting period, updating our models for current assumptions. These assets decrease as cash is received in payment. We recorded a loss in operations of $106 million in 2007 to reflect decreases in fair value on retained interests in accordance with SFAS 155, *Accounting for Certain Hybrid Financial Instruments*. When the carrying amounts of other retained interests exceed their fair value, we evaluate whether the unrealized loss is other than temporary and, if it is, record any indicated loss in operations. We recorded $113 million and $37 million of other than temporary losses in operations during 2007 and 2006, respectively.
- **SERVICING.** Following a securitization transaction, we also may provide servicing for a market-based fee based on remaining outstanding principal balances. Where the fee does not represent adequate compensation, a servicing asset or liability is recorded, as appropriate. Their value is subject to credit, prepayment and interest rate risk.
- **RECOURSE LIABILITIES.** Certain transactions involve credit support agreements. As a result, we provide for expected credit losses at amounts that approximate fair value.

The following table summarizes data related to securitization sales of revolving and long-term receivables that we completed during 2007 and 2006.

(Dollars in millions)	Equipment	Commercial real estate	Credit card receivables	Other assets
2007				
Cash proceeds from securitization	**$2,648**	**$3,245**	**$12,359**	**$2,400**
Proceeds from collections reinvested in new receivables	**—**	**—**	**24,109**	**32,509**
Cash received on retained interests	**155**	**117**	**3,268**	**449**
Cash received from servicing and other sources	**24**	**26**	**354**	**168**
Weighted average lives (in months)	**24**	**78**	**8**	**41**
Assumptions as of sale date[a]				
Discount rate	**12.6%**	**12.8%**	**13.4%**	**12.0%**
Prepayment rate[b]	**11.7**	**6.8**	**11.0**	**14.5**
Estimate of credit losses	**0.8**	**0.4**	**6.8**	**1.4**
2006				
Cash proceeds from securitization	$2,784	$4,427	$ 5,251	$ 6,826
Proceeds from collections reinvested in new receivables	—	—	16,360	30,584
Cash received on retained interests	236	80	2,307	341
Cash received from servicing and other sources	45	26	219	113
Weighted average lives (in months)	23	75	7	36
Assumptions as of sale date[a]				
Discount rate	8.3%	12.8%	12.0%	7.0%
Prepayment rate[b]	10.4	7.6	12.5	9.9
Estimate of credit losses	1.4	0.5	6.8	0.2

(a) Based on weighted averages.

(b) Represented a payment rate on credit card receivables.

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 related to all outstanding retained interests as of December 31, 2007 and 2006, are noted in the following table.

(Dollars in millions)	Equipment	Commercial real estate	Credit card receivables	Other assets
2007				
Discount rate[a]	12.8%	15.2%	14.8%	14.5%
Effect of				
10% Adverse change	$ (7)	$ (20)	$ (36)	$ (5)
20% Adverse change	(13)	(38)	(72)	(9)
Prepayment rate[a][b]	11.7%	3.4%	10.8%	16.2%
Effect of				
10% Adverse change	$ (2)	$ (5)	$ (80)	$ (3)
20% Adverse change	(3)	(9)	(148)	(5)
Estimate of credit losses[a]	1.7%	1.0%	9.0%	0.5%
Effect of				
10% Adverse change	$ (5)	$ (8)	$ (110)	$ (1)
20% Adverse change	(8)	(13)	(222)	(2)
Remaining weighted average lives (in months)	22	53	8	26
Net credit losses	$ 36	$ 1	$ 941	$ 19
Delinquencies	51	12	1,514	4
2006				
Discount rate[a]	8.9%	13.2%	11.2%	6.4%
Effect of				
10% Adverse change	$ (10)	$ (19)	$ (15)	$ (5)
20% Adverse change	(21)	(35)	(30)	(10)
Prepayment rate[a][b]	11.7%	3.0%	12.0%	12.7%
Effect of				
10% Adverse change	$ (5)	$ (7)	$ (59)	$ (5)
20% Adverse change	(9)	(13)	(110)	(10)
Estimate of credit losses[a]	2.3%	0.8%	6.6%	0.2%
Effect of				
10% Adverse change	$ (7)	$ (6)	$ (48)	$ (3)
20% Adverse change	(14)	(8)	(95)	(6)
Remaining weighted average lives (in months)	31	47	8	18
Net credit losses	$ 58	$ —	$ 576	$ —
Delinquencies	121	13	741	12

(a) Based on weighted averages.

(b) Represented a payment rate on credit card receivables.

Note 28

Commitments and Guarantees

Commitments, including guarantees

In our Aviation business of Infrastructure, we had committed to provide financial assistance on $1,607 million of future customer acquisitions of aircraft equipped with our engines, including commitments made to airlines in 2007 for future sales under our GE90 and GEnx engine campaigns. The Aviation Financial Services business of Infrastructure had placed multiple-year orders for various Boeing, Airbus and other aircraft with list prices approximating $20,046 million and secondary orders with airlines for used aircraft of approximately $910 million at December 31, 2007.

At December 31, 2007, NBC Universal had $9,722 million of commitments to acquire motion picture and television programming, including U.S. television rights to future Olympic Games and National Football League games, contractual commitments under various creative talent arrangements and various other arrangements requiring payments through 2014.

At December 31, 2007, we were committed under the following guarantee arrangements beyond those provided on behalf of securitization entities. See note 27.

- **CREDIT SUPPORT.** We have provided $8,126 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 these 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 $57 million for December 31, 2007.
- **INDEMNIFICATION AGREEMENTS.** These are agreements that require us to fund up to $608 million under residual value guarantees on a variety of leased equipment and $1,718 million of other indemnification commitments arising primarily 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 $51 million at December 31, 2007.
- **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, 2007, we had total maximum exposure for future estimated payments of $220 million, of which none was earned and payable.

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 expected 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)	2007	2006	2005
Balance at January 1	**$1,339**	$1,240	$1,481
Current year provisions	**637**	885	525
Expenditures[a]	**(573)**	(785)	(766)
Other changes	**138**	(1)	—
Balance at December 31	**$1,541**	$1,339	$1,240

(a) Primarily related to Infrastructure and Healthcare.

Note 29

Quarterly Information (Unaudited)

	First quarter		Second quarter		Third quarter		Fourth quarter	
(In millions; per-share amounts in dollars)	2007	2006	2007	2006	2007	2006	2007	2006
CONSOLIDATED OPERATIONS								
Earnings from continuing operations	**$ 4,928**	$ 4,006	**$ 5,613**	$ 4,685	**$ 5,106**	$ 4,744	**$ 6,821**	$ 5,945
Earnings (loss) from discontinued operations	**(357)**	513	**(231)**	236	**453**	117	**(125)**	496
Net earnings	**$ 4,571**	$ 4,519	**$ 5,382**	$ 4,921	**$ 5,559**	$ 4,861	**$ 6,696**	$ 6,441
Per-share amounts—earnings from continuing operations								
Diluted earnings per share	**$ 0.48**	$ 0.38	**$ 0.54**	$ 0.45	**$ 0.50**	$ 0.46	**$ 0.68**	$ 0.58
Basic earnings per share	**0.48**	0.38	**0.55**	0.45	**0.50**	0.46	**0.68**	0.58
Per-share amounts—earnings (loss) from discontinued operations								
Diluted earnings per share	**(0.03)**	0.05	**(0.02)**	0.02	**0.04**	0.01	**(0.01)**	0.05
Basic earnings per share	**(0.03)**	0.05	**(0.02)**	0.02	**0.04**	0.01	**(0.01)**	0.05
Per-share amounts—net earnings								
Diluted earnings per share	**0.44**	0.43	**0.52**	0.47	**0.54**	0.47	**0.66**	0.62
Basic earnings per share	**0.44**	0.43	**0.52**	0.47	**0.55**	0.47	**0.67**	0.63
SELECTED DATA								
GE								
Sales of goods and services	**$21,688**	$21,143	**$24,269**	$22,041	**$24,690**	$22,180	**$29,149**	$24,555
Gross profit from sales	**5,660**	5,394	**6,537**	6,192	**6,357**	5,836	**7,757**	7,133
GECS								
Total revenues	**17,485**	14,394	**17,235**	14,937	**18,120**	15,586	**19,346**	16,709
Earnings from continuing operations	**3,424**	2,317	**2,421**	2,505	**3,214**	2,521	**3,369**	2,912

For GE, gross profit from sales is sales of goods and services less costs of goods and services sold.

Earnings-per-share amounts are computed independently each quarter for earnings from continuing operations, earnings (loss) from discontinued operations and net earnings. As a result, the sum of each quarter's per-share amount may not equal the total per-share amount for the respective year; and the sum of per-share amounts from continuing operations and discontinued operations may not equal the total per-share amounts for net earnings for the respective quarters.

Note 30

Immaterial Corrections

As previously reported, we are conducting an internal review of revenue recognition matters in connection with an ongoing SEC investigation. In the course of that review, we have identified certain immaterial non-cash items that we have corrected from amounts in previous annual reports. These items are as follows:

Cut-off

This adjustment corrected instances in which we recorded revenues upon shipment before we sufficiently transferred risks of transit loss, risks that we retained sometimes through retention of a layer of insurance risk and sometimes as a consequence of making voluntary customer concessions. In February 2008, during our ongoing review we identified errors in corrections recorded for cut-off. Like any error of comparable insignificance discovered at a comparable point in closing, these were not adjusted in the accompanying financial statements. These amounts are included below, but removed under the caption, "Not adjusted." Amounts not corrected would have increased 2007 revenues by $39 million and earnings from continuing operations and net earnings by $12 million.

Contract cost

This adjustment corrected instances in our Aviation product services agreements in which we attributed excess credit to services contracts for profits on refurbished spare parts.

Spare parts profit

This adjustment corrected effects of a 2002 and subsequent overestimate of contract-to-date profitability on spare parts related to certain long-term product services agreements.

Contract estimates

This adjustment corrected effects of an error in applying revenue measurement principles in certain Infrastructure businesses subject to AICPA Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts*.

	2006					Year		
Increase (decrease) (In millions)	First quarter	Second quarter	Third quarter	Fourth quarter	Total	2005	2004	2003[a]
GE CONSOLIDATED								
Revenues								
As reported	$35,314	$37,228	$37,880	$41,837	$152,259	$136,722	$124,016	$104,669
Cut-off	293	(128)	10	(536)	(361)	(177)	59	(15)
Contract cost	(25)	(10)	(24)	(76)	(135)	(78)	(19)	(31)
Spare parts profit	21	15	(9)	34	61	163	152	(39)
Contract estimates	—	—	—	—	—	—	(12)	(1)
Not adjusted	(13)	6	8	18	19	(50)	(20)	41
Adjusted	$35,590	$37,111	$37,865	$41,277	$151,843	$136,580	$124,176	$104,624
Earnings from continuing operations before accounting changes								
As reported	$ 3,925	$ 4,712	$ 4,750	$ 6,079	$ 19,466	$ 17,343	$ 15,574	$ 13,319
Cut-off	81	(36)	8	(115)	(62)	(46)	(12)	(15)
Contract cost	(9)	(2)	(11)	(45)	(67)	(30)	(6)	(14)
Spare parts profit	13	9	(5)	21	38	102	96	(25)
Contract estimates	—	—	—	—	—	—	(8)	—
Not adjusted	(4)	2	2	5	5	(15)	(6)	12
Adjusted	$ 4,006	$ 4,685	$ 4,744	$ 5,945	$ 19,380	$ 17,354	$ 15,638	$ 13,277
Net earnings								
As reported	$ 4,440	$ 4,946	$ 4,867	$ 6,576	$ 20,829	$ 16,711	$ 17,160	$ 15,561
Cut-off	79	(34)	8	(116)	(63)	(48)	(14)	(16)
Contract cost	(9)	(2)	(11)	(45)	(67)	(30)	(6)	(14)
Spare parts profit	13	9	(5)	21	38	102	96	(25)
Contract estimates	—	—	—	—	—	—	(8)	—
Not adjusted	(4)	2	2	5	5	(15)	(6)	12
Adjusted	$ 4,519	$ 4,921	$ 4,861	$ 6,441	$ 20,742	$ 16,720	$ 17,222	$ 15,518

(a) Amounts for 2003 have been revised to correct an error in the spare parts profit adjustments previously reported in our filing on Form 8-K dated January 18, 2008. This correction decreased 2003 net earnings by $202 million, correcting an adjustment of the same amount previously attributed to one correction in 2002.

Note 31

Subsequent Event

On February 4, 2008, we acquired most of Merrill Lynch and Co., Inc.'s wholly-owned middle-market commercial finance business, Merrill Lynch Capital. This acquisition of over $12 billion in assets expands our Commercial Finance business, and was primarily funded through the issuance of debt by GECS in the first quarter of 2008.

Our Businesses

A description of operating segments for General Electric Company and consolidated affiliates as of December 31, 2007, and the basis for presentation in this report, follows.

Infrastructure

Jet engines, aerospace systems and equipment, replacement parts and repair and maintenance services for all categories of commercial aircraft; for a wide variety of military aircraft, including fighters, bombers, tankers and helicopters; for marine applications; and for executive and regional aircraft. Products and services are sold worldwide to airframe manufacturers, airlines and government agencies.

Transportation products and maintenance services, including diesel electric locomotives, transit propulsion equipment, motorized wheels for off-highway vehicles, gearing technology for wind turbines, drill motors, marine and stationary power generation, and railway signaling and office systems.

Financial products to airlines, aircraft operators, owners, lenders and investors, including leases, aircraft purchasing and trading, loans, engine/spare parts financing, fleet planning and financial advisory services.

Power plant products and services, including design, installation, operation and maintenance services are 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 long-term maintenance service agreements are sold to power generation and other industrial customers. Renewable energy solutions include wind turbines and solar technology. Advanced technology equipment, principally compressors and turbines, and associated services (including pipeline inspection and integrity solutions) for applications across the oil and gas industry from the wellhead through distribution by pipeline. The acquisition of Vetco Gray has added products, systems and services for onshore and offshore drilling, completion and production to the portfolio.

Water treatment services and equipment, including specialty chemical treatment programs, water purification equipment, mobile treatment systems and desalination processes.

Financial products to the global energy and water industries include structured and common equity, debt, leasing, project finance, broad-based commercial finance and investments in operating leases.

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-related facilities and equipment; commercial and residential real estate; vehicles; corporate aircraft; and equipment used in many industries, including the construction, manufacturing, transportation, telecommunications and healthcare industries.

GE Money

Private-label credit cards; personal loans; bank cards; auto loans and leases; mortgages; debt consolidation; home equity loans; corporate travel and purchasing cards; deposits and other savings products; small and medium enterprise lending; and credit insurance on a global basis.

Healthcare

Diagnostic imaging systems such as magnetic resonance (MR), computed tomography (CT) and positron emission tomography (PET) scanners, X-ray, nuclear imaging and ultrasound. Patient monitoring, diagnostic cardiology, bone densitometry, anesthesia, oxygen therapy, neonatal and critical care devices. Related services, including equipment monitoring and repair, information technologies and customer productivity services. Diagnostic imaging agents used in medical scanning procedures, products used in the purification of biopharmaceuticals, and tools for protein and cellular analysis for pharmaceutical and academic research. Products and services are sold worldwide to hospitals, medical facilities, pharmaceutical and biotechnology companies, and to the life science research market.

NBC Universal

Principal businesses are the broadcast of U.S. network television, production and distribution of motion pictures and television programs, operation of 26 television stations, operation of cable/satellite television networks around the world, operation of theme parks, and investment and programming activities in digital media and the Internet.

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. These products are distributed both to 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, including light-emitting diodes. Electrical distribution and control equipment includes power delivery and control products such as transformers, meters and relays. Products and services are sold in North America and in global markets under various GE and private-label brands.

Measurement equipment (products and subsystems for sensing temperature, flow rates, humidity, pressure and inspection equipment that monitors and tests materials without disassembly or damaging them). Security equipment and systems, including intrusion and access control systems, video surveillance 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 residential, 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.

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 U.S. Securities and Exchange Commission rules. Specifically, we have referred, in various sections of this Annual Report, to:

- Organic revenue growth in 2007, 2006, 2005, 2004 and 2003
- Growth in industrial cash from operating activities (CFOA) in 2007
- Free cash flow in 2007, 2006, 2005 and 2004
- Operating profit margins in 2007, 2006, 2005, 2004 and 2003
- Average total shareowners' equity, excluding effects of discontinued operations
- GE earnings from continuing operations before income taxes excluding GECS earnings from continuing operations and the corresponding effective tax rates, for the three years ended December 31, 2007
- GE income tax rate excluding GECS earnings for the three years ended December 31, 2007
- Delinquency rates on certain financing receivables of the Commercial Finance and GE Money segments for 2007, 2006 and 2005

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

Organic Revenue Growth in 2007

(In millions)	2007	2006	% change
GE consolidated revenues as reported	**$172,738**	$151,843	
Less the effects of			
Acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates	**12,803**	4,992	
The 2006 Olympics broadcasts	**—**	684	
GE consolidated revenues excluding the effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment), currency exchange rates and the 2006 Olympics broadcasts (organic revenues)	**$159,935**	$146,167	9%

Organic Revenue Growth in 2006

(In millions)	2006	2005	% change
GE consolidated revenues as reported	$151,843	$136,580	
Less the effects of			
Acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates	5,213	2,750	
The 2006 Olympics broadcasts	684	—	
Investigation-related adjustments			
Revenue recognition	(416)	(142)	
GECS interest rate swaps	197	540	
Reclassifications of discontinued operations	(11,132)	(11,234)	
GE consolidated revenues excluding the effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment), currency exchange rates, the 2006 Olympics broadcasts, investigation-related adjustments and reclassifications of discontinued operations (organic revenues)	$157,297	$144,666	9%

Organic Revenue Growth in 2005

(In millions)	2005	2004	% change
GE consolidated revenues as reported	$136,580	$124,176	
Less the effects of			
Acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates	8,275	3,818	
The 2004 Olympics broadcasts	—	927	
Investigation-related adjustments			
Revenue recognition	(142)	160	
GECS interest rate swaps	540	518	
SFAS 133	—	503	
Reclassifications of discontinued operations	(11,234)	(10,275)	
GE consolidated revenues excluding the effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment), currency exchange rates, the 2004 Olympics broadcasts, investigation-related adjustments and reclassifications of discontinued operations (organic revenues)	$139,141	$128,525	8%
Three-year average			9%

Organic Revenue Growth in 2004

(In millions)	2004	2003	% change
GE consolidated revenues as reported	$124,176	$104,624	
Less the effects of			
Acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates	19,219	1,262	
Insurance	4,002	4,466	
Energy	17,348	19,082	
Investigation-related adjustments			
Revenue recognition	160	(45)	
GECS interest rate swaps	518	535	
SFAS 133	503	454	
Reclassifications of discontinued operations	(10,275)	(8,752)	
GE consolidated revenues excluding the effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment), currency exchange rates, Insurance, Energy, investigation-related adjustments and reclassifications of discontinued operations (organic revenues)	$ 92,701	$ 87,622	6%

Organic Revenue Growth in 2003

(In millions)	2003	2002	% change
GE consolidated revenues as reported	$104,624	$103,071	
Less the effects of			
Acquisitions, business dispositions (other than dispositions of businesses acquired for investment) and currency exchange rates	6,516	1,953	
Insurance	4,466	4,930	
Energy	18,462	22,926	
Investigation-related adjustments			
Revenue recognition	(45)	(183)	
GECS interest rate swaps	535	(1,889)	
SFAS 133	454	16	
Reclassifications of discontinued operations	(8,752)	(8,713)	
GE consolidated revenues excluding the effects of acquisitions, business dispositions (other than dispositions of businesses acquired for investment), currency exchange rates, investigation-related adjustments and reclassifications of discontinued operations adjustments (organic revenues)	$ 82,988	$ 84,031	(1)%

Growth in Industrial CFOA

(In millions)	2007	2006	% change
Cash from GE's operating activities as reported	**$23,301**	$23,772	
Less dividends from GECS	**7,291**	9,847	
Cash from GE's operating activities excluding dividends from GECS (industrial CFOA)	**$16,010**	$13,925	15%

Free Cash Flow

(In millions)	2007	2006	2005	2004	2003
GE cash flow from operating activities — continuing operations as reported	**$23,301**	$23,772	$19,902	$13,765	$11,615
Adjusted for the effects of					
Additions to property, plant and equipment	**(2,968)**	(2,913)	(2,225)	(1,818)	(1,673)
Proceeds from sales of discontinued operations	**10,826**	1,987	—	—	—
Proceeds from principal business dispositions	**1,047**	1,497	267	707	85
Dividends paid to shareowners	**(11,492)**	(10,420)	(9,352)	(8,278)	(7,643)
All other investing activities	**(1,697)**	100	1,519	705	64
GE cash flow from operating activities — continuing operations as reported less the effects of proceeds from sales of discontinued operations, additions to property, plant and equipment, proceeds from principal business dispositions, dividends paid to shareowners, and all other investing activities (free cash flow)	**$19,017**	$14,023	$10,111	$ 5,081	$ 2,448

Operating Profit Margin

	2007		2006		2005		2004		2003	
($ in millions)	Revenues	Operating profit	Revenues	Operating profit	Revenues	Operating profit	Revenues	Operating profit	Revenues	Operating profit
As reported										
Infrastructure	**$ 57,925**	**$10,810**	$46,965	$ 8,848	$41,695	$ 7,711	$37,488	$ 6,798	$36,595	$ 7,349
Industrial	**17,725**	**1,743**	17,741	1,602	17,060	1,308	15,921	1,027	14,658	850
Healthcare	**16,997**	**3,056**	16,560	3,142	15,016	2,601	13,411	2,263	10,167	1,686
NBC Universal	**15,416**	**3,107**	16,188	2,919	14,689	3,092	12,886	2,558	6,871	1,998
	108,063	**18,716**	97,454	16,511	88,460	14,712	79,706	12,646	68,291	11,883
Less effects of Financial Services components reported in Infrastructure	**7,244**	**1,935**	6,018	1,869	5,044	1,475	4,305	975	3,791	822
Inter-company transactions between GE and Financial Services components	**(555)**	**—**	(542)	—	(60)	—	—	—	—	—
GE industrial operating profit margin excluding the effects of the GE industrial portion of Corporate items and eliminations	**$101,374**	**$16,781**	$91,978	$14,642	$83,476	$13,237	$75,401	$11,671	$64,500	$11,061

	2007	2006	2005	2004	2003
Operating profit percentage	**16.6%**	15.9%	15.9%	15.5%	17.1%

Average Total Shareowners' Equity, Excluding Effects of Discontinued Operations[a]

December 31 (In millions)	2007	2006	2005	2004	2003
Average total shareowners' equity[b]	**$113,842**	$109,174	$110,998	$94,521	$71,367
Less the effects of					
Cumulative earnings from discontinued operations	**—**	—	2,094	2,985	1,543
Average net investment in discontinued operations	**3,640**	11,658	13,298	(5,222)	(7,978)
Average total shareowners' equity, excluding effects of discontinued operations[a]	**$110,202**	$ 97,516	$ 95,606	$96,758	$77,802

(a) Used for computing return on average shareowners' equity and return on average total capital invested shown in the Selected Financial Data section.

(b) On an annual basis, calculated using a five-point average.

U.S. GAAP requires earnings of discontinued operations to be displayed separately in the Statement of Earnings. Accordingly, the numerators used in our calculations of returns on average shareowners' equity and average total capital invested, presented in the Selected Financial Data section, exclude those earnings (losses). Further, we believe that it is appropriate to exclude from the denominators, specifically the average total shareowners' equity component, the cumulative effect of those earnings for each of the years for which related discontinued operations were presented, as well as our average net investment in discontinued operations since the second half of 2005. Had we disposed of these operations before mid-2005, proceeds would have been applied to reduce parent-supported debt at GE Capital; however, since parent-supported debt at GE Capital was retired in the first half of 2005, we have assumed that any proceeds after that time would have been distributed to shareowners by means of share repurchases, thus reducing average total shareowners' equity.

Definitions indicating how the above-named ratios are calculated using average total shareowners' equity, excluding effects of discontinued operations, can be found in the Glossary.

GE Income Tax Rate, Excluding GECS Earnings

(In millions)	2007	2006	2005
GE earnings from continuing operations before income taxes	**$25,262**	$21,932	$20,032
Less GECS earnings from continuing operations	**12,428**	10,255	9,004
Total	**$12,834**	$11,677	$11,028
GE provision for income taxes	**$ 2,794**	$ 2,552	$ 2,678
GE effective tax rate, excluding GECS earnings	**21.8%**	21.9%	24.3%

Reconciliation of U.S. Federal Statutory Income Tax Rate to GE Income Tax Rate, Excluding GECS Earnings

	2007	2006	2005
U.S. federal statutory income tax rate	**35.0%**	35.0%	35.0%
Increase (reduction) in rate resulting from			
Tax on global activities including exports	**(9.9)**	(12.2)	(9.1)
U.S. business credits	**(0.6)**	(0.7)	(0.3)
All other — net	**(2.7)**	(0.2)	(1.3)
	(13.2)	(13.1)	(10.7)
GE income tax rate, excluding GECS earnings	**21.8%**	21.9%	24.3%

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 revenue growth without the effect of acquisitions, dispositions and currency exchange rates, and without the effects of the 2006 and 2004 Olympics broadcasts, the investigation-related adjustments and the reclassification of discontinued operations, which if included would overshadow trends in ongoing revenues. Similarly, we believe that investors would find it useful to compare our 2007 operating cash flow against our 2006 operating cash flow without the effects of GECS dividends, which can vary from period to period, and to compare our GE industrial segment's operating margins without the effects of the financial services businesses within Infrastructure.

We also believe that the sum of GE CFOA plus GE cash from investing activities less the amounts paid for principal businesses purchased and dividends paid represents an informative measure of cash available for investing and financing activities that we refer to as free cash flow.

Delinquency Rates on Certain Financing Receivables

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

COMMERCIAL FINANCE

December 31	2007	2006	2005
Managed	**1.21%**	1.22%	1.31%
Off-book	**0.71**	0.52	0.76
On-book	**1.33**	1.42	1.53

GE MONEY

December 31	2007	2006	2005
Managed	**5.36%**	5.21%	5.34%
U.S.	**5.52**	4.93	5.00
Non-U.S.	**5.30**	5.32	5.47
Off-book	**6.59**	5.49	5.28
U.S.	**6.64**	5.49	5.28
Non-U.S.	(a)	(a)	(a)
On-book	**5.20**	5.19	5.35
U.S.	**4.78**	4.70	4.89
Non-U.S.	**5.31**	5.32	5.47

(a) Not meaningful.

The increase in off-book delinquency for GE Money in the U.S. from 5.49% at December 31, 2006, to 6.64% at December 31, 2007, reflects both a change in the mix of the receivables securitized during 2007—for example, our Care Credit receivables which generally have a higher delinquency rate than our core private label credit card portfolio—as well as the rise in delinquency across the broader portfolio of U.S. credit card receivables.

We believe that delinquency rates on managed financing receivables provide a useful perspective on our on and off-book portfolio quality and are key indicators of financial performance.

BACKLOG Unfilled customer orders for products and product services (12 months for product services).

BORROWING Financial liability (short or long-term) that obligates 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 three months or less, 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."

COMMERCIAL PAPER Unsecured, unregistered promise to repay borrowed funds in a specified period ranging from overnight to 270 days.

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 or commodity prices. Options, forwards and swaps are the most common derivative instruments we employ. See "Hedge."

DISCONTINUED OPERATIONS Certain businesses we have sold or committed to sell within the next year and which will no longer be part of our ongoing operations. The net earnings, assets and liabilities, and cash flows of such businesses are separately classified on our Statement of Earnings, Statement of Financial Position and Statement of Cash Flows, respectively, for all periods presented.

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 from continuing operations before income taxes and accounting changes. Does not represent cash paid for income taxes in the current accounting period. Also referred to as "actual tax rate" or "tax rate."

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 reduce 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."

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).

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.

INTANGIBLE ASSET A non-financial asset lacking physical substance, such as goodwill, patents, licenses, trademarks and customer relationships.

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."

OPERATING PROFIT GE earnings from continuing operations 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.

PRODUCT SERVICES For purposes of the financial statement display of sales and costs of sales in our Statement of Earnings, "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 Contractual commitments, with multiple-year terms, to provide specified services for products in our Infrastructure installed base—for example, monitoring, maintenance, overhaul and spare parts for a gas turbine/generator set installed in a customer's power plant.

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.

RETAINED INTEREST A portion of a transferred financial asset retained by the transferor that provides rights to receive portions of the cash inflows from that asset.

RETURN ON AVERAGE SHAREOWNERS' EQUITY Earnings from continuing operations before accounting changes divided by average total shareowners' equity, excluding effects of discontinued operations (on an annual basis, calculated using a five-point average). Average total shareowners' equity, excluding effects of discontinued operations, as of the end of each of the years in the five-year period ended December 31, 2007, is described in the Supplemental Information section.

RETURN ON AVERAGE TOTAL CAPITAL INVESTED For GE, earnings from continuing operations before accounting changes plus the sum of after-tax interest and other financial charges and minority interest, divided by the sum of the averages of total shareowners' equity (excluding effects of discontinued operations), borrowings, mandatorily redeemable preferred stock and minority interest (on an annual basis, calculated using a five-point average). Average total shareowners' equity, excluding effects of discontinued operations as of the end of each of the years in the five-year period ended December 31, 2007, is described in the Supplemental Information section.

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, 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."

SUBPRIME For purposes of GE Money related discussion, subprime includes credit card, installment and revolving loans to U.S. borrowers whose FICO credit score is less than 660. FICO credit scores are a widely accepted rating of individual consumer creditworthiness.

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 46 (Revised), 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, 2007, 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
Amersham Health Norge AS	100	Norway
Amersham plc	100	United Kingdom & Northern Ireland
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
Everest VIT, Inc.	100	Delaware
GEA Parts, LLC	100	Delaware
GE Aviation Service Operation LLP	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 Holding SAS	100	France
GE Energy Netherlands, 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 Funding Finland KY	100	Finland
GE Fanuc Intelligent Platforms, Inc.	55	Delaware
GE Fanuc Automation Corporation	50	Delaware
GE Gas Turbines (Greenville) L.L.C.	100	Delaware
GE Generators (Pensacola), L.L.C.	100	Delaware
GE Healthcare AS	100	Norway
GE Healthcare Bio-Sciences AB	100	Sweden
GE Healthcare Finland Oy	100	Finland
GE Healthcare Ltd.	100	United Kingdom & Northern Ireland
GE Healthcare Norge AS	100	Norway
GE Hungary Co. Ltd.	100	Hungary

	Percentage of voting securities directly or indirectly owned by registrant [1]	State or Country of incorporation or organization
GE Infrastructure, Inc.	100	Delaware
GE Ionics, Inc.	100	Massachusetts
GE Inspection and Repair Services Limited	100	United Kingdom & Northern Ireland
GE Jenbacher GmbH	100	Austria
GE Jenbacher GmbH & Co OHG	100	Austria
GE Keppel Energy Services Pte. Ltd.	50	Singapore
GE Medical Systems Global Technology Company, LLC	100	Delaware
GE Medical Systems Information Technologies, Inc.	100	Wisconsin
GE Medical Systems Societe en Commandite Simple	100	France
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 Osmonics, Inc.	100	Minnesota
GE Pacific Pte Ltd	100	Singapore
GE Packaged Power, Inc.	100	Delaware
GE Packaged Power, L.P.	100	Delaware
GE Security, Inc.	100	Delaware
GE Transportation Parts, LLC	100	Delaware
GE Transportation Systems Global Signaling, LLC	100	Delaware
GE Water & Process Technologies Canada	100	Canada
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
GEFH AS	100	Norway
GENE Holding LLC	100	Delaware
General Electric (Bermuda) Ltd.	100	Bermuda
General Electric Canada Company	100	Canada
General Electric CGR Europe SAS	100	France
General Electric Europe Holdings C.V.	100	Netherlands
General Electric Financing C.V.	100	Netherlands
General Electric International (Benelux) BV	100	Netherlands
General Electric International, Inc.	100	Delaware
General Electric Services (Bermuda) Ltd.	100	Bermuda
Granite Services, Inc.	100	Delaware
IDX Systems Corporation	100	Vermont
MRA Systems, Inc.	100	Delaware
NBC Universal, Inc.	80	Delaware
Nuclear Fuel Holding Co., Inc.	100	Delaware
Nuovo Pignone S.p.A.	100	Italy
Nuovo Pignone Holding, S.p.A.	99	Italy
Nuovo Pignone International SARL	100	Luxembourg
OEC Medical Systems, Inc.	100	Delaware

	Percentage of voting securities directly or indirectly owned by registrant [1]	State or Country of incorporation or organization
Panametrics Ltd.	100	Bermuda
PII Limited	100	United Kingdom & Northern Ireland
Reuter-Stokes, Inc.	100	Delaware
Unison Industries, LLC	100	Delaware
Vetco Gray U.K. Limited	100	United Kingdom & Northern Ireland
Viceroy, Inc.	100	Delaware
General Electric Capital Services, Inc.	100	Delaware
General Electric Capital Corporation	100	Delaware

(1) With respect to certain companies, shares in names of nominees and qualifying shares in names of directors are included in above percentages.

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 and 333-130117), 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, 333-102111 and 333-142452) of General Electric Company of our report dated February 20, 2008, with respect to the statement of financial position of General Electric Company and consolidated affiliates as of December 31, 2007 and 2006, 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, 2007, and the effectiveness of internal control over financial reporting as of December 31, 2007, which report appears in the December 31, 2007 annual report on Form 10-K of General Electric Company.

Our report refers to a change in the methods of accounting for uncertainty in income taxes and for a change or projected change in the timing of cash flows relating to income taxes generated by leveraged lease transactions in 2007, and to a change in the methods of accounting for pension and other post retirement benefits and for share based compensation in 2006.

/s/ KPMG LLP

KPMG LLP

February 20, 2008
Stamford, Connecticut

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, Brackett B. Denniston III, Keith S. Sherin, Philip D. Ameen, Michael R. McAlevey, and Christoph A. Pereira, 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, 2007, 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 19th day of February, 2008.

/s/ Jeffrey R. Immelt
Jeffrey R. Immelt
Chairman of the Board
(Principal Executive
Officer and Director)

/s/ Keith S. Sherin
Keith S. Sherin
Vice Chairman and
Chief Financial Officer
(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/ William M. Castell
William M. Castell
Director

/s/ Ann M. Fudge
Ann M. Fudge
Director

/s/ Claudio X. Gonzalez
Claudio X. Gonzalez
Director

/s/ Susan Hockfield
Susan Hockfield
Director

/s/ Andrea Jung
Andrea Jung
Director

/s/ Alan G. Lafley
Alan G. Lafley
Director

/s/ Robert W. Lane
Robert W. Lane
Director

/s/ Ralph S. Larsen
Ralph S. Larsen
Director

/s/ Rochelle B. Lazarus
Rochelle B. Lazarus
Director

/s/ Sam Nunn
Sam Nunn
Director

/s/ Roger S. Penske
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: February 19, 2008

/s/ Jeffrey R. Immelt
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: February 19, 2008

/s/ 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, 2007 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.

February 19, 2008

/s/ Jeffrey R. Immelt
Jeffrey R. Immelt
Chief Executive Officer

/s/ Keith S. Sherin
Keith S. Sherin
Chief Financial Officer